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Consumers Ask Court to Stop DIRECTV from Taking Disputed 'Cancellation Fees' Out...

Tue Sep 22, 2009 1:11pm EDT

Consumers Ask Court to Stop DIRECTV from Taking Disputed 'Cancellation Fees' Out of Bank Accounts, Credit Cards

Satellite TV Company Charged Unlawful "Early Cancellation" Penalty, Consumer Advocates Contend

SANTA MONICA, Calif., Sept. 22 /PRNewswire-USNewswire/ -- Consumers who are being charged an "early cancellation penalty" by satellite television company DIRECTV asked the Los Angeles Superior Court to block the company from automatically removing the fees from customers' bank accounts or charging their credit card accounts without their prior knowledge and written consent until the lawsuit is resolved.

The motion for a preliminary injunction notes that DIRECTV is systematically withdrawing the fees of up to \$480 - which the lawsuit contends are unlawful - from customers' accounts without their knowledge or permission. The withdrawals have caused consumers' accounts to be overdrawn, customers' checks to bounce, over-limit penalties to be assessed and their credit reports to be harmed as a result. The DIRECTV customers who brought the lawsuit on behalf of current and former California DIRECTV customers asked the court to bar the company from collecting the disputed fees in this manner until the court determines whether the fees themselves are lawful.

DIRECTV charges its customers an "early cancellation penalty" when they terminate their service before what DIRECTV calls the "term commitment" period, typically eighteen to twenty-four months, is over. This "early cancellation penalty" is charged regardless of the reason for the cancellation. The lawsuit contends that DIRECTV fails to disclose this penalty to new customers or to existing customers who replace their equipment or add a new receiver, and that these practices are unlawful.

"These days, many families are struggling to make ends meet. Now is the last time DIRECTV should be plundering people's financial accounts to pay a fee that we believe is unlawful," said Harvey Rosenfield, founder of the non-profit Consumer Watchdog, who, along with Litigation Director Pamela Pressley, is one of the attorneys in the case. "The DIRECTV customers that we represent had no notice that this 'early cancellation penalty' would be directly withdrawn or charged to their accounts without any advance warning or opportunity to dispute the charge, leaving them caught completely by surprise when they discovered after the fact that the money was taken from their accounts," stated Pressley.

"The company's unauthorized seizure of people's money from their bank accounts jeopardizes the fragile financial status of these customers, and since DIRECTV has refused our request to stop collecting the fees in this manner, we are asking the court to prevent it from doing so," said Jennifer Steinberg, another attorney on the case.

"I was shocked and appalled to find that, after having been a loyal DIRECTV customer for over seven years and cancelling my service because of problems with my equipment and terrible customer service, DIRECTV had taken money directly from my bank account," said Mary Cox, a putative class member in this litigation. Cox continued, "this fee caused my account to go into overdraft,

thereby resulting in my bank charging me overdraft fees. I spent countless hours trying to get the charges reversed with my bank. This is money I need to pay for my groceries and other bills."

"It's outrageous for a company to be able to deduct money from its customers personal checking accounts without their written or verbal consent. This unlawful practice needs to be stopped," said Ingrid Evans, counsel for two of the representative DIRECTV customers in the suit.

In a complaint filed last September in Los Angeles Superior Court on behalf of current and former California DIRECTV customers who were charged an early cancellation penalty, Los Angeles resident Kathy Greiner explained that when her DIRECTV receiver stopped working, she ordered a new one. It began experiencing problems, but DIRECTV would not resolve the problem. So Greiner, a six-year customer of the company, cancelled her service and returned the equipment. DIRECTV subsequently levied a \$240 "early cancellation" penalty on Greiner, which the company took directly from her bank account (after deducting some amounts she had previously paid) without her knowledge or permission.

Greiner's complaint was later consolidated with another lawsuit brought by Amy Imburgia and Marlene Mecca, also California residents. The joint lawsuit, Imburgia, et. al, v. DirectTV, Inc., alleges that DIRECTV failed to disclose to customers that it imposed an 18 or 24 month term of service and that cancellation before the end of the term would result in enormous penalty fees. The company would also automatically extend the "contractual obligation" by another 18 to 24 months if malfunctioning equipment needed to be replaced or the customer decided to make a change to programming or other services. These policies were not properly disclosed to purchasers beforehand, and consumers did not agree to them, the suit states.

DIRECTV Sought to Block State Case In Favor of Federal Lawsuit

In addition to the joint lawsuit in California state court, numerous lawsuits against DIRECTV have been filed in federal courts, including in California. The state case was temporarily put on hold while the court considered DIRECTV's request to freeze the California case pending the conclusion of the federal case filed in the Central District of California. In a ruling last July, Los Angeles Superior Court Judge Emilie H. Elias permitted the case to proceed. The federal case itself has since been delayed at DIRECTV's behest.

Along with lawyers for Consumer Watchdog, Greiner is represented by the Law Offices of F. Edie Mermelstein, based in Huntington Beach, and Wayne Kreger and Jennifer Steinberg of the Santa Monica-based firm of Milstein, Adelman and Kreger, LLP. Plaintiffs Imburgia and Mecca are represented by Deanna D. Dailey of Sprenger & Lang, PLLC, located in Minneapolis, Minnesota; Todd Schneider of the San Francisco office of Schneider Wallace Cottrell Brayton & Konecky, LLP; and Ingrid Evans of the San Francisco office of Waters Kraus & Paul.

Download a copy of the motion for a preliminary injunction at:
<http://www.ConsumerWatchdog.org/resources/DirectVSuitMotion.pdf>

A copy of the joint amended complaint can be found here:
<http://www.ConsumerWatchdog.org/resources/DirectVSuitComplaint.pdf>

Consumer Watchdog, formerly The Foundation for Taxpayer and Consumer Rights, is a nonpartisan, nonprofit organization. <http://www.ConsumerWatchdog.org>

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