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Are You Compliant? UK CMA Unveils Guidance on New Subscription Rules

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Following the UK prime minister's announcement in August 2026 that new rules on subscription contracts would be accelerated, the UK government has published draft implementing legislation, and the UK Competition and Markets Authority (CMA) has issued draft guidance. Whilst these are in draft form, they follow a consultation and are now awaiting parliamentary approval, with no further changes anticipated.

Below, we outline the key reforms, the main points emerging from the draft guidance and the steps businesses should take to prepare.

Background

The changes to subscription contracts are a key part of the reforms to UK consumer protection law brought about by the Digital Markets, Competition and Consumers Act 2024 (DMCC Act). Whilst the majority of the DMCC Act came into force in April 2025, the rules on subscription contracts were delayed and were anticipated to be brought into force in April 2027. However, as a result of the change of prime minister in summer 2026, and the renewed focus on cost of living and doorstep consumer issues, the new rules have been brought forward to commence in January 2027. This now means an expedited compliance schedule for companies running subscription models.

Businesses in-scope of the new rules

The new rules will apply to all business-to-consumer contracts entered into after 1 January 2027 for the supply of goods, services or digital content that will auto-renew, and where the consumer is automatically charged unless the consumer takes action to stop it.

The rules apply regardless of whether the contract is entered into online, by telephone or in person.

Certain contracts are excluded, subject to the scope and conditions of the relevant exclusions. These include:

- Charitable memberships
- Utility contracts
- Financial products including banking, credit, insurance, personal pensions and investments
- Medical prescriptions and products
- Telecommunictaions contracts regulated by Ofcom
- Contracts for renting accommodation for residential purposes
- Contracts with traders that qualify as micro-entities and relate to the supply of foodstuffs, beverages or other goods intended for household consumption
- Package travel
- Timeshares and similar holiday products
- Childcare
- Gambling

Key changes

Businesses must now comply with four key elements when managing subscription contracts:

1. **Upfront transparency**

The DMCC Act provides that before entering into a contract with a consumer, a trader must provide to the consumer specified categories of pre-contract information.

The DMCC Act distinguishes between full pre-contract information, covering matters such as the product's main characteristics, the trader's identity, delivery charges, payment arrangements, after-sales services and complaints handling, and key pre-contract information, which highlights the subscription's essential features.

Key pre-contract information includes (but is not limited to):

- An explanation that the consumer will have an ongoing obligation to pay, unless it takes action to end the contract.
- The frequency of subscription payments.
- The minimum total amount for which the consumer will be liable under the contract, considering cancellation rights and periods.
- How the consumer can bring the contract to an end and the amount of notice that a consumer must give.
- The timeframe for reminder notices.

The key pre-contract information must be given:

- Before the consumer enters into the contract.
- In clear and plain language so that the consumer understands it.
- Together as one set of information, but separately from the more general pre-contract information.

The CMA acknowledges that how this is achieved will depend on the medium via which the product is sold, provided that the information is made sufficiently visible to the consumer. Additionally, the DMCC Act specifies additional pre-contract requirements designed to ensure that consumers are clear about what they are signing up to. For instance, for online contracts, the trader must ensure that the last step the consumer is required to take in order to enter into the contract involves an express acknowledgment that the consumer will be obliged to make payments to the trader.

2. **Clear auto-renewal reminders**

Traders are required to send clearly worded and signposted reminder notices containing specified information:

- Once every six months for rolling weekly or monthly subscriptions.
- Before a contract renews for a period of 12 months or more, including an additional earlier reminder.
- Before a free or discounted period ends.

3. **Straightforward cancellations**

A central objective of the reforms is to make it easier for consumers to end subscriptions and prevent unwanted renewals.

From January 2027, traders must provide a straightforward exit process that does not require consumers to take steps that are not reasonably necessary to end the contract. The CMA's approach is that leaving a subscription should be as easy as signing up.

In practice, businesses must provide clear, accessible cancellation information, and avoid unnecessary steps or design choices that obscure the right to cancel or make it harder to exercise.

For online subscriptions, the draft guidance indicates that providing an email address alone will not be sufficient. Traders should instead provide a cancellation button, online form or another website-based mechanism.

After cancellation, traders must issue an end-of-contract notice acknowledging that the consumer has exercised their right to end the subscription.

4. **Cooling-off periods and cancellation rights**

Consumers will now have the right to cancel a subscription contract during two 14-day cooling-off periods:

- After the consumer enters into the contract.
- After a free or discounted period auto-renews, or the contract auto-renews on to a period of 12 months or longer.

Traders must provide cooling-off notices providing details of the consumer's right to cancel. The consumer can cancel during a cooling-off period by notifying the trader of their decision in a clear statement, with the burden of proof falling on the consumer should there be a dispute. The draft guidance also provides detail on the expectations with regards to refunds.

Certain exceptions apply for perishable or bespoke goods. For digital content, the guidance provides that a consumer who wants supply to start during the 14-day initial cooling-off period may choose to waive their right to cancel. The right will be waived if supply commences, provided that the consumer gives their express consent to the trader to commence supply and acknowledges that they are waiving their right to cancel.

Additionally, certain duties on traders are established as implied terms – for instance, the obligation to provide key pre-contract information or provide reminder notices. If breached, the consumer has the right to cancel without penalty within certain periods.

What should businesses do now?

The CMA's strengthened consumer enforcement powers make compliance a significant business priority. In the first 18 months of the UK's new consumer regime, the CMA has pursued an aggressive enforcement agenda opening at least 20 cases and imposing multimillion-pound fines. With significant political will behind these changes, we can expect the CMA to be eager in launching a range of subscription enforcement actions, and it is to be expected that the CMA will be monitoring many businesses already, with a view to identifying possible targets for the first investigations which we expect to be launched soon after these rules come into force.

As a result, for businesses that trade in the UK and rely on a subscription-based monetisation model, it is imperative to review practices and ensure robust compliance. Businesses should:

- Audit the end-to-end consumer journey. Conduct a comprehensive audit of the whole consumer process, including marketing messaging, sign-up process, management of contracts, renewals and contract exit. Assess how the process works in practice, not just what the terms say.
- Review every customer-facing channel. Check websites, apps, social media, in-store materials and other marketing communications to ensure the right information appears at the right time.
- Review consumer contracts and update subscription terms. Ensure that contracts accurately reflect consumer's cancellation and exit rights. Review refund provisions and establish processes for administering refunds.
- Check pre-contract disclosures. Map existing disclosures against the prescribed information requirements. Ensure all required information is provided, is drafted in a clear and straightforward way, and is clearly visible during the sign-up journey.
- Test reminder and cancellation systems. Confirm that renewal and cooling-off notices are triggered correctly, and that consumers can cancel through a straightforward, accessible process.
- Audit the location of your customers. For businesses outside the UK, even when the governing law of a subscription contact is outside the UK, the contract will be subject to the new subscription regime if the contract has a close connection with the UK. If you have UK customers, you need to ensure that your processes embed the above requirements.
- Equip commercial, marketing and customer service teams. Provide clear and practical guidance and training on implementing these rules, so that requirements are reflected consistently in sales materials, customer communications and operational processes.
- Monitor consumer complaints and document remedial action. Complaints may also be made to the CMA or Trading

Standards, so it is important to keep these under review, take prompt remedial action for issues identified and record where you have addressed issues.

With the proposed commencement date approaching, businesses should prioritise changes that require technical development, operational testing or coordination across teams.

The CMA's practice to date in enforcing its direct enforcement powers has been to progress investigations – based largely on publicly available information – at pace with a view to reaching a settlement decision (by which the company in question admits liability in exchange for a reduction in fine) within around six months to one year of the investigation being launched. Companies under investigation can expect to receive significant fines and to be ordered to compensate customers for loss suffered. For further detail, please see our October 2026 alert, UK Consumer Protection Regime – Lessons From the First Investigations by the UK's Competition and Consumer Regulator.

If you have questions on the new subscription rules, please reach out to a member of our team.

In addition, on 11 November 2026, the European Commission published its proposal for a regulation on promoting fair business-to-consumer commercial practices in the offline and digital single market (Digital Fairness Act). It is still a proposal and now goes to the European Parliament and the Council of the European Union. Even so, it is already clear that it will reshape how consumer-facing businesses design, price and sell digital products in the EU. Sign up to our Consumer Retail alerts to receive updates and practical guidance as the proposals develop on the Digital Fairness Act.

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