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California Automatic Renewal Law Amendments Take Effect on July 1, 2025

June 4, 2025

California's recent amendments to its Automatic Renewal Law (ARL), imposing new compliance obligations on businesses offering subscription-based services to California consumers, become effective on July 1, 2025. These amendments follow the Federal Trade Commission's recent updates to its similar Negative Option Rule (the enforcement of which has been largely delayed until July 14, 2025). As July 1 approaches, businesses offering subscription-based services to California consumers should evaluate their compliance posture, particularly with respect to the central changes that we've described below.

Key changes to California's ARL

Stronger consent requirements

The amended California ARL states that businesses must "obtain the consumer's **express affirmative consent** to the automatic renewal or continuous service offer terms" (emphasis added). Businesses must maintain records of this consent to demonstrate compliance for at least three years, or one year after the contract is terminated, whichever period is longer. This requirement is in addition to a requirement that businesses obtain affirmative consent to **the agreement containing the automatic renewal offer terms,** which may be the businesses' terms of service or similar document.

Simplified cancellation

Businesses must provide consumers with a cancellation method that uses either the same medium through which the consumer initially enrolled or the medium the consumer typically uses to interact with the business. If a business allows cancellation by toll-free phone, it must promptly answer calls during business hours without obstructing cancellation, and if a consumer leaves a voicemail requesting cancellation, the business must either process it or return the call within one business day.

Additionally, the law will mandate that businesses that allow a consumer to start an automatically renewing service online must allow a consumer to terminate the service "exclusively online, at will, and without engaging any further steps that obstruct or delay the consumer's ability to terminate the automatic renewal or continuous service immediately." Such businesses will be required to provide a "prominently located direct link or button which may be located within either a customer account or profile, or within either device or user settings," or allow for cancellation via "an immediately accessible termination email formatted and provided by the business that a consumer can send to the business without additional information." While the business may display to a user utilizing this option a discount, save offer or information regarding the effects of cancellation, it must simultaneously display a prominent and proximately displayed "click to cancel" button.

Annual reminders for all subscriptions

Businesses must now send an annual reminder to consumers in the same medium used for the original transaction or regular communication, disclosing the product or service to which the autorenewal applies, the frequency and amount of charges, and how to cancel the renewal.

Notice requirements for price changes, free trials and promotions, and subscriptions one year or longer

If a business changes the fee for an existing automatic renewal or continuous service, it will be required to notify the consumer at least seven days and no more than 30 days before the new fee takes effect, along with information regarding how to cancel in a manner that is capable of being retained by the consumer.

Additionally, businesses will be required to provide a notice between three and 21 days before the expiration of

a free or promotional period lasting for more than 31 days that will convert to a paid subscription. For automatic renewal offers or continuous service offers with an initial term of one year or longer, a notice must be provided to consumers at least 15 days and not more than 45 days before the automatic renewal offer or continuous service offer renews. In either case, the notice must state that the subscription will renew automatically unless canceled, specify the renewal term and cost (including frequency), provide cancellation methods and a direct link or method to cancel online, and include business contact information.

What businesses should do now

While the above amendments are among the most notable, businesses should be aware of other important changes. For example, the amended ARL will now prohibit misrepresentations or omissions related to the **entire transaction** in addition to misrepresentations specifically about the automatic renewal terms.

With the July 1, 2025, effective date approaching, companies should review and update subscription flows, disclosures, notices, and cancellation processes to ensure they comply with the new and existing California ARL requirements. Failure to comply with the ARL can result in enforcement actions by the California attorney general and district attorneys, as well as private plaintiffs, who are highly active in this space.

Cooley is well versed in the laws and regulations governing negative option features and can help companies navigate these new requirements. If you have questions about how the updated California ARL may impact your business, please contact any member of the Cooley team listed below.

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