Before the Federal Trade Commission Washington, DC 20580 Via Email to ElectronicFilings@ftc.gov

In the Matter of]
]
Zoom Video Communications, Inc.]
(Zoom.us)]

April 27, 2024

REQUEST FOR INVESTIGATION AND COMPLAINT FOR INJUNCTIVE RELIEF

<u>ISSUE</u>

Is it legal for a company to misrepresent its product or service and then refuse a refund when the customer realizes they have been sold a service that would be illegal to use and they promptly notified the firm and requested cancelation and refund? Can a company rely on its Terms of Service which say no cancelation or refund if the consumer relied on the firm's material misrepresentation in subscribing to the service?

Such corporate conduct seems deceptive and unfair under Section 5 of the FTC Act, potentially harms consumers, and is the basis for this complaint.

PARTIES

- 1. "Dissent Doe" is the pseudonym of a privacy advocate and investigative blogger who publishes PogoWasRight.org and DataBreaches.net. As part of her investigative journalism for DataBreaches.net, Doe began extensively interviewing individuals in the Netherlands. In March 2024, Doe sought an international phone service that would enable individuals in the Netherlands to make a local call to her instead of incurring international long-distance charges.
- Zoom Video Communications, Inc. ("Zoom") has its executive offices at 55 Almaden Boulevard, 6th Floor, San Jose, California 95113. Its telephone number is (888) 799-9666 and its website address is https://zoom.com. Zoom's course of business has been, and is in or affects commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 45. Zoom is publicly traded (NASDAQ:ZM).

STATEMENT OF FACTS

- 3. Zoom Video Communications, Inc. ("Zoom") describes itself as an "all-in-one collaboration platform that makes connecting easier, more immersive, and more dynamic for people and businesses. Our team chat, phone, meetings, omnichannel contact center, whiteboard, workspace, and AI solutions help hybrid teams collaborate and get more done."
- 4. Zoom's suite of Phone services includes a product called "Global Select." Global Select supposedly provides "Unlimited Regional Calling in one of the 48 Countries and Territories¹."

Zoom advertises that for \$240.00 per year, customers get:

- Domestic Calling in Selected Country Unlimited
- International Calling Metered
- One Management Portal
- SMS & MMS Domestic
- One Number in Selected Country
- Multiple Device Use Make & receive calls from multiple devices and apps
- Optional Add-on Unlimited calling to 19 countries
- Direct Dial Number
- 5. On March 30, 2024, Dissent Doe of DataBreaches.net ("DataBreaches") contacted Zoom.us Sales seeking a phone number in the Netherlands. The purpose was to enable people in the Netherlands to call DataBreaches as a local call instead of incurring international call rates.
- 6. On April 1, DataBreaches was contacted by Zoom salesperson and SMB Account Executive April Cadag. In that phone call from Cadag, DataBreaches explained what was needed, i.e., that DataBreaches had no brick-and-mortar business or location in the Netherlands but wanted a local phone number there that people could call to reach her instead of having to make international calls. Cadag informed DataBreaches that Zoom's **Global Select** subscription service could enable that for \$20/month.

¹ Zoom Phone Global Coverage. Retrieved from

https://www.zoom.com/en/products/voip-phone/features/global-coverage/ April 27, 2024.

Get Zoom Phone Service in 40+ Countries & Territories for One Flat Monthly Price. Retrieved from <u>https://www.zoom.com/en/blog/zoom-phone-service-in-40-plus-countries-territories-one-flat-monthly-price/</u> April 27, 2024.

Plans and Pricing for Business. Retrieved from <u>https://zoom.us/pricing/zoom-phone</u> April 27, 2024

- 7. Based on that representation, plus the fact that the subscription would be monthly, DataBreaches signed up for the service on April 4. The first payment of \$24.46 was made via PayPal on that date.
- 8. Once DataBreaches signed up, Cadag provided a link to self-help configuration guides for the phone service. But in attempting to configure the Global Select phone service with a phone number in the Netherlands, DataBreaches quickly ran into a problem. The second part of the signup forms required the customer to provide an emergency postal address in the Netherlands for 911 or emergency calls.
- 9. On April 5, DataBreaches contacted Cadag to ask about the emergency address form and was told to use the DataBreaches' U.S. address. DataBreaches advised Cadag that that did not look likely to work and set up an appointment with Zoom Phone Support to get help configuring the phone service. The first available appointment was on Sunday, April 7 at 5:30 PM Eastern.
- 10. When DataBreaches met with Zoom Support ("Rafael Lopez") at that time to configure the phone service, he told DataBreaches that she had to use her business's address in the Netherlands for the Emergency Contact form. DataBreaches told him what she had told Cadag from the beginning -- that DataBreaches had no address in the Netherlands and that Cadag had been told that from the beginning. Lopez immediately said that an address in the Netherlands is **required under Netherlands law** and DataBreaches could not legally get a local phone number there without a local address for the business. DataBreaches thanked him and ended the support session.
- 11. DataBreaches immediately began what became a frustrating experience of trying to cancel the subscription and obtain a refund. On April 7, after ending the Support session with Lopez, DataBreaches sent Cadag an email:

I cannot get a number in the Netherlands according to your support person. He said I have to be able to prove an address for my business in the Netherlands, which I told you that I don't have. You told me to use my U.S. address for emergency address and he said that can't be done. He was quite clear that Zoom cannot enable me to do what you said I could do.

So please cancel my account immediately. I will contact billing too, but I want you to know to ensure that this is cancelled and any money charged is refunded.

12. Attempts to contact Billing were initially futile. Zoom's website indicated that to cancel Global Select, one had to contact Sales, which I had already done (as above). But then Sales (Cadag) asked me for a Billing ticket number, which didn't exist because Billing's page didn't open any ticket. It just directed customers to contact Sales.

- 13. DataBreaches tried multiple times via email and Zoom's website to cancel the account and get a refund. When Zoom still did not confirm cancellation and refund by April 18 (11 days after the initial cancelation and refund request), DataBreaches opened a complaint with PayPal and used their service to deliver the request to Zoom. DataBreaches notes that PayPal's transaction information shows Zoom's billing email address as billing@zoom.us. DataBreaches tried that email address before filing the complaint with PayPal but an email to that address bounced back with an auto-responder that it is not a monitored address. It seems that Zoom does not enable Global Select subscribers to contact Billing quickly or easily.
- 14. In response to the complaint filed with PayPal, Zoom Billing contacted me on April 19 to acknowledge receipt of the request:

Your request (GR0245828) has been updated. Reply to this email or follow the link above. 2024-04-19 03:35:32 PDT - Willen de Jesus Additional comments Case Closed. Transferred to: BIL1136780

In a series of email exchanges, "John" from Billing, first asked if before assisting me with cancellation, DataBreaches would be interested in receiving more information about other Zoom products. DataBreaches responded, "I want NOTHING from Zoom other than an immediate full refund and cancellation. I am furious at how much time of mine your company has wasted on this."

In John's next email of April 19, he wrote, in part, that my subscription would be canceled effective May 4, 2024 but:

In regards to your request for the refund, please be inform that your subscription was already beyond on our refund guidelines. Hence, rest assured that after May 4, 2024 you will no longer billed on the subscription.

15. DataBreaches immediately responded:

This is unacceptable. I cancelled within HOURS of discovering Zoom misrepresented the service. I signed up on April 4 and cancelled on April 8 after your service rep Rafael told me on the evening of April 7 that that sales was wrong. On April 8. I then contacted Billing to cancel and the site said to contact sales so I contacted sales IMMEDIATELY..... [...] Refund the full amount or I will initiate a chargeback. I don't want to hear any more excuses. Just refund the \$24.46 immediately.

NOTE: The April 8 date in the above email was in error as DataBreaches had first attempted to cancel even sooner – on April 7 after discovering that the service was unusable and would be illegal in the Netherlands under the circumstances.

16. On April 22, "Mai" from Billing responded:

Good day, and thank you for your patience.

We apologize for the delayed response due to the volume of requests.

This is Mai, one of the Team Leaders.

We are sorry to hear that you wanted to cancel and get a refund.

I understand that you canceled it after purchasing however the cancellation will take effect by the end of the billing cycle.

Please be reminded that Zoom is a subscription-based purchase and not dependent on whether the service was used or not.

We've looked into your situation and our refund policy does not allow one in this case.

You may reach out to your financial institution for other options. Please be reminded that prior to purchasing the subscription, you have agreed and acknowledged Zoom's Terms of Service. This includes: Article 8 regarding Charges and Cancellation: ".. You agree that all payment obligations are non-cancelable and all amounts paid are non-refundable during the Initial Subscription Term or then current Renewal Term, as applicable." Article 10 regarding Termination: "..Your Order Form may provide that a Renewal Term will begin automatically unless either party provides notice of termination at least thirty (30) days prior to the commencement of the next Renewal Term."

Your account has already been successfully canceled and will not be renewed after 5/7/24.

Canceling your subscription before it expires means you'll finish your current subscription for the remainder of the billing period. Once the subscription expires, your Zoom account will revert to a Basic account, you will no longer have the paid features, and rest assured that you will no longer be billed.

Please feel free to let us know if you have any additional questions or concerns.

Best regards,

Mai Zoom Billing Team

17. DataBreaches did not respond to Mai's email as it seemed futile and outrageous. Not only were they refusing to refund after falsely advertising their product to me, but

now it seemed they would bill me for a second month by using May 7 as the date and not even May 4, as "John" had indicated. A second month of the subscription would have started on May 4, so Mai's statement that the account would not be renewed after May 7 likely indicates that they might try to charge me for May 4-June 4.

DataBreaches had had enough.

- 18. On April 26, DataBreaches contacted VISA and initiated a chargeback. They refunded my payment immediately. But according to VISA, Zoom will not have to pay any fine or fee for the chargeback. If there is no accountability for deceptive and unfair behavior that harms consumers, why wouldn't any company just lie about their product, get a month's fee, and then refuse to refund it, citing TOS?
- 19. On April 27, DataBreaches provided PayPal with an update on the situation.

REQUEST FOR RELIEF²

- 20. The complainant believes that Zoom has violated the FTC Act by deceiving customers about its Global Select service. In addition to causing financial harm to the complainant, which was only partially mitigated by Visa (VISA cannot compensate DataBreaches for all the time lost and frustration of dealing with Zoom), Zoom may have caused or may cause financial harm to an untold number of consumers by material misrepresentations in their sales pitches and then refusing to refund the money paid by consumers in good faith. Then there is also the issue of people innocently violating other countries' laws by taking Zoom's advice as to how to sign up for a local number in another country.
- 21. Because Zoom's material misrepresentation and their refusal to issue refunds when consumers discover their misrepresentation constitute deceptive and unfair practices that potentially harm consumers DataBreaches urges the FTC to:
 - Prohibit Zoom from marketing the Global Select service for specific countries without clearly indicating when a brick-and-mortar address must exist as a prerequisite in that country or when there are other country-specific legal prerequisites;
 - Impose a civil monetary penalty to be determined by the FTC; and
 - Impose any other measure, such as a corrective action plan or monitoring as the FTC sees fit.

I reserve the right to supplement this petition as other information relevant to this issue becomes available.

² DataBreaches did not file this complaint with the FCC after reviewing that agency's list of complaint topics. This complaint seems to fall under the FTC's regulatory powers.

Should the FTC require any additional information from me, you may reach me via e-mail to <u>ftc@databreaches.net</u>

Respectfully submitted,

Dissent Doe

"Dissent Doe"