

# SPOTLIGHT ON SUBSCRIPTION CONTRACTS: WHAT THE GOVERNMENT'S DMCCA CONSULTATION RESPONSE MEANS FOR BUSINESSES

On 2 April 2026, the Department for Business and Trade published its long-awaited [response](#) to its consultation - which ran from November 2024 to February 2025 - on the UK's new subscription contracts regime in the Digital Markets, Competition and Consumers Act 2024 (the DMCCA). As noted in [our earlier briefing](#), this new regime is aimed at alleviating the problems caused by so-called "subscription traps" – models that entice consumers to sign up using free or low-cost trial periods, and then either fail to alert them about the end of the trial period, auto-renew, or make it unreasonably difficult for the consumer to cancel.

The government anticipates that the regime will commence in **spring 2027** and expects businesses to have time to prepare, supported by guidance. We highlight below the key themes arising from the response and some practical implications for businesses.

## Cooling-off periods and refunds

A key pillar of the new regime is a multi-stage structure whereby consumers will have two 14-day cooling-off periods in which they can cancel a subscription without penalty: (1) an initial cooling-off period when they enter a contract, and (2) a renewal cooling-off period after a trial or 12-month (or longer) contract auto-renews.

In addition, across all product categories, where a consumer is due a refund after having cancelled, the trader must issue the refund without undue delay and within 14 days of cancellation (or, for returnable goods, within 14 days of receiving the returned goods), using the same payment method unless otherwise agreed. The government rejected industry support for a longer timeframe, noting that businesses should already be familiar with this requirement under the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 (CCRs). The cooling-off periods raise some questions over how refunds will work in practice for different product categories:

- **Goods:** for returnable goods, consumers must receive a full refund provided they return the goods. Where goods are perishable or bespoke, consumers must

receive a full refund if they cancel before the goods are supplied; if they cancel afterwards, the trader may reduce the refund by the cost of those goods. Notably, for the supply of perishable or bespoke goods only, the initial cooling-off right must be exercised within 14 days of entering the contract - rather than 14 days from the date of receipt of the goods.

- **Services:** refunds for services must be proportionate: if supply has not commenced, the consumer must receive a full refund; if supply is ongoing, the trader may require the consumer to pay an amount proportionate to the part of the contract performed. The government acknowledged industry concerns about the risk of consumers making extensive use of a service and then cancelling for a near-full refund, but concluded that a proportionate refund model should appropriately balance consumer and business interests while maintaining consistency with the existing CCRs.
- **Digital content:** the government has retained the well-established CCRs mechanism under which a consumer can waive their initial cooling-off right for digital content (by consenting to supply starting immediately). For the renewal cooling-off period, however, consumers will have a right to cancel and receive a proportionate refund. The government was not persuaded that there is a substantial risk of "binge and cancel" behaviour after auto-renewal, and rejected industry calls for a "tacit consent" waiver model.
- **Extended cooling-off periods for non-compliance:** if a trader fails to inform a consumer of their cooling-off rights, the cooling-off period will be extended to 14 days after the consumer is appropriately informed (up to a maximum of 12 months). During the breach period, consumers will not be required to pay for non-returnable goods, services or digital content if they cancel. This approach is consistent with the existing CCRs framework.

**Practical implications for businesses:** businesses operating subscription models across goods, services and/or digital content will need to review their cooling-

off and refund processes. Proportionate refund calculations will require clear contractual pricing structures, and businesses will need to be able to calculate and issue refunds on an appropriate (e.g. time-apportioned) basis. Digital content suppliers should take particular note of the differences between the initial and renewal cooling-off periods. Getting notice obligations wrong can generate significant risk, and compliance processes for informing consumers should be robust.

### Contractual terms for exiting a contract

The government will legislate to prevent the use of contractual terms that have the purpose or effect of making it disproportionately difficult for consumers to cancel an auto-renewal of their contract. For example, terms that restrict cancellation of an auto-renewal to a narrow window (e.g. 30/60 days before renewal) would fall foul of the new rules. It will also ensure that traders cannot make consumers liable for a renewal payment before the contract actually renews onto a new contract period.

**Practical implications for businesses:** businesses will need to review their existing subscription terms and assess compliance of their auto-renewal provisions with the new requirements. As we noted when the DMCCA was first introduced, subscription-based revenue may become less "sticky" as a result of these changes, with potential consequential impacts on how businesses structure their contracts and customer relationships going forwards.

### Easy exit – no further legislation but more guidance

The DMCCA requires that consumers must be able to exit subscription contracts in a straightforward way, without unnecessary hurdles. The government confirmed that it does not intend to legislate further in this area, but will instead publish guidance - in particular, to address the following points:

- An **"online" exit** generally means the consumer must be able to exit via the same online medium they used to sign up, e.g. via a clearly labelled button on the trader's website or app, or a webform. Providing an email address is unlikely to be sufficient.
- A **"straightforward" exit** is more likely to be met if a consumer can conclude the exit process within a short period of time and without having to contact the trader multiple times.
- **Offers and feedback requests** should not prevent the consumer from exiting quickly and easily. There should not be an unreasonable number of offers, and feedback

must not be compulsory. Importantly, the government has confirmed that a consumer cancelling a Direct Debit with their bank does not constitute an online exit mechanism – the consumer must be able to bring the contract to an end through arrangements put in place by the trader.

**Practical implications for businesses:** businesses should keep watch for the eventual release of such guidance but may in the meantime wish to consider what steps (if any) need to be taken towards compliance. Customer journey and cancellation processes will need to be reviewed, and as we highlighted in our earlier briefing, the lead time to make the necessary technical changes to that journey may require businesses to act sooner rather than later.

### Cancellation remedies for breach of implied terms

Where a trader breaches certain implied terms under the DMCCA (e.g. failing to send a reminder notice), the consumer will have a right to cancel and receive a refund. This refund is presumed to cover all payments from when the breach became operative until the contract is cancelled, subject to certain safeguards for the trader (including a 12-month limitation period and the ability to rebut this presumption if the consumer unreasonably delays exercising their cancellation right).

The government has confirmed that it will include in legislation a list of specific breaches for which consumers will not need to prove financial loss. This list is expected to include: (1) failing to give the consumer certain key pre-contract information; (2) failing to send a reminder notice or include the information required by the DMCCA; and (3) setting an unreasonable period for when reminder notices will be sent. For these breaches, consumers will automatically be entitled to a refund of at least one renewal payment.

**Practical implications for businesses:** the introduction of a specific list of "automatic refund" breaches will raise the stakes for non-compliance. Businesses will need to consider whether any system / process enhancements are appropriate to ensure pre-contract information and reminder notices are timely and accurate.

### Information notices and pre-contract information

The DMCCA requires traders to provide pre-contract information and to send information notices (reminders, cooling-off notices and end of contract notices) at specified points during a subscription's lifecycle. The government has made clear that it will legislate so that:

- reminder notices and cooling-off notices must be given in writing on a durable medium, and the purpose of the notice must be immediately apparent to the consumer;

- cooling-off notices must include information about the costs of returning goods after exercising a renewal cooling-off right; and
- end of contract notices must include prescribed information in a way that is more prominent than any other information provided at the same time.

**Practical implications for businesses:** businesses will need to audit their existing communication workflows to

ensure they can deliver notices in a compliant format. Particular attention should be paid to the "durable medium" requirement, as not all forms of digital communication may satisfy this.

*There is a lot of content to digest in the consultation response, and a number of key changes coming in the near future which businesses will need to prepare for. Should you require any assistance with your compliance efforts, feel free to contact a member of our consumer team.*

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