

RealNetworks Agrees to Pay \$2.4 Million to Settle Free Trial Investigation

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The Washington Attorney General recently announced that a settlement with RealNetworks over the company's free trials. According to the AG, more than 500 consumers had complained to the AG's office and the Better Business Bureau about unauthorized charges for services they had never ordered. In many cases, consumers who signed up for free trials did not realize they would automatically be charged unless they canceled before the end of the trials. Many consumers also claimed they had a hard time canceling the services.

Under the settlement, RealNetworks is required to: (a) stop using pre-checked boxes to obtain consent for purchases; (b) clearly disclose the terms of any free-to-pay trial; (c) provide an online method of cancellation; (d) send reminders to consumers with cancellation instructions; (e) process cancellation requests within two days; and (f) inform consumers who called to cancel a subscription of additional subscriptions on their account. The settlement also provides for a \$2 million claims-based pool to provide restitution for consumers and requires RealNetworks to pay \$400,000 in attorney's fees.

As we've [noted before](#), regulators closely scrutinize free trials in which consumers are required to cancel in order to avoid charges. If you offer a free-to-pay trial, make sure you clearly and conspicuously disclose the material terms of the offer — including any obligation to cancel — before consumers sign up. You should also consider having consumers affirmatively check a box to indicate they agree to the terms.