

How The FTC Is Stepping Up Subscription Enforcement

By **Brian Goodrich, Benjamin Genn and Ceijenja Cornelius** (October 14, 2025)

Despite the demise of the Federal Trade Commission's click-to-cancel rule in July, the FTC continues to actively define new standards for lawful subscription practices.

The FTC's recent settlements — including those with Match.com in August, and Chegg Inc. and Amazon.com Inc. in September — establish new compliance requirements and create new compliance challenges for brands that offer auto-renewing products and services.

The FTC's actions provide new insights into how brands can comply with the agency's expectations that brands must prominently describe all terms of auto-renewing product and services and permit seamless cancellation. As the FTC continues to prioritize enforcement, understanding the FTC's updated expectations is paramount for affected brands seeking to mitigate their risk and maintain consumer trust.

This article will first provide some background on the FTC's click-to-cancel rule and a high-level summary of the FTC's recent enforcement actions targeting auto-renewing products and services.

The article will then analyze how the FTC has pivoted since the demise of its click-to-cancel rule and discuss the role the Restore Online Shoppers' Confidence Act, or ROSCA, has played in the FTC's recent enforcement actions.

Finally, this article will offer practical tips for brands that offer auto-renewing products and services looking to stay ahead of the curve as well as an outlook on future regulation of this space.

Background

The FTC has long scrutinized negative option marketing — practices where a consumer's silence or failure to take affirmative action results in recurring charges or a renewal of a product or service. The FTC regulates auto-renewing products and services through the Telemarketing Sales Rule and ROSCA, which incorporated the definition of "negative option feature" from the Telemarketing Sales Rule.

The FTC initially promulgated the negative option rule in 1973 as a regulation applicable only to prenotification negative option plans. The FTC's click-to-cancel rule, which took effect in January, overhauled the negative option rule in an effort to regulate all types of negative option programs offered through the internet, phone, print materials and in-person.

The rule contained updated requirements, including clearly and conspicuously disclosing that the customer agrees to recurring charges, the amount of those charges, a deadline to act to stop those charges and how to cancel; obtaining express, informed consent to the auto-renewal and retaining proof of consent for three years; and providing a simple



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cancellation mechanism through the same medium used for purchase.

The rule was ultimately voided by the U.S. Court of Appeals for the Eighth Circuit in *Custom Communications Inc. v. Federal Trade Commission* after the court found that the FTC failed to follow proper rulemaking procedures.[1]

FTC Enforcement After the Click to Cancel Rule: Leveraging ROSCA and Section 5 Authority

With the Eighth Circuit vacating the FTC's rule, the commission has pivoted to leveraging its existing statutory authority under ROSCA and Section 5 of the FTC Act to continue advancing its agenda on negative option marketing and subscription cancellation.

ROSCA provides a direct federal cause of action for online negative option offers, requiring clear and conspicuous disclosure of all material terms, express informed consent before charging, and a simple cancellation mechanism.

Violations of ROSCA are treated as violations of the FTC Act, allowing the FTC to pursue both injunctive relief and, crucially, monetary remedies in federal court — an avenue that remains open even after the U.S. Supreme Court's 2021 decision in *AMG Capital Management v. Federal Trade Commission* limited the FTC's ability to obtain equitable monetary relief under Section 13(b) alone.

Section 5 of the FTC Act, meanwhile, continues to serve as a broad catchall for unfair and deceptive practices, including those related to negative option features. The FTC's enforcement policy statement and recent settlements demonstrate that the agency is operationalizing simple cancellation and clear disclosure standards through Section 5, even in the absence of a specific rule.[2]

The commission has made clear that practices such as dark patterns, hidden terms and impediments to cancellation are actionable as unfair or deceptive acts, and it has not hesitated to bring cases under this theory — most notably, the *Uber* case, *FTC v. Uber Technologies Inc. and Uber USA LLC*, which was filed April 21 in the U.S. District Court for the Northern District of California, before the Eighth Circuit's decision. This strategic use of Section 5 and ROSCA allows the FTC to maintain pressure on industry practices and secure consumer redress.

This dual statutory approach is attractive for the FTC: ROSCA's explicit grant of authority to seek monetary relief in federal court sidesteps the limitations imposed by *AMG*, while Section 5's flexibility enables the commission to address a wide range of deceptive subscription practices.

The FTC's recent enforcement actions and settlements reflect a sophisticated understanding of the legal landscape, with the agency proactively adapting its theories and leveraging overlapping authorities to ensure continued oversight of negative option marketing.

In doing so, the FTC has demonstrated both legal agility and foresight, positioning itself to shape industry standards despite setbacks in its rulemaking efforts.

Continued FTC Enforcement Actions and New Settlements

Despite the rule being blocked, FTC leadership issued multiple statements reinforcing the FTC's expectations that companies provide clear, conspicuous disclosures and offer

cancellation mechanisms that are as simple as the sign-up process consistent with the requirements of the rule.[3]

Additionally, the FTC has brought new enforcement actions against companies that offer auto-renewing products and services.

On Aug. 12, the FTC's enforcement action against Match.com in *Federal Trade Commission v. Match Group Inc.*, in the U.S. District Court for the Northern District of Texas, culminated in a \$14 million settlement to be paid to consumers allegedly harmed by Match.com's practices.[4]

On Sept. 15, the FTC announced a \$7.5 million settlement with Chegg, an education technology provider, in *Federal Trade Commission v. Chegg Inc.*, in the Northern District of California, resolving similar allegations.[5]

On Sept. 25, the FTC announced a settlement with Amazon in the midst of its trial in *Federal Trade Commission v. Amazon.com Inc.*, in the U.S. District Court for the Western District of Washington.[6]

The recent FTC settlements with Match, Chegg and Amazon collectively set new compliance benchmarks for subscription and negative option features. Each order mandates that cancellation mechanisms be as simple as the enrollment process, with granular requirements for digital and phone channels, and imposes strict standards for clear, conspicuous disclosures of all material terms — including auto-renewal, price and cancellation steps.

Notably, Match is now prohibited from retaliating against consumers who file billing disputes; Chegg must ensure phone cancellation is as accessible and affordable as enrollment; and Amazon faces unprecedented operational detail, including explicit user experience requirements and a court-appointed claims supervisor to oversee a \$1.5 billion consumer redress fund.

An analysis of these recent FTC settlements reveals a clear regulatory expectation that cancellation processes for negative option features must be straightforward, accessible and consumer-friendly. The FTC now expects online cancellation to be easy to locate, while telephone cancellation must be available during normal business hours, not more costly than sign-up, and clearly displayed on the company's website.

The commission has also signaled a strong stance against retaliatory conduct: Companies are prohibited from suspending or terminating service during a pending billing dispute or after a refund has been issued, and must not penalize consumers who attempt to cancel or dispute charges.

In the Amazon settlement, the FTC went further, requiring a clear decline option for membership, explicit language in calls to action that characterize Prime as a membership, prominent disclosure that the membership renews, and upfront presentation of price and auto-renewal features on all sign-up pages.

These settlements collectively demonstrate that the FTC views incomplete disclosures, cancellation processes that are more difficult than enrollment, and practices that frustrate or penalize consumers seeking to cancel as significant compliance risks.

The agency's enforcement posture makes clear that auto-renewal offers must present all

material terms — such as pricing, renewal intervals and cancellation rights — clearly and conspicuously, in a manner that is easy for consumers to find and understand. Cancellation mechanisms must match the ease of enrollment and avoid unnecessary hurdles, delays or complex procedures.

The FTC's approach also extends to the broader consumer experience, expecting businesses to avoid deceptive or obstructive practices such as failing to fully describe cancellation processes, imposing multiday processing delays, or retaliating against consumers who dispute charges.

Companies are expected to proactively monitor consumer complaints and feedback, and to promptly address recurring issues related to cancellation or disclosures. In sum, these settlements operationalize the simple cancellation standard under ROSCA.

Where do things go from here?

Businesses that offer auto-renewing products and services should consider aligning auto-renewal practices with the compliance requirements and directives contained in the recent settlements. Businesses should also plan to monitor both federal and state developments in this space, as state laws may impose additional or evolving requirements.

The FTC has established an agenda to document its expectations and requirements through stipulated orders. Ongoing legal proceedings, however, including the case involving Uber, present the possibility that certain challenges will affect the FTC's ability to pursue that agenda.[7]

The Amazon settlement's explicit reference to a future FTC rule signals the commission's intent to continue evolving the regulatory framework for negative option features, even as judicial challenges have stalled the rule.[8]

The order's supersession clause ensures that any new rule will automatically override the settlement's requirements, providing the FTC with flexibility to adapt its enforcement posture and compliance expectations in real time.

FTC Commissioner Melissa Holyoak's dissent during the click-to-cancel rulemaking process laid out a vision for a further revised rule: (1) to consolidate the requirements from laws that the FTC enforces to provide clarity to businesses attempting to navigate the FTC compliance framework; and (2) to "explore whether a Section 18 rule should fill any gaps 'when marketers fail to make adequate disclosures, bill consumers without their consent, or make cancellation difficult or impossible.'"[9]

Holyoak's dissent suggests that a new rule would likely be narrower in scope and more industry-friendly.

Looking ahead, the contours of a new rule are likely to reflect both the FTC's desire to be industry-friendly and its commitment to reducing consumer costs and friction. Holyoak's dissent to the rule, for example, envisions a regime that balances robust consumer rights with operational feasibility for businesses, potentially favoring clear disclosures, streamlined cancellation, and limits on retention offers without unduly burdening legitimate subscription models.

The FTC may also draw on lessons from state law innovations — such as California's restrictions on save offers and requirements for one-click cancellation — to craft a rule that

harmonizes federal and state standards, minimizes compliance complexity, and addresses dark patterns in user interfaces.

Conclusion

By leveraging ROSCA and Section 5 of the FTC Act in the wake of the Eighth Circuit's vacatur of the click-to-cancel rule, the commission has not only maintained its regulatory momentum but also set new compliance benchmarks through high-profile settlements with Match.com, Chegg and Amazon.

The Amazon settlement's anticipation of future rulemaking exemplifies the agency's intent to evolve its requirements in response to legal developments and industry feedback.

As the FTC continues to document its expectations through stipulated orders and remains active in ongoing litigation, businesses offering auto-renewing products and services must stay vigilant, aligning their practices with both federal and state requirements and monitoring regulatory trends.

Ultimately, the FTC's recent actions set the stage for a more harmonized and enforceable national standard, positioning the agency to shape industry conduct and safeguard consumer interests in a rapidly changing legal landscape.

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[1] Custom Commc'ns, Inc. v. Fed. Trade Comm'n, 142 F.4th 1060 (8th Cir. 2025) (finding that the FTC failed to conduct mandatory business impact assessment after announcing the Proposed Rule).

[2] https://www.ftc.gov/system/files/documents/public_statements/1598063/negative_option_policy_statement-10-22-2021-tobureau.pdf

[3] <https://www.ftc.gov/news-events/news/press-releases/2025/09/ed-tech-provider-chegg-pay-75-million-settle-ftc-allegations-concerning-unlawful-cancellation>; <https://www.ftc.gov/news-events/news/press-releases/2025/09/ftc-secures-historic-25-billion-settlement-against-amazon>.

[4] The FTC, on September 25, 2019, filed a complaint against Match Group, Inc., and Match Group, LLC (Match.com) alleging that Match.com: (1) deceptively induced consumers to subscribe by promising a complimentary six-month subscription without adequately disclosing the requirements to qualify for the free subscription period; (2) unfairly suspended accounts of users who disputed charges, denying them access to paid services; and (3) made cancellation procedures confusing and cumbersome. Fed. Trade Comm'n v. Match Grp., Inc., Case No. 3:19-cv-02281-K (N.D. Tex. Aug. 12, 2025).

[5] Fed. Trade Comm'n v. Chegg, Inc., Case No. 5:25-cv-07827 (N.D. Cal. Sept. 15, 2025).

[6] Fed. Trade Comm'n v. Amazon.com, Inc., et al., Case No. 2:23-cv-00932-JHC (W.D. Wash. Sept. 25, 2025).

[7] Id.

[8] Dissenting Statement of Comm'r Melissa Holyoak, In the Matter of the Negative Option Rule, FTC Matter No. P064202 (Oct. 16, 2024).

[9] Id. at 13 (quoting 84 Fed. Reg. 52393, 52394).