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US bureau sues Sprint for phone bill 'cramming'

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Andrew Harrer | Bloomberg | Getty Images

Pedestrians walk past a Sprint store in Washington, D.C.

A U.S. consumer watchdog agency on Wednesday filed a lawsuit against wireless carrier **Sprint** over unauthorized charges on customers' cellphone bill, a practice known as cramming.

In a third cramming-related government enforcement action this year, the Consumer Financial Protection Bureau alleges that from 2004 to December 2013, Sprint billed its customers tens of millions of dollars in unauthorized third-party charges while keeping up to 40 percent of the revenue.

The **Federal Communications Commission** is also weighing a \$105 million fine against Sprint for charging its customers for services that they had never requested.

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Introducing "Data Stash," T-Mobile CEO John Legere tells CNBC's Jon Fortt, if you don't use it, you don't lose it, regarding data.

The case against Sprint marks the first joint public action by the FCC and the CFPB.

In July, the Federal Trade Commission sued **T-Mobile US** over similar billing issues and the **FCC and the FTC settled such a case with AT&T** in October.

The bureau now argues to whom it had outsourced the processing of Sprint customers' payments for digital purchases, resulting in illegitimate charges for text message services that many consumers were unaware of. The agency is seeking refunds and penalties.

"We strongly disagree with (CFPB's) characterization of our business practices ... Sprint took considerable steps to protect wireless customers from unauthorized third-party billing," spokeswoman Stephanie Vinge Walsh said in a statement.

"It appears the CFPB has decided to use this issue as the test case on whether it has legal authority to assert jurisdiction over wireless carriers," she said in an email.

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The case is *Consumer Financial Protection Bureau v. Sprint Corp, U.S. District Court, Southern District of New York, No. 14-cv-9931*.

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THINKABOUTIT · 2 hours ago
 The whole cell phone industry is a scam, but we need it now in business with the i need it now attitude of everyone. Why does service cost \$40 to \$50 per line? By now, with all the people using cell phones and all the Obama phones that were given out, one would think the cost of these things would have come down by now.
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Eli Medina · 2 hours ago
 I remember paying 9.99 for future LTE, but never got anything, now that should be a class action law suite!
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Bob Ryan · 4 hours ago
 The FTC settled with AT&T. Settled what and where did that money go? Certainly not back in the pockets it was stolen from.
 5 ^ | v · Reply · Share >

D Bay · 5 hours ago
 They've accused Sprint and T-mobile of this, but why not Verizon and AT&T. Couldn't be because Verizon and AT&T can afford to pay the

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politicians, could it? Our justice department is acting like thugs. Don't get me wrong, if Sprint and T-mobile are in the wrong, they should pay for their errors. However, I don't believe Verizon and AT&T are innocent - just richer.

2 ^ | v · Reply · Share ›



GEEKO132 → D Bay · 4 hours ago

that's your paranoid speculation

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Do you know that D Bay is incorrect? Or is that your status quo speculation he is?

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DCBS1 → D Bay · 4 hours ago

The article stated the FTC and FCC settled with AT&T in October over similar billing issues. Sloppy reporter should have mentioned VZ one way or another.

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