



1107 9th Street, Suite 625 • Sacramento, CA 95814 • (916) 498-9608 • mail@consumercal.org

February 13, 2017
FOR IMMEDIATE RELEASE

Contact: Richard Holober, (650) 307-7033
Consumer Federation of California

Consumer Federation Sponsors SB 313 (Hertzberg) to Simplify Cancellations of Automatic Renewals

SACRAMENTO – Sen. Bob Hertzberg, D-Van Nuys today introduced legislation sponsored by Consumer Federation of California to make it easy for California residents who sign up for a free trial offer or gift to cancel a resulting automatic service renewal. Frustration with business-initiated renewal payments withdrawn from consumer credit or bank accounts following a free trial has led to consumer complaints and lawsuits against numerous businesses including Hulu, Dropbox, Spotify and LifeLock.

SB 313 would simplify the process of cancelling a renewing subscription, require businesses that offer a free gift or trial to receive a consumer’s authorization for an automatic renewal offer separate from the authorization to accept the free gift or trial, and requires businesses to notify consumers three days before receiving their first charge for an automatic renewal or continuous service plan.

“Businesses often use a free trial offer as a lure and rely on obscure gotcha clauses to hook a consumer to keep paying for an unwanted product or service. It should be as easy to cancel a subscription as it is to sign up for it. We are happy to work with Senator Hertzberg to establish an even playing field for consumers who find it impossible to rid themselves of fees for products they no longer want, or never wanted to pay for in the first place,” stated Richard Holober, Executive Director of the Consumer Federation of California.

“In today’s fast-paced world of e-business, consumers often sign up for free trial offers without being aware that it turns into an automatic renewal for a service with some charge attached,” Hertzberg said. “This legislation makes clear that consumers must directly authorize any renewal of service with a charge, and that businesses must make cancelling it easy to do.”

While current California law says the terms of trial offers and automatic renewals must be conspicuously posted on websites or communicated directly to consumers, cancelling the service can be difficult to do. When consumers sign up for free gifts or trial offers that come with an automatic service renewal, businesses are not required to get separate authorization for the charged service. Trial offers can run for many months. Consumers sometimes forget that the service eventually comes with a charge and can be surprised to see it appear on credit card bills.

The bill should be heard in the State Senate in March or April.

###