

FTC Challenges Adobe's Subscription Practices

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Adobe needs no introduction. It makes the software that enables many of our readers to view [this complaint](#) and it makes the software that enables many of our non-readers to touch up photos to make themselves appear more attractive than they really are. The FTC doesn't need any introduction, either. If you read this blog, you probably know that they're very focused on subscription plans (and you certainly don't need to resort to trickery to make yourself look more attractive).

The FTC alleges that Adobe and two of its executives did resort to trickery to make their subscription plans look more attractive. Specifically, the FTC alleges that Adobe pushed consumers towards an "annual paid monthly" subscription without adequately disclosing that cancelling the plan in the first year could cost hundreds of dollars. Consumers would only learn about the early termination fee (or "ETF") if they discovered it in the fine print or hovered over small icons to find the disclosures.

In addition to failing to clearly disclose the ETF in the sign-up flow, the complaint alleges that Adobe made it difficult for consumers to cancel their subscriptions. For example, consumers had to deal with dropped calls, multiple transfers, and resistance from customer service representatives. Some people who thought they had cancelled continued to see charges on their credit card statements. The FTC said that a large volume of consumer complaints should have led the company to know something was wrong.

The complaint alleges that the defendants failed to comply with the Restore Online Shoppers' Confidence Act (or "ROSCA") and the FTC Act by failing to clearly and conspicuously disclose material terms of the transaction – including details of the ETF – before getting a consumer's billing information. The complaint also alleges that Adobe violated ROSCA and the FTC Act by failing to provide "simple mechanisms" for consumers to stop recurring charges.

It's too early to predict how this case will turn out, but we can still learn some important lessons at this stage. Federal and state regulators continue to focus on subscription plans, so you should make sure that your sign-up flows clearly present all material terms and that your cancellation process works smoothly. You should also monitor consumer complaints so that you can identify and fix problems before regulators become aware of them.

We all have our blemishes, but if you try too hard to hide them, that could lead to unpleasant surprises for everyone when they are finally discovered.