

Visa is updating conditions for subscriptions using introductory trials/promotions



To enable greater transparency, choice, and control for customers, from **18 April 2020**

Visa is updating its rules related to transactions at merchants that offer free trials or introductory offers as part of an ongoing subscription service.

For more information, see the Quick Reference card on the following page or contact your acquirer.

Subscription Merchant Transaction Policy Updates

The changes are designed to:

1. Promote an enhanced customer experience.
2. Enable cardholders & issuers to clearly identify these transactions.
3. Bring more specificity and clarity to the disputes requirements. With these changes, cardholders will be provided clearer information, enabling them to identify, recognize, and take action on subscription transactions, reducing the need for disputes.

Specifically, cardholders will benefit from:

- Opportunities to expressly acknowledge the ongoing subscription agreement
- Immediate confirmation from the merchant of the terms of the agreement
- Proactive notification of future transactions
- Easier cancellation



Merchant Obligations

From **18 April 2020**, globally, merchants selling both physical and digital goods and services who offer free trials or discounted introductory offers as part of a subscription (“recurring”) service, must comply with the updated requirements¹. Following is a Quick Reference card with a summary of the requirements².

¹ Visa recommends all subscription (“recurring”) merchants adopt these principles.

² The changes apply to both physical & digital goods merchants.

Express Consent



At the time of enrollment, merchants must require the cardholder to expressly consent to entering an ongoing subscription service for recurring payments.

Enhanced Notification



At the time of enrollment, merchants must provide a copy (i.e., email or SMS/text, or other delivery method, if agreed with the cardholder) of the terms and conditions of the subscription service to the cardholder, even if no amount was due at the time. This must include:

- Confirmation that the cardholder has agreed to a subscription, unless the cardholder cancels.
- The start date of the subscription.
- Details of the goods/services.
- Ongoing transaction amount and billing frequency/date.
- Link or other simple mechanism to enable the cardholder to easily cancel any subsequent transactions online.

Merchants must also send a reminder notification (i.e., email or SMS/text) including a link to online cancellation policy at least seven (7) days before initiating a recurring transaction if:

- A trial period, introductory offer, or promotional period is about to expire.
- The nature of the recurring agreement has changed (for example, the price or billing period).

Explicit Transaction Receipts



Merchants must disclose the following on transaction receipts:

- Length of any trial period, introductory offer, or promotional period, including clear disclosure that the cardholder will be charged unless the cardholder takes steps to cancel any subsequent transactions.
- Transaction amount and date for the initial transaction (even if no amount is due) and for subsequent recurring transactions.
- A link or other simple mechanism to enable the cardholder to easily cancel any subsequent transactions online.

Statement Descriptor



An additional descriptor indicating a trial period-related transaction will be required in the Merchant Name field of the Clearing Record for the first transaction at the end of a trial period.

This descriptor (for example, "trial," "trial period," "free trial") will then appear on cardholder statements, online banking, mobile apps, and SMS/text alerts, in the same way discretionary, additional invoice/order numbers appear for electronic commerce transactions.

Easier Cancellation



Merchants must provide an easy way to cancel the subscription or payment method online, regardless of how the cardholder initially interacted with the merchant (for example, a pop-up store in a shopping mall, door-to-door sales, or a TV/Radio ad).

Expanded Dispute Rights



The existing dispute condition of "Misrepresentation" will be expanded, specifically for transactions where merchandise or digital goods have been purchased (i) through a trial period or (ii) as a one-off purchase, and the cardholder was not clearly advised of further billing after the purchase date.

Merchants can remedy the dispute by proving that they have acted appropriately, provided they can show:

- The cardholder expressly agreed to future transactions at the time of the initial interaction; and
- The merchant electronically notified the cardholder (based on the details the cardholder provided) before processing new transactions following the trial/promotional period.

To ensure the new requirements are being met, Visa will undertake proactive monitoring.