EXPLANATORY MEMORANDUM TO

THE CONSUMER SUBSCRIPTION CONTRACTS (CANCELLATION AND INFORMATION) REGULATIONS 2026

2026 No. [XXXX]

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Business, Innovation, Science and Trade and is laid before Parliament by Command of His Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments and the Secondary Legislation Scrutiny Committee.

2. Declaration

2.1 Kate Dearden MP, Minister for the Future of Work at the Department for Business, Innovation, Science and Trade confirms that this Explanatory Memorandum meets the required standard.

2.2 Tony Thomas, Deputy Director for Consumer Rights at the Department for Business, Innovation, Science and Trade, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Rebekkah Abraham at the Department for Business, Innovation, Science and Trade can be contacted via subscriptionregulations@businessandtrade.gov.uk with any queries regarding the instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument makes the necessary provision to operationalise the subscription contracts regime in Part 4, Chapter 2 of the Digital Markets, Competition and Consumers Act 2024 ("the DMCCA").

4.2 That Chapter of the DMCCA ("the Subscription Chapter") gives consumers tailored protections when they enter subscription contracts with traders as auto-renewing contracts can leave consumers paying for products that they no longer need or want. To address this, it places duties on traders to give consumers pre-contract information about how auto-renewal contract terms operate, send reminder notices to consumers before certain renewals, and provide a straightforward way for consumers to exercise a contractual right to stop the contract from auto-renewing. The Subscription Chapter also gives consumers two statutory rights to cancel a subscription contract. Firstly, where certain of the trader's statutory duties under the Subscription Chapter of the DMCCA are breached.[1] Secondly, during two 14-day cooling-off periods: an initial

[1] The DMCCA provides that compliance with certain duties under Part 4, Chapter 2 of the DMCCA is an implied term in every subscription contract and gives the consumer the right to cancel the contract where a trader is in breach of certain of these implied terms.

cooling-off period after the contract is entered into, and a renewal cooling-off period following certain auto-renewals.

4.3 This instrument provides the necessary detail about how the statutory cancellation rights operate in practice:

- By extending the cooling-off periods during which a consumer can cancel a subscription contract to a maximum period of 12 months if the trader fails to meet relevant information requirements in the DMCCA.
- In respect of subscription contracts for the supply of digital content (only), making provisions that allow a consumer to expressly give-up the right to cancel the contract during the initial cooling-off period.
- In relation to subscription contracts under which hired goods, bespoke goods or perishable goods are supplied, by requiring a consumer who wishes to cancel their contract during the initial-cooling-off period to do so within a 14-day period calculated by reference to when the contract is entered.
- By setting down the consequences of a consumer exercising a statutory cancellation right (during a cooling-off period or as a result of the trader's breach of a relevant statutory duty) including in relation to consumer refunds and the trader's rights to recover goods supplied to the consumer under the cancelled contract.
- Where a consumer has more than one statutory cancellation right under the Subscription Chapter of the DMCCA, by ensuring the consumer can take advantage of the right that is most advantageous to them.

4.4 In addition, the instrument includes miscellaneous provisions to help ensure that the DMCCA's subscription rules operate effectively and coherently. These include provisions to ensure that required information notices are not overlooked by consumers and operate consistently. The instrument also makes provisions to ensure that consumers can effectively exercise their contractual right to bring a subscription contract to an end and avoid liability for future payments if they wish.

4.5 The instrument also clarifies the scope of the DMCCA's exclusion for "medical prescriptions etc"[2] from the subscription rules, for example, by ensuring that all subscription contracts for contact lenses are covered by the new rules. It also adds a new exclusion from the DMCCA's subscription rules for contracts between a consumer and a charity where the contract is for purposes relating to the consumer viewing charitable works.

Where does the legislation extend to, and apply?

4.6 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales, Scotland and Northern Ireland. Consumer protection is devolved in Northern Ireland.

4.7 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales, Scotland and Northern Ireland. Consumer protection is devolved in Northern Ireland.

[2] See paragraphs 3 and 4 of Schedule 22 to the DMCCA

5. Policy Context

What is being done and why?

5.1 Consistent with the DMCCA's Subscription Chapter, the policy objective of this instrument is to protect consumers from entering, or remaining in, subscription contracts that do not meet their needs or they cannot afford. This is particularly important because subscriptions are increasingly used as a default business model and the Government's Impact Assessment for the DMCCA identified notable consumer detriment with consumers spending £1.6 billion per year on unwanted subscriptions.[3]

5.2 Research has found that unwanted spending often occurs because consumers do not always realise they are entering an auto-renewing contract (rather than a one-off purchase). In addition, consumers incur unwanted costs when trials auto-renew onto higher cost terms, contracts auto-renew onto long term periods without consumers realising, or traders make it difficult for consumers to end their subscriptions (for example, through convoluted exit processes or requiring people to phone to stop on-line contracts from auto-renewing). It is therefore important to provide consumers with more clarity and control over their subscriptions. A fairer subscription market is also good for businesses, supporting healthy competition and economic growth, and improving consumer confidence.

5.3 Evidence shows that existing general consumer law protections, such as the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 (the "CCRs"), do not provide consumers with sufficiently robust protections from the specific harms that may arise from subscription contracts. The CCRs, which cover both auto-renewing contracts and those that do not auto-renew, primarily provides the existing regime which gives consumers the right to specified information before entering into contracts with traders for products. In addition, for certain types of contracts (including those entered into online), the CCRs give consumers a right to cancel the contract during a 14-day "cooling-off" period after the contract is entered into [4].

5.4 For consumers who enter subscriptions contracts (as defined in the DMCCA) with businesses, the DMCCA Subscription Chapter builds on and expands the CCRs' protections. For example, provisions are made in the DMCCA to ensure that consumers are provided with tailored pre-contract information that accommodates fully a subscription contract's auto-renewing features and a right to cancel a subscription contract during an "initial cooling-off period" of 14 days, regardless of the way that the subscription contract was entered into. In addition, the DMCCA's Subscription Chapter gives consumers:

- a new right to cancel a subscription contract (without giving a reason to the trader) during a 14-day "renewal cooling-off period" after a trial or contract auto-renews onto a 12-month period or longer;
- reminder notices about contract renewals at key points in the contract;
- straightforward and easy means for consumers to bring their subscription contracts to an end (e.g. to turn off autorenewal); and

[3] Subscription traps: annex 2 impact assessment: https://assets.publishing.service.gov.uk/media/64464e6f529eda00123b02c4/annex_2-subscription_traps_impact_assessment.pdf

[4] The CCRs cancellation rights apply to "distance contracts" e.g. those entered into online and "off-premises contracts" e.g. those entered into on the consumer's doorstep.

- rights to cancel the contract if traders fail to comply with certain of their duties under the DMCCA subscription rules.

5.5 The policy purpose of this instrument is to ensure that these provisions in the DMCCA function correctly, are consistent, and that existing consumer protections are maintained. In particular, the instrument sets out how consumer refunds and returns work if a consumer exercises a statutory cancellation right, ensuring those rights are fair and workable for consumers and businesses and do not undermine the protections offered by existing consumer legislation.

What was the previous policy, how is this different?

5.6 Before the DMCCA's subscription regime and this instrument comes into force, the Government's policy on subscription contracts was that consumers who enter auto-renewing contracts for the supply of products with traders were protected by the CCRs (see paragraph 5.3) and other general consumer law protection measures. These other general measures include prohibiting the use of unfair trading practices when traders transact with consumers, (Part 4, Chapter 1 of the DMCCA and the Consumer Protection from Unfair Trading Regulations 2008), and the provisions in the Consumer Rights Act 2015 (CRA), which include protections for consumers from unfair terms in contracts entered into with traders (Part 2 of the CRA) and traders supplying faulty products (Part 1 of the CRA).

5.7 However, these measures did not represent a codified set of protections, tailored to the specific harms arising from subscription contracts.

5.8 Under the DMCCA, where a consumer enters a subscription contract they will benefit from tailored protections in addition to the protections offered by Part 4, Chapter 1 of the DMCCA and the CRA.

6. Legislative and Legal Context

How has the law changed?

6.1 The DMCCA was passed by Parliament and received Royal Assent in May 2024. Once the DMCCA's subscription regime comes into force, Parts 2 (pre-contract information) and 3 (cancellation rights) of the CCRs (see paragraph 5.3) will no longer apply to contracts which fall under the DMCCA's subscription regime.

6.2 The DMCCA's Subscription Chapter aims to create a consolidated regime for the regulation of subscription contracts (as defined in section 254 of the DMCCA) by integrating and replacing the consumers' key rights under Parts 2 and 3 of the CCRs with a set of new statutory rights.

6.3 Under Part 4, Chapter 2 of the DMCCA, the Secretary of State has regulation-making powers to provide the technical and operational detail needed to give effect to the subscription contracts regime. For example, the following regulation-making powers include those relied upon for the purposes of making the instrument:

- making provision about the exercise of the cancellation rights under the Subscription Chapter and the consequences that follow a consumer exercising such rights (section 267(1) of the DMCCA);
- making further provisions in connection with the giving of information and notices required under the Subscription Chapter (section 277(1) of the DMCCA);
- making modifications to the DMCCA's requirements relating to reminder notices (section 258(9) of the DMCCA); and

- amending or adding to the descriptions of contracts that are excluded from complying with the subscription rules in the DMCCA (section 255(2)).

6.4 This instrument, where appropriate, follows the approach of Part 4, Chapter 2 of the DMCCA by not falling below the level of protections offered to consumers under the CCRs. For example, generally, provision made in connection with the consequences of the consumer exercising the DMCCA's cancellation right during the initial cooling-off period are consistent with the CCRs approach. This has led to the need for some technical provisions in this instrument such as making a distinction between goods supplied to the consumer by means of sale and those supplied by means of hire.[5]

6.5 The subscription regime under Part 4, Chapter 2 of the DMCCA sits within the broader legal, consumer protection framework. This means other important consumer protection legislation will continue to apply to subscription contracts that fall within the scope of the new regime (including unfair terms legislation, Part 2 of the CRA) and to related practices (including unfair trading legislation, Part 4, Chapter 1 of the DMCCA).

6.6 Consumers may directly enforce their rights under Part 4, Chapter 2 of the DMCCA and, where the new regime provides a remedy for the consumer, they do not stop a consumer pursuing other remedies available to them under the general law for breach of contract (provided the consumer does not recover twice for the same financial loss).

6.7 In addition, Part 3 of the DMCCA provides for the public enforcement of these provisions by authorised enforcers in order to protect the collective interests of consumers. Enforcement outcomes may include the imposition of financial sanctions on infringing traders.

Why was this approach taken to change the law?

6.8 The instrument is the only possible approach to make the necessary provisions to implement the Subscription Chapter of the DMCCA. While Part 4, Chapter 2 of the DMCCA provides the core duties on traders and rights for consumers, it also confers on the Secretary of State regulatory making powers to provide for technical detail which is necessary to implement the new subscription regime.

7. Consultation

Summary of consultation outcome and methodology

7.1 The Secretary of State has a duty to consult before making regulations that extend a cooling-off period as defined in the Subscription Chapter of the DMCCA.

7.2 A public consultation sought stakeholders' views on regulatory proposals on extending the cooling-off periods and to implement other regulatory proposals relating to the subscription contract regime. This received 75 responses from trade associations, consumer groups, legal firms, and charities. Respondents were generally supportive of the proposals. The main areas of controversy were cooling-off refunds, the use and scope of a "waiver" for digital content contracts whereby consumers can waive a cooling-off right if they want supply to start immediately, and the application of the regime to charitable memberships for cultural and heritage sites. Although businesses thought that the waiver should be applied more widely and refunds after a subscription contract is cancelled during a cooling-off period should be calculated differently, this instrument maintains consistency with the CCRs in terms of how

[5] In the context of cancellation rights, the CCRs makes provision for contracts for the sale of goods, services or digital content.

refunds are calculated and when the waiver applies. In light of public benefit that cultural and heritage memberships support, this instrument excludes from the DMCCA certain contracts between charities and consumers. The Government Response to the consultation can be found here: https://www.gov.uk/government/consultations/consultation-on-the-implementation-of-the-new-subscription-contracts-regime/outcome/government-response-to-consultation-on-the-implementation-of-the-new-subscription-contracts-regime-web-accessible-version.

8. Applicable Guidance

8.1 Guidance on the subscription rules, particularly to support business implementation, is available here. https://www.gov.uk/government/publications/subscription-contracts.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment is submitted with this memorandum and published alongside the Explanatory Memorandum on the legislation.gov.uk website.

Impact on businesses, charities and voluntary bodies

9.2 The Impact Assessment considers the impacts of the policy decisions implemented through this instrument, including provisions relating to cooling-off period rights and the exclusion of certain charitable cultural and heritage memberships from the subscription contracts regime. It updates and builds upon the cooling-off period analysis included in the Impact Assessment prepared for the subscription contracts reforms in the Subscription Chapter of the DMCCA.

9.3 The assessment concludes that the reforms are expected to reduce consumer spending on unwanted subscriptions and improve consumer control over subscription contracts. Consumers are expected either to retain these savings or spend them elsewhere in the economy. The reforms are expected to support competition in subscription markets, while imposing some costs on businesses offering subscription contracts. The impact on charities is minimal as their activities are likely excluded from the regime. We do not expect specific impacts on voluntary bodies.

9.4 The legislation does impact small or micro businesses. Exempting small or micro businesses would reduce consumer rights further than existing consumer protection.

9.5 There is no, or no significant, impact on the public sector because they are generally outside the scope of this policy.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is to survey businesses and consumers before the legislation is in force to establish a baseline of compliance and then repeat these surveys to assess the impact of the legislation.

10.2 A statutory review clause is included in the instrument for a post-implementation review every 5 years.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 This instrument relates to the Digital Markets, Competition and Consumers Act 2024 (Subscription Contracts) (Consequential Amendments) Regulations 2026, which makes consequential amendments to relevant consumer protection legislation arising from provisions in Part 4, Chapter 2 of the DMCCA or this instrument.

11.2 This instrument makes amendments to Part 4, Chapter 2 of the DMCCA including exempting certain types of charitable agreements from the subscription rules and, in relation to a contract for the supply of digital content, giving the consumer a right to waive the right to cancel the contract during an initial cooling-off period.

12. European Convention on Human Rights

12.1 The Minister for the Future of Work has made the following statement regarding Human Rights: "In my view the provisions of the Consumer Subscription Contracts (Cancellation and Information) Regulations 2026 are compatible with the Convention rights."

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").