



Digital Markets, Competition and Consumers Act 2024- Subscription Contracts

Factsheet- August 2024

Introduction

This fact sheet aims to provide BVRLA members with an understanding of the new UK legislation surrounding subscription contracts and the kind of agreement that will be considered as such.

This guidance is based on Part 4, Chapter 2 of the [Digital Markets, Competition and Consumers Act 2024](#) ('Act')- 'Subscription contracts', which outlines the rights and responsibilities of both providers and consumers in subscription agreements. The Act introduces a new standalone regime for subscription contracts, with implied requirements of providers offering them.

Subscription Contract definition

The Act defines a subscription contract as an agreement between a business and a consumer for goods, services, or digital content on an automatically recurring or continuing basis for either a fixed or indefinite period, where the consumer automatically incurs liability for each supply and contains a right for the consumer to bring the contract to an end.

The supply of goods, services or digital content to a consumer may be free of charge or at a rate specified in the original contract. This also includes contracts for which the consumer is entitled to a free trial or reduced price period, meaning the consumer will be liable to start paying a higher rate at a particular point unless action to terminate the agreement is taken.

Excluded Contracts are defined widely in [section 22](#) of the Act, and "financial services" specifically includes a contract for credit services.

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BVRLA members, specifically those offering a rolling contract on Rental products, should consider whether their product offerings may become in scope of this new legislation.

Key Definitions

- **Provider:** A business or entity offering a subscription service to consumers.
- **Consumer:** An individual who enters a subscription contract primarily for personal use.
- **Cooling off period:** the first 14 days of the contract, this is the same for 'renewal cooling off period'.
- **Relevant renewal:** when the consumer becomes liable for the payments until beyond/after the originally agreed period of the contract.

Key Provisions

a. Pre-Contract Information

Providers must ensure that consumers are given clear and comprehensive information before entering a subscription contract. This includes:

- How and where to access the contract.
- The main characteristics of the goods or services.
- The total price of the subscription, including taxes and any additional charges.
- The duration of the contract and conditions for renewal or cancellation.
- The minimum duration of the consumer's obligations.

Key pre-contract information should be provided as a separate document in a durable medium. This should include:

- That the contract will continue indefinitely or for a fixed term unless the consumer takes the steps to bring the contract to an end or earlier end,
- Any minimum period that must elapse before the consumer can bring the contract to an end,
- The date of the first charge,

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- Whether there is any end date of the current agreed payment amount and if so, when a higher rate will be payable from and if the consumer can cancel the agreement prior to this,
- The frequency of payments and how much will be due in each instance,
- The total minimum amount the consumer will be liable for over the total term of the contract,
- How the customer can end the contract (include contact details such as a website to use or email address) and how much notice they should give.

Where contracts are entered into online or remotely (not orally), this information must be given in writing. If the contract is entered into remotely and orally, the information must be given orally. Where the contract is entered into in person, the information should be given in writing.

b. Consumer Rights to Cancel

Consumers have the right to cancel subscription contracts within 14 days from the date the contract is concluded without incurring any costs, known as the “cooling-off period.” Providers must inform consumers of this right.

When notification is given the cancellation ends both the providers and the consumer’s obligations to perform the contract of any rights or liabilities that would arise after the time at which the contract was cancelled.

Where there is a clause in your contract meaning the consumer can start use of a service early to waive their right to a cooling-off period, this information should be included in the ‘Key pre-contract information’ document.

c. Renewal and Termination

- **Automatic Renewals:** Providers must inform consumers about any automatic renewal terms. Before a subscription automatically renews, consumers must be notified and given the option to cancel.
- **Cancellation Procedures:** Cancellation should be easy and straightforward for consumers. Providers must offer a simple mechanism, such as online cancellation through a website, a telephone number to call or an email address to write to. The notice for cancellations must be clear and straightforward. It must also be detailed how a vehicle will be returned to the trader and whom this responsibility falls with.

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The consumer must be made aware of the last cancellation date- i.e. the date by which they must contact the provider to advise of their wish to cancel the subscription to avoid becoming liable for another vehicle.

d. Changes to Subscription Terms

Providers must inform consumers of any significant changes to subscription terms in advance. Consumers should have the right to terminate the contract if they do not agree with the changes. Subsequent notice must be given for all changes to all subsequent time for any cancellations the changes may cause.

e. End of Contract Notices

An end of contract notice must set out:

- The date on which the contract was or will be cancelled, or on which it will come to an end.

The notice must be provided in writing, on a durable medium.

f. Refunds and Redress

- Consumers are entitled to refunds for any period paid for but not received due to the early termination of a contract.
- Traders must ensure its clear why and refunds may be diminished.
- Providers must address complaints and redress issues promptly and fairly.

3. Provider Obligations

- Ensure transparency and fairness in subscription contracts.
- Provide customer service contact information for handling queries and complaints.
- Maintain records of all subscription agreements and communications with consumers.
- Provide written copies of all documentation in a timely manner.

Next steps

Any questions please contact compliance@bvrla.co.uk

All information sourced for the production of this document can be found on the [Gov website](#).

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