

FTC Takes Action to Stop Online Home Buying Firm Opendoor Labs, Inc. from Cheating Potential Sellers with Misleading Claims about its Home-Buying Service

Company Will Have to Pay \$62 Million and Stop Deceiving Consumers about the Supposed Benefits of its Service

August 1, 2022

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The Federal Trade Commission today took action against online home buying firm Opendoor Labs Inc., for cheating potential home sellers by tricking them into thinking that they could make more money selling their home to Opendoor than on the open market using the traditional sales process. The FTC alleged that Opendoor pitched potential sellers using misleading and deceptive information, and in reality, most people who sold to Opendoor made thousands of dollars *less* than they would have made selling their homes using the traditional process. Under a proposed administrative order, Opendoor will have to pay \$62 million and stop its deceptive tactics.

“Opendoor promised to revolutionize the real estate market but built its business using old-fashioned deception about how much consumers could earn from selling their homes on the platform,” said Samuel Levine, Director of the FTC’s Bureau of Consumer Protection. “There is nothing innovative about cheating consumers.”

Opendoor, headquartered in Tempe, Arizona, operates an online real estate business that, among other things, buys homes directly from consumers as an alternative to consumers selling their homes on the open market. Advertised as an “iBuyer,” Opendoor claimed to use cutting-edge technology to save consumers money by providing “market-value” offers and reducing transaction costs compared with the traditional home sales process.

Opendoor’s marketing materials included charts comparing their consumers’ net proceeds from selling to Opendoor versus on the market. Those charts almost always showed that consumers would make thousands of dollars more by selling to Opendoor. In fact, the complaint states, the vast majority of consumers who sold to Opendoor actually *lost* thousands of dollars compared with selling on the traditional market, because the company’s offers have been below market value on average and its costs have been higher than what consumers typically pay when using a traditional realtor.

[The agency’s investigation found](#)  that Opendoor also violated the law by misrepresenting that:

- Opendoor used projected market value prices when making offers to buy homes, when in fact those prices included downward adjustments to the market values;
- Opendoor made money from disclosed fees, when in reality it made money by buying low and selling high;
- consumers likely would have paid the same amount in repair costs whether they sold their home through Opendoor or in traditional sales; and
- consumers likely would have paid less in costs by selling to Opendoor than they would pay in traditional sales.

Enforcement Action

[Opendoor has agreed to a proposed order](#)  that requires the company to:

- **Pay \$62 million:** The order requires Opendoor to pay the Commission \$62 million, which is expected to be used for consumer redress.
- **Stop deceiving potential home sellers:** The order prohibits Opendoor from making the deceptive, false, and unsubstantiated claims it made to consumers about how much money they will receive or the costs they will have to pay to use its service.
- **Stop making baseless claims:** The order requires Opendoor to have competent and reliable evidence to support any representations made about the costs, savings, or financial benefits associated with using its service, and any claims about the costs associated with traditional home sales.

The Commission vote to accept the consent agreement was 5-0. The FTC will publish a description of the consent agreement package in the Federal Register soon. The agreement will be subject to public comment for 30 days, after which the Commission will decide whether to make the proposed consent order final. Instructions for filing comments appear in the published notice. Once processed, comments will be posted on Regulations.gov.

NOTE: When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to \$46,517.

The Federal Trade Commission works to promote competition and [protect and educate consumers](#). Learn more about consumer topics at [consumer.ftc.gov](#), or report fraud, scams, and bad business practices at [ReportFraud.ftc.gov](#). Follow the [FTC on social media](#), read [consumer alerts](#) and the [business blog](#), and [sign up to get the latest FTC news and alerts](#).

Press Release Reference

[FTC Approves Final Order against Opendoor Labs, Preventing Company from Misleading Consumers about Cost Savings of Using the Online Real Estate Listing Service](#)

Contact Information

Media Contact

[Mitchell J. Katz](#) 
Office of Public Affairs
[202-326-2161](#)

Staff Contact

Matthew Wilshire
FTC’s Southwest Region
[214-979-9362](#)

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