

Advertising of "free trials" and promotional offer subscription services

Who we are

We are the <u>Committee of Advertising Practice</u> (CAP). We write the advertising rules, which are enforced by the Advertising Standards Authority (ASA), the UK's independent advertising regulator. You can read about the UK advertising regulatory system on the ASA website.

Why are we contacting you?

The subscription model has seen significant growth in the last five years and "free trial" offers can be a highly effective way to engage consumers. Ads for "free trials" or promotional subscription offers are not intrinsically problematic, but problems can arise when a consumer unknowingly enrols onto an ongoing payment plan. This situation has been described as a "subscription trap". Such ads can mislead consumers if they:

- Omit significant conditions, or;
- Fail to make significant conditions sufficiently clear

We are aware of some advertisers, in different sectors of the subscription services market, who are not currently adhering to the rules.

If you advertise in the subscription services market, please immediately review your advertising with reference to the Guidance section below and make any changes required. If we see continued problems in this area after **27 April 2023**, we will take targeted enforcement action to ensure a level playing-field. This may include – where advertisers are unwilling to comply – working with our enforcement partners to ensure non-compliant marketing content does not appear on their platforms.

Scope



This notice applies to digital ads in the subscription services market, which promote a "free trial" or other promotional subscription offer that enrol the customer in an ongoing payment arrangement in order to take advantage of the trial, where the paid subscription continues after the trial period, unless cancelled.



It does not apply to business practices involved in "free trial" or other promotional offer subscription models beyond advertising e.g. problems cancelling the subscription, use of personal data.



This notice does not apply in instances where consumers do not need to submit their bank details to access the trial or where, if they do, they do not need to cancel during the trial to avoid charges. It also does not apply to other claims in ads for "free trials" or other promotional offers not related to the offer itself e.g. efficacy claims for the product are not covered by the scope of this notice. These claims, however, must also comply with the Code.

While the Code applies to marketing communications in all media covered by the CAP Code, the focus of this particular Notice is ensuring compliance in ads appearing online.





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Guidance

Significant conditions

Ads for a "free trial" or promotional offer must communicate all significant conditions likely to affect a consumer's decision to participate. If significant conditions are not displayed with sufficient prominence, the ad is likely to break the rules. To clarify, this means stating "T&Cs apply" is not sufficient; the significant conditions must be stated in the ad.



Remember – ads must make clear:

- Whether a paid subscription starts automatically (after the trial) unless cancelled
- The extent of the financial commitment if the subscription is not cancelled (during the trial), and
- Any other significant conditions: for example, costs to participate.

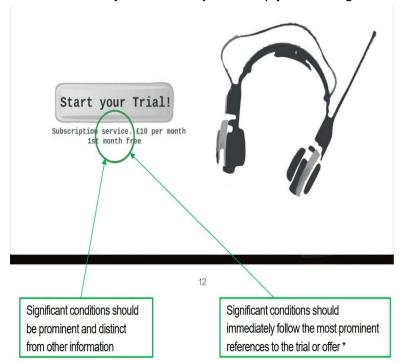
Placement of significant conditions



Ensure that significant conditions:

- Are immediately visible, <u>prominent</u> and distinct from other information (<u>popups are not sufficient</u>)
- Immediately follow the most prominent references to the trial or offer
- Are clear and legible both in size and clarity of font.

The example below is intended as a best-practice aid for compliance. Please note that it is not prescriptive and there may be other ways to comply with this guidance:

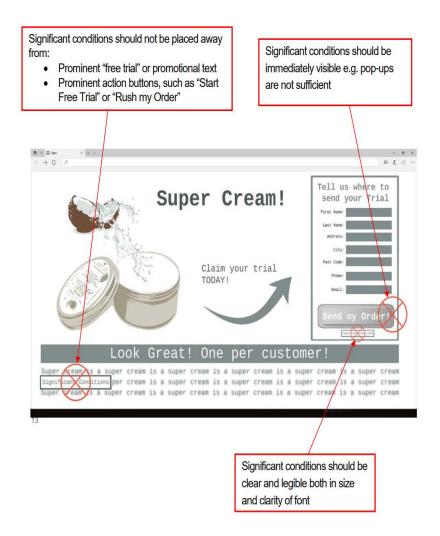






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Previous ASA rulings have also indicated what marketers should **<u>not</u>** do in order to comply with the Code



Digital ads significantly limited by time or space

Digital marketing communications that refer to a promotion and are significantly limited by time and space must include as much information about significant conditions as practicable:



- For example, an image could be included that clearly states the relevant conditions
- In some rare circumstances, it may be acceptable for an ad to direct consumers to an alternative source where all significant conditions of the promotion are prominently stated, provided they are easily accessible





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- Only in extreme circumstances will a media type be considered "significantly restricted by time or space". This is likely to be limited to sponsored ads on search engine sites and extremely small banner ads.
- If it is not possible to include significant conditions within an ad, you should carefully consider whether the media type in question is suitable to promote such an offer.

Relevant CAP Code rules:



- 3.1 Marketing materials must not mislead or be likely to do so
- **3.10** Qualifications must be presented clearly. CAP has published Advertising Guidance on Misleading advertising: use of qualifications
- **3.23** Marketing communications must make clear the extent of the commitment the consumer must make to take advantage of a "free" offer
- **8.17** All marketing communications or other material referring to promotions must communicate all applicable significant conditions or information where the omission of such conditions or information is likely to mislead.
- **8.18** Marketing communications that include a promotion and are significantly limited by time or space must include as much information about significant conditions as practicable and must direct consumers clearly to an easily accessible alternative source where all the significant conditions of the promotion are prominently stated. Participants should be able to retain those conditions or easily access them throughout the promotion.

Want more? See CAP's advice on: "Free trials" or other promotional subscription offers

Or contact the CAP <u>Copy Advice team</u>, which offers a free and confidential bespoke pre-publication advice service

