

October 16, 2018

The Honorable Charles Allen
Councilmember
DC City Council
1350 Pennsylvania Avenue, NW
Washington DC 20004

Dear Councilmember Allen,

The undersigned 10 consumer and community advocacy groups applaud the improvements made to Title II of the Consumer Disclosure Act of 2018 (B22-0020) to provide greater consumer protections since its introduction. We urge your support of the October 18th committee print and urge you to oppose any efforts to weaken this important consumer protection bill. The bill, which is scheduled to be marked up before the Judiciary and Public Safety Committee on October 18, will ensure that District residents who have signed contracts for goods or services are informed before their contract automatically renews.

Over the years, consumers and small business owners alike have been forced to sign an overabundance of lengthy fine print contracts to participate in even the most mundane kinds of commerce. Contracts for music or movie streaming, gym memberships, dating services, purchasing a newspaper subscription, leasing office equipment or even a home cleaning service often contain automatic renewal clauses which will cause the contract or membership to renew automatically if the consumer fails to notify a merchant of their desire to cancel prior to a date of the merchant's choosing.

When these clauses are clearly disclosed to District residents, consumers can avoid service interruptions. However, too often merchants include automatic renewal contract clauses without properly disclosing their presence in order to trap consumers or businesses into lengthy contracts that renew regularly and at a higher rate than the consumer thought they agreed to. As a result, these hidden "gotcha" clauses have caused one in three Americans to be tricked into consenting to an automatically renewing contract.¹

Title II of the Consumer Disclosure Act of 2018 would prevent these unwelcome financial surprises by requiring:

- clear disclosure of any automatic renewal clause
- affirmative consent from a consumer prior to a contract renewing for a term of 12 months or more

¹ Porche, Bradley. "Poll: Recurring charges are easy to start, hard to get out of," Creditcards.com. August 21, 2017. Online: <https://www.creditcards.com/credit-card-news/autopay-poll.php>

- Notification to be sent to consumers if their long-term contract is set to renew to a “month to month” or longer subscription. This notice must include easy to follow steps to cancel and links to manage their subscription if the notice is sent out electronically. In addition, this notice will include pertinent information, like the rate their subscription will renew at

In the absence of this legislation, District residents and businesses alike will continue to become ensnared by these hidden clauses. The cost of these automatic contracts on financially fragile Washingtonians is of particular concern as they are least likely to be able to weather the harm of a surprise bill for a service they no longer need or desire.

Through Title II of the Consumer Disclosure Act, the D.C. Council has an opportunity to improve the lives of Washingtonians by granting District residents the tools they need to avoid being ensnared by hidden clauses lurking in automatically renewing contracts. By requiring prior notices before contracts automatically renew and by requiring affirmative consent for renewal, consumers will gain more control over their financial decisions. We urge you to support this legislation and to oppose any efforts to weaken this bill. District residents have suffered for too long without this critical protection that is already enjoyed by consumers in 22 other states. The time is now to grant consumers protection from these predatory clauses.

Sincerely,

Consumer Action

Consumer Federation of America

D.C. Consumer Rights Coalition

DC Fiscal Policy Institute

Legal Aid Society of the District of Columbia

National Association of Consumer Advocates

National Consumers League

Public Citizen

Tzedek DC

Workplace Fairness

Cc: Members of the Committee on the Judiciary and Public Safety