

Going to Court over Fees is a Last Resort

By Reg P. Wydeven
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When I was a kid, we used to watch the TV show ‘Hotel.’ The drama starred James Brolin and Connie Sellecca, who ran the elegant St. Gregory Hotel in San Francisco. The hotel was owned by Bette Davis, and was the setting for exciting encounters for the guest stars each week, usually romantic, using the successful formula established by ‘The Love Boat’ and ‘Fantasy Island.’

Patrons always left satisfied and never complained about their bills. Of course, that was over 30 years ago – before hidden hotel fees.

A growing trend in the last decade is the practice of hotels charging what are labeled as “resort,” “urban,” or “facility” fees, in addition to customary room charges. The number of hotels charging such fees, and the amount of the fees themselves, have increased tremendously in the last few years. Some of these fees are up to \$50.

One hotel charged a resort fee which provided guests access to two beach chairs. The hotel, however, wasn’t by a beach and didn’t even have a pool. Another establishment charged a facility fee for complimentary recreational activities. One disgruntled guest astutely pointed out that if you charge for an activity, it’s not complimentary. Likewise, another charged an amenities fee so they could offer guests ‘free’ drinks.

Travel websites like Priceline and Travelocity compile per night rates for hotels across the world, allowing users to find the best bargains for accommodations. This has resulted in fierce competition for guests. To gain an advantage, hotels started dropping rates to attract guests, but made up for lost revenue by tacking on these additional fees.

The Federal Trade Commission labeled this as “drip pricing,” and in November of 2012, the agency warned the hotel industry that this type of practice may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. Last year the FTC claimed that drip pricing likely harms consumers.

So in May of 2016, the FTC partnered with Karl Racine, the Attorney General for the District of Columbia, along with the attorneys general in 47 states, to launch an investigation into a dozen major hotel chains for charging of hidden fees.

The investigators came out swinging. Last June, they sued Marriott for failing to cooperate with the investigation. Racine subpoenaed the hotel chain to produce documents so he could determine whether their practice of charging undisclosed or poorly disclosed resort fees in addition to the advertised daily rate, as well as the characterization of these charges as a tax or government imposed fee, violated the District of Columbia’s Consumer Protection Procedures Act or any other states’ consumer protection laws.

And just when Racine was about to reach a settlement with the hotels, the FTC bowed out of the investigation. This was just about the time President Trump was inaugurated. On an unrelated note, investigators discovered that three Trump hotels in Florida and Las Vegas charged resort fees of \$35, \$20 and \$24, respectively, which resulted in total possible charges of up to \$66,000 per day.

Since the FTC bowed out, negotiations with the hotel industry have cooled, and Racine doesn’t think it’s a coincidence.

All I know is that if hotels will keep charging these hidden fees, I’m definitely taking all the soap and little shampoo and conditioner bottles with me.

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