

# VISA Requirements for Subscription Merchants Offering Free Trials and Introductory Promotions

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A negative option is an arrangement in which goods or services are automatically sent to a consumer unless notification is sent to the merchant to terminate the agreement.

Visa requires that merchants offering free/reduced-price offers or trials must communicate terms at the following intervals:

1. Before purchase.
2. Immediately after the first transaction.
3. Seven days before the free trial or reduced offer concludes.

These requirements were introduced in April 2020, with additional rules added in April 2021. The Visa rules conform to and will help you comply with Federal requirements concerning negative option marketing plans.

The specifics are detailed below.

1. **Before the transaction** is completed, the merchant must:
  1. Disclose to the cardholder:
    1. Merchant name
    2. Description of the product, services, or digital goods being offered
    3. Length of the trial period or introductory offer
    4. The subscription/recurring charges if the customer does not cancel
    5. Date trial begins or initial transaction date
    6. Initial transaction amount (if applicable)
    7. Date and amount of subsequent transactions
    8. Last four digits of the card used in the purchase
    9. Cancellation policy
  2. Obtain express cardholder consent for any following transactions during the original sale. If the transaction is e-Commerce, consent should be obtained through a "click to accept" button on the checkout page that makes clear to the consumer they will incur charges.
2. **Immediately after the first transaction:** The merchant will send the cardholder a transaction receipt - even for a \$0 purchase - that includes all the information on the above disclosure list plus:
  1. Confirmation, the customer, has agreed to the free trial, introductory offer, and/or the subsequent subscription/recurring transaction;
  2. Instructions on how to cancel subscription/recurring charges.
3. **Seven days before the trial or introductory period ends:** Merchant must remind the cardholder of the upcoming subscription/recurring transaction. The communication must include the cancellation policy and instructions on canceling subscription/recurring charges. For ANY subscription or recurring charge where a price change or billing period changes, the merchant must communicate explicit information about the change, the cancellation policy, and instructions on canceling subscription/recurring charges.
4. **Add trial to the merchant descriptor:** An enhanced descriptor (e.g., "end trial") for the first transaction at the end of a trial/discounted promotional period is intended to provide further notice to the cardholder that the trial/discounted introductory offer/promotional period has ended. The regular

price now applies to the subscription. It is not required for subsequent transactions. This descriptor will be included on the cardholder's statement in the same way other discretionary data or invoice/order numbers appear for e-commerce transactions.

1. The enhanced descriptor (e.g., "end trial") is to be included in the Merchant Name field of the clearing record for the first transaction at the end of a trial/discounted promotional period to provide further notice to the cardholder that the trial has ended. The regular price now applies to the subscription. It is not required for subsequent transactions.
2. Visa does not restrict the word choice of the enhanced descriptor. If the merchant can identify to the cardholder and issuer that the recurring transactions result from a subscription that began with a trial period/discounted introductory offer/promotional period. Merchants may use other language or transaction-specific details (e.g., universal resource locator [URL] or order number) to help the cardholder identify their trial period, discounted introductory offer, or promotional period has ended, and the regular price now applies to the subscription.
3. Alternatively, the merchant may use the Merchant City field to include the descriptor in place of a URL or customer service phone number/email address. For this option, the merchant's acquirer must be able to include dynamic information in this field.

Visa has indicated that to win disputes of free trial merchants with dispute reason code 13.5 (Misrepresentation); the following compelling evidence should be used:

- (1) Proof that the cardholder expressly agreed to future purchases during the initial transaction.
  - (2) Evidence that the merchant notified the cardholder of future transactions at least seven days before the transaction date.
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