New York's New Automatic Renewal Law: Protecting Consumers from Hidden Subscriptions

Have you ever tried to cancel a subscription or membership and found it incredibly difficult, time-consuming, and frustrating? Happily, that is changing – or should. New York has passed a new law to make it much easier for consumers to cancel automatic renewal contracts and subscriptions.

In an increasingly subscription-based economy, automatic renewal business models have become the norm for many services, from streaming platforms to gym memberships. While these can provide convenience, they often trap consumers in contracts they no longer want, especially when renewal terms are buried in the fine print. To address these concerns, New York passed an automatic renewal law, aimed at enhancing consumer protection.

The law (NY GBL § 527-a) establishes clear guidelines for businesses that offer subscription services. Most importantly, the new law ensures that consumers are fully informed about their commitments and have easy ways to opt out. The New York legislation is part of a broader trend across states like California, which enacted similar laws to curtail deceptive auto-renewal practices.

Key Provisions of New York's Automatic-Renewal Law

The law requires companies to provide clear and conspicuous disclosures regarding the terms of any auto-renewal subscription. This includes specifying the renewal period, the total cost of the service, and any applicable cancellation policies. Notably, the law mandates that these disclosures must be presented upfront, before the consumer enters into the agreement. This prevents companies from hiding critical information in lengthy terms and conditions that most consumers overlook.

Another significant feature of the law is the requirement for companies to obtain *affirmative consent* from consumers before charging them for an auto-renewal. This step ensures that consumers are *actively choosing* to continue their subscriptions, rather than being passively enrolled without their explicit permission. The law also prohibits the use of pre-checked boxes for opt-ins, a tactic some companies have used to manipulate consumers into unknowingly agreeing to auto-renewals.

Additionally, businesses must provide consumers with an easy, accessible method to cancel their subscriptions. Under the law, companies are required to offer cancellation options that are as simple as signing up. If a consumer subscribes online, they should

be able to cancel online without jumping through hoops, like making a phone call or sending a physical letter. The goal is to eliminate cumbersome processes that often discourage cancellation.

Why This Law Matters for Consumers

New York's auto-renewal law is a significant win for consumer protection in the digital age. Many consumers have been caught off-guard by auto-renewing subscriptions they thought had ended or subscriptions they didn't realize were renewing at all. The law aims to prevent such surprises by ensuring consumers know exactly what they are agreeing to and when they will be charged.

Indeed, complaints related to unwanted auto-renewals and hidden charges have surged in recent years, especially as more businesses shifted online during the COVID-19 pandemic. This law aims to curb the exploitative practices that have flourished in the opaque world of subscription services. Moreover, it empowers consumers to take control of their finances by offering transparent subscription terms and straightforward cancellation procedures.

Compliance and Penalties

Non-compliance with the law can lead to significant penalties, including fines and restitution orders. Companies violating the law could also face class-action lawsuits for their deceptive practices.

In conclusion, New York's new auto-renewal law is an important step in ensuring that consumers are not taken advantage of by confusing or dishonest subscription practices. By promoting transparency and consent, this legislation strengthens consumer rights and holds businesses accountable for fair dealing.