

Reminder: Updated Policy for Subscription Merchants Offering Free Trials or Introductory Promotions

Global | Acquirers
 Visa Network



Overview: Visa is reminding clients about changes to acceptance, disclosure and dispute policies for transactions at merchants that offer free trials or introductory promotions as part of an ongoing subscription service. The new policies will enable greater customer recognition, easier cancellation and clearer dispute rights. A flyer is also available now for distribution directly to merchants.

As announced in the 20 June 2019 edition of the *Visa Business News*, **effective 18 April 2020**, Visa is updating acceptance, disclosure and dispute policies for transactions at merchants that offer free trials or introductory promotions as part of an ongoing subscription service.

With these changes, cardholders will be provided clearer information, enabling them to identify, recognize and take on subscription transactions, reducing the number of transactions that result in disputes.

Acquirer-to-Merchant Communication Material

To aid acquirers in preparing their subscription merchants for the upcoming changes, the [Trial Subscription Updates](#) flyer is now available at Visa Online for acquirers to distribute directly to merchants. The flyer provides a detailed overview of the new requirements and will also be available at visa.com soon.

Mark Your Calendar: 18 April 2020

- Updated acceptance, disclosure, notification and cancellation requirements effective
- Dispute rights for issuers expanded under Dispute Condition 13.5— Misrepresentation

Related Training From Visa Business School:

- [Acquiring and Acceptance](#)

Frequently Asked Questions

Since these changes were announced, Visa has received requests from clients and merchants to further explain certain requirements. Some of the more frequently asked questions and answers are below.

Question	Answer
Do the changes apply to only physical goods merchants?	No. The changes apply equally to merchants selling either physical or digital goods and services, if they offer free trials or introductory promotions that roll into an ongoing subscription / recurring agreement.

<p>Do the changes apply to all merchants that offer subscription / recurring agreements?</p>	<p>No.</p> <p>Not all merchants that offer subscription / recurring agreements include free trials or introductory promotions. The changes apply only to merchants that offer free trials or introductory promotions that roll into an ongoing subscription / recurring agreement.</p> <p>Note: The updated requirements are strongly recommended for subscription merchants, but are not mandatory unless they offer free / introductory trials.</p>
<p>What system changes do acquirers or issuers need to prepare for?</p>	<p>There are no new indicators that acquirers or issuers need to prepare for; the only change applies directly to the merchant descriptor field for merchants offering free trials or introductory promotions that roll into an ongoing subscription / recurring agreement.</p> <p>Acquirers should be prepared to support the enhanced, dynamic descriptor. This may be received directly from their merchants, or on behalf of their merchants on the acquirer’s host platform.</p> <p>Specifically, the enhanced descriptor (e.g., “trial,” “trial period,” “free trial”) is placed in an existing field that issuers receive today. It is pass-through data, which will then appear on cardholder statements, online banking, mobile apps and SMS / text alerts, to identify the nature of the transaction.</p>
<p>What is the enhanced descriptor for? Where is it required?</p>	<p>The enhanced descriptor (e.g., “trial,” “trial period,” “free trial”) is to be included in the Merchant Name field of the clearing record for the first transaction at the end of a trial period. It is not required for subsequent transactions.</p> <p>This descriptor will then appear on cardholder statements, online banking, mobile apps and SMS / text alerts, in the same way discretionary data or additional invoice / order numbers appear for e-commerce transactions today, to identify the nature of the transaction.</p> <p>Visa is not restricting the word choice of the enhanced descriptor, as long as the merchant can identify that it is a trial-related transaction for the cardholder and issuer.</p>
<p>Is there a unique merchant category code (MCC) for trial transactions?</p>	<p>No. MCCs are assigned to merchants based on what they are selling, not how they are selling it.</p>
<p>What if the customer doesn’t want electronic notifications or reminders?</p>	<p>Visa’s updated rules¹ will require the merchant to notify the cardholder at least seven days ahead of the expiration of their trial / promotional period, along with a link or other simple mechanism to cancel the subscription, either online or via SMS / text message.</p> <p>The notification / reminder should be electronic (i.e., via email or SMS / text), but may be via another method of communication if the cardholder agrees in advance.</p>
<p>What if the trial / promotional period is less than seven days?</p>	<p>If the merchant’s trial / promotional period is less than seven days, the initial confirmation provided to the cardholder should include the details required in the reminder (i.e., date of expiration of the trial / promotional period, link or other simple mechanism to cancel the subscription).</p>
<p>What does “simple cancellation” look like? Is there a maximum number of steps / clicks?</p>	<p>No.</p> <p>The customer must be able to cancel their subscription online with the merchant, without needing to contact the merchant through another channel (e.g., a phone call). Merchants may continue to support other channels for customer service, including cancellation requests, in addition to an online service.</p>
<p>Is Visa introducing a new dispute right for issuers?</p>	<p>No. Dispute Condition 13.5—Misrepresentation is an existing dispute type.</p> <p>Visa is further clarifying a more specific category for disputes related to free trials or introductory offers, rather than other dispute categories that are not specific to the nature of the dispute (e.g., fraud).</p>

¹ This requirement already applies for merchants in the Europe region.

For More Information

Merchants and third party agents should contact their acquirer.

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