

T-Mobile Metro stores sell used phones as new, charge “fake taxes,” NYC says

Enlarge / The logo of Deutsche Telekom, owner of T-Mobile, seen at Mobile World Congress in February 2019 in Barcelona, Spain.

reader comments

39 with 34 posters participating

Share this story

The New York City government sued T-Mobile yesterday, alleging that its Metro stores routinely use “abusive sales tactics” such as selling used phones as if they are new and charging customers for services they didn’t order.

“Abusive sales tactics are rampant at Metro stores,” the complaint says. “At least several dozen have sold used phones to consumers as though they were new, charged consumers for fake taxes and unwanted services, or enrolled consumers in expensive financing plans without their consent.”

T-Mobile’s Metro division offers prepaid service over the T-Mobile wireless network and is branded as “Metro by T-Mobile.” It was known as MetroPCS until a 2018 rebranding. T-Mobile has stressed that Metro and itself are one and the same, announcing that “Metro by T-Mobile is T-Mobile,” the lawsuit noted.

The Metro by T-Mobile abuses “do not end at the store,” the NYC lawsuit says:

The Metro website, which is owned by T-Mobile and emblazoned with the “Metro by T-Mobile” logo, deceives consumers about its stingy return policy: it advertises a “30-day guarantee” on all Metro cell phone purchases, but the fine print reveals that returns or exchanges are only available for a small sub-category of transactions, and only within seven days of purchase.

This illegal activity is pervasive, spanning 56 locations across all five boroughs of New York City, and includes both “authorized dealers” and stores directly operated by T-Mobile’s subsidiary, MetroPCS NY. The deception costs consumers considerably. For example, of the 21 phones that DCA [New York City Department of Consumer Affairs] identified as used, most were iPhones that cost several hundred dollars each.

The lawsuit was filed in the state Supreme Court for New York County. The NY Supreme Court is a trial-level court; New York’s highest state court is the Court of Appeals.

Thousands of violations

Defendants include T-Mobile, T-Mobile’s MetroPCS New York division, and various owners of Metro stores. T-Mobile owns some Metro stores directly, while others are owned by dealers that “contract with MetroPCS NY for permission to operate under the Metro brand,” the lawsuit said. The defendants “violated the City’s Consumer Protection Law thousands of times,” the city said in a press release today.

Metro stores charged “illegal taxes, mystery fees, and fees for unwanted services,” the city said.

“Some Metro stores sell phones at a discount, but then add taxes on the much higher, pre-discount figure, which is illegal under state law,” the city said. “Metro also charged

several customers undisclosed and illegal activation fees, and for unwanted products and services like GPS navigation, extra lines, and hotspot capability.”

The city’s lawsuit seeks forfeiture of revenue in order to create “a restitution fund to compensate New Yorkers scammed at Metro stores.” The city said it is also seeking to have T-Mobile “notify all major credit bureaus that the financing contracts were fraudulent so that related information can be removed from the consumers’ credit reports, and to pay civil penalties.”

“Companies that blatantly scam New Yorkers must be held accountable,” Mayor Bill de Blasio said in the city’s press release. “We are doing everything in our power to make sure that T-Mobile ends these deceptive practices and that customers who were taken advantage of get the restitution they are owed.”

When contacted by Ars, T-Mobile said it “take[s] these allegations very seriously” and is “continuing to investigate so we can respond to the City.”

“Though we can’t comment on the specific claims at this early stage, what we are seeing alleged here is completely at odds with the integrity of our team and the commitment they have to taking care of our customers every day,” T-Mobile said.

Used phones sold as new

Metro by T-Mobile stores “do not advertise that they sell used phones,” but “dozens of NYC consumers in the last three years have complained that the phones they bought from NYC Metro Stores were used,” the lawsuit says.

Some customers verified through Apple that their “new” phones purchased from Metro by T-Mobile had been previously activated, the lawsuit said. Others discovered that the phones

were used because they were “covered in scratches” or could not be charged, the lawsuit said.

When it came to financing agreements, Metro stores “deceived NYC consumers about things as basic as the actual price of the phone to things as complicated as the terms of financing,” the lawsuit said. In one instance in January 2019, a consumer named Vashti Anais Wagner tried to buy a phone that was advertised for \$599, but the Metro store allegedly enrolled her in a lease agreement in which she’d have to pay \$2,191.30 in monthly installments of \$199.21.

“The employee did not show Ms. Wagner the contract, appears to have e-signed it in her name, and did not tell her that she would be leasing the phone rather than buying it outright,” the lawsuit said.

New York City said it found eight other instances in which Metro stores “simply lied to consumers about down payments or required monthly payments.”

30-day guarantee “wholly illusory”

While Metro’s website advertises a 30-day guarantee on phone purchases, Metro’s actual return policy “only allows returns within *seven* days from in-store purchases—and *all purchases are in-store*, because it is impossible to buy a phone from the Metro Website,” the lawsuit said. “The touted ‘30-day guarantee’ is wholly illusory, and completely deceptive.”

The return policy is also so restrictive that it “bars returns from consumers who bought the phone for an existing line of service or who have ‘warranty issues,’ which are not defined,” the lawsuit said.

New York’s lawsuit also said that Metro stores “overcharged consumers through deceptive representations about taxes and other fees, and by surreptitiously adding unwanted services to

wireless plans and unexplained fees on consumer receipts.”

A Metro store charged one customer what it called “sales taxes,” but the taxes went far beyond New York’s sales tax rate, “and it is unclear how they were calculated,” the lawsuit said.

Additionally, “Metro charged at least two other consumers undisclosed, illegal ‘activation payments’ of over \$70 each, has overcharged at least one other consumer for SIM cards, and has overcharged at least four consumers by including unwanted services like GPS navigation, extra lines, or hotspot capability, in monthly wireless plans,” the lawsuit said.

Defendants were also accused of “fail[ing] to provide legal sales receipts.”

<https://arstechnica.com/?p=1563047>