

HomeServe USA Corp. and HomeServe USA Repair Management Corp. ordered to pay \$850,000 for alleged violations of Kansas Consumer Protection Act

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Settlement brings total recoveries to \$1.35 million in joint investigation with Sedgwick County District Attorney

TOPEKA – (January 6, 2023) – HomeServe will pay \$500,000 to the State of Kansas for alleged violations of the Kansas Consumer Protection Act, and \$350,000 for restitution to Kansas consumers in connection with the marketing of home warranty services, Kansas Attorney General Derek Schmidt and Sedgwick County District Attorney Marc Bennett said today.

HomeServe USA Corporation and HomeServe USA Repair Management Corporation agreed to a consent judgment related to interior and exterior electrical home repair plans offered through its affiliation with Evergy Central Kansas Inc., formerly known as Westar Energy, from September 2014 through December 2019.

Schmidt and Bennett conducted a joint investigation into the partnership between the utility and HomeServe for allegations that HomeServe offered electrical home repair plans that failed to provide a material benefit to consumers and made material misrepresentations in violation of the Kansas Consumer Protection Act. The consent judgment is a court-approved agreement between the parties, and HomeServe does not admit to the state's allegations.

Under the consent judgment approved today by Sedgwick County District Court Judge Deborah K. Hernandez Mitchell, HomeServe has agreed to pay \$500,000 to the State of Kansas, and agreed to pay \$350,000 for consumer restitution, which will be administered by the Office of Attorney General and Sedgwick County District Attorney.

In addition, HomeServe agreed to use clear and conspicuous language in solicitations that contain a third-party logo under the following circumstances:

- Disclosure that HomeServe is an independent company, separate from the third party;
- Notice that the third party is being compensated for use of its logo; and
- Disclosure the home repair plans are offered by HomeServe.

HomeServe is enjoined from sending solicitations that appear to be a bill, invoice or statement of account due. Going forward, HomeServe will remove any requirement that a home's electrical system has a specific amount of amperage in order to receive services or purchase home repair plans. HomeServe will also waive any amperage requirement in current home repair plans.

In the future, HomeServe will use reasonable efforts to only solicit to consumers who are eligible for the product or service. Consumers who purchased electrical home repair plans and may qualify for a refund include renters and homeowners in a multi-family dwelling; those who live in any rented dwelling, manufactured, or mobile homes; and consumers living in homes built in 1950 or before that have not have electrical service upgraded to higher amperage. Qualified consumers will receive information from the Office of Attorney General and the Sedgwick County District Attorney regarding eligibility for a refund. Further information on the restitution

program will be released at a later date. HomeServe has also agreed to refund consumers who mistakenly paid multiple times for the same home repair plan.

In July, Evergy Central Kansas paid \$500,000 to the State of Kansas as part of a consent judgment related to Schmidt and Bennett's investigation of the utility's partnership with HomeServe. That company also paid a fine levied by the Kansas Corporation Commission in connection to this marketing program.

Assistant Attorney General Melanie Jack of Schmidt's office and Assistant District Attorney Jason Roach with the Consumer Protection Division of Bennett's office handled the case.

A copy of the consent judgment can be found at <http://www.inyourcornerkansas.org/judgments>.

<https://ag.ks.gov/media-center/news-releases/2023/01/06/homeserve-usa-corp.-and-homeserve-usa-repair-management-corp.-ordered-to-pay-850-000-for-alleged-violations-of-kansas-consumer-protection-act>