EXPLANATORY MEMORANDUM TO

THE DIGITAL MARKETS, COMPETITION AND CONSUMERS ACT 2024 (SUBSCRIPTION CONTRACTS) (CONSEQUENTIAL AMENDMENTS) 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.

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 amendments to legislation in consequence of the coming into force of Chapter 2 of Part 4 (subscription contracts) of the Digital Markets, Competition and Consumers Act 2024 ("DMCCA"), and of provision made under that Chapter by the Consumer Subscription Contracts (Cancellation and Information) Regulations 2026 ("the Subscription Regulations").

4.2 The instrument updates existing legislation so that it operates coherently with the new subscription contracts regime. It ensures that existing rules on liability to pay for unsolicited directory entries do not affect consumer rights under Chapter 2 of Part 4 of the DMCCA. It also ensures that a credit agreement cancelled automatically under the Subscription Regulations because it is an ancillary contract to a subscription contract cancelled during the initial cooling-off period is treated consistently with a related credit agreement terminated under the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 ("CCRs"). The instrument also updates regulatory functions legislation so that subscription contract enforcement functions under Chapter 2 of Part 4 of the DMCCA are brought within the existing better regulation and primary authority frameworks.

Where does the legislation extend to, and apply?

4.3 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.

4.4 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.

5. Policy Context

What is being done and why?

5.1 The DMCCA introduced substantive new consumer rights in relation to subscription contracts in Chapter 2 of Part 4. The regime is intended to ensure that consumers receive clear information before entering a subscription contract, receive reminder notices before certain renewals and have rights to cancel subscription contracts in specified circumstances.

5.2 The Subscription Regulations make the detailed provision needed for those rights to operate in practice. They cover matters such as refunds and return of goods following a consumer exercising a cancellation right under Part 4, Chapter 2 of the DMCCA during a statutory cooling-off period or following a trader's breach of a duty under that Chapter.

5.3 The consequential amendments made by this instrument ensure that existing legislative frameworks are updated to reflect that regime. In particular, the instrument ensures coherence between the subscription contracts regime and existing legislation dealing with unsolicited directory entries, financial services distance marketing cancellation rights, regulatory functions and the primary authority scheme.

What was the previous policy, how is this different?

5.4 This instrument does not change the government's policy. Rather, it ensures continuity of consumer policy by making the necessary provision to incorporate Chapter 2 of Part 4 of the DMCCA and provision made under that Chapter into existing legislative frameworks.

5.5 Before this instrument, the relevant saving provisions for unsolicited directory entries referred to consumer rights under the CCRs but did not refer to consumer rights under Chapter 2 of Part 4 of the DMCCA. The Financial Services (Distance Marketing) Regulations 2004 contained an exception for related credit agreements terminated under the CCRs but not for credit agreements cancelled automatically under the subscription contracts regime. The relevant regulatory functions instruments referred to Chapter 1 of Part 4 of the DMCCA but not Chapter 2. This instrument updates those frameworks so that they reflect the subscription contracts regime.

6. Legislative and Legal Context

How has the law changed?

6.1 The vires for the instrument are in section 336(1) and (2) of the DMCCA. Section 336(1) empowers the Secretary of State to make regulations containing provision that is consequential on the DMCCA or on any provision made under it. Section 336(2) enables such regulations to amend, repeal or revoke provision made by an enactment passed or made before the end of the Session in which the DMCCA was passed. This

instrument is subject to the affirmative procedure by virtue of sections 336(3) and 337(3) because it amends primary legislation.

6.2 Chapter 2 of Part 4 of the DMCCA establishes the statutory regime for subscription contracts. The Subscription Regulations are made under powers in that Chapter and make further provision for the operation of that regime. The amendments made by this instrument are consequential on Chapter 2 of Part 4 of the DMCCA and on provision made under that Chapter.

6.3 There are three categories of amendment in the draft regulations.

6.4 **Unsolicited directory entries:** This applies to amendments to the Unsolicited Goods and Services Act 1971 and the Unsolicited Services (Trade and Business Directories) Act (Northern Ireland) 2010.

6.5 Section 6(3) of the Unsolicited Goods and Services Act 1971 is a saving provision relating to unsolicited directory entries. It provides that sections 3 and 3B of that Act do not affect any consumer rights under the CCRs. Section 1(2) of the Unsolicited Services (Trade and Business Directories) Act (Northern Ireland) 2010 makes equivalent saving provision in relation to the rules in section 1 of that Act on liability to pay for directory entries. This instrument amends those saving provisions so that they also refer to consumer rights under Chapter 2 of Part 4 of the DMCCA.

6.6 **Related credit agreements:** This applies to the amendment to the Financial Services (Distance Marketing) Regulations 2004.

6.7 Regulation 11(1) of the Financial Services (Distance Marketing) Regulations 2004 sets out exceptions to the cancellation right under regulation 9 of those Regulations. It already includes an exception for a credit agreement terminated under regulation 38(1) of the CCRs. This instrument adds a corresponding exception for a credit agreement cancelled automatically under regulation 22(2) of the Subscription Regulations to ensure coherence between the new subscription contracts regime and the existing financial services distance marketing cancellation framework.

6.8 **Regulatory functions:** This applies to the amendments to the Legislative and Regulatory Reform (Regulatory Functions) Order 2007 and the Co-ordination of Regulatory Enforcement (Regulatory Functions in Scotland and Northern Ireland) Order 2009.

6.9 The Legislative and Regulatory Reform (Regulatory Functions) Order 2007 specifies functions for the purposes of sections 21 and 22 of the Legislative and Regulatory Reform Act 2006. This instrument amends the existing DMCCA entry in that Order so that it refers to Chapters 1 and 2 of Part 4 of the DMCCA, rather than Chapter 1 only.

6.10 The Co-ordination of Regulatory Enforcement (Regulatory Functions in Scotland and Northern Ireland) Order 2009 specifies functions for the purposes of Part 2 of the Regulatory Enforcement and Sanctions Act 2008. This instrument amends the existing DMCCA entry in that Order so that local authority functions under Chapter 2 of Part 4 of the DMCCA in Scotland and Northern Ireland are included within the primary authority framework in the same way as functions under Chapter 1 of Part 4 of the DMCCA.

Why was this approach taken to change the law?

6.11 This is the only possible approach to make the necessary changes. This instrument is being made using the powers conferred by section 336(1) and (2) of the DMCCA to make consequential amendments.

7. Consultation

Summary of consultation outcome and methodology

7.1 The reforms enacted through the DMCCA were the subject of extensive public consultation. The Government consulted on the implementation of the new subscription contracts regime between 18 November 2024 and 10 February 2025 and published its response on 2 April 2026. 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 rights and refunds, the use of a 'waiver' for certain digital content contracts and the application of the regime to charitable memberships for cultural and heritage sites. The Government Response 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

7.2 No further public consultation has taken place regarding the provisions in this instrument as it makes only consequential amendments and does not change policy.

7.3 HM Treasury, the Scottish Government and the relevant Northern Ireland department have been consulted concerning changes to legislation within their areas of interest.

8. Applicable Guidance

8.1 This instrument does not implement or require guidance.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because these provisions do not themselves make any material changes to the costs associated with the DMCCA or the subscription contracts regime.

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities or voluntary bodies because this instrument does not impose material new obligations, require operational or familiarisation changes or otherwise impose costs.

9.3 The legislation does not impact small or micro businesses because these regulations do not impose material new obligations, require operational or familiarisation changes or otherwise impose costs.

9.4 There is no, or no significant, impact on the public sector because these regulations do not impose material new obligations, require operational or familiarisation changes or otherwise impose costs.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 Given their limited impact, there is no plan to review the effect of these regulations.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

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 Digital Markets, Competition and Consumers Act 2024 (Subscription Contracts) (Consequential Amendments) 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").