

Understanding the Click to Cancel Rule: How Marketers Can Prepare for the July 14th Deadline

The FTC's Click to Cancel changes how businesses must handle subscription/renewable offer cancellations. The core principle is that consumers should be able to cancel a subscription with the same ease as they signed up for it.

Key requirements include:

- Provide a straightforward cancellation mechanism that's as easy to use as the signup process. For example, if subscribers only gave to fill out a short sign-up form to sign up for a subscription, the cancellation process must be at least as easy (if not easier) than the sign-up process.
- Create a simple "click to cancel" option for online subscriptions. Consumers should be able to cancel their subscription directly from the website where they signed up. Companies cannot force customers through multiple upsells, extra steps, or retention offers before allowing cancellation.
- Get express and informed consent before charging consumers. This means that before a consumer hits the "purchase" "buy" or other button, businesses must clearly and conspicuously disclose all material terms before obtaining billing information. Consumers must actively agree to the negative option feature separately from other parts of the transaction.
- Send annual reminders for subscriptions with a simple cancellation option.
- Do not misrepresent any material facts related to the subscription or cancellation process.

Why Compliance Matters

Non-compliance with the Click to Cancel rule carries significant risks such as FTC enforcement actions and potential monetary penalties up to \$53,088 per violation. The rule applies to both business-to-consumer (B2C) and business-to-business (B2B) transactions.

Steps to Ensure Compliance

- Review and audit your current cancellation process
- Implement a straightforward cancellation option that mirrors your sign up
- Review and update disclosures
- Enable annual reminders
- Document and keep detailed records of your compliance efforts

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