

**THE CITY OF NEW YORK, and SAMUEL A.A.
LEVINE, as COMMISSIONER of THE NEW YORK
CITY DEPARTMENT of CONSUMER AND
WORKER PROTECTION**

Plaintiffs,

-against-

CARGURUS, INC.

Defendant.

Index No. _____

SUMMONS

TO THE ABOVE-NAMED DEFENDANT:

YOU ARE HEREBY SUMMONED TO ANSWER the Verified Complaint in this action and to serve a copy of your answer on the Plaintiffs' attorney within 20 days after the service of this Summons, exclusive of the day of service or within 30 days after service is complete if this summons is not personally delivered to you within the State of New York. In the case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the Verified Complaint.

This action will be heard in the Supreme Court of the State of New York in the County of New York. Venue is proper under CPLR § 505(a) because the Department of Consumer and Worker Protection is a public authority with its principal office at 42 Broadway, New York, N.Y. 10004.

Dated: October 5, 2026
New York, New York

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SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

**THE CITY OF NEW YORK, and SAMUEL A.A.
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VERIFIED COMPLAINT

Index No. _____

Plaintiffs, by their attorney, STEVEN BANKS, Corporation Counsel of the City of New York, as and for their complaint against the Defendant, allege as follows:

INTRODUCTION

1. The Department of Consumer and Worker Protection (“DCWP” or the “Department”) is a New York City agency charged with protecting the public from deceptive business practices. It brings this action to prevent an internet company from continuing to mislead New York City consumers, interfering with those consumers’ ability to comparison shop for used motor vehicles, and, through the company’s own deception, supercharging the already common practice of car dealers adding concealed fees to the advertised final price of their vehicles.

2. The Department licenses over 45 different industries in New York City. These industries tend to be those that have a history of preying on consumers, engaging in deceptive

business practices, and exploiting consumers in particularly vulnerable positions. One of these industries is used car dealerships.¹

3. Dealerships are consistently one of the business categories about which DCWP receives the most consumer complaints, and they are among the businesses most commonly cited for deceptive practices. One of this industry's most cited deceptive practices is to advertise artificially low vehicle prices without clearly disclosing critical conditions or limitations on the advertised price in an effort to make their cars appear cheaper than they actually are.

4. In the past five years, DCWP has investigated more than 106 used car dealerships, secured \$1.97 million in consumer restitution, assessed about \$6.53 million in civil penalties, and helped over 675 impacted consumers. For example, the Department resolved an enforcement action against "26 Motors Corp.," where the company admitted to more than 9,500 violations of New York City's consumer protection laws, and agreed to pay \$300,000 in civil penalties and \$1.5 million in consumer restitution.²

5. Dealerships' deceptive business practices are so prevalent that the Federal Trade Commission recently warned almost 100 dealerships to stop concealing fees and limitations in their advertised prices, citing the need for price transparency so consumers can accurately compare prices across the marketplace.³ And in the online marketing space, a recent analysis of over 40,000 online listings found that the listed price for a car was later marked up, on average, by \$1,100 in mandatory fees.⁴

¹ Such dealerships are referred to as Secondhand Automobile Dealers in the New York City Administrative Code § 20-264 *et seq.*

² DCWP, *Mayor Adams, DCWP Commissioner Mayuga Secure \$1.5 Million for Consumers Harmed by Predatory Used car Dealer Group*, Press Release (January 11, 2024) <https://www.nyc.gov/site/dca/news/001-24/mayor-adams-dcwp-commissioner-mayuga-secure-1-5-million-consumers-harmed-predatory-used> (last visited June 16, 2026).

³ FTC, *FTC Warns 97 Auto Dealership Groups About Deceptive Pricing*, Press Release (March 13, 2026) <https://www.ftc.gov/news-events/news/press-releases/2026/03/ftc-warns-97-auto-dealership-groups-about-deceptive-pricing> (last visited May 28, 2026).

⁴ CarEdge, *Dealer Transparency Index* launch report (Mar. 5, 2026), based on 40,000+ quotes from 4,600+

6. Defendant, CarGurus, Inc. (“CarGurus”), has caused these deceptive business practices to further proliferate through its creation of an online shopping website where consumers believe they are comparison shopping for the best deal but are actually subjected to misleading pricing information by both the dealerships and CarGurus itself.

7. CarGurus presents its website, <https://www.cargurus.com> (the “Website”), as a neutral third-party site that will allow consumers to compare prices without relying on a car dealer’s self-interested price comparisons. CarGurus’ deceptive conduct harms not just consumers, but honest dealerships as well, as the Website pits falsely low prices against transparent, accurate prices.

8. Specifically, CarGurus creates “Deal Ratings” that deceive consumers. First, for each car listed by a dealership on the Website, CarGurus prominently posts what it refers to as the dealership’s “Asking Price,” or total cost of the vehicle (“Asking Price”). In reality, the Asking Price may fail to include hundreds or thousands of dollars in additional fees, downpayments, and trade-in requirements, that are part of the dealership’s offer.

9. CarGurus then prominently labels the deals to consumers as a “Great Deal” or a “Good Deal.” CarGurus awards these labels based on the difference between the Asking Price and the average price of a similar model, which it calls the Instant Market Value (“IMV”). However, as CarGurus knows, for many listings, if all additional required fees and costs were added to the Asking Price, the resulting true cost of the vehicle would greatly exceed the Instant Market Value. Despite this, CarGurus continues to deceptively label such listings as “Great” or “Good” deals.

10. CarGurus even goes so far as to identify the exact dollar amount by which the Asking Price is “below market,” highlighting the purported benefits the consumer stands to receive

dealers. *See also* CarEdge, State of Dealer Fees 2026, based on 37,447 verified OTD quotes from 9,202 dealers (Jul. 2025–Feb. 2026), <https://caredge.com/reports/state-of-dealer-fees> (last visited May 28, 2026).

from a deal, despite the Department having provided CarGurus with notice of the presence of additional fees that render this dollar amount misleading. In many cases, the fees and disclaimers included by the dealerships render these representations untrue.

11. Furthermore, to encourage consumers to trust in its Deal Ratings and estimations of potential savings, CarGurus established “Guidelines for Dealer Pricing and Marketing on CarGurus” (the “Guidelines”).

12. According to the Guidelines, “All prices...must be full cash prices available to **any** shopper. Prices cannot be conditional in any way; they must not require dealer-sponsored financing, a down payment, or other large or non-customary fees.” (emphasis included).⁵

13. The Guidelines also dictate that “the pricing must comply with both the letter and the spirit of all federal, state, provincial, and local laws, rules and regulations applicable to that dealership.”⁶

14. CarGurus claims to enforce its Guidelines, stating that if “a dealer's prices do not meet these guidelines, all pricing information **will** be removed from the Site.” (emphasis added).⁷ CarGurus further states that it will use information available on the dealership’s own website and feedback from consumers to investigate inaccurate pricing information.

15. CarGurus fails to adequately enforce its Guidelines, allowing dealerships to post listings with misleading price information.

16. To the contrary, as discussed above, CarGurus *builds on* the deceptive pricing information by affixing its own ratings on the deals—both validating and augmenting the original misleading information.

⁵ Guidelines for Dealer Pricing and Marketing on CarGurus, CARGURUS, <https://www.cargurus.com/about/dealer-pricing-policy> (last updated August 2, 2024).

⁶ *Id.*

⁷ *Id.*

17. The Department has, for more than three years, corresponded with CarGurus in an attempt to bring it into compliance with the laws and rules of the City of New York. But CarGurus' deception nevertheless continues.

18. At the end of April 2026, almost three years after being notified by the Department of its deceptive practices, CarGurus began to add "badges" to their listings that ostensibly notify consumers when the "price includes fees," when there are "no additional dealer fees," or when the "fees [are] not disclosed."

19. On June 24, 2026, CarGurus issued a press release claiming that, starting July 14, 2026, it planned to take steps to further address these deceptive practices, building on these new badges.⁸

20. The changes CarGurus made to the Website failed to fix its deceptive practices, as the misrepresentations made on its Website persist to this day.

21. For example, even after July 14, 2026, CarGurus claimed multiple listings were a "Good Deal" or "Great Deal" and included a "badge" claiming that the "price includes fees" when, in fact, the listings included several additional hidden fees buried in the listing's disclaimer but not incorporated into the posted price.

22. For these reasons, and based on the findings detailed below, the Department brings this action to protect New York City consumers, enforce compliance with the laws and rules of the City of New York, and to address and halt the widespread harm caused by Defendant's deceptive and unlawful business practices in violation of New York City Administrative Code ("NYC Code") § 20-700 (the "Consumer Protection Law" or "CPL").

⁸ Fee Transparency Update, CARGURUS, <https://dealers.cargurus.com/blog/fee-transparency-update> (last updated June 24, 2026).

23. By this action, the Department seeks permanent injunctive relief, the imposition of maximum civil penalties, restitution to aggrieved consumers, and other relief as authorized under Section 2203(h) of the New York City Charter (“NYC Charter”), Title 20 of the NYC Code, and Title 6 of the Rules of the City of New York.

THE PARTIES

24. DCWP is a mayoral agency of the City of New York, responsible for protecting and enhancing the daily economic lives of New Yorkers to foster the creation of thriving communities. The Department is charged with the protection and relief of the public from deceptive and unconscionable practices. Section 2203(h) of the NYC Charter and Title 20 of the NYC Code authorize the Department to enforce the CPL.

25. CarGurus is a Delaware corporation with a current business address of 1001 Boylston Street, Floor 16, Boston, MA 02115.

26. CarGurus describes itself as “a multinational automotive platform helping consumers and dealers confidently buy and sell vehicles. Founded in 2006 with a mission to bring more trust and transparency to car shopping, CarGurus is an automotive shopping site in the U.S. CarGurus’ selection, trusted automotive insights, and data-driven products and solutions support each shopper’s journey – from online research and shopping to in-dealership decisions – to empower them at every step.”⁹

27. CarGurus regularly conducts business in New York City through its Website, including by engaging in the conduct alleged herein.

⁹ CarGurus, Quarterly Report for the period ending March 31, 2026, p. 8, from the CarGurus investor relations website, <https://investors.cargurus.com/node/17221/html> (last visited September 28, 2026).

JURISDICTION AND VENUE

28. This Court has personal jurisdiction over Defendant CarGurus, pursuant to the Civil Practice Law and Rules (“CPLR”) § 302, because, through the Website, Defendant transacts business within the state with both dealerships and consumers located in New York, including by engaging in the conduct alleged herein.

29. Venue for this action is proper in New York County pursuant to CPLR § 503(a), as it is Plaintiffs’ principal office location, and it is where a substantial part of the events or omissions giving rise to the claims occurred.

RELEVANT LAW

30. New York City Charter § 2203(d) authorizes DCWP to enforce NYC Code § 20-700 *et seq.* and 6 RCNY § 5-01 *et seq.*, (the “CPL”), which bars businesses from engaging in any deceptive trade practice in connection with the offering for sale or loan of any consumer goods or services. NYC Code § 20-700.

31. NYC Code § 20-701(a) defines a deceptive trade practice as:

Any false, falsely disparaging, or misleading oral, written, digital, or electronic statement, visual description or other representation or omission of any kind . . . which has the capacity, tendency or effect of directly or indirectly deceiving or misleading consumers.

32. Deceptive trade practices include but are not limited to:

- Representations that goods or services have ... certification, accessories, characteristics, ... benefits, or quantities that they do not have;
- The use, in any representation, of exaggeration, innuendo, or ambiguity as to a material fact, or the failure to state a material fact, if such use of, or failure to state, a material fact deceives or tends to deceive; and
- Making false or misleading representations of fact, or omitting material facts, concerning the reasons for, existence of, or amounts of price reductions, or price in comparison to prices of competitors or one's own price at a past or future time.

33. Under 6 RCNY § 5-01 *et seq.*, “Sellers offering consumer goods or services in print advertising and promotional literature must disclose clearly and conspicuously all material exclusions, reservations, limitations, modifications or conditions.”

34. Violations of the CPL occurring on or after January 24, 2022, carry civil penalties from \$350 to \$2,500 per violation, and \$3,500 for “knowing” violations. NYC Code § 20-703(a)-(d).

35. “Each individual statement, description or other representation or omission that constitutes a deceptive trade practice shall give rise to a distinct and independent violation.” NYC Code § 20-703(b).

36. “Each day on which an individual statement, description or other representation or omission that constitutes a deceptive trade practice is distributed, broadcast, posted, published, or otherwise exposed to the public shall give rise to a single separate violation.” NYC Code § 20-703(c).

37. “Whenever any person has engaged in any act or practice which constitutes a violation” of the CPL, the City may bring an action seeking an order enjoining such acts or practices, imposing civil penalties, and compelling the payment of consumer restitution and DCWP’s investigation costs.” NYC Code §§ 20-703(e), (g).

38. New York City Charter § 2203(d) and NYC Code § 20-104 authorize DCWP to enforce the City’s various licensing requirements.

39. Under Title 6 of the Rules of the City of New York (“RCNY”) § 2-103(i), “[t]he selling price of an automobile by a licensed second-hand dealer shall be the price advertised, cited, quoted, or marked thereon” and “shall include all charges connected with the sale of said automobile and shall be the maximum charge to the purchaser.”

FACTS

I. DEFENDANT'S DEAL RATINGS AND FEE DISCLOSURE BADGES DECEIVE CONSUMERS

40. Defendant CarGurus operates an online platform that allows automobile dealerships, including dealerships located in New York City, to advertise and market their cars to consumers, including to New York City consumers.

41. When consumers go to the Website, they can search prices for particular vehicle makes and models, or they may generally browse among all of the listings and advertisements.

42. CarGurus earns revenue by allowing car dealers to advertise their used and new cars on the Website.

43. CarGurus markets its Website to consumers as a convenient way to comparison shop for the best deals on both used and new vehicles.

44. CarGurus' Website displays what it presents to consumers as the total price of each vehicle, which CarGurus refers to as the "Asking Price."

45. CarGurus claims to ensure that the Asking Price is the total price of the vehicle through its policies and procedures, which require that the Asking Price for its vehicles includes all fees and has no limiting conditions.

46. CarGurus' Guidelines, state that "All prices displayed for vehicles on [CarGurus]...must be full cash prices available to any shopper. Prices cannot be conditional in any way; they must not require dealer-sponsored financing, a down payment, or other large or noncustomary fees."¹⁰

¹⁰ Guidelines for Dealer Pricing and Marketing on CarGurus, CARGURUS, <https://www.cargurus.com/about/dealer-pricing-policy> (last updated August 2, 2024).

47. CarGurus applies a rating system that identifies particular listings' Asking Price as: "Great Deal," "Good Deal," "Fair," "High," or "Overpriced."

48. CarGurus' rating system purports to assist consumers in identifying particularly good deals for certain cars.

49. For example, the following listing appeared on CarGurus' Website:

2023 Mitsubishi Outlander Sport LE AWC

Jamaica, NY (8 mi away)

\$16,699

 **Great Deal**

\$1,702 below market ⓘ

Dealer rating (5 reviews)

★★★★★

50. The Deal Rating provided in this graphic is deceptive because it provides the consumer with the false impression that the final price of the vehicle to be paid by the consumer is \$16,699, and that this price will be lower than the "market" value of the vehicle. In fact, when the Asking Price is corrected to include all concealed fees, it exceeds this estimated market value.

51. This is because the "Great Deal" or "Good Deal" labels, as used by CarGurus, are not merely vague or conclusory statements uncoupled from the other concrete representations. They are qualitative representations based on specific numbers – the Asking Price and an "Instant Market Value" – encouraging the consumer to use the deal labels to inform their purchasing decisions.

52. According to the Website, to determine how it will rate a particular vehicle listing, CarGurus compares the Asking Price to the vehicle's IMV, and based on that comparison,

publishes whether the listing is a “Great Deal,” a “Good Deal,” a “Fair” deal, a “High” price, or “Overpriced.”¹¹

53. CarGurus claims the IMV is “an estimated fair retail price for a vehicle” based on “millions of data points including make, model, trim, year, mileage, options, and vehicle history.”¹²

54. CarGurus rates vehicle listings on a spectrum: Those with an Asking Price below the IMV receive a “Great Deal” or “Good Deal” rating, while those with an Asking Price above the IMV will get a “High” or “Overpriced” rating.

55. CarGurus also displays the dollar difference between the Asking Price and the IMV on the listing, identifying that value as the specific amount the Asking Price is “below market.”

56. CarGurus touts its Deal Ratings and assessments of the market value of each vehicle on the “About Us” section of the Website, claiming that the IMV provides “complete transparency on a car’s value and deal rating.”¹³

57. In some instances, however, CarGurus’ award of a “Great Deal” or “Good Deal” label is based on a false Asking Price.

58. In such instances, the Asking Price does not include additional required fees, costs, or conditions, such as a mandatory downpayment, trade-in requirement, mandatory financing terms, or deceptive add-ons.

59. In some of these cases, the ultimate price for a car, inclusive of the additional costs and conditions, exceeds the Instant Market Value as calculated by CarGurus based on its review

¹¹ What is IMV, CARGURUS, <https://cargurus.helpscoutdocs.com/article/10-what-is-imv> (last updated May 14, 2026).

¹² *See id.*

¹³ About Us, CARGURUS, <https://www.cargurus.com/about/cargurus> (last visited May 20, 2026).

of similar vehicles, which makes the “Great Deal” or “Good Deal” label inaccurate based on CarGurus’ stated terms.

60. These additional costs and conditions are only revealed at the bottom of the listing webpage in partially obscured text boxes that can only be fully viewed by clicking a button, leading to a separate webpage or pop-up screen.

61. Rather than fulfill its promise of providing a transparent platform that allows consumers to easily comparison shop, CarGurus instead does an active disservice to consumers by creating its own deceptive content and design, subjecting consumers to an additional layer of predatory business practices in an industry already rife with deceptive conduct.

62. Because CarGurus allows dealerships to list limitations, conditions, disclaimers and/or additional mandatory fees in either the vehicle description, or the disclaimer, neither of which are easily, clearly and conspicuously published alongside the Deal Rating or the Asking Price, both the Deal Rating *and* the Asking Price are misleading to consumers.

63. Consumers encounter further deceptive statements when they use the AI Chatbot CarGurus makes available on the Website.

64. Consumers can use the AI Chatbot to generate a list of supposed “Great Deals” and “Good Deals” in New York City.

65. The results provided by the AI Chatbot do not include the disclaimer or vehicle description, meaning that consumers using the AI Chatbot are not provided with an opportunity to learn of the hidden fees associated with the listings without subsequently navigating to the webpage for the listing itself. *See Exhibit 1.*

66. CarGurus' Website contains the Guidelines, which instruct dealers who list vehicles on its platform to list full cash prices available to any shopper, including all fees and downpayments.

67. CarGurus further represents in its Guidelines that the Asking Price "must comply with both the letter and the spirit of all federal, state, provincial, and local laws, rules and regulations applicable to that dealership."¹⁴

68. Not only are the listings deceptive under the CPL, they also are in violation of 6 RCNY § 2-103(i), which requires that "[t]he selling price of an automobile by a licensed second-hand dealer shall be the price advertised, cited, quoted, or marked thereon" and "shall include all charges connected with the sale of said automobile and shall be the maximum charge to the purchaser."

69. As of the date of this filing, DCWP identified at least two dealerships in New York City whose listings currently contain misrepresentations on the Website, Northstar Mitsubishi and Novo Motors LLC. Both of these dealerships have multiple deceptive vehicle listings by virtue of displaying Asking Prices that fail to include required fees. Some of these listings also have deceptive Deal Ratings. Over the past three years, there have been at least ten NYC dealerships with listings that contain material misrepresentations.

70. For example, CarGurus represented on the Website that a listing posted by Novo Motors LLC on September 22, 2026, for a 2018 Mercedes-Benz GLE 350 was a "Great Deal" and that the Asking Price of \$18,590 identified in the listing was \$3,413 "below market." *See* Exhibit 2. However, hiding in the textbox for the dealer disclaimer located at the bottom of the listing was language identifying that "the advertised price [reflects] the balance after a 20% [downpayment]"

¹⁴ Guidelines for Dealer Pricing and Marketing on CarGurus, CARGURUS, <https://www.cargurus.com/about/dealer-pricing-policy> (last updated August 2, 2024).

and that “all quoted payment calculations are based on twenty percent down.” Instead of paying \$3,413 below market value, consumers would pay \$1,234.50 above the market value for the vehicle. By CarGurus’ own definitions, such a listing is not a “Great Deal.”

71. Another example of CarGurus’ deceptive conduct was a listing posted by Elite Mitsubishi on January 6, 2026, for a 2019 Audi Q5 quattro Premium Plus 45 TFSI. CarGurus represented that the Asking Price of \$14,999 identified in the listing was \$2,818 below market value, and thus a “Great Deal.” *See* Exhibit 3. However, at the bottom of that listing was a disclaimer section which, when opened by the consumer, revealed an itemized list of additional fees explicitly not included in the Asking Price: “1. Prep & Destination - \$1,995 2. Conveyance Fee - \$995.00 3. Admin Fee \$695,” for a total of \$3,685 in fees. Instead of paying \$2,818 below market value, consumers would pay \$867 above market value. A car that is over CarGurus’ IMV is, by its own definition, not a “Great Deal.”

72. Elite Mitsubishi was one of the many dealerships that the Department has investigated for misleading representations of its pricing on the Website. The Department denied Elite Mitsubishi’s most recent license application for, among other things, its persistent use of such misleading advertisements.

73. Despite being put on notice by the Department, CarGurus has continued to identify these deceptive listings as a “Great” or “Good” deal and has failed to implement effective remedial measures necessary to address its own deceptive Deal Ratings.

74. On or around April 30, 2026, CarGurus updated the Website to include several new features.

75. The first was the inclusion of an additional disclaimer on each listing (the “Fee Disclosure Badge”), which notifies the consumer when the “price includes fees,” has “no additional dealer fees”, or if the “fees [are] not disclosed.” *See* Exhibit 4.

76. Upon clicking the Fee Disclosure Badge, a consumer is presented with a breakdown of the Asking Price that displays the underlying price of the vehicle along with the required fees included in the Asking Price.

77. As part of the breakdown of the Asking Price, CarGurus includes a notice to consumers that states “the dealer reports that all of its mandatory dealer fees and charges are listed and included in its total price.” *See* Exhibit 5.

78. CarGurus also updated the Website to allow consumers to filter available listings to “only show listings that include dealer fees.” *See* Exhibit 6.

79. By selecting this filter, the Website will display only the listings that have a Fee Disclosure Badge showing the listing “includes dealer fees” or the “price includes fees.”

80. These changes, however, fail to address CarGurus’ deceptive conduct and may, in fact, increase consumer confusion.

81. The fees disclosed as part of the Fee Disclosure Badge often do not include all the fees or additional costs consumers must pay to purchase the vehicle identified in the listing.

82. Instead, dealers with listings bearing the Fee Disclosure Badge will disclose merely nominal fees as part of the Asking Price or fail to disclose fees at all, then continue to bury additional fees in the disclaimer or vehicle description at the bottom of the listing.

83. For example, on June 15, 2026, CarGurus represented on the Website that a 2018 Honda CR-V EX AWD offered for sale by Elite Mitsubishi for \$16,174 was \$2,212 below market value, and thus a “Great Deal.” *See* Exhibit 7. Further, CarGurus represented that this Asking

Price “includes dealer fees.” Clicking this disclaimer revealed the Asking Price included a Documentation Fee of \$175. However, at the bottom of the listing was an additional disclaimer section which, if opened by the consumer, revealed an itemized list of additional fees: “1. Prep & Destination - \$1,995 2. Conveyance Fee - \$995.00 3. Admin Fee \$695,” for a total of \$3,685 in fees. Instead of paying \$2,217 below market value, consumers would pay \$1,473 above market value.

84. Rather than improving transparency, the Fee Disclosure Badge only enhances consumer confusion by providing additional representations from CarGurus that the Asking Price contains all additional costs and fees when, in reality, the listing may contain additional fees not incorporated into the Asking Price.

85. On June 24, 2026, CarGurus issued a press release, and posted the same on the Website, which addressed pricing transparency practices on the Website (the “Press Release”).¹⁵

86. In the Press Release, CarGurus claimed that, starting on July 14, 2026, “any used inventory on our platform without disclosed fees will be categorized as ‘No Rating’ and will move lower in search results.”

87. CarGurus further asserted in its Press Release that they are “highlighting this new level of transparency with consumers through badging on search results and vehicle detail pages, a dedicated search filter for transparent pricing, and more updates to come.”

88. The remedial measures, as described by CarGurus, do not address CarGurus’ own deceptive Deal Ratings, as they rely on the inaccurate Fee Disclosure Badges.

89. Importantly, the changes announced in the Press Release did not impact listings that CarGurus deceptively calls “Great Deal” or “Good Deal,” but which fail to disclose fees or only

¹⁵ Fee Transparency Update, CARGURUS, <https://dealers.cargurus.com/blog/fee-transparency-update> (last updated June 24, 2026).

disclose certain fees in the Asking Price while burying other fees in the disclaimer and vehicle description.

90. Despite being on notice that such representations cannot be relied upon, CarGurus fails to provide adequate review of its own listings to ensure the fees identified as part of the Fee Disclosure Badge match those included in the disclaimer or vehicle description sections of the listing.

91. For example, on July 29, 2026, CarGurus represented on the Website that a 2018 Mercedes-Benz GLE 350 offered for sale by Novo Motors for \$18,590 was \$2,859 below market value and thus a “Great Deal.” *See* Exhibit 8. Further, CarGurus represented that this Asking Price contains “no additional dealer fees.” Clicking this disclaimer revealed language provided by CarGurus that states “the dealer reports that this is the total price and that no additional mandatory dealer fees or charges will be added.” However, at the bottom of the listing was an additional dealer description which, if opened by the consumer, revealed “the advertised price reflects the balance after a 20% down-payment.” Moreover, the listing contains an additional disclaimer section which contains an itemized list of additional fees: “Pre-delivery Service Charge of \$1,995...taxes, tags, title, registration (estimated at \$285), a \$175 documentation charge, a \$37 inspection charge (\$10 for current or prior year vehicles), and a lender fee or finance charges,” for a total of \$2,207 in fees (not including taxes, tags, and title) after the 20% down-payment of \$4,647.50. Instead of paying \$2,859 below market value, consumers would pay \$3,995.50 above market value.

92. CarGurus, despite having been repeatedly notified by the Department of the deceptive conduct on its Website, knowingly misleads consumers by using its Deal Ratings to label particular vehicle sale offers with characteristics or benefits that they do not possess.

93. For NYC dealers, CarGurus misrepresented deals as “Great” or “Good” based on a false Asking Price in at least 1,211 instances from September 15, 2023, to June 29, 2026.

94. CarGurus also knowingly misleads consumers by using its Fee Disclosure Badges to label particular vehicle sale offers with characteristics or benefits that they do not possess.

95. CarGurus misrepresented deals as being inclusive of all dealer fees in at least 149 instances from April 30, 2026, to June 29, 2026.

II. DEFENDANT’S CALCULATIONS OF CONSUMER SAVINGS DECEIVE CONSUMERS

96. CarGurus also lists how much the car’s price is “below market,” supposedly to represent what consumers will save with the dealer’s offer, which it characterizes as an additional way to assist consumers with their comparison shopping.

97. CarGurus affixes a prominent dollar amount of savings at the top of individual listings and often repeats this misrepresentation within the body of the listings themselves.

98. In some instances, CarGurus publishes an infographic purporting to illustrate for consumers their potential savings should they decide to buy a particular vehicle listed on the Website for the Asking Price. The following is an example of the infographic:



99. In the above graphic, CarGurus deceptively represented that the \$16,699 Asking Price identified in the listing is \$1,702 below the “avg. market price (IMV)” for the vehicle. However, the listing contained disclaimers that materially increase the true price of the vehicle, meaning consumers will not receive \$1,702 in savings as compared to the IMV of the vehicle.

100. CarGurus regularly publishes these inaccurate purported price savings despite knowing they are often erroneous due to the additional fees and conditions contained in the descriptions and/or disclaimers.

101. For example, on February 18, 2026, CarGurus rated a 2023 Chevrolet Malibu LS Fleet FWD, offered for sale by Novo Motors at \$13,990, as a “Great Deal” and stated that the dealership’s Asking Price is \$2,603.00 below the IMV. *See* Exhibit 9. However, buried in the listing’s description, which consumers can only see if they scroll to the bottom of the page and then click a button to read the full description, was a significant caveat that the Asking Price “reflects the balance after a twenty percent [d]own [p]ayment.”

102. Even more hidden fees are buried in a separate disclaimer further down the same listing, including a pre-delivery service charge of \$1,995 and other undisclosed fees. The down payment for this vehicle would be \$3,497.50. Adding the additional fees brings the actual price that a consumer would pay to at least \$19,482.50, which is \$2,889.50 over the CarGurus IMV of \$16,593.00.

103. CarGurus published deceptive savings calculations on New York City listings on at least 2,017 occasions from September 15, 2023, to June 29, 2026.

III. DEFENDANT'S FAILURE TO ADHERE TO AND TO ENFORCE ITS OWN GUIDELINES RENDER THEM DECEPTIVE

104. Defendant publicizes its Guidelines on the “Terms and Use” section of the Website. CarGurus represents to consumers that it enforces these Guidelines by requiring that all dealers who advertise on the Website comply with them.

105. The Guidelines explicitly assure that the dealers’ listings cannot be conditional in any way, and must comply with all applicable laws and regulations, which would include NYC laws and rules.

106. CarGurus specifically represents that “All prices displayed for vehicles on [CarGurus]...must be full cash prices available to any shopper. Prices cannot be conditional in any way; they must not require dealer-sponsored financing, a down payment, or other large or noncustomary fees.”¹⁶

107. The Guidelines also state that “the pricing must comply with both the letter and the spirit of all federal, state, provincial, and local laws, rules and regulations applicable to that dealership.”¹⁷

108. 6 RCNY § 2-103(i) requires that “[t]he selling price of an automobile by a licensed second-hand dealer shall be the price advertised, cited, quoted, or marked thereon” and “shall include all charges connected with the sale of said automobile and shall be the maximum charge to the purchaser.”

109. Under 6 RCNY § 5-09 “Sellers offering consumer goods or services in print advertising and promotional literature must disclose clearly and conspicuously all material exclusions, reservations, limitations, modifications or conditions.”

¹⁶ Guidelines for Dealer Pricing and Marketing on CarGurus, CARGURUS, <https://www.cargurus.com/about/dealer-pricing-policy> (last updated August 2, 2024).

¹⁷ *Id.*

110. The Guidelines further promise that CarGurus will remove any pricing information posted by a dealer if it does not comply with the Guidelines.

111. In the Guidelines, CarGurus even represents that CarGurus may review the dealer's website, and feedback from consumers, to determine if a dealership is providing misleading Asking Prices on the Website.

112. By publishing such assurances in its Guidelines, CarGurus leads consumers to believe that they can rely on and trust the dealer listings on the Website—as well as CarGurus' own dealer ratings and savings calculations affixed on those listings.

113. Unfortunately for consumers, Defendant does not properly enforce its Guidelines. Deceptive listings remain on the Website, even after the Department repeatedly alerted Defendant to the problem.

114. Despite Defendant's assurances, the Department identified at least ten New York City dealerships whose listings on CarGurus include illegal buried fees and disclaimers that ultimately condition the advertised price, often causing that advertised price to be deceptively and inaccurately low.

115. CarGurus' public representations that it upholds the standards set in its Guidelines, despite its failure to enforce and to adhere to the Guidelines, further deceives consumers in violation of the Consumer Protection Law.

IV. DEFENDANT'S CONDUCT CONSTITUTES A KNOWING VIOLATION OF THE CONSUMER PROTECTION LAW

116. The Department has engaged with CarGurus regarding the deceptive nature of its Deal Ratings, savings calculations, and Guidelines since July 27, 2023. CarGurus has therefore been on specific notice regarding their deceptive nature.

117. The Department first notified CarGurus of its violations of the CPL on July 27, 2023, when it sent a Cease & Desist Letter to CarGurus ("2023 C&D Letter"). See Exhibit 10.

118. The 2023 C&D Letter notified CarGurus that the Department had identified many listings which CarGurus represented to consumers were a "Great Deal" despite the presence of conditions and hidden fees contained in the description and/or disclaimer boxes in the listing.

119. The Department also notified CarGurus that this conduct constituted a violation of the CPL.

120. The 2023 C&D Letter also informed CarGurus that failure to enforce its Guidelines constituted a separate violation of the CPL.

121. CarGurus, through its counsel, responded to the 2023 C&D Letter on September 15, 2023.

122. Despite CarGurus' assurances to the Department that it would complete the implementation of remedial measures in 2024, the violative conduct continued.

123. In fact, the FTC initiated an enforcement action against Lindsay Chevrolet, LLC on December 27, 2024, for posting misleading advertisements on CarGurus' Website, further putting CarGurus on notice of the violative conduct.¹⁸

¹⁸ Compl., *Fed. Trade Comm'n v. Lindsay Chevrolet, L.L.C.*, No. 1:24-CV-02362, (E.D. Va. Dec. 27, 2024).

124. On May 8, 2025, the Department sent CarGurus another Cease and Desist Letter (“2025 C&D Letter”), notifying CarGurus that the conduct identified in its 2023 C&D Letter was still ongoing. *See* Exhibit 11.

125. Despite representations made to the Department, CarGurus continued to make misleading representations to consumers regarding listings posted by dealerships which the Department notified CarGurus were engaged in deceptive practices in its 2025 C&D Letter, including East Hills Chevrolet of Douglaston, Ideal Automotive Sales of Bayside, BQ Auto Group, and Elite Mitsubishi.

126. CarGurus has failed to effectively remediate its violations of the CPL and continues to misrepresent prices and savings, despite being on notice for over three years since it received the 2023 C&D Letter in July 2023.

FIRST CAUSE OF ACTION

*Knowingly Publishing Misleading Deal Ratings and Fee Disclosure Badges in Violation of NYC Code § 20-700
(at least 1,360 violations)*

127. The CPL prohibits “any deceptive ... practice in the sale, lease, rental or loan or in the offering for sale, lease, rental, or loan of any consumer goods or services.” NYC Code § 20-700.

128. “Each day on which an individual statement, description or other representation or omission that constitutes a deceptive trade practice is distributed, broadcast, posted, published, or otherwise exposed to the public shall give rise to a single separate violation.” NYC Code § 20-703(c).

129. Under the CPL, deceptive trade practices include, but are not limited to, “representations that goods or services have sponsorship, approval, certification, accessories,

characteristics, ingredients, uses, benefits, or quantities that they do not have[.]” NYC Code § 20-701(a)(1).

130. Deceptive trade practices also include “making false or misleading representations of fact, or omitting material facts, concerning the ... existence of, or amounts of price reductions, or price in comparison to prices of competitors....” NYC Code § 20-701(a)(6).

131. Defendant committed at least 1,211 violations of the CPL from September 15, 2023 to July 29, 2026, by publishing the misleading ratings of “Great Deals” or “Good Deals” on listings that contained deceptively low Asking Prices.

132. Defendant committed at least 149 violations of the CPL from April 30, 2026 to July 29, 2026 by publishing the misleading Fee Disclosure Badges that claimed the Asking Price of a listing contained all fees when there were additional fees not included in the Asking Price.

133. Defendant’s conduct constitutes knowing violations of the CPL. CarGurus has been on notice of its violative conduct since at least September 15, 2023, when it sent a written response to the Department’s Cease & Desist Letter.

134. Defendant is liable for a penalty of \$3,500 for each knowing violation, pursuant to NYC Code § 20-703(d).

SECOND CAUSE OF ACTION

*Knowingly Publishing Inaccurate Representations of Potential Consumer Savings, in Violation of NYC Code § 20-700
(at least 2,017 violations)*

135. Under the CPL, deceptive trade practices include, but are not limited to, “representations that goods or services have sponsorship, approval, certification, accessories, characteristics, ingredients, uses, benefits, or quantities that they do not have[.]” NYC Code § 20-701(a)(1).

136. Deceptive trade practices also include “making false or misleading representations of fact, or omitting material facts, concerning the ... existence of, or amounts of price reductions, or price in comparison to prices of competitors....” NYC Code § 20-701(a)(6).

137. Defendant violated the CPL at least 2,017 times between September 2023 and July 29, 2026 by adding false representations on its Website of the amount of savings consumers would obtain, thereby deceiving consumers into believing that certain offers included specific savings to the consumer when they did not, due to additional fees, limitations, and conditions on the offer.

138. Defendant’s conduct constitutes 2,017 knowing violations of the CPL because CarGurus has been on notice of its violative conduct since at least September 15, 2023, when it sent a written response to the Department’s Cease & Desist Letter.

139. Defendant is liable for a penalty of \$3,500 for each knowing violation, pursuant to NYC Code § 20-703(d).

THIRD CAUSE OF ACTION

*Knowingly Deceiving Consumers By Falsely Representing that It Adheres to Its Guidelines, in Violation of NYC Code § 20-700
(at least 2,218 violations)*

140. NYC Code § 20-701(a)(1) defines a deceptive trade practice as “representations that goods or services have sponsorship, approval, certification, accessories, characteristics, ingredients, uses, benefits, or quantities that they do not have; [or] the supplier has a sponsorship, approval, status, affiliation, or connection that he or she does not have[.]”

141. “Each day on which an individual statement, description or other representation or omission that constitutes a deceptive trade practice is distributed, broadcast, posted, published, or otherwise exposed to the public shall give rise to a single separate violation.” NYC Code § 20-703(c).

142. Defendant violated Section § 20-700 of the NYC Code at least 1,109 times by representing that it ensures listed deals do not include additional or concealed fees or limitations on the Asking Price despite having been notified by DCWP of the deceptive conduct present on its Website.

143. CarGurus represents that it enforces its prohibition against failing to include all fees and limitations on the price listed for a vehicle on its Website, as published in its Guidelines, while simultaneously failing to remove or restrict violative listings that contain falsely low Asking Prices.

144. CarGurus also represents that pricing advertised by dealerships on the Website must comply with both the letter and the spirit of all federal, state, provincial, and local laws, rules and regulations applicable to that dealership.

145. Under RCNY § 2-103(i), “[t]he selling price of an automobile by a licensed second-hand dealer shall be the price advertised, cited, quoted, or marked thereon” and “shall include all charges connected with the sale of said automobile and shall be the maximum charge to the purchaser.”

146. Under 6 RCNY § 5-09., “Sellers offering consumer goods or services in print advertising and promotional literature must disclose clearly and conspicuously all material exclusions, reservations, limitations, modifications or conditions.”

147. Defendant’s conduct constitutes an additional 1,109 knowing violations of the CPL.

148. Each of the 2,218 violations were made knowingly, as CarGurus has been on notice of its violative conduct since at least September 15, 2023, when it sent a written response to the Department’s Cease & Desist Letter.

149. CarGurus is liable for a penalty of \$3,500 for each knowing violation, pursuant to NYC Code § 20-703(d).

RELIEF SOUGHT

WHEREFORE, Plaintiffs request that the Court:

1. Enjoin Defendant from continuing to engage in deceptive practices including by:
 - a. Identifying listings as “Great Deals” or “Good Deals” until and unless it ensures the listings on the Website do not contain disclaimers that materially alter the Asking Price or the nature of the offered deal;
 - b. Identifying listings as “price includes fees” until and unless it ensures the listings on the Website do not contain disclaimers that include fees not contained in the Asking Price;
 - c. Publishing inaccurate dollar amounts it deceptively identifies as consumer savings until it can demonstrate the listings on the Website do not contain conditions and disclaimers that materially reduce or entirely cancel out those figures;
 - d. Failing to ensure that its policies and representations regarding the absence of additional fees and limitations are complied with in the listings on its Website.
2. Order Defendant to pay civil penalties pursuant to NYC Code § 20-703(a) and (d) of \$3,500 for each knowing violation of NYC Code § 20-700 or, in the alternative, not less than \$350 nor more than \$2,500, for each violation of NYC Code § 20-700;
3. Order Defendant to pay restitution to all affected customers in an amount to be determined at trial, pursuant to NYC Code § 20-703(g)(3);
4. Order Defendant to pay the City’s “costs and disbursements of the action or proceedings and the costs of the city’s investigation” pursuant to NYC Code § 20-703(g)(5); and

5. Award Plaintiffs such other and further relief that it deems just.

Dated: October 5, 2026
New York, New York

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VERIFICATION

MICHAEL TIGER, an attorney admitted to practice before the Courts of the state of New York, hereby affirms the following to be true, under penalties of perjury, pursuant to Civil Practice Law and Rules § 2106:

I have been duly designated as Acting Corporation Counsel of the City of New York and, as such, am duly authorized to make this verification.

I have read the foregoing Complaint and know the contents thereof, which is to my knowledge true, except as to matters stated to be alleged on information and belief, and as to those matters, I believe them to be true.

The grounds of my belief as to all matters stated upon information and belief is upon information obtained from various departments of the City government, from statements made to me by certain officers or agents of the City of New York, and from statements, affidavits or affirmations of other persons.

The reason this verification is not made by the City of New York is that it is a corporation.

Dated: October 5, 2026
New York, New York



MICHAEL TIGER