

## SERVICE-SPECIFIC GUIDANCE NOTE

### Subscription services

#### EXECUTIVE SUMMARY

##### Quick summary on the use of subscription services:

- Consumers are to be made aware of any information that could affect their decision to enter into a subscription service (defined in the 'Introduction').
- Spend reminders should be sent once a consumer has incurred a charge of £20, and at each charge of £20 thereafter.
- Consumers must be free to exit the service at any time.
- Unless prior permission has been granted, no subscription service can charge the consumer more than £4.50 in any seven-day period.

#### 1. Introduction

- 1.1. The purpose of this Service-Specific Guidance Note ('the Guidance') is to assist registered parties/providers ('providers') by clarifying PhonepayPlus' expectations by clearly explaining the expectations around the use of subscription services.
- 1.2. For the purpose of this Guidance, subscription services are defined by PhonepayPlus as those services which involve a recurring premium rate charge (with the exclusion of virtual chat services – for more information on these, please see the Service-Specific Guidance on 'Virtual chat services').

#### 2. The role of Service-Specific Guidance

- 2.1. Service Specific Guidance does **not** form part of the Code of Practice; neither is it binding on PhonepayPlus' Code Compliance Panel ('the Tribunal'). However, we intend it to help providers understand how compliance with the Code might be achieved.
- 2.2. Providers are not obliged to follow this Guidance but, in the event of an investigation, a Tribunal will adjudge whether the alternative actions that providers took delivered compliance with the Code. We recommend that those looking to radically depart from this Guidance contact our Compliance Advice Team in reasonable time ahead of launching the service.

#### 3. Consumer to be aware of all relevant information

- 3.1. All promotional material should clearly and prominently state any information that is likely to affect an individual's decision to accept a future recurring charge. Providers must take reasonable steps to ensure this information is prominently available before the consumer begins use of the service. Relevant information will likely include, but not necessarily be limited to:
  - Confirmation that the service is subscription-based (i.e. use of the word 'subscribe', 'subscription', etc.);
  - The total cost of the service (including any joining fees), any incremental charges and when, or how, often those charges will occur;
  - Clear opt-out information.

## SERVICE-SPECIFIC GUIDANCE NOTE

### Subscription services

- 3.2. Where a subscription service is promoted by a text message or other communication to a consumer's handset, the promotion should confirm the consumer has not been charged.
- 3.3 For more information on the promotion of subscription services, and advice on particular issues, such as the use of the word 'free', please see the General Guidance Note on 'Promotions and promotional material'.

#### 4. Spend reminders and termination of the service

4.1. Providers of subscriptions services must send any consumer participating in the service a spend reminder, at no cost, once the consumer has incurred charges of £20, or each month, whichever occurs first. Spend reminders must be sent at each charge of £20 thereafter, or each month thereafter, whichever occurs first. For the avoidance of doubt, spend reminders are a requirement of the Code, set out at paragraph 2.3.12d, which is included here for information. The specific information which must be included in spend reminders is set out in paragraph 2.3.12d as follows:

- the name of the service,
- confirmation that the service is subscription-based,
- what the billing period is (eg per day, per week or per month) or, if there is no applicable billing period, the frequency of messages being sent,
- the charges for the service and how they will or can arise,
- how to leave the service and
- Level 2 provider contact details.

4.2. Consumers must be free to leave the subscription service at any time and no service should imply anything to the contrary.

4.3. Where a consumer is subscribed to more than one service from the same provider and texts the 'STOP' command, providers should give the consumer adequate opportunity to clarify their intentions. The provider should determine whether the consumer wishes to terminate one, more than one or all of the services they are subscribed to. Providers found to be causing confusion to consumers wishing to leave subscription services may be found to be misleading under paragraph 2.3.2 of the Code of Practice.

4.4. For more information on opting out of services, please see the General Guidance Note on 'Methods of exit from a service'.

#### 5. Prior permission

5.1. Unless prior permission has been granted, subscription service cannot charge a consumer more than £4.50 in any seven-day period. For more information on prior permission, please see the instructions on prior permission available on the website at [www.phonepayplus.org.uk](http://www.phonepayplus.org.uk)