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downgrading unnecessarily difficult.

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By Katelyn Washington, Kiplinger Consumer News Service (TNS)

The Federal Trade Commission (FTC) has filed a complaint against tax preparation company H&R Block, accusing the tax services provider of unfair and deceptive business practices. The allegations include “coercing” customers into paying more than necessary, running deceptive “free filing” ads, and unfair downgrade policies.

“Companies using coercive techniques that harm consumers can expect to hear from

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Block product are unnecessarily forced to spend time and effort contacting customer service. When customers finally succeed with the downgrade, they are penalized by having their data wiped, which forces them to start over.

The [FTC complaint](#) states the data-wiping practice “requires consumers to choose between sacrificing their progress” and “switching to a less expensive product.”

For this reason, the FTC contends that some consumers may choose to stick with the more expensive product, even when it's not needed. Some of these customers are misled into choosing the more expensive product to begin with.

H&R Block free tax filing

Deceptive “file for free” advertisements are also part of the FTC complaint. The agency says H&R Block has been running deceptive ads for years. Although the company made some changes to its advertising last tax season, what the FTC describes as vague statements and hard-to-find information continued to mislead consumers into thinking they could file for free when they didn't qualify.

According to the complaint, “Only after consumers are partway through preparing their tax returns does H&R Block disclose that many consumers do not qualify to use Free Online, and must upgrade and pay.”

Essentially, some of these taxpayers may choose to upgrade simply because they already spent a significant amount of time and effort preparing their return. However, these consumers might not have chosen H&R Block if they knew they couldn't file for free in the first place.

H&R Block vs. TurboTax

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TurboTax and H&R Block aren't the only options for free tax filing. Through IRS Free File, eligible taxpayers can file their federal tax returns free of charge.

- Taxpayers with an adjusted gross income (AGI) of \$79,000 or less for 2023 qualify to file using guided tax preparation software with one of the IRS' partners.
- Free state tax preparation and filing is available to some taxpayers who qualify to file through an IRS partner.
- There is no income limit to use another IRS option, Free Fillable forms. However, no guidance or state preparation is available with that system.

The IRS also recently launched a [free Direct File pilot this tax season](#), which allows eligible taxpayers to file their returns directly with the agency. Direct File has been limited to select taxpayers in 12 states, but the IRS is starting to expand access to the program.

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