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Hudson Cook Enforcement Alert: FTC Takes Action against AI Company over Deceptive Accuracy Claims about AI Content Detection

April 28, 2025 | Mark E. Rooney and Mark D. Metrey

HIGHLIGHTS:

- The FTC issued a consent order against an AI Company for allegedly deceptive claims about its AI Content Detector's effectiveness.

- This case highlights regulatory scrutiny over accuracy claims involving AI technologies and their real-world impact on consumers and businesses.

- The Company must cease misleading advertising practices, provide corrective notices to customers, and implement new compliance measures.

CASE SUMMARY:

On April 24, 2025, the Federal Trade Commission (FTC) finalized a Decision and Order against an Artificial Intelligence (AI) Company (the "Company"), alleging that it made false and unsubstantiated claims about its AI Content Detector product, in violation of Section 5 of the FTC Act. The FTC alleged that the Company advertised its AI Content Detector as able to predict with 98% accuracy whether text was AI-generated or human-written, including content from tools like ChatGPT, GPT-4, Claude, and Bard. However, the Company allegedly used an unmodified, publicly available AI model and lacked substantiation for its claims that the tool achieved the promoted accuracy, especially for non-academic text such as marketing content.

According to the complaint, the AI model behind the Company's tool was developed by Norwegian students for detecting academic abstracts and therefore was trained exclusively on academic texts. The FTC alleged that the Company misrepresented the training data and overstated the detector's capabilities. Publicly available testing showed the model performed significantly worse than claimed, achieving only around 74.5% accuracy on mixed content and correctly detecting AI-generated non-academic text just 53.2% of the time. The FTC emphasized that such inaccuracies could seriously harm consumers, such as students falsely accused of plagiarism or writers unfairly flagged.

SETTLEMENT TERMS:

Without admitting or denying liability, the Company agreed to a non-monetary final order that includes:

- Prohibiting future deceptive claims about the effectiveness of any AI detection product unless substantiated by competent and reliable scientific evidence;

- Preserving all underlying testing data and substantiation for AI detection claims;

- Notifying all eligible customers about the FTC settlement and correcting any misimpressions about the AI Content Detector's capabilities; and

- Implementing recordkeeping, compliance reporting, and customer notification procedures for a period of up to 20 years.

This enforcement action signals the FTC's increased focus on policing AI marketing claims and protecting consumers and businesses from deceptive practices involving emerging technologies.

RESOURCES:

You can review all of the relevant administrative filings and press releases at the FTC's Enforcement Page.

- Complaint

- Decision and Order

- FTC Press Release

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