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Insights

LEAVING NEW YORK, NEVER EASY, BUT NOW A LITTLE EASIER: NEW YORK CITY'S CLICK-TO-CANCEL RULE SHOULD ENCOURAGE CLIENTS TO REVISIT THEIR SIGN-UP AND CANCELLATION FLOWS

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New York City's Click-to-Cancel rule took effect on October 1, 2026. Businesses based in NYC or offering subscriptions to NYC consumers (among others) should review how customers sign up, receive notices, and cancel/terminate a subscription. The results of this review may require updating sign up and cancellation flows; solely updating the terms of service is likely to be insufficient.

Wasn't easy cancellation already required?

Yes. New York State's existing automatic-renewal law, General Business Law § 527-a, already requires cancellation to be as easy as signup and available through the same channels. It also requires cancellation through each channel the business offers for consent. Businesses cannot obstruct or unreasonably delay cancellation, such as by using retention offers (a/k/a "saves") to hold up the process. Under § 527-a(3), courts may impose civil penalties of up to $100 for a single violation or $500 for multiple violations resulting from a single act or incident, increasing to $500 and $1,000, respectively, for knowing violations, and may also grant injunctive relief and order restitution in an action brought by the New York Attorney General.

On January 5, 2026, NYC's Executive Order 10 directed NYC's Department of Consumer and Worker Protection to prioritize enforcement against deceptive subscription practices and consider additional protections, including rulemaking. As discussed in the next section, NYC's new rule adds a separate city enforcement route, its own penalty schedule, and a specific restitution requirement. It also changes the cancellation options required for in-person signups.

New York State and NYC are not alone: California, Illinois and North Carolina, among other states, also regulate automatic renewals, with differing disclosure, consent, notice and cancellation requirements. Businesses serving customers across state lines should not assume that compliance in one jurisdiction satisfies the others.

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The federal position is different: in 2025 the Eighth Circuit vacated FTC's 2024 "Click-to-Cancel" rule on procedural grounds, though the FTC has taken initial steps to bring the federal rule back into force. That does not remove existing obligations under the FTC Act, the Restore Online Shoppers' Confidence Act (ROSCA), or applicable state laws, including requirements for simple cancellation of online subscriptions.

What is different in the NYC rule?

In-person signups need an online cancellation option

For in-person signups, state law permits an online mechanism or a telephone number, in addition to a similar in-person method where practical. NYC requires an online option, such as a website or email. A phone number alone is unlikely to satisfy that additional city requirement.

Charges after the first cancellation attempt are at risk

Unlike the discretionary restitution available under state law discussed above, the NYC rule makes a business found to have violated the rule liable for subscription charges incurred after the consumer's first attempt to cancel. As a result, we recommend preserving records of attempted cancellations, not just completed requests. As always, preserving all consents, notices and responses to communications is best practice.

City penalties follow a separate schedule

In contrast to the state-law civil penalties discussed above, NYC's schedule starts at $525 for a first violation, increasing to $1,050 for a second violation and $3,500 for a third or subsequent violation.

What should clients consider now?

Signup screens

Before requesting consent or billing information, businesses should consider how to clearly display the product or service, price, billing frequency, cancellation deadline and cancellation methods near the consent request. This likely includes explaining clearly when a trial or promotional price ends and what the customer will then pay.

Cancellation steps

Businesses should consider testing each signup and cancellation route, and here at BCLP we are happy to review screenshots and walk through the workflow and process with you to identify any changes needed. Businesses cannot comply with the NYC rule by forcing online customers to call or visit in person. The goal is to avoid misleading instructions, unreasonable delays, and any retention offers that could obstruct cancellation.

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Notice timing

Businesses should consider sending notices through the customer's previously selected channel, such as email, text or app notification. Businesses should work with qualified counsel to meet applicable NYC deadlines and consider whether to include cancellation instructions in renewal and trial reminders.

Billing and records

Businesses should confirm that cancellation requests reach the billing system, such as keeping records of consent, notices, cancellation attempts and the response to each request. Businesses may wish to review price increases separately under state law, which may require consent to the increase or a qualifying cancellation and prorated-refund option.

Who needs to act?

The NYC rule covers offers of automatically renewing subscriptions and services that continue until canceled, and, importantly, it is not limited to NYC-based companies. National and international businesses selling consumer subscriptions in NYC should include the city's requirements in their compliance review, even if they have no NYC office. The rule itself does not spell out a geographic test for online transactions, so clients may wish to review any uncertain cases rather than assuming an out-of-state address creates an exemption.

The exemptions in the NYC rule are specific and likely to be narrowly construed. They cover certain services provided under local-government franchises, entities regulated by New York's Department of Financial Services and their subsidiaries or affiliates, state-licensed security alarm operators, specified financial institutions, and sellers and administrators of service contracts covered by New York Insurance Law § 7902. Being regulated by another agency does not, by itself, create an exemption.

How does California compare?

Like New York State, California requires accessible cancellation, including online cancellation for online signups. But the requirements are not identical: California's amendments apply only to contracts entered into, amended or extended on or after July 1, 2025 and expressly require affirmative consent to the renewal terms and retention of consent verification for at least three years, or one year after termination, whichever is longer. Price-change rules also differ: California requires advance notice of fee changes, while New York State additionally requires consent to an increase or a qualifying cancellation and prorated-refund option.

California also illustrates potential litigation risk: a wave of consumer class actions reported in 2025 challenged subscription disclosures and cancellation practices, alongside public enforcement such as the $7.5 million HelloFresh settlement. Although California's automatic-

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renewal statute does not itself provide a private right of action, plaintiffs may pursue claims under California's Unfair Competition Law where they can establish economic injury caused by the alleged violation.

For a business with customers across the country or abroad, the practical question is whether to use one cancellation process or separate processes for different markets. The NYC rule does not expressly require a worldwide rollout. If your business sells consumer subscriptions, we can review your customer locations, signup screens, notices, cancellation process and terms and identify the changes needed.

This insight is provided for general informational purposes only and does not constitute legal advice. If you have questions about these requirements or how they apply to your business, please call us to arrange a formal consultation.

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