



# Visa updates for Subscription Merchants Offering Free Trial, Introductory Promotions and Ongoing Subscriptions

Visa has made changes to their requirements for Subscription Merchants, effective April 18, 2020. These changes are designed to improve transparency for Cardholders by easily identifying promotional transactions and providing a simple cancellation process. In addition, these requirements will help mitigate billing discrepancies and transaction disputes for Merchants.

The new Visa Merchant obligations are as follows:

## 1. Merchant requirement for Consent

A Merchant must obtain the Cardholder's express consent (e.g. a check box, email etc.) to enroll in the Merchant's subscription service and include confirmation that the Cardholder will be billed on a recurring basis (such as weekly, bi-monthly, monthly etc).

## 2. Merchant requirement for Disclosure

Merchants must provide and retain an electronic copy (email / text) of their terms and conditions for the subscription service sent to the Cardholder at the time of enrollment, whether payment is due immediately or later. The disclosure must include:

- Confirmation that the Cardholder has agreed to a subscription which will be perpetual until the Cardholder cancels
- Start date of the subscription
- Details of the goods / services being provided by the Merchant
- Ongoing transaction amount and billing frequency / date
- Online link or other simple mechanism for Cardholders to cancel with ease

## 3. Merchant requirement for Reminders

Merchants must send an electronic reminder to the Cardholder at least seven (7) days prior to the Merchant initiating a subsequent transaction if:

- The promotion period has expired
- The terms and conditions have changed

If the promotional period is **less** than seven (7) days, the initial terms and conditions provided at the time of enrollment must include **all** the required reminder details.

## 4. Merchant requirement for Cancellation

The Cardholder cancellation process must be clear and simple. Cardholders must have the ability to cancel online without contacting the Merchant through another channel (e.g. phone).

## 5. Merchant requirement for Statement Descriptor

The **Merchant Name** field of the Clearing Record must include an additional descriptor (e.g. "trial end," "end promo "end free trial") for the first transaction at the end of the trial period. This enhanced descriptor will appear on Cardholder statements, online banking websites, mobile apps and text alerts.

## 6. Merchant requirement for Transaction Receipts

Transaction receipts must include:

- Length of the trial / promotional period indicating this will become an ongoing subscription where the Cardholder will be charged on a recurring basis, unless the Cardholder cancels
- Transaction amount and billing date for the initial and subsequent transactions (even if no amount is due initially)
- Online link or other simple mechanism for Cardholders to cancel at any time

## 7. Merchant requirement for Customer Disputes

With these Visa updates, Cardholders will have the ability to dispute a transaction and subsequent transactions, with expanded dispute rights for misrepresented goods / services purchased through a trial period or as a one-off purchase.

Further to the above, to remediate customer disputes, Merchants must demonstrate:

- a) The Cardholder provided clear consent to enroll in the subscription **beyond** the promotional period; and
- b) The Cardholder received an electronic reminder at least seven (7) days prior to the Merchant initiating a transaction **beyond** the promotional period.

To protect your business from possible disputes and to maintain a positive customer experience, Visa requires full adoption of the above requirements as soon as possible.