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NEW UK SUBSCRIPTION RULES: WHAT BUSINESSES NEED TO DO BEFORE 1 JANUARY 2027

The UK's new consumer subscription regime is due to take effect on 1 January 2027. The Government has now published draft implementing regulations¹ and detailed guidance² explaining how the regime under the Digital Markets, Competition and Consumers Act 2024³ ("DMCCA") will operate in practice.

The changes go well beyond updating terms and conditions. Businesses may need to modify sign-up journeys, apps, billing and CRM systems, customer communications, cancellation processes, refund arrangements and record-keeping.

WHICH SUBSCRIPTIONS ARE CAUGHT?

The regime applies broadly where a consumer pays for goods, services or digital content supplied on a recurring or continuing basis and the contract renews or continues unless the consumer takes steps to end it. It also covers free or discounted introductory offers that automatically convert into paid or higher-priced subscriptions.

Examples include:

- + streaming, software and digital-content subscriptions;
- + gym, wellness and other recurring memberships;
- + "subscribe and save" arrangements;
- + recurring product deliveries; and
- + free or discounted trials that convert automatically into paid subscriptions.

The rules can also apply where a subscription is ancillary to a business's main offering, such as a recurring servicing or delivery arrangement. They are not limited to businesses operating principally through subscription models.

Certain contracts are excluded, including specified utilities, financial services, telecommunications, accommodation, healthcare, travel and childcare arrangements.

The regime is also relevant to overseas businesses offering subscriptions to UK consumers. International businesses operating global subscription platforms should therefore consider whether UK-specific changes are required to their sign-up, renewal and cancellation journeys.

¹ The Consumer Subscription Contracts (Cancellation and Information) Regulations 2026 draft, https://www.legislation.gov.uk/ukdsi/2026/9780348287912/pdfs/ukdsi_9780348287912_en.pdf

² Draft Guidance on Consumer Subscription Contracts, <https://assets.publishing.service.gov.uk/media/6acf97da2de3184ccf8b814e/subscription-contracts-rules-guidance.pdf>

³ Digital Markets, Competition and Consumers Act 2024, <https://www.legislation.gov.uk/ukpga/2024/13/contents>



CHARITABLE MEMBERSHIPS

The regulations and guidance provide welcome clarification for charities. Certain memberships are excluded where they allow consumers to view property preserved, maintained, kept or created by the charity, or performances or films produced or hosted by it, in furtherance of the charity's purpose.

This may include memberships providing access to museums, galleries, historic properties, heritage sites, gardens and wildlife attractions, as well as theatre, music, dance, film and other performances. Ancillary benefits, such as priority booking, discounts or free parking, do not necessarily prevent the exclusion from applying.

An arrangement that is simply a donation may fall outside the regime for a different reason: if the charity is not contractually required to provide goods, services or digital content in return, there may be no subscription contract at all.

WHAT ABOUT SUBSCRIPTIONS ALREADY IN PLACE?

The new regime will apply to subscription contracts entered into on or after 1 January 2027. A contract entered into before then will not become subject to the new subscription regime merely because it continues or renews automatically after that date. The guidance nevertheless identifies applying the new standards to existing subscriptions as best practice.

Existing subscriptions will not be unregulated. They will remain subject to the consumer protection rules applicable to them, including existing requirements concerning pre-contract information, cancellation, unfair terms and unfair commercial practices. Businesses should not assume that a practice falling short of the new standards is necessarily lawful under the existing rules.

Businesses should also consider whether changes made after 1 January 2027 amount merely to the continuation or variation of an existing contract, or result in the consumer entering into a new contract. For example, a replacement agreement, cancellation and re-subscription or movement onto materially different terms may require closer analysis. The answer will depend on the contractual arrangements rather than the label attached to the change.

WHAT DOES THE NEW GUIDANCE MEAN IN PRACTICE?

1. Key information must be prominent at sign-up

Before a consumer subscribes, the business must provide prescribed key pre-contract information clearly and prominently. This includes:

- + whether the contract will renew or continue automatically;
- + the frequency and amount of payments;
- + the minimum total amount the consumer may have to pay;
- + any minimum commitment or notice period;
- + how and when the consumer can end the contract; and
- + relevant cooling-off rights.

The guidance provides practical detail on presentation. For online sales, the key information should be displayed together and brought clearly to the consumer's attention before they subscribe. It should not be buried in terms and conditions or hidden behind an inadequately labelled link.

For telephone sales, the information must be explained clearly. For in-person sales, it must be provided legibly and in writing.

Businesses must also provide or make available the wider full pre-contract information, including details about the product, trader, payment and delivery arrangements, complaints and statutory rights. While some of this wider information may be accessible through an appropriately prominent link, the key subscription information requires particular prominence.

Businesses should review the entire sign-up journey, including advertising, landing pages, checkout screens, apps, telephone scripts and payment acknowledgements, rather than focusing only on contractual terms.

2. Reminder notices will require systems changes

Businesses must send clear reminders before consumers become liable for certain renewal payments.

Depending on the subscription, reminders may be required:

- + before a free or discounted period converts into a paid or full-price subscription;
- + during each relevant six-month period for rolling subscriptions; and



- + before renewal for a period of 12 months or more, with an additional earlier reminder.

The notice must give the consumer sufficient time to understand the upcoming payment and, if they choose, cancel before becoming liable. It must identify the payment amount and date and explain how to end the contract.

Reminder notices must be given on a durable medium, such as email, paper or SMS. A disappearing push notification would not generally be sufficient. Marketing material may be included, but must not overshadow the prescribed information.

Each subscription model should be mapped against the applicable reminder timetable, and CRM and billing systems must be able to generate, deliver and retain evidence of the required notices.

3. Cancellation must be genuinely straightforward

Consumers must be able to end a subscription without unnecessary steps or repeated contact with the business.

Where a consumer subscribes online, an online cancellation route must also be available. The guidance indicates that cancellation should be offered through the same online medium used to subscribe. If a consumer subscribes through an app, for example, the cancellation route should also be available within the app.

A particular “cancel” button is not mandatory. A clear webform may be sufficient, but simply providing an email address will not generally meet the requirement.

Businesses may ask for feedback or present retention offers, but these must be optional and must not obstruct or delay cancellation.

Once a subscription ends, the business must also provide written confirmation on a durable medium. The operational process must therefore stop future billing and trigger the appropriate end-of-contract notice.

The practical implication is that businesses should test cancellation routes end-to-end across websites, apps and customer-service channels, including whether a submitted cancellation is correctly recorded and stops the relevant payments.

4. Cooling-off rights and refunds vary by product

Consumers will generally have an initial 14-day cooling-off period after entering into a subscription contract.

A further 14-day cooling-off period may arise:

- + when a free or discounted introductory period converts to a full-price subscription; and
- + when a subscription renews for a period of 12 months or more.

Businesses must provide the prescribed cooling-off notices. Failure to do so may extend the relevant cooling-off period.

The financial consequences of cancellation depend on what the subscription covers and what the consumer has already received. Different rules apply to goods, hired or perishable goods, services, digital content and mixed contracts.

For example:

- + consumers cancelling subscriptions for goods will generally be entitled to a refund, although goods may have to be returned and deductions may be permitted for excessive handling;
- + for services, consumers may have to pay for the proportion already supplied; and
- + for digital content, the position may depend on whether the consumer agreed to immediate supply and acknowledged the effect on cancellation rights.

Businesses should map cooling-off and refund outcomes separately for each subscription product rather than relying on a single cancellation policy.

5. Non-compliance may create additional cancellation rights

Failure to comply with certain obligations may itself give consumers a statutory right to cancel. Relevant breaches include failures concerning:

- + key pre-contract information;
- + reminder notices;
- + the timing specified for reminders; and
- + straightforward cancellation arrangements.

Where the consumer exercises this right, future obligations fall away and the consumer may be entitled to a refund.



Consumers may sometimes have more than one cancellation right available, such as a cooling-off right and a right arising from the trader's breach. Unless the consumer chooses otherwise, the rules generally treat the consumer as exercising the right that produces the most advantageous outcome.

Customer-service teams must be able to identify why the customer is cancelling because different rights can produce different refund consequences.

6. Compliance must be capable of being proved

In a dispute, the trader generally bears the burden of proving that the prescribed information and notices were provided correctly. The consumer bears the burden of showing that they gave notice to cancel and when it was sent.

Businesses should retain evidence of:

- + the information displayed when the consumer subscribed;
- + the version of the customer journey and terms applying at the time;
- + when and how reminder and cooling-off notices were sent;
- + cancellation requests and the route used;
- + end-of-contract communications; and
- + refunds and how they were calculated.

A compliant process is of limited value if the business cannot demonstrate that it operated correctly for the individual consumer.

WHAT SHOULD BUSINESSES DO NOW?

Businesses should prepare not only for subscriptions entered into from 1 January 2027, but also decide how they will manage their existing subscriber base.

The principal steps are to:

1. Map subscription products and determine which are caught or excluded.
2. Distinguish existing subscriptions from contracts entered into from 1 January 2027, including identifying circumstances in which

current customers may be moved onto new contracts.

3. Decide how existing subscribers will be treated. Maintaining separate customer journeys indefinitely may be legally possible but operationally cumbersome.
4. Review the complete customer journey, from advertising and sign-up through to renewal, reminders, cancellation and refunds.
5. Update CRM and billing systems to generate the required notices and retain evidence that they were sent.
6. Test cancellation routes end-to-end, including website, app and customer-service processes.
7. Map cooling-off and refund outcomes for each type of subscription.
8. Train marketing, product, technology, compliance and customer-service teams on the new requirements.

For many businesses, the most practical approach may be to apply much of the new customer-facing standard across their subscriber base rather than operate two substantially different processes. This might include clearer communications, easier cancellation and improved reminder and record-keeping functionality.

However, the legal rights applicable to pre- and post-1 January 2027 contracts will not necessarily be identical. Businesses should therefore consider carefully how existing customers are treated and whether any migration to new terms could amount to entry into a new subscription contract.

ENFORCEMENT

There will be no statutory grace period after the regime takes effect. The CMA has said that its initial focus will include supporting businesses to comply and that genuine implementation efforts will be relevant to its approach.⁴ Enforcement will nevertheless be available from the outset, particularly for serious practices or conduct already clearly addressed by existing consumer law.

⁴ CMA, Direct consumer enforcement: 18 months on, <https://competitionandmarkets.blog.gov.uk/2026/10/14/direct-consumer-enforcement-18-months-on/>



The wider consequences of non-compliance are significant. Under its direct consumer enforcement powers, the CMA can impose penalties of up to 10% of annual worldwide turnover for relevant breaches.

FINAL THOUGHTS

Businesses should now decide how they will comply for new subscriptions from 1 January 2027 and how they will manage existing customers in a way that is legally sound, operationally workable and consistent from a consumer perspective. The new regime should be treated as a business-wide implementation project, not simply an update to consumer terms.

Our Consumer Regulation, Compliance and Disputes team can assist with subscription readiness reviews, customer-journey and cancellation audits, consumer terms and communications, implementation and record-keeping requirements, staff training and responses to complaints or CMA scrutiny.

If you would like to discuss how the new regime applies to your subscription offering, please get in touch.

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