

FTC: Consumer finance website favored companies that paid

February 5 2020, by Randall Chase

A personal finance website founded by former University of Delaware students has agreed to pay \$350,000 to settle allegations that it posted fake reviews and steered users toward companies that paid the site, according to federal regulators.

The Federal Trade Commission on Monday announced a proposed consent agreement with LendEDU.com and chief operators Nathaniel Matherson, Matthew Lenhard and Alexander Coleman.

The consent agreement will be subject to public comment for 30 days after publication in the Federal Register, after which the commission will decide whether to make the proposed consent order final.

According to the FTC's administrative complaint, the operators of LendEDU.com claimed that the [website](#) provided "objective," "accurate" and "unbiased" information about consumer financial products, including [student loans](#), personal loans, and credit cards.

But LendEDU failed to disclose that information on its website was actually influenced by compensation from advertisers, authorities said.

According to the complaint, the company pointed users toward lenders and creditors that paid to influence its website content, including product rankings and ratings. The company also posted false flattering reviews on its own website and on third-party websites that were written by employees, friends or other associates of LendEDU, officials said.

"LendEDU told consumers that its financial product rankings were based on objective and unbiased information about the quality of the product being offered, but in fact LendEDU sold its rankings to the highest bidder," Andrew Smith, director of the FTC's bureau of consumer protection, said in a prepared statement. "These misrepresentations undermine consumer trust and we will hold lead generators like LendEDU accountable for their false promises of objectivity."

The website is run by ShopTutors Inc., a company that Matherson and Lenhard launched in 2014 while students at the University of Delaware to connect students with tutors. The company won the school's annual business startup funding competition and eventually transformed into LendEDU, which is based in Hoboken, New Jersey.

In 2018, the Chronicle of Higher Education revealed that LendEDU had created a fictional "[student](#) loan expert" named Drew Cloud who authored an "independent, authoritative news outlet" called "The Student Loan Report." The website's affiliation with LendEDU was not disclosed until Matherson issued an apology in response to the Chronicle's investigation.

In website postings last week, LendEDU officials noted that the [company](#) is compensated by some of the financial services companies listed on its site.

"Most often, LendEDU receives a fee when one of our readers clicks to, applies for, or receives a financial product from a LendEDU partner. This compensation may impact where products appear on this site (including for example, the order in which they appear in a Rate Table)," Matherson wrote.

Matherson also said LendEDU does not publish favorable or unfavorable reviews or assessments at the direction of an advertiser.

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