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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

IMAN SHAW, on behalf of himself and all others similarly situated, Plaintiff, vs. MACY'S, INC. and TARMO LLC., Defendants.	Case No. 26STCV13785 **CLASS ACTION COMPLAINT**

INTRODUCTION

1. This is a consumer protection class action arising from Defendants Macy's Inc.'s ("Macy's") and Tarmo, LLC's ("Tarmo") deceptive marketing, sale, and administration of a furniture protection plan known as the "WorryNoMore Warranty."

2. Macy's markets the plan—which often costs hundreds of dollars based on the sale price of the furniture—as providing "peace of mind," comprehensive repair or replacement coverage in the event of accidents like stains or damage, and in the case of structural defects on furniture items purchased at Macy's, including sofas, chairs, beds and tables. These marketing representations are material to consumers' decision to purchase the WorryNoMore Warranty.

3. Those representations are false. In fact, Tarmo, which administers the plan, engages in a concerted effort to wrongfully deny valid claims made by consumers who purchase the plan. As described further herein, Tarmo designs and administers the warranty to systematically deny valid claims, rendering the "coverage" effectively worthless.

4. Macy's knows the warranty is a sham, but profits handsomely by selling such warranties to its customers. On information and belief, Macy's trains, instructs, and incentivizes its sales associates to affirmatively promote and "push" the WorryNoMore warranty at the point of sale—providing brochures, talking points and scripts that falsely emphasize the supposed breadth of WorryNoMore coverage and supposed ease of claims processing and payment.

5. These sales practices are deceptive because, at the time of Macy's in-store marketing of the plan as reliable and comprehensive, Macy's knows that Tarmo, the entity responsible for administering claims, uses systems and claims procedures designed to routinely deny valid claims—including through pretextual reliance on inapplicable exclusions designed to frustrate coverage.

6. Macy's knows that Tarmo does not actually provide reimbursement for common accidents, spills, or tears/rips – or for structural defects, as the marketing provided by Macy's promises.

7. Macy's long-standing relationship with Tarmo, coupled with the volume of consumer complaints and claims data available to Macy's, provides Macy's with actual or constructive knowledge that consumers who purchase the WorryNoMore warranty are unlikely to receive the promised benefits.

8. Despite this knowledge, Macy's continues to market the warranty as a valuable add-on and directs its salesforce to present it as such, while omitting material facts regarding the high likelihood of claim denial and the restrictive exclusions used by Tarmo.

9. Consumers are thereby induced to purchase the warranty through uniform misrepresentations and omissions regarding the true nature of coverage, the claims process, and the likelihood that valid claims will be honored.

10. Tarmo violates the terms of the plans purchased by consumers, and engages in deceptive and unfair practices that render Macy's WorryNoMore marketing false. Specifically, the

marketing and the plans' fine print terms both expressly promise that consumers' claims for accidental damage and/or structural defects will be paid. But Tarmo denies such claims routinely, in violation of the express terms of the terms of the plans and in contravention of marketing promises.

11. Moreover, Tarmo's claims process is designed to confuse and deceive consumers with incomplete and misleading drop-down menus and limited incident description options—all designed to trick consumers into providing information that Tarmo's AI and other electronic systems can use as a pretextual basis to deny claims.

12. Plaintiff seeks damages in the form of restitution, including refunds of amounts paid for WorryNoMore plans by Plaintiff and class members, claim amounts wrongfully denied, and as injunctive relief to prevent Defendants' ongoing deceptive practices, and any other relief the Court deems just and proper.

PARTIES

13. Plaintiff Iman Shaw is a resident and a citizen of Los Angeles, California.

14. Defendant Macy's, Inc. is a corporation that markets and sells furniture nationwide. Alongside the sales of its furniture, Macy's pushes its "WorryNoMore" warranty.

15. Defendants Tarmo LLC administers the WorryNoMore program, including claims handling and coverage determinations.

JURISDICTION AND VENUE

16. This Court has jurisdiction over Defendants and the claims set forth below pursuant to Code of Civil Procedure § 410.10 and the California Constitution, Article VI § 10, because this case is a cause not given by statute to the other trial courts.

17. Plaintiff is informed and believes that the State of California has personal jurisdiction over the Defendants named in the action because Defendants are doing business in Los Angeles County and one or more of the transactions that form the basis of this action occurred in Los Angeles County. Defendants also intentionally avails themselves of the California market, including in the County of Los Angeles, which has caused both obligations and liability of Defendants to arise in the County of Los Angeles.

18. The amount in controversy exceeds the jurisdictional minimum of this Court.

FACTUAL BACKGROUND AND GENERAL ALLEGATIONS

I. The WorryNoMore Warranty Is Marketed by Macy's with False Promises

19. Macy's is a large department store with both an online and physical presence.

20. Macy's sells mid-range, mass-market home furniture, with a mix of exclusive in-house collections and third-party brands.

21. Shoppers are drawn to the wide selection of living room, bedroom, and dining collections, frequent promotions and bundled deals, in-store design assistance, and the perceived reliability of buying from an established national department store, all of which create an expectation of quality, service, and post-purchase support that makes the overall experience feel easier and more secure than purchasing from lesser-known or online-only sellers.

22. When a consumer determines to buy a piece of furniture, the consumer is offered at the point of sale the opportunity to purchase a warranty for the furniture. On information and belief, the purchase price of the Warranty amounts to a percentage of the amount of the furniture purchased. This means that the Warranty often costs several hundred dollars.

23. At the point of sale, Defendants represent in brochures that the WorryNoMore warranty covers accidental damage like spills or tears, defects, and other common issues. On information and belief, Macy's trains, instructs, and incentivizes its sales associates to affirmatively promote and "push" the WorryNoMore warranty at the point of sale, emphasizing its breadth of coverage and ease of claims handling.

24. Consumers who purchase in -store are given the pamphlet shown below which represents that the WorryNoMore program covers, for 5 years, accidental stains, accidental pet stains, limited accidental pet damage, rips, tears, punctures, water rings, burn marks, zippers, tufting, loose seams and stitching, cracking and peeling of leather, wood scratches that penetrate the finish, warping of wood and metal, cracking and breaking of wood, cracking, peeling, and lifting of laminate, drawer glides and hardware, glass breakage, loss of silvering on mirrors, structural component failure, reclining mechanisms and metal legs, electrical/lighting components, defective motors, massagers and heaters:

25. Thus, Consumers are reasonably led to believe the warranty provides meaningful protection and repair or replacement of each and every one of the issues in the above brochure—providing peace of mind in the event the furniture sustains damage, degradation or structural failure during the coverage period.

26. The brochure lists <u>no</u> exclusions or limitations on such issues and does <u>not</u> state that "wear and tear" damage is excluded from coverage.

27. At the point of sale, consumers are not presented with Defendants' fine print Terms and Conditions for the plan until after a sale has been consummated.

II. <u>The WorryNoMore Warranty Does Not Perform as Marketed for Two Reasons: (1) Tarmo Unfairly and Unreasonably Exploits Fine-print Exclusions, and (2) Tarmo Uses a Deceptive and Unfair Claims Process to Pretextually Deny Claims</u>

A. <u>Tarmo Unfairly Exploits Vague Contract Terms</u>

28. The promises made by Macy's in the WorryNoMore marketing—including the

worry-free coverage for twenty different common accidents or problems, in the pamphlet in paragraph 21, *supra*, are confirmed in the official Terms and Conditions given to consumers well after the sale of the warranty is consummated. The Warranty is a standardized contract drafted by Tarmo.

29. The WorryNoMore Warranty identifies Tarmo, LLC as the "provider" of the plan for consumers located in Alabama, Alaska, California, Connecticut, Delaware, District of Columbia, Georgia, Iowa, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Maine, Michigan, Minnesota, Missouri, Mississippi, Montana, Nebraska, North Dakota, New Hampshire, New Jersey, Nevada, New York, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Wisconsin, and West Virginia.

30. The WorryNoMore Warranty provides the following Coverage for accidental stains and/or damage on Fabric, Microfiber, Coated Fabric, A & P Leather, Bonded Leather, Bycast Leather, Bicast Leather, Vinyl, Wood, Glass, Laminates, Metal, Stone and other hard surfaces resulting from: **(1) Accidental Stains or Damage** (excluding abuse, neglect, gradual buildup of dirt, body oils, and/or perspiration); and (2) **Structural Failures** including those due to a defect in materials and workmanship during normal residential use.

31. Tarmo's promises standing alone are consistent with the marketing promises provided to consumers prior to purchase.

32. But unlike the Macy's marketing, the WorryNoMore Warranty also contains a large list of exclusions of coverage. The Warranty uses vague terms such as "wear and tear"; "gradual deterioration"; "loss of resiliency"; and "cosmetic damage."

33. These purported exclusions, if exploited in an aggressive and unfair manner by Tarmo, could entirely neuter the marketing promises made prior to sale.

34. For example, the marketing brochure promises that "all accidental stains" are covered. At the same time, "cosmetic damage" is listed in the fine print as an exclusion. Is a "stain" considered "cosmetic damage" that is excluded? Only Tarmo knows.

35. For example, the marketing brochure promises that "rips, tears and punctures" are covered. At the same time, "wear and tear" and "cosmetic damage" is listed in the fine print as an

exclusion. Is a "rip, tear or puncture" considered "wear and tear" or "gradual deterioration" that is excluded? Only Tarmo knows.

36. For example, the marketing brochure promises that "seams and stitching that have come loose" are covered. At the same time, "wear and tear" and "cosmetic damage" is listed in the fine print as an exclusion. Is a "seam that has come loose" considered "wear and tear" or "cosmetic damage" that is excluded? Only Tarmo knows.

37. For example, the marketing brochure promises that "defective motors" are covered. At the same time, "wear and tear" is listed in the fine print as an exclusion. Is a "defective motor" considered "wear and tear" that is excluded? Only Tarmo knows.

38. There are numerous other potential examples, all pointing to the same truth: if read aggressively and unfairly, the listed exclusions effectively swallow the entirety of the coverage promised in marketing and in other portions of the contract. And that is exactly what Tarmo does.

39. As described herein, Tarmo unreasonably, unfairly and abusively defines such terms in a slippery and overbroad manner, effectively using such exclusions as a basis to deny valid claims. This abuse of discretion in defining these exclusions render the warranty illusory.

B. Tarmo's Claims Portal is Deceptively and Unfairly Designed to Deny Claims

40. In order to further support their scheme to deny valid claims, Defendants' claims-handling process has been designed not as a neutral mechanism for evaluating coverage, but rather as a system deliberately designed to channel consumers into claim categories that will predictably result in denial. This process reflects a coordinated scheme between Macy's and Tarmo to minimize payouts while continuing to market the plan as comprehensive.

41. When a consumer seeks to submit a claim, they are directed to www.warrantyservice.com, a centralized portal controlled and/or administered by Tarmo. The structure and sequencing of this website is designed to elicit responses that can later be used by Tarmo's Artificial Intelligence and other electronic system(a) as a basis for denial, rather than to accurately capture the nature of the consumer's claim.

42. The website uses limited, contradictory and misleading prompts and drop-down menus to trick consumers into misdescribing their accidental damage, structural failure, or other issues.

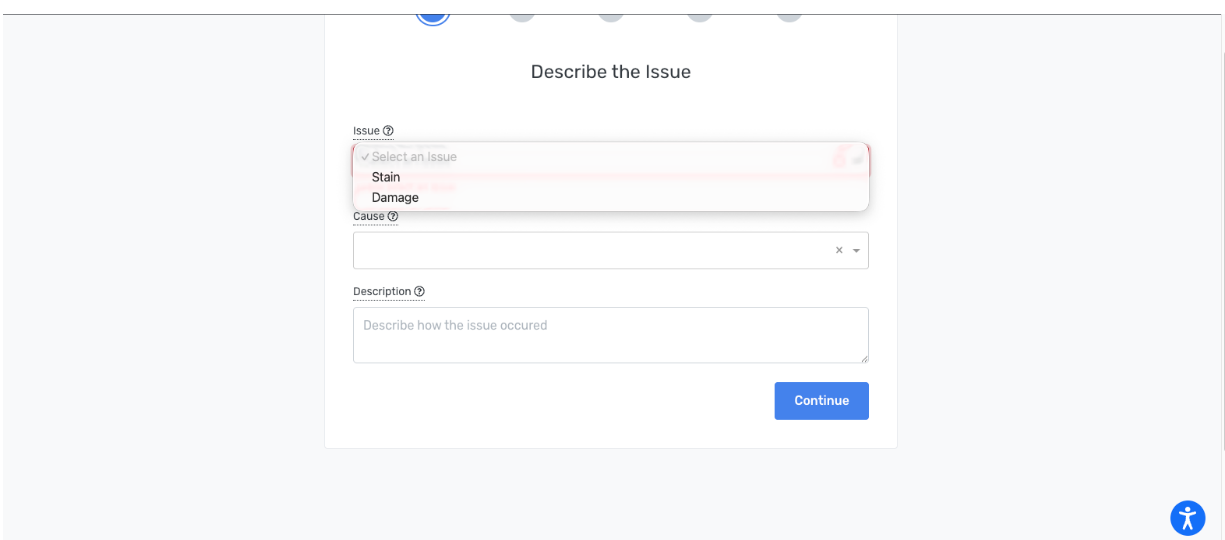
43. Where the brochure lists twenty common accidents, issues or problems, the claims portal provides virtually none of those options, instead offering a decision tree of extremely limited options from which consumers are to choose.

44. As described above, the Warranty *but not the marketing brochure* uses vague terms such as "wear and tear"; "gradual deterioration"; "loss of resiliency"; and "cosmetic damage" as exclusions from coverage.

45. The claims portal lists even fewer options for consumers to select.

46. At the outset, the website asks consumers whether the furniture issue occurred during delivery or prior to delivery. This question is misleading and immaterial to many covered claims, including structural defects. On information and belief, selecting any response indicating any post-delivery use whatsoever predisposes the claim to denial under pretextual exclusions such as "wear and tear" or "loss of resiliency."

47. Next, when prompted to identify the type of issue, consumers are limited to selecting "Stain" or "Damage." The claims interface entirely omits any option corresponding to "structural or component failure," despite that category being expressly covered under the written terms of the warranty.

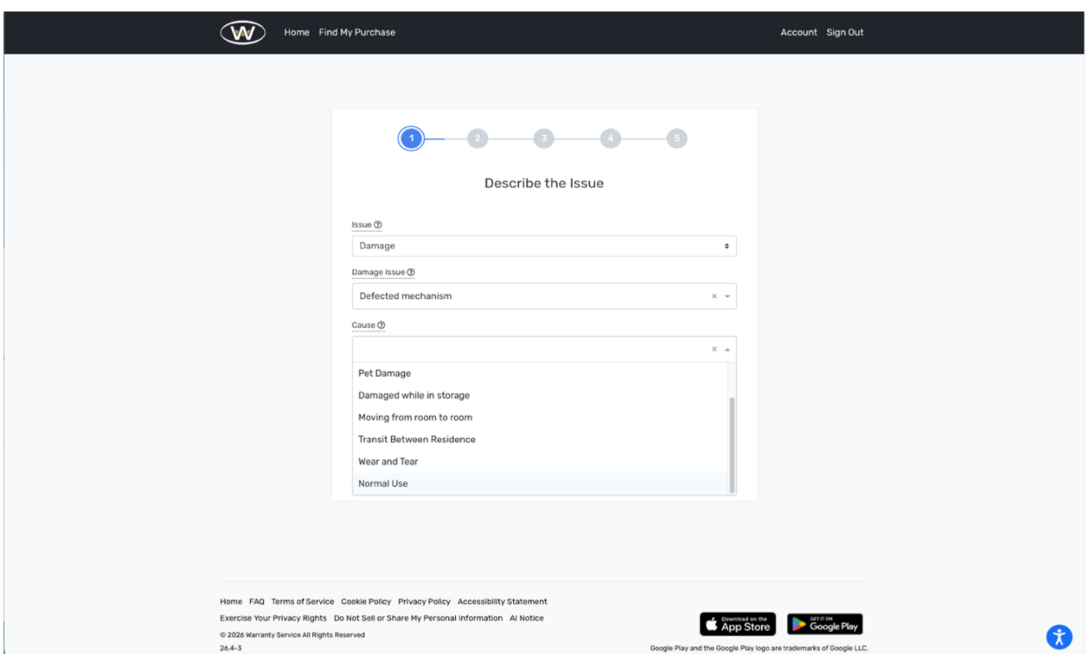


48. For consumers like Plaintiff with clear cut instances of structural or mechanical failure or other manufacturing defects like poor stitching, or cracking or defective components, this incomplete first step of the decision tree forces them to pick from required answers that do not accurately cover the issue—forcing consumers to select incomplete options that will predispose their claims to denial. Subsequent options in the claims portal also omit any option to select structural or mechanical failure or other manufacturing defects like poor stitching, or cracking or defective components. For example, when consumers are asked to identify the *cause* of the issue, the website presents a list of options that do not include structural failure or defects in materials or workmanship. Instead, consumers are forced to select from categories such as "wear and tear" or "normal use."

49. Even for other consumers who have actually suffered a "stain" or "damage," subsequent options in the claims portal are designed to be deceptive. For example, when consumers are asked to identify the *cause* of the issue, the website presents a list of options that do not include "accident" or any of the other twenty listed issues from the marketing brochure. Instead, consumers are forced to select from categories such as "wear and tear" or "normal use."

50. But "wear and tear" *is* normal use – that is its definition.

51. Tarmo's hope is to funnel consumers into selecting "wear and tear," in order to deny those claims:



52. As a result, consumers are funneled into selecting the closest available option, often "wear and tear," without being informed that doing so will be used as a basis to deny their claim—even where the underlying issue plainly constitutes a covered structural failure, damage, or other covered issue.

53. Only Tarmo knows – and consumers do not know – that if they can get a claimant to choose "wear and tear" from a drop-down menu, it can automatically deny the claim.

54. "Wear and tear" and "normal use" are in actuality synonymous – but Tarmo provides them as separate options in a menu. Why? In order to drive people to select an option that can be used against them.

55. A "stain" is obviously an accident, not the normal degradation that comes with normal use. Why then is "wear and tear" shown as an option for a consumer who selects "stain?" To encourage individuals to choose an option that may be used against them.

56. A "defected mechanism" is by definition not the result of the normal degradation that comes with use of an item ("wear and tear"), but rather entirely different. Why then is "wear and tear" shown as an option for a consumer who selects "defected mechanism?" To drive people to select an option that will be used against them.

57. In sum, the portal menus are designed to elicit incorrect or contradictory answers, which Tarmo then uses to deny claims.

58. Consumers have no idea what these terms used in the claims portal mean, or even that they will be the basis for exclusion. Yet Tarmo's entire claims submission portal is designed to elicit consumers to select answers from drop-down menus that it can use to force the claim into one of the excluded categories.

59. In short, the more consumers that Tarmo can get to select for example "wear and tear"—a term that itself is never used in the marketing documents—the more claims it can deny—even though such denials contradict marketing promises and the plain terms of the contracts.

60. Although the website permits consumers to provide a written description of the issue, on information and belief, Defendants do not meaningfully review these descriptions. Instead, Defendants rely on automated or semi-automated systems, including artificial intelligence, to

generate standardized denial decisions based primarily on the pre-selected categories, rather than the substance of the claim.

61. This process ensures that claims for covered conditions, like structural defects, are systematically mischaracterized and denied. The design of the claims interface, combined with automated denial practices, renders the promised coverage illusory and operates as a post-sale mechanism to effectuate Defendants' deception.

III. In Contravention of Marketing Promises and Contract Terms, Defendants Routinely Deny Valid Claims Like Plaintiff's

62. Plaintiff Iman Shaw purchased a leather recliner from Macy's on or about January 1, 2021. At the time of purchase, Plaintiff also purchased the WorryNoMore Warranty, relying on Macy's representations and brochure that the plan would provide protection against over twenty listed defects and mechanical failures, including issues affecting the functionality of the recliner.

63. Consistent with Macy's sales practices, Plaintiff was led to believe that the warranty would provide meaningful protection and repair or replacement in the event of a malfunction, including defects in motors or other structural components.

64. On July 22, 2025, Plaintiff submitted a claim after experiencing a failure in the recliner's motor, which rendered the reclining function inoperable. This failure constitutes "a structural or component failure, including those due to a defect in materials and workmanship during normal residential use," and is expressly covered under the terms of the warranty as explained in both the marketing materials and terms and conditions that were provided later.

65. During the online claims process, Plaintiff was not provided with any option to identify the issue as a structural or component failure. He was confused by the limited prompts provided. Plaintiff was forced to select from inapplicable categories and ultimately selected "wear and tear" as the closest available option, as the motor did fail during normal use, while separately describing the true nature of the defect in the written description field.

66. That same day, Plaintiff received a denial of his claim, stating that the issue was not covered because it resulted from "wear and tear."

67. On information and belief, this denial was generated through an automated or artificial intelligence-driven process that relied on Plaintiff's forced selection of "wear and tear," while disregarding the actual substance of Plaintiff's claim and the warranty's express coverage for structural failures.

68. Defendants' denial of Plaintiff's claim was pretextual and contrary to the terms of the warranty. The denial was not the result of a good-faith evaluation of coverage, but rather the predictable outcome of a claims process designed to manufacture grounds for denial.

69. As a direct and proximate result of Defendants' conduct, Plaintiff did not receive the benefit of the bargain and has been left with a defective recliner that is effectively unusable for its intended purpose.

70. Online consumer complaints show that Plaintiff's concerns are far from unique, and that Defendants instead engaged in a systematic scheme of automatically denying valid claims. Below is just a small sampling of consumer complaints:

> I filed the dispute last night. It was denied with a long email at 1:30 am eastern time, within 2 hours of filing the dispute. That was the second clue it's AI driven. The first clue was that it's just so obviously a single water mark stain. So either it's AI or they are trained to deny claims as default.[1]
>
> I had bad experience with them as well. It's completely not worth purchasing. Every claim got denied.[2]
>
> My couch has a broken frame which they have labeled a "loss of resiliency" even though a frame, by definition, is a structural issue. At no point did they apply the facts or evidence present to justify their denial. This insurance is an absolute scam.[3]
>
> I filed a similar claim about stains …The whole thing is scam.....MACY needs to stop selling it or enforce the claims.[4]
>
> Purchased this ridiculous warranty. Never again and no more furniture purchased from Macy's. Two-year-old couch in pristine condition. Not a stain, sag, or signs of use. It is a white couch, and if it was abused or worn, it would be obvious. The couch is in otherwise mint condition.A cushion seam split at the seam. It is in the center of

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[1] https://www.reddit.com/r/MacysStores/comments/1oj6hex/macys_scam_warranty_worrynomore/ (last accessed April 17, 2026).
[2] *Id.*
[3] *Id.*
[4] *Id.*

the cushion, in plain sight. We followed the procedure, uploaded pictures, and submitted the claim. They denied it and stated it was 'normal wear and tear.' The couch is barely used.We disputed the denial, and they then replied, 'The seam is not really splitting; it's fraying. Fraying is not covered.[5]

Absolute scam. We were sold this protection plan, and now we went to file our first claim, and the company is refusing to cover it. And trying to get our money back or the promised voucher for not using the service is not possible. It is impossible to speak with anyone on the phone or get information as to why our accident stain, which is supposed to be covered, isn't.[6]

The warranty supposedly covers accidental scratches to furniture. When I filed a claim, they denied it for not being accidental. Because I would purposely go ahead and scratch my couch?![7]

The stitching on the center section of my couch came undone and I was told fixing that isnt covered, they called if a loss of resiliency and then defined loss of resiliency as when the foam/fiber of the couch cushions becomes mishapen. I provided many pictures and videos and they just do not give a ***[8]

I purchased a reclining sectional sofa from Macy's at the Elmhurst location in 2023. The mechanics of the reclining stopped working. I filed a claim and the claim was denied. Without the reclining mechanism, the sofa does not operate.[9]

This company is a complete joke. After you submit that claim, their website doesn't allow you to submit ANY other claims for that piece of furniture. After our mattress started severely sagging after two years (it's supposed to be a firm Purple mattress - and there are well-documented problems with the Purple grid failing) - and even though their web portal clearly shows that our policy covers defects in material - they simply replied back and said 'this is not covered'. Good luck trying to get a hold of anyone in customer service.[10]

BUYER BEWARE!!!! I bought a $4k sectional and paid $500 for the warranty. The worry no more warranty is horrid. Also I was told if the warranty wasn’t use at all at the end we could ask for a total refund of the warranty. When I did try to use the warranty my claim of poor craftsmanship was labeled as normal wear and tear. Cushion covers coming unstitched is not normal wear and tear it’s poor

[5] https://worrynomore.pissedconsumer.com/review.html (last accessed April 17, 2026).
[6] *Id.*
[7] *Id.*
[8] *Id.*
[9] *Id.*
[10] *Id.*

> craftsmanship… Do not fall for the warranty and honestly be very careful with purchasing any furniture…[11]

> Getting ahold of customer service is a joke! We were told our warranty, worry no more, did not cover broken frames. We paid for the repair and found out they do cover. We have tried and tried to get ahold of someone in Macy's furniture and it's all automated bots. Automated idiots. Idiots without brains so you are not able to submit a claim.[12]

> They deny warranty for insufficient and erroneous reasons--you pay for the "worry no more" warranty and all claims are denied. They normally don't answer the phone and only work through text messaging so you can talk to an agent. I never heard back from them when I told them the reason they denied the claim was not accurate. When I call Macy's, they just send me back to "worry no more".[13]

CLASS ALLEGATIONS

71. Plaintiff brings this action on behalf of himself, and all others similarly situated persons. The proposed classes are defined as:

> All consumers who, within the applicable statute of limitations preceding the filing of this action to the date of class certification, filed a claim pursuant to Defendants' WorryNoMore Warranty and were denied.

72. Excluded from the Class are Defendants, any entities in which they have a controlling interest, any of their parents, subsidiaries, affiliates, officers, directors, employees and members of such persons' immediate families, and the presiding judge(s) in this case, and their staff. Plaintiff reserves the right to expand, limit, modify, or amend this class definition, including the addition of one or more subclasses, in connection with his motion for class certification, or at any other time, based upon, *inter alia,* changing circumstances and/or new facts obtained during discovery.

73. Plaintiff reserves the right to modify or amend the definition of the proposed Class and/or add a subclass(es), if necessary, before this Court determines whether certification is appropriate.

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[11] https://www.consumeraffairs.com/furniture/macy.htm (last accessed April 16, 2026).
[12] *Id.*
[13] *Id.*

74. The questions here are ones of common or general interest such that there is a well-defined community of interest among the members of the Class. These questions predominate over questions that may affect only individual class members because Defendants has acted on grounds generally applicable to the Class. Such common legal or factual questions include, but are not limited to:

a. Whether Defendants' alleged misconduct misled or had the tendency to mislead consumers;

b. Whether Defendants engaged in unfair, unlawful, and/or fraudulent business practices under the laws asserted;

c. Whether Defendants' alleged conduct constitutes violations of the laws asserted;

d. Whether Defendants breached their warranty with consumers;

e. Whether Plaintiff and members of the Class were harmed by Defendants' misrepresentations;

f. Whether Defendants were unjustly enriched;

g. Whether Plaintiff and the Class have been damaged, and if so, the proper measure of damages; and

h. Whether an injunction is necessary to prevent Defendants from continuing to engage in the wrongful conduct described herein.

75. The parties are numerous such that joinder is impracticable. Upon information and belief, and subject to class discovery, the Class consists of thousands of members or more, the identity of whom are within the exclusive knowledge of and can be ascertained only by resort to Defendants' records. Defendants have the administrative capability through their computer systems and other records to identify all members of the Class, and such specific information is not otherwise available to Plaintiff.

76. It is impracticable to bring members of the Class individual claims before the Court. Class treatment permits a large number of similarly situated persons or entities to prosecute their common claims in a single forum simultaneously, efficiently and without the unnecessary

duplication of evidence, effort, expense, or the possibility of inconsistent or contradictory judgments that numerous individual actions would engender. The benefits of the class mechanism, including providing injured persons or entities with a method for obtaining redress on claims that might not be practicable to pursue individually, substantially outweigh any difficulties that may arise in the management of this class action.

77. Plaintiff's claims are typical of the claims of the other members of the Class in that they arise out of the same wrongful business practices by Defendants, as described herein.

78. Plaintiff is more than adequate representative of the Class in that Plaintiff is Defendants' customer and has suffered damages as a result of Defendants' misrepresentations. In addition:

a) Plaintiff is committed to the vigorous prosecution of this action on behalf of himself and all others similarly situated and has retained competent counsel experienced in the prosecution of consumer class actions;

b) There is no conflict of interest between Plaintiff and the unnamed members of the Class;

c) Plaintiff anticipates no difficulty in the management of this litigation as a class action; and

d) Plaintiff's legal counsel has the financial and legal resources to meet the substantial costs and legal issues associated with this type of litigation.

79. Plaintiff knows of no difficulty to be encountered in the maintenance of this action that would preclude its maintenance as a class action.

80. Defendants have acted or refused to act on grounds generally applicable to the class, thereby making appropriate corresponding declaratory relief with respect to the Class as a whole.

81. All conditions precedent to bringing this action have been satisfied and/or waived.

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<u>FIRST CLAIM FOR RELIEF</u>
Violation of California's Unfair Competition Law
(Cal. Bus. & Prof. Code § 17200, et seq.)
(On Behalf of Plaintiff and the Class)

82. Plaintiff hereby incorporates by reference the preceding paragraphs.

83. Defendants' conduct described herein violates the Unfair Competition Law ("UCL"), codified at California Business and Professions Code section 17200, *et seq*.

84. The UCL prohibits, and provides civil remedies for, unfair competition. Its purpose is to protect both consumers and competitors by promoting fair competition in commercial markets for goods and services. In service of that purpose, the Legislature framed the UCL's substantive provisions in broad, sweeping language.

85. The UCL imposes strict liability. Plaintiff need not prove that Defendants intentionally or negligently engaged in unlawful, unfair, or fraudulent business practices—but only that such practices occurred.

86. A business act or practice is "unfair" under the UCL if it offends an established public policy or is immoral, unethical, oppressive, unscrupulous, or substantially injurious to consumers, and that unfairness is determined by weighing the reasons, justifications, and motives of the practice against the gravity of the harm to the alleged victims.

87. A business act or practice is "fraudulent" under the UCL if it is likely to deceive members of the public.

88. A business act or practice is "unlawful" under the UCL if it violates any other law or regulation.

89. Defendants committed unfair and fraudulent business acts and practices in violation of Cal. Bus. & Prof. Code § 17200, *et seq*., by affirmatively and knowingly marketing its WorryNoMore Warranty with the promise of comprehensive coverage, then denying valid claims made pursuant to the WorryNoMore Warranty.

90. Defendants' acts and practices offend an established public policy of truthful advertising in the marketplace, and constitute immoral, unethical, oppressive, and unscrupulous activities that are substantially injurious to consumers.

91. The harm to Plaintiff and the Class outweighs the utility of Defendants' practices. There were reasonably available alternatives to further Defendants' legitimate business interests, other than the misleading and deceptive conduct described herein.

92. Defendants' conduct also constitutes an "unlawful" act under the UCL because it also constitutes a violation of sections 1770(a)(5) and (a)(9) of the California Consumer Legal Remedies Act ("CLRA"), Cal. Civ. Code section 1750, *et seq.*

93. Defendants' business practices have misled Plaintiff and the proposed Class and, unless enjoined, will continue to mislead them in the future.

94. Plaintiff relied on Defendants' misrepresentation that she would get free shipping in making her purchase.

95. Defendants deceived Plaintiff and class members into purchasing the meaningless WorryNoMore Warranty that they otherwise would not have purchased.

96. As a direct and proximate result of Defendants' unfair, fraudulent, and unlawful practices, Plaintiff and class members suffered and will continue to suffer actual damages by having valid claims denied. Defendants' fraudulent conduct is ongoing and presents a continuing threat to Plaintiff and Class members that they will be deceived. Plaintiff desires to conduct further business with Defendants but cannot rely on Defendants' representations unless an injunction is issued.

97. As a result of their unfair, fraudulent, and unlawful conduct, Defendants have been unjustly enriched and should be required to disgorge its unjust profits and make restitution to Plaintiff and Class members pursuant to Cal. Bus. & Prof. Code § 17203 and 17204.

98. Pursuant to Business & Professions Code §§ 17203 and 17500, Plaintiff and the members of the Class, on behalf of the general public, seek an order of this Court enjoining Defendants from continuing to engage, use, or employ their unfair, unlawful, and fraudulent practices.

99. Plaintiff has no adequate remedy at law in part because Defendants continue to automatically add fees to all purchases. Plaintiff therefore seeks an injunction on behalf of the general public to prevent Defendants from continuing to engage in the deceptive and misleading practices described herein.

<u>SECOND CLAIM FOR RELIEF</u>
False and Misleading Advertising
(Bus. & Prof. Code §§ 17500, et seq.)
(On Behalf of Plaintiff and the Class)

100. Plaintiff hereby incorporates by reference the preceding paragraphs if fully restated here.

101. California's False Advertising Law ("FAL"), Cal. Bus. & Prof. Code section 17500, states that "[i]t is unlawful for any . . . corporation . . . with intent . . . to dispose of . . . personal property . . . to induce the public to enter into any obligation relating thereto, to make or disseminate or cause to be made or disseminated . . . from this state before the public in any state, in any newspaper or other publication, or any advertising device, or by public outcry or proclamation, or in any other manner or means whatever, including over the Internet, any statement . . . which is untrue or misleading and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading . . . ."

102. Defendants' material misrepresentations and omissions alleged herein violate Business and Professions Code section 17500.

103. Defendants knew or should have known that their misrepresentations and omissions were false, deceptive, and misleading.

104. Pursuant to Business and Professions Code sections 17203 and 17500, Plaintiff and the members of the Class, on behalf of the general public, seek an order of this Court enjoining Defendants from continuing to engage, use, or employ their deceptive practices.

105. Further, Plaintiff requests an order awarding Plaintiff and class members restitution of the money wrongfully acquired by Defendants by means of said misrepresentations.

106. Additionally, Plaintiff and class members seek an order requiring Defendants to pay attorneys' fees pursuant to California Civil Code section 1021.5.

<u>THIRD CLAIM FOR RELIEF</u>
Violation of California's Consumer Legal Remedies Act ("CLRA")
Cal. Civ. Code § 1750, *et seq.*
(On Behalf of Plaintiff and the Class)

107. Plaintiff incorporates the preceding allegations by reference as if fully set forth

herein.

108. This cause of action is brought pursuant to the Consumers Legal Remedies Act (CLRA), California Civil Code § 1750, *et seq*. Plaintiff and each member of the proposed Class are "consumers" as defined by California Civil Code § 1761(d). Defendants' sale of merchandise and warranty insurance to consumers were "transactions" within the meaning of California Civil Code § 1761(e). The merchandise purchased by Plaintiff and the Class are "goods" within the meaning of California Civil Code § 1761(a).

109. Defendants violated and continue to violate the CLRA by engaging in the following practices proscribed by California Civil Code § 1770(a) in transactions with Plaintiff and the Class which were intended to result in, and did result in, the sale of merchandise:

a. "Misrepresenting the affiliation, connection, or association with, or certification by, another" (a)(3);

b. "Representing that goods or services have . . . characteristics . . . that they do not have" (a)(5);

c. "Advertising goods or services with intent not to sell them as advertised" (a)(9);

d. "Representing that a transaction confers or involves rights, remedies, or obligations that it does not have or involve, or that are prohibited by law" (a)(14)

110. Specifically, Defendants denied valid claims made under Defendants' WorryNoMore Warranty.

111. Pursuant to § 1782(a) of the CLRA, Plaintiff's counsel notified Defendants in writing by certified mail of the particular violations of §1770 of the CLRA and demanded that it rectify the problems associated with the actions detailed above and give notice to all affected consumers of Defendants' intent to act. Defendants failed to respond to Plaintiff's letter and/or failed to agree to rectify the problems associated with the actions detailed above. Thus, Plaintiff is also pursuing claims for actual and statutory damages, as appropriate against Defendants.

112. Plaintiff also seeks public injunctive relief, as described above.

FOURTH CLAIM FOR RELIEF
Unjust Enrichment
(On Behalf of Plaintiff and the Class)

113. Plaintiff repeats, realleges, and incorporates by reference each of the foregoing paragraphs as if fully set forth herein.

114. To the detriment of Plaintiff and the Class, Defendants have been, and continue to be, unjustly enriched as a result of its wrongful conduct alleged herein.

115. Plaintiff and the Class conferred a benefit on Defendants.

116. Defendants unfairly, deceptively, unjustly, and/or unlawfully accepted said benefits, which under the circumstances, would be unjust to allow Defendants to retain.

117. Defendants' unjust enrichment is traceable to, and resulted directly and proximately from, the conduct alleged herein.

118. Plaintiff and the Class, therefore, seek disgorgement of all wrongfully obtained fees received by Defendants as a result of their inequitable conduct as more fully stated herein.

FIFTH CLAIM FOR RELIEF
Breach of Contract
(On Behalf of Plaintiff and the Class)

119. Plaintiff repeats and realleges the above allegations as if fully set forth herein.

120. Plaintiff and Defendants have contracted for the purchase of merchandise and the WorryNoMore Warranty.

121. Defendants breached the terms of the contract as described herein by denying coverage of valid claims.

122. Plaintiff and members of the Class have performed all, or substantially all, of the obligations imposed on them under the contract.

123. Plaintiff and members of the Class have sustained damages as a result of Defendants' breach of the contract.

SIXTH CLAIM FOR RELIEF
Breach of Express Warranty
Cal. Civ. Code §§ 1791.2(a), 1794
(On Behalf of Plaintiff and the California Class)

124. Plaintiff repeats and realleges the above allegations as if fully set forth herein.

125. Defendants expressly warranted to Plaintiff and the Class through written statements within the meaning of California Civil Code section 1791.2(a)(1) (including but not limited to statements that Defendants made or caused to be made on Defendants' websites, in Defendants' marketing materials, in various print media, and other written forums) that its warranty would cover accidental stains, damage, and structural failure.

126. Plaintiff and the Class reasonably relied on the express warranty in purchasing the WorryNoMore Warranty.

127. Defendants breached the expressed warranty by failing to honor valid claims for accidental stains, damage, and structural failure of furniture.

128. Defendants' breaches were "willful" within the meaning of California Civil Code section 1794(c).

129. As a direct and proximate result of the breach of the express warranty, Plaintiff and the Classes have been injured, as they did not get the benefit of the bargain.

130. As a result of Defendants' breach of express warranty as set forth above, Plaintiff and the Class have suffered and will continue to suffer damages in an amount to be determined at trial.

SEVENTH CLAIM FOR RELIEF
Breach of Implied Covenant of Good Faith and Fair Dealing
(On Behalf of Plaintiff and the Class)

131. Plaintiff repeats and realleges the above allegations as if fully set forth herein.

132. The WorryNoMore Warranty constitutes, or operates as, a contract of insurance under California law because it involves the transfer of risk from the consumer to Defendants in exchange for consideration, and promises repair or replacement upon the reporting of specified contingencies, including accidental damage and structural failure.

133. At all relevant times, Defendants owed Plaintiff and Class Members duties of good faith and fair dealing, including but not limited to the duty to fairly investigate claims, to give at least as much consideration to the interests of the insured as to their own interests, and to refrain from unreasonably withholding benefits due under the policy.

134. Defendants breached these duties by engaging in a pattern and practice of denying

valid claims without conducting reasonable investigations and by adopting claims-handling procedures designed to avoid coverage obligations.

135. Specifically, Defendants failed to implement reasonable standards for the prompt investigation and processing of claims, instead relying on a rigid and misleading online claims interface that forced consumers to mischaracterize covered losses as excluded conditions.

136. Defendants further breached their duties by predetermining claim outcomes through automated and/or artificial intelligence-driven denial systems that rely on claim form inputs, rather than the actual facts or policy terms, to deny coverage.

137. Defendants' conduct was unreasonable, without proper cause, and in conscious disregard of Plaintiff's rights under the warranty. No genuine dispute existed as to coverage for Plaintiff's claim.

138. Defendants knew, or recklessly disregarded, the fact that their claims-handling practices would result in the denial of valid claims, yet continued such practices to increase profits by minimizing payouts.

139. As a direct and proximate result of Defendants' bad faith conduct, Plaintiff and Class Members have suffered damages, including but not limited to the loss of benefits due under the warranty, out-of-pocket expenses, and the diminished value of their furniture.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, individually and on behalf of the Class demands a jury trial on all claims so triable and judgment as follows:

(a) Certification for this matter to proceed as a class action on behalf of the Class;

(b) Declaring Defendants' WorryNoMore Warranty denial practices and policies to be improper;

(c) For declaratory and injunctive relief as set forth above;

(d) For an order requiring Defendants to disgorge and make restitution of all monies it acquired by means of the unlawful practices set forth above;

(e) For compensatory damages according to proof;

(f) For reasonable attorneys' fees and costs of suit;

(g) For pre-judgment interest; and

(h) Awarding such other and further relief as this Court deems just, proper and equitable.

DEMAND FOR JURY TRIAL

Plaintiff and all others similarly situated hereby demand trial by jury on all issues in this Class Action Complaint that are so triable.

Dated: April 29, 2025

KALIELGOLD PLLC

By:____________________________

Amanda J. Rosenberg
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Attorneys for Plaintiff and the Putative Class