



Holiday Shoppers Beware

Online Marketplaces Present Serious Consumer Protection Crisis

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The Consumer Federation of America (CFA) is an association of non-profit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education. Today, nearly 250 of these groups participate in the federation and govern it through their representatives on the organization's Board of Directors.

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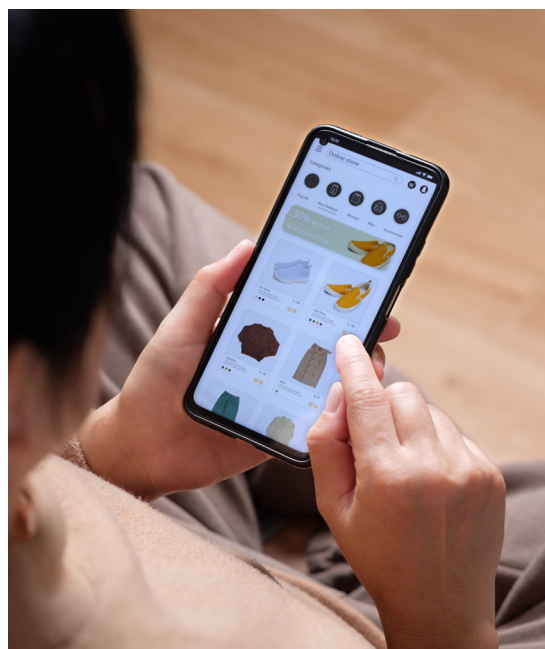
As the holiday season quickly approaches, millions of U.S. consumers are expected to turn to online marketplaces for their gifts and seasonal purchases. Because the convenience and diversity of available products are just a click away, online shopping is now a dominant player in the retail landscape.¹ U.S. online shopping totaled \$1.34 trillion in 2024, with projections that online spending will exceed \$2.5 trillion in 2030.² An estimated 288 million Americans—or approximately 84.3%—shop online, and online shopping currently represents 18.4% of retail revenue in the U.S.³ Unfortunately, investigations by consumer organizations and regulators have documented serious product safety issues, demonstrating a significant number of products purchased from third-party sellers on online marketplaces fail safety standards, including toys with choking hazards, electronics that pose fire and electric shock risks, and counterfeit safety equipment like smoke alarms and helmets.⁴ These product safety issues are particularly concerning when combined with the tactics online marketplaces use to encourage people to purchase more products, more quickly.⁵

What is an online marketplace?

An *online marketplace* acts as the go-between for buyers and third-party sellers by platforming third-party sellers.⁶ A *third-party seller* is an independent seller that uses the online marketplace to sell its products but is not typically employed by the platform.⁷ Online marketplaces often have multiple third-party sellers that list and sell their products on the platform. An example of an online marketplace is Amazon, when it is acting as a platform for third-party sellers. This is different than a site which sells products directly to consumers, such as an Apple online store or Amazon when it acts as a direct seller. There are platforms that operate as both online retailers and online marketplaces, such as Wal-Mart and Amazon, because both platforms sell their own products directly to consumers, as well as hosting third-party sellers.

The Real Price of Cheap and Convenient

Temu is an online marketplace that has experienced explosive growth with U.S. shoppers after its 2022 launch. The platform's marketing strategy, including high-profile Super Bowl advertisements, combined with its promise to "shop like a billionaire" and gamified shopping experiences featuring spin-to-win wheels, flash sales, and constant notifications about limited-time deals, has driven rapid adoption.⁸ However, as detailed below, this explosive growth has raised concerns regarding product safety, data privacy, counterfeit goods, manipulative sales tactics, and failure to adequately verify sellers or provide consumer protections as required under laws like the INFORM Consumers Act.



Safety Concerns that Should Alarm Shoppers

Temu gained traction among U.S. shoppers by emphasizing low prices, convenience, and huge product selections. However, recent investigations and legal actions by state attorneys general have alleged that the low costs and convenience of these platforms come at the expense of adequate consumer protection.

Inadequate Safety Warnings: In August 2024, attorneys general from 21 states raised concerns that Temu fails to adequately warn consumers of dangers associated with their products and fails to notify consumers that products are subject to safety recalls, among other consumer protection deficiencies.⁹

Counterfeit Products: Attorneys general in Nebraska (June 2025) and Kentucky (July 2025) filed complaints against Temu and its parent company alleging that the platform is “awash in products infringing copyrights and other intellectual property,” with counterfeit versions of major brands including Nike, Disney, and Microsoft, as well as local brands like the University of Nebraska and Louisville Slugger.¹⁰ For consumers, counterfeit products can present real risks. Low-quality, substandard imitations may not meet safety standards that legitimate products must satisfy, thereby exposing consumers to hazards.¹¹ Similarly, unauthorized certification marks—such as a lithium-ion battery displaying an unauthorized UL mark—can cause consumers to believe falsely that they are using a safe, tested product.¹²



Deceptive Practices Designed to Manipulate

Beyond the safety concerns, the state investigations and legal actions have alleged troubling tactics to drive purchases.

Deceptive Quality Representations. The complaints filed in Nebraska and Kentucky, as well as a complaint filed by the Attorney General in Arkansas (June 2025), allege that Temu misrepresents its product quality to consumers.¹³ The complaints note that the Better Business Bureau received hundreds of complaints in the previous year, earning Temu a rating of 2.1 out of 5 stars. Common issues included undelivered packages, poor customer service, and low-quality products that contradict Temu’s marketing claims. According to the complaints, consumers frequently receive “low-quality, cheaply-made merchandise when the photo on the app indicates that they would receive high-quality goods.”¹⁴ Sometimes the listings, including photos and descriptions, appear to have been copied directly from other sellers on other sites, “bearing no relationship to the actual goods being sold.” These misrepresentations, according to the complaints, serve to “further conceal its scheme to maximize the number of users who sign up to the platform and unwittingly subject their private data to theft” by the platform.¹⁵

False Pricing and Artificial Urgency. The complaints allege that Temu engages in deceptive “false reference pricing,” in which retailers represent that a product can be purchased at a discount, often by providing two prices for the consumer to compare, when the “full price” is fake or inflated, creating a false sense of value and urgency.¹⁶ The complaints identify Temu’s use of gamification techniques to encourage impulsive purchasing behaviors with pop-up wheels to spin for discounts, tokens to collect, and countdown clocks.¹⁷

Manipulated Reviews. The complaints also document a pattern of fake or skewed product

reviews, designed to mislead consumers about product quality. According to the Nebraska complaint, “countless reviews are clearly negative, yet it shows that the person gave the item 5 stars which is impossible,” and when users try to give one-star ratings, the ratings are automatically “upgraded” to five stars.¹⁸ This manipulation of the review system prevents consumers from making informed decisions based on genuine customer experiences.¹⁹

Greenwashing and Charitable Donations Claims.

There has been significant reporting about the environmental impact of fast fashion and hyper consumerism of cheap products on online marketplaces.²⁰ To that end, some consumers may be interested in environmental or charitable claims made by online marketplaces to offset this impact. The Nebraska and Kentucky complaints allege Temu’s representations about charitable donations through its “Tree Planting Program” are deceptive because Temu fails to disclose what portion of each sale goes to the charity.²¹ Temu prominently displays claims of having planted over 18-19 million trees through the charity, positioning such information directly below the “Add to Cart” button. The complaints allege that, even with the most generous of calculations, Temu’s contributions represent less than 0.03% of its total revenue, which is never disclosed to consumers.²²

Misleading “Local” Tags. The Nebraska complaint alleges Temu’s use of “local” tags on products is deceptive.²³ While consumers may assume this “local” tag means products are produced locally, the designation is to any product shipped from U.S. warehouses, even if those products originally came from foreign countries.²⁴ According to the Nebraska complaint, the misleading “local” tags could cause Nebraska consumers to believe they are supporting local manufacturers, creators, designers, or stores, when they were not.²⁵

Privacy and Data Collection Concerns. The complaints also allege that Temu’s app functions as malware designed to extract sensitive user data.²⁶ The app allegedly can reconfigure

itself and its properties on consumers’ phones without their knowledge.²⁷ Another key concern raised is that this unlawfully collected data flows to Temu’s parent company with operations in mainland China, and the cybersecurity laws grant the Chinese government unfettered access.²⁸ The complaints further allege that Temu improperly collects personal information from minors, including children under 13 years of age.²⁹

Federal Enforcement

In addition to the state investigations and legal actions, there has been enforcement at the federal level to address online marketplace consumer protection issues.

Consumer Product Safety Commission. The Consumer Product Safety Commission (CPSC) plays a critical role in safeguarding the public from hazardous products; however, the rise of online marketplaces and the sheer volume of low-cost products imported into the U.S. have overwhelmed regulators’ capacity to ensure the safety of products sold in the U.S.³⁰

One of the tools available to the CPSC are recalls. CPSC can announce recalls to remove hazardous consumer products from the market and protect U.S. consumers. Yet, most CPSC recalls are voluntary, meaning that CPSC does not unilaterally remove unsafe products from the market without negotiation with the involved businesses.³¹ If a company refuses to cooperate with CPSC, the CPSC has the option to pursue a mandatory recall through an administrative process or file a lawsuit in federal court, both of which are time intensive.³²

In the face of a voluntary recall system that does not always work and a laborious mandatory recall process, CPSC can issue unilateral product safety warnings to mitigate the risk of unsafe products. In this way, when a manufacturer or seller does not cooperate with a recall, the CPSC can alert the public to the potential dangers through these warnings. The number of unilateral warnings has increased

significantly in the past few years, particularly in response to products sold on online platforms. For example, CPSC issued three product safety warnings in 2020. Based on CFA's analysis of 2024 product safety warnings, CPSC issued a staggering 64 warnings.³³ Most of the warnings involved products sold online.

On September 18, 2025, CPSC Acting Chairman Peter Feldman announced the agency has already exceeded 2024's record of 369 recalls and warnings, issuing 376 recalls and safety warnings thus far in 2025.³⁴ Acting Chairman Felman identified that approximately 66 percent of the products in the 2025 recalls and warnings are from China, and 92 percent of such those products are tied to major online platforms such as Amazon, Walmart.com, Temu, Shein, and AliExpress.

While it is critical that the CPSC pursues every avenue possible to keep U.S. consumers safe, the product safety warning data may reveal a safety gap because unilateral safety warnings are far from ideal. Unlike formal recalls, for example, unilateral safety warnings do not provide clear remedies, such as refunds, repairs,

or replacements. Consumers could be left with unsafe products and no recourse. Further, unilateral safety warnings do not get the public attention recalls do. Finally, because unilateral safety warnings are not formal recalls, consumers may not fully understand the significance and may ignore the warning altogether.

Youth ATV Product Safety Warning. On October 23, 2025, CPSC announced a product safety warning regarding a youth all-terrain vehicle (ATV) that violates the mandatory standard for youth ATVs, including failing to meet mechanical suspension requirements, which poses a crash hazard.³⁵

Importantly, this product safety warning stops short of a formal recall. As the product safety warning indicates, the seller refused to recall the product or to offer any remedy to consumers. This reflects the troubling trend described above: CPSC increasingly resorting to unilateral product safety warnings when a seller, sometimes a third-party seller on an online marketplace, refuses to initiate a product recall or refund consumers.³⁶

CPSC Warns Consumers to Immediately Stop Using MOEYURO Youth All-Terrain Vehicles (ATVs) Due to Risk of Serious Injury or Death from Crash and Laceration Hazards; Violates Mandatory Standard for ATVs

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MOEYURO Youth ATV – Black

Name of Product:
MOEYURO youth electric ATVs

Hazard:
The ATVs violate the mandatory standard for youth ATVs, including failing to meet mechanical suspension requirements, posing a crash hazard.

Consumer Action:
CPSC urges consumers to stop using the youth ATVs immediately. Do not sell or give away these hazardous youth ATVs.

Product Safety Warning Date:
October 23, 2025

Units:
About 280



Product Safety Warning Details

Description:

WASHINGTON, D.C. – The U.S. Consumer Product Safety Commission (CPSC) is warning consumers to immediately stop using MOEYURO youth electric ATVs. The ATVs violate the mandatory standard for youth ATVs, including failing to meet mechanical suspension requirements, posing a crash hazard. The parking brakes fail to hold, posing a collision hazard. The handlebars pose a laceration hazard if the child rider's body or head impacts the handlebars at a high rate of speed. The youth ATVs are also missing all required safety reflectors, reducing visibility of the youth ATV to other vehicles.

Additionally, the youth ATVs lack a mandated CPSC-approved ATV action plan, which is required for any manufacturer or distributor to manufacture, import, sell, or distribute any newly assembled or unassembled ATV in the United States. ATV action plans are required to ensure that the industry promotes ATV safety, including rider training, dissemination of safety information, age recommendations and other safety measures.

CPSC's [latest data](#) show that Off Highway Vehicles (OHVs), including ATVs, are associated with an annual average of more than 800 deaths and an estimated 100,000 emergency department-treated injuries. (Learn more about OHV safety here: [OHV & ATV Safety | CPSC.gov](#)).

CPSC issued a Notice of Violation to Zengxuebo, of China, doing business as online seller ZeTachenUS. The seller has not agreed to recall these youth ATVs or offer a remedy to consumers.

About 280 ATVs were sold on Amazon from May 2025 through September 2025 for between \$496 and \$620. The ATVs may have been sold by various third-party sellers and on other websites.

The youth ATVs were sold with a 35V, 500W electric motor and advertised for kids ages 5+. The youth ATVs are 29.5"L x 26"W x 40.5"H, come in black, blue spider, ice-fire, and red, and have handlebar covers with white spots. There is no labeling or branding on the product.

These products were manufactured in China.

CPSC urges consumers to stop using the youth ATVs immediately. Do not sell or give away these hazardous youth ATVs.

Report any incidents involving injury or product defect to CPSC at [www.SaferProducts.gov](#).

Sold At:

Amazon from May 2025 through September 2025 for between \$496 and \$620. The ATVs may have been sold by various third-party sellers and on other websites.

Manufactured In:

China

Source: [CPSC.gov](#)

Further, the warning notes that other sellers and other platforms may also carry this product. Yet, beyond the general name of the product and a photograph of the listing from one site, there is not enough identifying information for a consumer to make sure they do not purchase this product elsewhere. While Amazon appears to have removed the listing, there is no guarantee that consumers will not find this product on another online marketplace.

FTC v. Temu. In September 2025, the Federal Trade Commission (FTC) announced that, under the first enforcement action of the INFORM Act, Temu's operator would pay \$2 million for violating the Act.³⁷ Specifically, the company failed to provide a phone-based reporting mechanism for suspicious activity, include reporting mechanisms in its gamified shopping features, and to provide proper disclosure of seller information in the gamified listings and mobile website. Under the proposed court order, Temu must implement a user-friendly phone reporting system, clearly display required seller information and reporting mechanisms across all platform

types (app, mobile, etc.), and ensure disclosures are easy to notice and understand.³⁸

FTC v. Amazon. The FTC also secured a \$2.5 billion settlement with Amazon and two senior executives, resolving allegations that Amazon enrolled millions of consumers in Prime subscriptions without their consent and deliberately made cancellation difficult.³⁹ The settlement requires Amazon to pay a \$1 billion civil penalty and provide \$1.5 billion in refunds to approximately 35 million affected consumers.⁴⁰ The FTC had alleged that Amazon violated both the FTC Act and the Restore Online Shoppers' Confidence Act (ROSCA) by creating confusing and deceptive user interfaces that tricked consumers into enrolling in Prime unknowingly. Internal Amazon documents revealed that Amazon employees were aware of these practices, with some describing the situation as "a bit of a shady world" and referring to unwanted subscriptions as "an unspoken cancer."⁴¹ The settlement also mandates significant changes, including providing a clear button for consumers to decline Prime enrollment.

What Holiday Shoppers Should Know

While online shopping provides convenience during this busy time of year, recent investigations and legal actions indicate there are serious product safety and consumer protection concerns with online marketplaces. As the holidays quickly approach, Consumer Federation of America reminds shoppers of the following tips:

1. **Sometimes “too good to be true” prices are just that—too good to be true.** Consumers should be on the lookout for products that are low quality because such products may not meet safety standards.
2. **Online marketplaces may not adequately screen products or warn about recalls.** Unfortunately, consumers cannot assume all products listed on online marketplaces are safe. Recent investigations have indicated that dangerous products and recalled products can be found on major online marketplaces.
3. **Reviews cannot always be trusted.** Recent investigations and legal actions indicate that consumers cannot assume that all the reviews on a product listing are accurate.
4. **Counterfeit products pose genuine safety hazards to you and your family.** Counterfeit products are often substandard and fail to meet safety standards. The risk isn’t worth it.
5. **Your personal data may be at risk when using certain shopping platforms.** Recent investigations and legal actions allege that consumer protections on certain online platforms is inadequate. Consumers should use caution when selecting platforms and sharing sensitive information.
6. **For more information about product recalls and safety warnings, visit CPSC.gov.**

A Call to Action

Consumers expect and deserve safe products and better consumer protections. While state attorneys general and federal regulators are taking action, meaningful change requires:

1. Holding online marketplaces accountable for the safety of products sold on their platforms and the deceptive tactics they use.
2. Meaningful penalties to deter misconduct, as well as unsafe and deceptive practices.
3. Strong federal authority with adequate resources to remove unsafe products quickly and penalize bad actors.
4. Consumer awareness about the true cost of online shopping.

As you navigate your holiday shopping this year, consider you and your family’s safety, privacy, and peace of mind.

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