Foster Garvey

Legal Alerts

FTC Escalates Enforcement Against Cancellation Policies Utilized with Subscription Product Orders

09.05.25

The Federal Trade Commission ("FTC") has increased its campaign against businesses that impose unreasonable barriers to consumer cancellation of memberships and subscriptions. Recent actions demonstrate the agency's intent to pursue businesses that implement such "subscription traps" under its longstanding authority to police unfair and deceptive practices in Section 5 of the FTC Act (15 U.S.C. § 45).

Recent Enforcement Actions

- In August 2025, the FTC sued Fitness International, LLC, alleging that members were forced to navigate unnecessary hurdles to cancel memberships, including (i) sending a particular form via certified mail, or (ii) hand delivering such form to a particular manager.
- In December 2024, Grubhub settled an 11-count FTC suit for $140 million. The stipulated order required Grubhub, among other things, to implement a method of cancellation "as easy to find and use as the method" consumers used to sign up.
- In 2023, Match Group, Inc. (operator of Match.com, OkCupid and other platforms) paid $14 million to settle allegations that it made subscription cancellation confusing and difficult.

The FTC's 2025 "Click-to-Cancel" rule would have mandated a simple method for consumers to cancel memberships or subscriptions, but the U.S. Court of Appeals for the Eighth Circuit vacated the rule on procedural grounds. The Click-to-Cancel Act of 2025 was then introduced to Congress as a method of enforcing FTC's "Click-to-Cancel." The Bill has been referred to the House Committee on Energy and Commerce. Nevertheless, these practices are still being prosecuted by the FTC as deceiving consumers.

Additionally, several state legislatures have moved forward with their own consumer protection statutes concerning subscription traps. For example, HelloFresh recently paid $7.5 million to settle a case brought under California's Automatic Renewal Law, in which HelloFresh was accused of enrolling customers into auto-renewing subscription plans without proper disclosure, consent or an easy cancellation mechanism.

Compliance Implications

Businesses with subscription and membership models should anticipate continued FTC scrutiny and future rulemaking. Companies should:

© 2026 Foster Garvey PC. All Rights Reserved.

- Ensure cancellation is accessible and straightforward, by any method, including online, phone or in-person;
- Avoid unnecessary steps in the cancellation process that could be seen as deterrents (*i.e.*, requiring specific forms and delivery to a specific person or via certified mail, *etc.*);
- Maintain documentation of compliance efforts and consumer communications.

Even without the "Click-to-Cancel" rule, the FTC has demonstrated its willingness to litigate cancellation practices that are unreasonably difficult. Companies should treat these enforcement actions as a clear warning and proactively review their subscription practices to mitigate legal and reputational risk.

For guidance on structuring compliant subscription or membership practices, please contact Foster Garvey's Business team.

Authored by

Hillary H. Hughes

Principal|New York

212.965.4527 hillary.hughes@foster.com

Related Areas

- Business
- Consumer Brands & Goods

© 2026 Foster Garvey PC. All Rights Reserved.