



## News

### Vaishali Rao Analyzes in ARM Compliance Digest: CFPB Releases Guidance on 'Tricks' Used by Companies to Keep Consumers Enrolled in Subscription Services

February 2, 2023

In the January 30, 2023 edition of the *ARM Compliance Digest*, Hinshaw partner Vaishali Rao discussed the Consumer Financial Protection Bureau's (CFPB) recent guidance advising how companies that make it difficult for consumers to cancel subscription services or use trial periods involving a reduced fee could run afoul of federal law:

Although there is nothing really new in the Bureau's circular regarding negative option marketing, it is the clearest expression of the Bureau's take on the topic. Two things stand out to me: First, the Bureau's articulation of different types of negative option programs is note-worthy. The explanations regarding automatic renewals, continuity plans, and trial marketing plans broaden the applicability of negative option programs into areas that many reputable companies use, not just "scams." Second, the explanation regarding "erecting unreasonable barriers to cancellation" is important for companies to consider. The examples used long wait times, delays in processing cancellation requests, etc... to demonstrate that simply having operational ineffectiveness with respect to cancellation procedures can lead to significant legal risk. A strong and effective cancellation procedure, including adequate documentation, is critical to anyone taking recurring payments.

[Read the full January 30, 2023 edition of the AccountsRecovery.net Compliance Digest.](#)

"CFPB Releases Guidance on 'Tricks' Used by Companies to Keep Consumers Enrolled in Subscription Services," *ARM Compliance Digest*, January 30, 2023.

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