Frontier misled subscribers about Internet speeds and prices, AG finds

Enlarge / A Frontier Communications service van.

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Frontier Communications misled thousands of customers about the prices it charges and about the speeds its broadband network can provide, Washington State Attorney General Bob Ferguson's office has found.

The state's investigation of Frontier's business practices found evidence of the telecom "failing to adequately disclose taxes and fees during sales of cable, Internet, and telephone services; failing to adequately disclose its Internet Infrastructure Surcharge fee in advertising; misleading consumers by implying that the Internet Infrastructure Surcharge and other fees are mandatory and/or government-related fees; and misleading consumers as to Internet speeds it could offer, and failing to deliver speeds and service as advertised."

The findings are described in a settlement that will force Frontier Communications to pay a $900,000 fine and force the new owner of Frontier's network in Washington state to change its business practices. Among other things, the settlement requires Frontier's current owner in Washington to stop

charging the $3.99-per-month Internet Infrastructure Surcharge. The company “neither admits nor denies the State’s findings.” The settlement still needs court approval before it can take effect.

The offending business practices began before Frontier Communications’ May 2020 sale of its operations in Washington, Oregon, Idaho, and Montana to Northwest Fiber, also known as Ziply Fiber. The settlement document refers to the company as both “Frontier Communications” and “Frontier Northwest.” The company has about 165,000 Internet customers in Washington state, mostly in rural areas.

Frontier Communications itself still operates in 25 other states; the company filed for bankruptcy in April.

Under the pending settlement, Frontier Northwest “is ordered to clearly and conspicuously disclose all fees,” Ferguson said in an announcement yesterday. “To resolve Ferguson’s investigation, Frontier Northwest is also required to be transparent about its available Internet speeds. The Attorney [General’s] Office will set aside the majority of the $900,000 payment to provide restitution to impacted customers.” The proposed settlement was filed in Thurston County Superior Court.

Customers who were overcharged need to wait a bit before getting refunds, as Ferguson’s office said it “will announce details of the claims process when they are finalized.”

Ferguson previously forced CenturyLink to pay a $6.1 million penalty after finding that the company failed to disclose fees that raised actual prices well above the advertised rates. That settlement forced CenturyLink to stop charging its so-called “Internet Cost Recovery Fee” in the state.

Investigation began in 2018

Ferguson began investigating Frontier in 2018 after receiving more than 600 complaints and "focused on Frontier Northwest's failure to adequately disclose fees during sales of cable, Internet and phone services since 2016," Ferguson's announcement said. "For example, the company charged as much as $3.99—nearly $50 per year—for an 'Internet Infrastructure Surcharge,' without adequately disclosing the surcharge in its advertising."

After the settlement is approved, Frontier Northwest will be required to clearly disclose the following to customers in Washington state:

- *The monthly base price of the services*
- *The estimated amount of taxes, fees, or other recurring charges for the services*
- *The amount of each one-time fee, or fee charged only on the customer's first invoice, for the purchased services, including activation and installation fees and equipment purchases*
- *Any applicable cancellation or termination fees*

"Within three business days after a sale, Frontier must send the customer an order confirmation that clearly sets forth the pricing and terms and conditions of service" and give the customer an opportunity to make changes, Ferguson's office said.

The settlement calls for conditions to remain in effect for 10 years, a time period that could be extended "in the event of noncompliance."

Unfortunately for customers, the settlement's requirement to stop charging the Internet Infrastructure Surcharge doesn't take effect right away. Frontier Northwest is required to stop

charging the fee to new customers within 90 days of the settlement taking effect. But for existing customers, Frontier Northwest will have a full year after the settlement's effective date before it has to discontinue the charge.

For new customers, Frontier Northwest will not be allowed to charge cancellation or unreturned-equipment fees unless it disclosed those fees when the customer initially bought the service.

As far as advertised broadband speeds, the settlement says that "Frontier shall make clear and conspicuous disclosures that comply with applicable Federal Trade Commission guidelines and Washington Iaw."

To complete its purchase of Frontier's network, the new owner previously committed to invest $50 million to improve and expand fiber and provide gigabit-speed fiber service to 33 percent of the company's customer locations in Washington state within five years. The pending settlement announced yesterday would add additional advertising and speed-disclosure requirements that would be triggered if Frontier Northwest fails to meet the $50 million commitment.

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