

## Unfair and Deceptive Acts or Practices (UDAP); Unfair, Deceptive, or Abusive Acts or Practices (UDAAP)

### **Description:**

UDAP/UDAAP is regulated at both the State and Federal levels. At the Federal level, Section 5(a) of the FTC Act provides that “unfair or deceptive acts or practices in or affecting commerce...are...declared unlawful.” “Unfair” practices are defined as those that cause “substantial injury to consumers which is not reasonably avoidable by consumers themselves...”. When determining “deception”, the FTC considers whether a certain representation, omission, or practice is likely to mislead when viewed from the perspective of a reasonable consumer. The CFPB enforces violations of an “abusive” nature in addition to unfair and deceptive acts. “Abusive” is defined by the CFPB on a case-by-case basis. State UDAP laws generally follow the Federal FTC UDAP statute, with emphasis on consumer protection.

### **Dealer Relevancy:**

- Broadly prohibits unfair and deceptive practices.
- Examples of UDAP activities include selling a vehicle without disclosing certain known damage; installing a GPS tracking device without disclosure; misleading advertising.
- Oklahoma UDAP specifically forbids misleading advertising statements regarding price, price reductions, availability of product, and using “bait and switch” techniques.
- Oklahoma UDAP specifically prohibits the use of obscene or profane language when contacting a debtor for debt collection.

## UDAP/UDAAP



### Covered entities:

All Dealers

### Rulemaking Authority:

Oklahoma

CFPB

FTC