

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

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Visa requires that all Merchants offering free or reduced-price offers or trials communicate terms: before purchase, immediately after the first transaction, and then seven days before the free trial or reduced-offer concludes. The specifics are detailed below.

The new requirements were introduced on April 18th, 2020, with additional rules required in April 2021. The Visa rules conform to and will help you comply with Federal rules concerning negative option marketing plans. A negative option is an arrangement where goods or services are sent to a consumer automatically unless notification is sent to the Merchant to terminate the agreement.

1. **Before the transaction** is completed, the Merchant must:
  1. Disclose to the Cardholder:
    - Merchant Name;
    - Description of product, services, digital goods being offered;
    - Length of the trial period or introductory offer;
    - The subscription/recurring charges if the customer does not cancel;
    - Date trial begins or initial transaction date;
    - Initial transaction amount (if applicable);
    - Date and amount of subsequent transactions;
    - Last four digits of the card used in the purchase;
    - Cancellation policy.
  2. Obtain express Cardholder consent for any following transactions at the time of the original sale. If the transaction is eCommerce, 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**, the Merchant must remind the Cardholder of the upcoming subscription/recurring transaction. The communication must include the cancellation policy and instructions on how to cancel subscription/recurring charges. For ANY subscription or recurring charge where a price change or billing time period changes, the Merchant needs to communicate the explicit information about: the change, the cancellation policy, and instructions on how to cancel subscription/recurring charges.
4. **EFFECTIVE APRIL 2021: Add Trial to the Merchant Descriptor.** The enhanced descriptor (e.g., “end trial”) for the first transaction at the end of a trial or discounted promotional period 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. 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.
  - 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 or discounted promotional period 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.

- 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.
- 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.

Historically, free trial Merchants have been challenged to win disputes. As part of the new requirements, Visa indicated that to win these types of disputes; the following compelling evidence should be used with dispute reason code of 13.5 (Misrepresentation):

- (1) Proof that at the time of the initial transaction, the Cardholder expressly agreed to future purchases.
  - (2) Evidence that the Merchant notified the Cardholder of future Transactions at least seven days before the Transaction Date.
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