



# California's Automatic Renewal Law: New Requirements Businesses Should Know About

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*The latest amendments to California's Automatic Renewal Law ("ARL") took effect July 1, 2025, introducing stricter consent, disclosure, and cancellation requirements for businesses offering subscription services. This alert summarizes the key changes that may impact your operations.*

## 1. California's AB 2863 expanded the definitions of "automatic renewal" and "continuous services" to include free trials.

California's ARL now also applies to free trials. Specifically, the law expanded the definitions of "automatic renewal" and "continuous service" to encompass "free-to-pay conversions," i.e., free trials.

Automatic renewals encompass subscriptions that are automatically renewed at the end of a set period for another term, as well as free trials. Cal. Bus. & Prof. Code § 17601(a)(1). Similarly, "continuous services" include plans where the agreement automatically continues until the customer cancels the free service, as well as free trials. *Id.* § 17601(a)(5).

## 2. It enhanced affirmative consent requirements and related recordkeeping obligations.

California's AB 2863 also strengthened consent requirements.

First, the law requires companies to "obtain the consumer's express affirmative consent" to the terms of the automatic renewal or continuous service. *Id.* § 17602(a)(4).

Second, the law prohibits businesses from including "any information in the contract that interferes with, detracts from, contradicts, or otherwise undermines the ability of consumers to provide" consent. *Id.* § 17602(a)(5).

Third, the law requires businesses to keep records of the consumer's consent for at least three years, or one year after the contract is terminated, whichever is longer. *Id.* § 17602(a)(6).

## 3. It simplified cancellation mandates: companies must offer same-medium cancellation and click-to-cancel buttons for online cancellation, and companies cannot obstruct or delay cancellation.

The law aimed to make it easier for consumers to cancel subscriptions, imposing additional obligations on businesses in the process.

***Same-medium cancellation.*** The law now requires businesses to offer consumers same-medium cancellation, i.e., the ability to cancel their subscriptions by using the same medium through which they signed up for them, or the same medium through which the consumer is accustomed to interacting with the business. See *id.* § 17602(f). Businesses are also required to “clearly and conspicuously” display on their websites any telephone number used for cancellation purposes. *Id.* § 17602(f).

***Prohibitions on obstructing and delaying cancellation.*** The law prohibits businesses from obstructing or delaying cancellation. Businesses that allow consumers to cancel by calling a toll-free telephone number must “answer calls promptly during normal business hours[.]” *Id.* § 17602(c)(2)(A). Similarly, when a consumer leaves a voicemail requesting to cancel a subscription, the business must process the cancellation or call the consumer back within one business day. *Id.* § 17602(c)(2)(B). Businesses should keep these time periods in mind when developing protocols for compliance.

The law specifies that offering a discount or other retention benefit, or explaining the effects of cancellation, do *not* constitute an impermissible obstruction or delay, so long as certain requirements are met. These requirements depend on the means of cancellation. *Id.* § 17602(e).

If the cancellation request occurs by *telephone*, the business is required to first inform the consumer that they may complete the cancellation process at any time. The business must then process the cancellation if requested. *Id.* § 17602(e)(1).

Alternatively, if cancellation is requested *online*, the business must simultaneously and prominently display a direct link or click-to-cancel button, promptly processing the cancellation if and when the link is clicked. *Id.* § 17602(e)(2).

#### **4. It imposed an annual reminder requirement for all subscriptions.**

Businesses are now required to send annual reminders to their subscribers. The law prescribes both how the reminders may be sent and what they must say.

***Means.*** The annual reminder must be sent either “in the same medium” that created the automatic renewal or continuous service transaction in the first place, or “in the same medium in which the customer is accustomed to interacting with the business[.]” *Id.* § 17602(h)(1). However, if the initial transaction occurred in person, the annual reminder must be sent by telephone, mail, or any internet-based communication. *Id.* § 17602(h)(1).

***Contents.*** The annual reminder must identify: (1) the product or service to which the service applies; (2) the frequency and amount of charges associated with the service; and (3) the means to cancel the service. *Id.* § 17602(h)(2).

#### **5. It expanded notice obligations, requiring initial notice and notice for price changes and material changes.**

In addition to implementing an annual reminder requirement, the law also expanded other notice obligations.

**Initial notice.** First, businesses must now provide initial notice before confirming a consumer's billing information. The initial notice must provide: (1) that the subscription will automatically renew unless the individual cancels; (2) the length and any additional terms of the renewal period; (3) the amount or range of costs the consumer will be charged and, if applicable, the frequency of charges to be incurred unless the consumer takes steps to stop those charges; (4) the method(s) by which a consumer may cancel the subscription; (5) a link that directs the consumer to the cancellation process, if the notice is electronic; and (6) the business's contact information. *Id.* § 17602(a)(8).

**Price changes.** Second, if a business plans to implement a price change, it must provide consumers with notice of the change and information on how to cancel between 7 and 30 days before the fee change takes effect. The notice must be provided "in a manner that is capable of being retained by the consumer." *id.* § 17602(g)(2).

**Material changes.** Third, a business must provide notice if it makes any material change to the service, and the notice must also be provided "in a manner that is capable of being retained by the consumer." *Id.* § 17602(g)(1).

## 6. It broadly prohibited misrepresentations throughout the entire transaction.

Finally, business may not "misrepresent, expressly or by implication, any material fact related to the transaction, including, but not limited to, the inclusion of an automatic renewal or continuous service, *or any material fact related to the underlying good or service.*" (emphasis added). *Id.* § 17602(a)(7).

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