

# American Express

## Recurring Billing - Introductory Offer/Free Trial Policy

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We have made updates to the Recurring Billing Policy to help you manage your disputes better



### SINCE APRIL 2021,

We have updated our Recurring Billing Policy to include requirements around Introductory Offers and Free Trials.



### WHAT DOES THIS MEAN?

The new requirements provide guidance to Merchants that accept recurring billing around Introductory Offers and Free Trials.



### WHAT DO MERCHANTS NEED TO DO?

- **Simple and Easy Cancellation process:** Disclose all terms of the Introductory Offer/Free Trial to the Cardmember, including a simple and easy cancellation process that allows Cardmembers to cancel before submitting the first Recurring Billing Charge.
- **Obtain Consent:** Obtain the Cardmember's consent to accept the terms and conditions.
- **Enrollment confirmation:** Send Cardmember a confirmation notification in writing (email, text or letter) upon enrollment.
- **Reminder notification:** Send a reminder notification in writing (email, text or letter) before submitting the first Recurring Billing Charge, that gives the Cardmember a good amount of time to cancel their subscription if needed.

### TIPS FOR MERCHANTS TO AVOID A DISPUTE

- Send a notification of when the first billing will occur.
- Send a reminder of their cancellation policy.
- Send instructions for cancelling an offer or trial and what to expect post-cancellation.

# Recurring Billing Frequently Asked Questions



Recurring Billing is an option offered to Cardmembers to make recurring Charges automatically on their Card. The Recurring Billing Charges are for a product or service the Cardmember agrees to pay periodically and automatically (e.g., membership fees to health clubs, magazine subscriptions, and insurance premiums). American Express has updated the Recurring Billing policy relating to Free Trials, Introductory and Promotional Offers.

## RECURRING BILLING INTRODUCTORY OFFER/FREE TRIALS FAQs

### ■ What types of Introductory Offers/Free Trial are in scope for this policy?

The Introductory Offer/Free Trial policy applies to any free or reduced cost trials, promotions or other similar offers that are for a limited period of time where the Cardmember is allowed to try a product or service before receiving a charge for the regular price of the product or service.

### ■ Does this policy apply to Recurring Billings that do not have an Introductory Offer/Free Trial?

No. If there is no Introductory Offer/Free Trial, then this policy does not apply.

### ■ Is this policy for all Recurring Billing Merchants?

Yes. The Introductory Offer/Free Trial policy is applicable for all Merchants, globally, that provide either physical or digital goods and services.

### ■ What is considered a reasonable amount of time to send the Cardmember reminder notifications that the Introductory Offer/Free Trial will expire?

The Cardmember reminder notification should be sent with enough time for the Cardmember to cancel per the Merchant's cancellation policy and process.

### ■ What is considered acceptable when sending a Cardmember confirmation or reminder notifications in 'writing'?

Some acceptable examples of confirmation or reminder notifications are letter, email, text message or fax.

### ■ Will a Merchant need to send a Cardmember reminder notifications before all subsequent Recur Billings?

No. The mandatory Cardmember reminder notification applies to the Introductory Offer/Free Trial. The reminder notifications need to be sent before the Introductory Offer/Free Trial ends and before the first billing for the full amount.

### ■ Will American Express require any change for the billing descriptor?

No. American Express has not included billing descriptor requirements with our new Introductory Offer policy.

### ■ Will Cardmembers have additional dispute rights?

No. American Express has not changed the requirements for when an Issuer may raise a chargeback.

There will be new second presentment rights allowing a Merchant to provide supporting documentation to prove the Introductory Offer policy was followed.

### ■ Does this policy apply to auto-renewals?

No. If the auto-renewal is for the regular price this policy does not apply.