

Automatic Renewal Provisions in Consumer Contracts

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Issue

Summarize the laws on automatic renewal provisions in consumer contracts.

Summary

Both state and federal law address automatic renewal provisions, which are provisions in a consumer contract that allow a business to renew the agreement without any action by the consumer.

Federal law requires consumer Internet transactions involving these types of provisions to disclose their material terms, get the consumer's express informed consent before collecting payment, and have a simple way to stop recurring charges ([15 U.S.C. § 8403](#)).

Connecticut law regulates consumer agreements that include an automatic renewal or a continuous service provision entered into or amended beginning on October 1, 2023, with some exceptions. The law requires:

1. these agreements to disclose, among other things, (a) renewal or continuous service terms and how to prevent renewal or terminate continuous service; (b) material changes before they take effect; and (c) certain information about free gifts, trial periods, or discounted or promotional price periods;
2. consumers to affirmatively consent to the automatic renewal or continuous service;

3. businesses entering into these agreements online to allow consumers to cancel online, without requiring additional action, either through a link or button or an email; and other businesses to provide one of those options or a telephone number for cancellation; and
4. businesses to send annual reminders to consumers about how to cancel the automatic renewal or continuous service and the frequency and amount of charges ([CGS § 42-158ff](#), as amended by [PA 25-44](#), § 7, & [PA 25-113](#), § 20).

Federal regulations previously addressed consumer transactions with these types of provisions, including prohibiting misrepresentations of material facts, requiring information disclosures, and requiring a simple cancellation method. But these regulations were challenged in court and withdrawn as of February 12, 2026 ([91 Federal Register 6509](#)). On March 11, 2026, the Federal Trade Commission [announced](#) that it was seeking public comment on an advance notice of proposed rulemaking on this topic.

Federal Law on Internet Consumer Transactions

Federal law regulates consumer Internet transactions with a “negative option feature.” This type of transaction is a sale of goods or services that occurs unless the consumer affirmatively rejects the goods or services or cancels the agreement. For a person to charge a consumer for one of these transactions, the person must:

1. clearly and conspicuously disclose in text all the transaction’s material terms before taking the consumer’s billing information,
2. get the consumer’s express informed consent before using the consumer’s credit or debit card or other account information for the transaction, and
3. provide a simple way for the consumer to stop recurring charges from being placed on the card or account ([15 U.S.C. § 8403](#)).

The Federal Trade Commission enforces these provisions, and a violation is an unfair or deceptive trade practice. A state attorney general can also bring an action to enforce these provisions ([15 U.S.C. §§ 8404 & 8405](#)).

Federal regulations on telemarketing sales also include provisions on disclosing information about negative option features ([16 C.F.R. part 310](#)).

Connecticut Law

Applicable Transactions

State law regulates consumer agreements with an automatic renewal or continuous service provision entered into or amended beginning on October 1, 2023. But it generally does not apply to agreements for services provided by certain banks or a business that (1) operates under a franchise from a political subdivision or an authorization from the Public Utilities Regulatory Authority (PURA); (2) is regulated by PURA, the Federal Communications Commission, the Federal Energy Regulatory Commission, or the state Insurance Department; or (3) provides a global or national service largely of audiovisual content ([CGS § 42-158ff](#), as amended by [PA 25-44](#), § 7, & [PA 25-113](#), § 20).

Agreement Requirements

The law requires agreements with automatic renewal or continuous service provisions to:

1. have a phone number, email or postal address, or online method (see below) that the consumer can use to stop the automatic renewal or continuous service;
2. disclose before any automatic renewal, (a) that the renewal will occur unless the consumer stops it, (b) how to stop it, (c) the recurring charges for the automatic renewal and the amount of any changes, (d) the length of the renewal unless selected by the consumer, (e) any additional provisions about the term or minimum purchase obligation, and (f) the business' contact information;
3. disclose before entering a continuous service agreement, (a) that the service is provided until the consumer stops it, (b) how to stop it, (c) recurring charges for the service and the amount of any changes, (d) any additional provisions and minimum purchase obligations, and (e) the business' contact information;
4. clearly and conspicuously disclose any material changes to the automatic renewal or continuous service terms before they take effect and how the consumer can stop the automatic renewal or continuous service;
5. clearly and conspicuously disclose to the consumer, before entering an agreement with certain types of free gifts or a trial period, the price after the period expires and how it will change;
6. clearly and conspicuously disclose (at specified times) to the consumer, if the agreement is offered electronically or over the phone and includes certain types of free gifts, a trial period, or a discounted or promotional price period, (a) that the service will automatically renew or continue until the consumer stops it; (b) the duration of the renewal term or continuous service; (c) any additional provisions about it; (d) how the consumer can stop the services; and (e) if offered electronically, a prominently displayed link or button or an email for cancellation (see below).

Businesses cannot charge a consumer's credit or debit card or other payment account unless the consumer affirmatively consents to the automatic renewal or continuous service ([CGS § 42-158ff](#), as amended by [PA 25-44](#), § 7, & [PA 25-113](#), § 20).

Cancellation Method

Businesses that enter automatic renewal or continuous service agreements online must allow consumers to stop the renewal or continuous service online without requiring other actions through (1) a prominently displayed link or button on the consumer's account, profile, device, or user setting or (2) an email that the consumer can reply to without any additional information.

Other businesses entering these agreements must provide one of the methods above or allow cancellation through a telephone number that is clearly and conspicuously displayed on the business's website.

A business can require consumers to enter their account information or authenticate their identities online (a consumer who does not enter this information online can use other cancellation methods) ([CGS § 42-158ff](#), as amended by [PA 25-44](#), § 7, & [PA 25-113](#), § 20).

Cancellation by Telephone. If the business allows consumers to stop renewal through a telephone number, the business must promptly answer all calls made to the number during normal business hours. Within one business day of a consumer leaving a voicemail, the business must (1) process the request or (2) return the consumer's telephone call regarding the consumer's intentions. If the voicemail includes enough information for the business to prevent or terminate the agreement, the business may return the consumer's telephone call, but must effectuate the prevention or termination within one business day after the voicemail was left if the business is unable to reach the consumer.

If a consumer makes a request to stop automatic renewal or a continuous service through a telephone call, the business may present the consumer with a discounted offer, a retention benefit, or information on the effect of the request. Prior to doing so, the business must clearly and conspicuously inform the consumer that the consumer may complete the request at any time by stating his or her intention to "cancel" or by saying similar words. If the consumer states these words, then the business must promptly process the request ([CGS § 42-158ff](#), as amended by [PA 25-44](#), § 7, & [PA 25-113](#), § 20).

Annual Reminder

A business that enters into one of these agreements must send the consumer an annual reminder that includes:

1. a statement identifying the goods or services subject to the agreement and how to prevent renewal or terminate the continuous service and
2. the frequency and amount of charges associated with the automatic renewal or continuous services under the agreement.

The reminder must be sent:

1. in the same way the consumer activated the automatic renewal or continuous service provision, if it was activated by any means other than in-person or
2. by the means in which the consumer is used to interacting with the business, if it is by email, mail, or telephone.

If neither of the above provisions applies, the notice must be sent by either email, mail, or telephone ([CGS § 42-158ff](#), as amended by [PA 25-44](#), § 7, & [PA 25-113](#), § 20).

Penalties

A violation of these provisions is a Connecticut Unfair Trade Practices Act (CUTPA) violation ([CGS § 42-158ff](#), as amended by [PA 25-44](#), § 7, & [PA 25-113](#), § 20). By law, CUTPA allows the consumer protection commissioner, under specified procedures, to investigate complaints, issue cease and desist orders, order restitution in certain cases, impose civil penalties of up to \$5,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney's fees; and impose civil penalties of up to \$5,000 for willful violations and up to \$25,000 for a restraining order violation.

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