BERGER SINGERMAN
FLORIDA'S BUSINESS LAW FIRM

CLIENT ALERT: NAVIGATING THE FTC'S NEW CLICK-TO-CANCEL RULE: KEY COMPLIANCE STEPS FOR BUSINESSES

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As of January 15, 2025, a new FTC regulation requires U.S. companies that offer paid online subscriptions to implement a straightforward, ideally single-click process for users to cancel their subscriptions for any reason, whether they change their mind, lose interest, or otherwise. While companies are not required to comply until May 14, 2025, there is uncertainty regarding how the rule will be enforced or potentially altered under the incoming Trump administration.

In October 2024, the FTC published the rule outlining several obligations for companies. These include ensuring that details are accurately represented and obtaining consumers' informed consent before charging them. The FTC's purpose in creating the rule was to combat unfair or deceptive practices related to subscriptions, memberships – including the timing of when free trials convert to paid subscriptions -- and other recurring-payment programs in an increasingly digital economy where it's easier than ever for businesses to engaged with customers on a subscription or recurring-charge basis.

Even if future administrations decide to modify or not enforce the rule, companies should still strive for compliance with the guidelines included in this new rule, because 20 states – including California, South Carolina, Virginia and Utah – as well as the District of Columbia, already have laws regarding automatic renewals that include requirements that are similar to the new FTC rule. Aligning with these existing laws can assist in mitigating potential legal risks.

Berger Singerman recommends that online businesses that offer subscription-based or recurring charge-based services revisit and update their consumer-facing terms and conditions of service and implement obvious and easy-to-use subscription cancelation protocols. Ensuring compliance with the FTC's new rule and relevant state laws will help your business avoid civil penalties and exposure to class-action litigation.

Berger Singerman's attorneys are well-versed in the requirements of the FTC's new click-to-cancel rule and related laws. Please reach out Heidi Tandy, Geoff Lottenberg or any other member of the Intellectual Property group for guidance on navigating these changes and safeguarding your business practices.

Click here to access the FTC's Factsheet.

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