

34 State AGs Settle UDAP Autorenewal Allegations Against “JustFab” Subscriptions

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Last month, a group of 34 state attorneys general—led by D.C, Maryland, Pennsylvania, and Texas—[settled](#) with TFG Holdings, a company known for brands such as JustFab and Shoedazzle, concerning its subscription practices. The settlement requires restitution to eligible complainants and members who joined a membership prior to May 31, 2016, and did not make subsequent purchases or skip a payment. It also provides \$1 million in other payments to the states. Some state AG [press releases](#) valued the settlement at \$4.8 million total. The states alleged in their findings that TFG misrepresented pricing for its products, enrolled customers without consent and adequate disclosures, and implemented frustrating cancellation practices. The company allegedly billed consumers for VIP memberships at \$49.95 per month which could only be used to make future purchases. The settlement includes these requirements, among others:

Enrollment in Membership

- Clearly and conspicuously disclose membership terms before offering an item that is discounted only through the membership program.
- Disclose certain autorenewal terms at least 3 times: when the membership program is first presented to the consumer, the first time the consumer is given the option to shop with a membership (or not), and in the checkout before enrollment.
- Obtain express informed consent, an affirmative act or statement giving unambiguous assent after clear and conspicuous disclosure of the autorenewal terms, adjacent to autorenewal terms.
- Send a notice in the initial product shipment regarding the autorenewal terms.

The consent cannot use a prechecked box, and enrollment in a membership without express informed consent must be prohibited through technical means.

Cancellations

- Provide easy cancellation by phone and an easily accessible online cancellation mechanism.
- Adequately staff available cancellation phones or chats to ensure no lengthy wait times, and any wait queues on phone or chat must provide an accurate estimate of a wait time and give

information for an online cancellation mechanism.

- Instruct the customer how to manage other memberships if a consumer requests to cancel more than one brand of membership program at one time.
- Cease billing certain customers who enrolled prior to May 2016 unless the customer showed certain account activities.

The company is permitted to collect necessary account information before cancelling the customer. The settlement also permits two “save attempts,” described as an incentive, offer, or single question or statement used to persuade the customer not to cancel enrollment in a membership. But if a customer affirmatively says they do not wish to hear an offer, they should process the cancellation without unreasonable delay. The company is also permitted to ask a single “reason for cancellation” survey question by checkbox.

Takeaways

While each state enforcement action has its own unique aspects, this settlement offers valuable insights. One key takeaway is the timeline: the class of consumers eligible for restitution highlights how state attorney general investigations can take years to conclude. Back in 2016, the states involved didn’t have specific laws governing automatic renewals—and many still don’t. Instead, they relied (and may continue to rely) on general UDAP laws to address issues now covered by more targeted autorenewal statutes. Expect states to continue to rely on general UDAP authority to continue to investigate and bring enforcement actions in the auto-renewal space.