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Contact Communications

Phone (850) 245-0150

OFFICE OF THE ATTORNEY GENERAL STATE OF FLORIDA

Florida Attorney General's Office News Release

Attorney General James Uthmeier Takes Legal Action Against Amazon for Secret Ad Surcharge Scheme Driving Up Prices for Florida Families

TALLAHASSEE, Fla.—Attorney General James Uthmeier joined the Federal Trade Commission and 21 other states in suing Amazon, alleging the company spent years secretly inflating the prices Florida businesses pay to advertise on its platform—costs that were then passed on to Florida families at checkout.

“Amazon told Florida businesses they were bidding in a fair auction. That was false,” **said Attorney General James Uthmeier**. “Amazon hid a surcharge, padded its own profits, and those costs landed on Florida families buying groceries, medicine, and everyday essentials. Amazon should expect to be held accountable.”

According to the complaint filed in the U.S. District Court for the Western District of Washington, Amazon represented for years that it ran “second-price” auctions in which the winning advertiser would pay only one cent more than the next-highest bidder. In practice, Amazon added an undisclosed surcharge and used an “invented auction participant” to drive prices higher than genuine competition would have produced. By 2024, Amazon charged Sponsored Products advertisers their own winning bid approximately 80 percent of the time, converting a nominally second-price auction into a first-price auction without telling customers.

The complaint alleges Amazon began testing hidden surcharges in 2019 and 2020. After concluding advertisers could not detect the extra charges, Amazon rolled them out across the platform and ramped them higher on Prime Day and Black Friday. Internal documents quoted in the complaint describe “a surcharge hidden in it” and a “clever non-transparent way to charge first price.”

Those overcharges did not stop with the businesses that buy ads. The complaint alleges that a significant portion of the advertising costs paid by Amazon sellers “are ultimately passed through to and paid by Amazon shoppers in the form of higher prices,” including on low-margin necessities families buy every day. Nationally, the scheme is alleged to have extracted more than $20 billion from approximately 1.2 million advertising customers, including more than 500,000 small- and medium-sized businesses. Sellers and vendors based in Florida have been overcharged by hundreds of millions of dollars over more than four years.

Amazon understood that disclosing the change would cause advertisers to lower their bids. The complaint alleges the company concealed the surcharges, gave false and misleading answers when advertisers asked whether the auction format had changed, and continued the practice

after the FTC notified Amazon of its investigation.

The lawsuit alleges Amazon violated the Florida Deceptive and Unfair Trade Practices Act. Attorney General Uthmeier seeks a permanent injunction, consumer restitution, disgorgement of ill-gotten gains, civil penalties, attorney's fees, and other relief authorized by Florida law.

Florida is joined by the Federal Trade Commission and the attorneys general of Alaska, Arizona, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Nebraska, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Vermont, and Washington.

This action reinforces Attorney General Uthmeier's commitment to enforcing Florida's consumer protection laws, stopping deceptive corporate schemes, and protecting Florida families from hidden charges that show up in the price of everyday goods.

To watch Attorney General Uthmeier's announcement, click here.

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