

Reminder and Clarification: Updated Policy for Subscription Merchants Offering Free Trials or Discounted Introductory Promotions

Global | Acquirers
 Visa Network



Overview: Visa is providing further clarification on changes to acceptance and disclosure policies for transactions at merchants that offer free trials or discounted introductory promotions as part of an ongoing subscription service.

As announced in the 20 June 2019 and 26 September 2019 editions of the *Visa Business News*, **effective 18 April 2020**, Visa is updating acceptance, disclosure and dispute policies for transactions at merchants that offer free trials or discounted introductory promotions as part of an ongoing subscription service.

As a reminder, with these changes, cardholders will be provided clearer information that will enable them to identify and take action on subscription transactions, reducing the number of transactions that result in disputes.

FAQs

Since these changes were announced, Visa has received requests from clients, merchants and other partners to further explain and clarify certain requirements. Some additional frequently asked questions are answered below.

Mark Your Calendar: 18 April 2020

- Updated acceptance, disclosure, notification and cancellation requirements effective
- Dispute rights for issuers expanded under Dispute Condition 13.5—Misrepresentation

| Question | Answer |
|---|---|
| <p>What types of promotions or introductory offers are in-scope of the updated policy?</p> | <p>The updated policy applies to merchants that provide goods / services via a subscription service (i.e., a recurring transaction), where the subscription agreement with the cardholder includes either of the following:</p> <ul style="list-style-type: none"> • Free Trial: An initial period at zero cost to the cardholder to use the merchant’s service before the merchant’s regular price is applied for ongoing usage of the subscription. • Discounted Introductory Offer or Promotional Period: An initial period with a preliminary cost to the cardholder that is <u>clearly marketed, communicated, advertised or promoted</u> to the cardholder as a <u>discount to the merchant’s regular price</u> before the merchant’s regular price is applied for ongoing usage of the subscription after the initial discounted period. <p>The updated policy does not apply in the following scenarios:</p> <ul style="list-style-type: none"> • Where the cardholder uses a discount code / voucher to reduce the merchant’s <u>regular price</u> at the time of completing the subscription enrollment with the merchant. |

| | |
|--|---|
| | <ul style="list-style-type: none"> • A merchant’s <u>regular pricing</u> schedule increases over the term of the subscription agreement, which is disclosed to, and accepted by, the cardholder at the time of completing the subscription enrollment with the merchant. • An offer of a satisfaction / “money back” / refund guarantee is provided at the time the cardholder agrees to the merchant’s regular price when completing the subscription enrollment with the merchant. |
| <p>Does the updated policy apply to additional services provided to existing customers?</p> | <p>Yes, if both:</p> <ul style="list-style-type: none"> • An existing cardholder agrees to add an extra / supplementary service, which is charged in addition to their existing service(s); and • The offer of payment of the extra / supplementary service includes a free trial or discounted introductory offer or promotional period, as outlined above. <p>An example of this scenario is a cable TV customer adding an extra paid channel subscription to their existing subscription package.</p> |
| <p>Can the terms and conditions of the payment be combined with other terms and conditions, or included in a separate link?</p> | <p>No.</p> <p>Visa’s rules for merchants using a stored credential (“card on file”) require that the merchant displays—and the cardholder accepts—the terms and conditions of <u>payment</u>, separately from any other general terms and conditions applicable to the goods / service being purchased by the cardholder.</p> |
| <p>What if the trial / promotional period is seven days or less?</p> | <p>If the merchant’s trial or discounted introductory offer / promotional period is seven days or less, the initial confirmation provided to the cardholder should include the details required in the reminder (i.e., date of expiration of the trial / discounted promotional period, link or other simple mechanism to cancel the subscription, etc.).</p> |
| <p>Where and when is the enhanced descriptor required?</p> | <p>The enhanced descriptor (e.g., “end trial”) is to be included in the Merchant Name field of the clearing record for <u>the first transaction at the end of a trial or discounted promotional period</u>, to provide further notice to the cardholder that the trial has ended and the regular price now applies for the subscription. It is not required for subsequent transactions.</p> |
| <p>What if the merchant’s billing system cannot amend the Merchant Name field to include the enhanced descriptor?</p> | <p>Visa is not restricting the word choice of the enhanced descriptor, as long as the merchant can identify for the cardholder and issuer that the recurring transaction is the result of a subscription that began with a trial period, discounted introductory offer / promotional period, etc. Merchants may use other language or transaction-specific details (for example, universal resource locator [URL] or order number) to help the cardholder identify that their trial period, discounted introductory offer or promotional period has ended, and that the regular price now applies for the subscription.</p> <p>Alternatively, the merchant may leverage the Merchant City field to include this descriptor, in place of the URL or customer service phone number / email address, if the merchant’s acquirer is capable of including dynamic information in this field.</p> |
| <p>What is the enhanced descriptor for?</p> | <p>The enhanced descriptor (e.g., “end trial”) for the <u>first transaction at the end of a trial or discounted promotional period</u> is intended to provide further notice to the cardholder that the trial or discounted introductory offer / promotional period has ended, and the regular price now applies for the subscription. It is not required for subsequent transactions.</p> <p>This descriptor will then appear on cardholder statements, online banking, mobile apps and SMS / text alerts, in the same way discretionary data or additional invoice / order numbers appear for e-commerce transactions today, to identify the nature of the transaction.</p> |
| <p>What about local legal requirements in my state / country?</p> | <p>Visa’s rules apply globally, as a condition of accepting Visa cards. However, in the event of any conflict between the Visa Rules and any applicable laws or regulations, the requirements of the laws or regulations govern.</p> |

Additional Resources

["Reminder: Updated Policy for Subscription Merchants Offering Free Trials or Introductory Promotions,"](#) *Visa Business News*, 26 September 2019

["Updated Policy for Subscription Merchants Offering Free Trials or Introductory Promotions,"](#) *Visa Business News*, 20 June 2019 (AP, Canada, CEMEA, LAC, U.S. only)

["Updated Policy for Subscription Merchants Offering Free Trials or Introductory Promotions,"](#) *Visa Business News*, 20 June 2019 (Europe only) (English only)

Note: For Visa Online resources, you will be prompted to log in.

For More Information

AP, Canada, CEMEA, LAC, U.S.: Contact your Visa representative. Merchants should contact their acquirer.

Europe: Contact Visa customer support on your country-specific number, or email CustomerSupport@visa.com.

Notice: This Visa communication is furnished to you solely in your capacity as a customer of Visa Inc. (through its operating companies of Visa U.S.A Inc., Visa International Service Association, Visa Worldwide Pte. Ltd, Visa Europe Ltd., Visa International Servicios de Pago España, S.R.L.U. and Visa Canada Corporation) or its authorized agent, or as a participant in the Visa payments system. By accepting this Visa communication, you acknowledge that the information contained herein (the "Information") is confidential and subject to the confidentiality restrictions contained in the Visa Rules, which limit your use of the Information. You agree to keep the Information confidential and not to use the Information for any purpose other than in your capacity as a customer of Visa Inc. or as a participant in the Visa payments system. You may disseminate this Information to a merchant participating in the Visa payments system if: (i) you serve the role of "acquirer" within the Visa payments system; (ii) you have a direct relationship with such merchant which includes an obligation to keep Information confidential; and (iii) the Information is designated as "affects merchants" demonstrated by display of the storefront icon (📌) on the communication. A merchant receiving such Information must maintain the confidentiality of such Information and disseminate and use it on a "need to know" basis and only in their capacity as a participant in the Visa payments system. Except as otherwise provided, the Information may only be disseminated within your organization on a need-to-know basis to enable your participation in the Visa payments system. Visa is not responsible for errors in or omissions from this publication.