



LOS ANGELES COUNTY

# CONSUMER & BUSINESS AFFAIRS

## MEDIA RELEASE

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## LA County Sues Grubhub Alleging Unfair and Deceptive Business Practices

LOS ANGELES – Los Angeles County filed a lawsuit yesterday against food delivery company Grubhub alleging false and deceptive advertising, misrepresentation and unfair business practices that financially harm consumers, delivery drivers and restaurants.

“This lawsuit sends a clear message: Los Angeles County will not tolerate businesses that deceive consumers, take advantage of restaurants, and exploit the drivers who work hard to provide a valued service,” said Los Angeles County Board Chair Lindsey P. Horvath. “Our County Counsel and Department of Consumer and Business Affairs are standing up for consumers and businesses by fighting these unfair practices.”

The lawsuit alleges that Grubhub engages in the following unfair and deceptive business practices and seeks statewide relief to stop these violations:

### **Harm to Consumers**

Deceptively advertises that consumers can place delivery orders online “for free” but then charges consumers fees on those orders at check-out.

Uses bait-and-switch tactics to lure consumers with a flat, unqualified price for delivery upfront while adding deceptively labeled “service,” “small order” and “driver benefits” fees at checkout. In some cases, the costs of the fees exceed the cost of the food item ordered.

Misrepresents restaurant search results on its apps and websites, telling consumers that the search results are based on relevance to the consumer’s query (e.g., “Chinese food near me”), when in fact, the results and rankings are based in part on how much restaurants have paid Grubhub for placement.

### **Harm to Drivers**

Grubhub misrepresents the qualities, characteristics and scope of the “Driver Benefits Fee,” which Grubhub charges consumers in connection with Proposition 22. Grubhub deceptively implies that the fee provides healthcare benefits to drivers and that consumers no longer need to tip their drivers because “they don’t have to depend on tips.”



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## Harm to Restaurants

Grubhub deceptively and unilaterally charges restaurants for customer refunds, which Grubhub issues without restaurants' consent, and without verifying whether the customer or the restaurant was responsible.

"The deceptive and excessive fees charged by Grubhub at checkout blatantly undermine our goal of promoting a fair marketplace where businesses, employees and consumers can thrive," said Rafael Carbajal, Director of the LA County Department of Consumer and Business Affairs. "These practices inflict financial harm on LA County's residents, restaurants and workers and are unacceptable while so many of them struggle to make ends meet."

Consumers, drivers and restaurants who believe they have been harmed by Grubhub's actions are invited to share their experiences with DCBA by emailing: [info@dcbalacounty.gov](mailto:info@dcbalacounty.gov), filing [online](#) or calling 800-593-8222.

The lawsuit, filed by County Counsel Dawyn R. Harrison on behalf of the people of the State of California in response to complaints from consumers and restaurant owners, seeks injunctive relief to stop the unfair and deceptive business practices, and civil penalties. County Counsel's Affirmative Litigation and Consumer Protection Division has retained the law firm of Cohen Milstein Sellers & Toll PLLC to assist on this case.

"Our lawsuit seeks to hold Grubhub accountable for their unfair and deceptive business practices that deceive and overcharge consumers, exploit drivers, and unfairly short-change restaurants on order refunds," Harrison said. "My office is committed to protecting County workers and residents and holding businesses accountable for violations of consumer and worker protection laws."

The lawsuit was filed in Los Angeles Superior Court, and a copy of the complaint is available [here](#).

For more information on County Counsel's Affirmative Litigation and Consumer Protection Division, please visit: <https://counsel.lacounty.gov/alcp/>.

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*Since 1975, the County of Los Angeles Department of Consumer and Business Affairs (DCBA) has been the local consumer protection agency serving County consumers, tenants, homeowners, immigrants, and workers. DCBA provides a wide range of services that aim to foster a fair and dynamic marketplace and enhance the economic wellbeing of our communities. This includes investigating consumer fraud complaints, enforcing the County's minimum wage, tenant and worker protections, and providing access to justice programs. More information can be found at [dcbalacounty.gov](http://dcbalacounty.gov) or by calling (800) 593-8222.*

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