

## **Appendix K: consumer experiences of app purchases and auto-renewing subscriptions to apps sold through the app stores**

### **Overview**

1. We have looked at the sale of apps and in particular apps sold with auto-renewing subscriptions on Apple's App store and Google's Play Store to assess whether any elements of the purchase process or store design may harm consumers' interests.
2. By 'auto-renewing' in this context we mean that at the end of each subscription period the subscription will be automatically renewed, and the user charged until they take action to turn off auto-renewal (as opposed to situations where a consumer must manually renew their subscription at the end of each period).
3. Although auto-renewing subscriptions can provide convenience for app users, the danger is that users may find themselves locked into contracts they no longer want or need. The use of auto-renewal has been a particular area of focus for us since our response to the 'loyalty penalty' super-complaint by Citizens Advice<sup>1</sup> in 2018. We have taken consumer enforcement action in relation to auto-renewing contracts in the anti-virus software and online video gaming sectors.<sup>2</sup> We secured undertakings from firms in these sectors, who committed to change their practices in connection with their auto-renewing contracts. We also subsequently produced Compliance Principles<sup>3</sup> for anti-virus software firms that use auto-renewing contracts in the UK. The government has also announced proposals aimed at tackling so-called 'subscription traps' which can arise through the use of auto-renewing contracts.<sup>4</sup>
4. This year we also published two papers<sup>5</sup> which discuss the impact which online choice architecture (OCA) can potentially have on consumers. OCA describes the environment in which users act and make decision, including the presentation and placement of choices and the design of interfaces. OCA is a neutral term. A well-designed website, app or digital service built with consumers' interests in mind will help consumers choose between suitable products, make transactions faster, and recommend new relevant products or

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<sup>1</sup> 'Loyalty penalty' super-complaint - GOV.UK ([www.gov.uk](http://www.gov.uk)).

<sup>2</sup> Online console video gaming - GOV.UK ([www.gov.uk](http://www.gov.uk)).

<sup>3</sup> Compliance Principles for anti-virus software firms - GOV.UK ([www.gov.uk](http://www.gov.uk)).

<sup>4</sup> Reforming competition and consumer policy: government response - GOV.UK ([www.gov.uk](http://www.gov.uk)).

<sup>5</sup> CMA (2022), [Online Choice Architecture: How digital design can harm competition and consumers](#).

services. However, OCA can also hide or divert attention from crucial information, set default choices that may not align with consumers' preferences, or draw consumers' attention to products by making false or misleading claims about how scarce they are.

5. As outlined in Chapter 6, the sale of apps to consumers generates very significant revenues for Apple and Google (both as app store owners and as developers) and for many app developers. As part of this market study, we looked at the app user experience when purchasing auto-renewing subscriptions, whilst reflecting on what we have learned from our previous work in relation to auto-renewal and the academic literature we reviewed in relation to OCA.
6. Our consideration of auto-renewing subscriptions has included:
  - a test purchasing exercise. We purchased a range of the most popular apps and a selection of apps where there were notable levels of requests for cancellation either during a free trial period or after that period had expired once payment had been made by the consumer;
  - analysing videos and screenshots provided by Apple and Google of purchase journeys for a selection of apps sold on the App Store and Google Play Store; and
  - requesting information from Apple and Google on the operation of subscriptions and refunds.
7. We have highlighted some particular areas of potential focus for app stores and app developers at the end of the Appendix.<sup>6</sup>

### ***Auto-renewal: consumer protection law***

8. Consumer protection law will apply to Apple and Google as well as app developers and they must each treat consumers fairly in their respective interactions with them.<sup>7</sup>
9. Generally speaking, consumer protection law seeks to achieve two things: transparency and balance. Businesses should treat consumers fairly to ensure they can make informed choices. Consumers should get the

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<sup>6</sup> This is not an exhaustive list, nor a substitute for legal advice, and should not be relied on as such. The examples given are for indicative purposes, and whether a particular practice breaches the law will require a case-by-case assessment. We do not cover every situation or practice in which a breach of the law may occur.

<sup>7</sup> In particular, see the Consumer Protection from Unfair Trading Regulations 2008, Consumer Contracts (Cancellation, Information and Additional Charges) Regulations 2013 and Consumer Rights Act 2015. Other laws may also apply.

information they need, at the right time and in the right format. This is a general requirement which applies throughout businesses' interactions with consumers, and there are also additional specific requirements which apply immediately before and after someone makes a purchase (eg on the checkout page and in confirmation emails). Businesses should not put consumers under undue pressure to take particular decisions. Consumers have a range of statutory rights, including cooling-off rights and remedies if products do not meet certain standards. And terms and conditions must be fair, and not weighted unfairly against consumers.

10. In the context of its work relating to auto-renewing subscriptions, as well as the outcomes secured as part of its enforcement action,<sup>8</sup> we have identified steps which it thinks businesses should take to help ensure their practices comply with consumer law, which include:<sup>9</sup>

*When a customer first signs up*

- Make sure they are able to make a fully informed choice about auto-renewal.
- Make sure that any price claims are accurate and do not mislead customers.
- Confirm the key terms of the auto-renewing contract.

*During the contract*

- Make sure that customers can easily turn off auto-renewal.
- Remind customers about auto-renewal in good time before it happens.
- Once off, auto-renewal stays off.

*Once the contract has automatically renewed*

- Give customers the chance to change their mind.
- Make it easy for customers to obtain a refund if they want one.

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<sup>8</sup> See the undertakings secured by the CMA in relation to the [anti-virus sector](#) and the [online console video gaming sector](#).

<sup>9</sup> See the Compliance Principles for anti-virus software businesses that use auto-renewing contracts.

- Provide appropriate safeguards for customers who are no longer using the product following auto-renewal.
11. We take the view that these are likely to be of similar relevance to the sale of auto-renewing subscriptions in the current context.

***Auto-renewal: OCA***

12. When looking at the process for purchasing a subscription we have considered how OCA might influence consumer behaviour. As we said in our recent publications, OCA can be used positively by businesses to improve consumers' online experience by creating smooth consumer journeys or by facilitating a better match between consumers and products or services. However, OCA practices can also be used in ways that can harm consumers, for instance, by inducing ill-informed, unwanted or potentially accidental purchases. Thus, the OCA design choices are an intrinsic part of the overall consumer experience and, consequently, an important influence on consumer behaviour.
13. We think that the following OCA practices have the potential to be influential when consumers are purchasing auto-renewing subscriptions:<sup>10</sup>
- Visual manipulation: this refers to the use of choice architecture elements such as colour, size, positioning, style and any other visual aspects to steer consumers' decision-making, for example, by accentuating specific products or hiding product information.
  - Framing: this refers to how decision-relevant information is described or presented to a consumer.
  - Defaults: this is when there is a predefined option or setting chosen by the app developer, which the consumer must take active steps to change.
  - Popularity claims: this is when businesses signal that many other consumers have bought a certain product, which can place pressure on consumers to purchase.

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<sup>10</sup> This is not an exhaustive list, and other OCA practices may also be relevant.

## The sale of auto-renewing subscriptions

### *How auto-renewing subscriptions are sold*

14. App developers who want to sell auto-renewing subscriptions to users on App Store and Play Store must do so using Apple and Google's in-app purchasing system. The practices of Apple and Google in relation to this process are broadly similar.
15. App developers design the in-app purchase flow for subscriptions, as well as the subscription itself (eg price, billing period, content etc), but are obliged to comply with guidelines set by Apple<sup>11</sup> or Google.<sup>12</sup> Apple and Google also provide app developers with the ability to use different types of offer, such as free trials or introductory prices. Apple and Google effectively give app developers a range of options which they then use to create their own subscription offer.
16. Apple and Google handle the billing of both initial and subsequent payments, by routing the consumer through the App store to conclude the transaction. This includes providing the final pre-purchase screen (ie the equivalent of a checkout page) and sending confirmation of the purchase to the app user. Apple and Google also send specific notifications (for example subscription confirmation emails and renewal reminder emails).
17. Apple and Google provide app users with a way of managing their subscriptions. Their operating systems can facilitate notifications and messages to app users, and they provide certain customer service functions (eg in relation to cancellations and refunds). App developers may also do some or all of these things themselves, in parallel with Apple or Google.
18. Multiple terms and conditions may be applicable to the purchase, for example Apple and Google's terms for in-app purchases as well as the terms and conditions set by the app developer in relation to the subscription itself. Consumers frequently enter into an End User Licence Agreement (EULA) with the app provider (either Apple or Google for their proprietary apps or the third-party app developer), which is a combination of copyright licence and contract relating to the use of the app, content and services connected with the subscriptions. The terms relating to sales on the Google Play Store are the Google Play Terms of Service.<sup>13</sup> Apple<sup>14</sup> provides a default EULA which app

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<sup>11</sup> [Auto-renewable Subscriptions - App Store - Apple Developer](#)

<sup>12</sup> [Sell subscriptions | Google Play's billing system | Android Developers](#)

<sup>13</sup> [Google Play Terms of Service](#)

<sup>14</sup> Apple: [Legal - Licensed Application End User License Agreement - Apple](#)

developers can use, which deals with issues such as scope of use, consent to use data and limitation of warranty and liability. App developers can substitute the default agreements with their own custom EULA if they wish.

19. In our view, the fact that there may be multiple terms and conditions applicable to a transaction, and that roles and responsibilities between parties may overlap or apply in parallel may create some scope for confusion on the part of app users, for example in trying to establish their actual contractual rights.

### ***App store rules directed at App Developers***

20. Before we analyse the consumer journeys we captured as part of the test purchase exercise, we look at the guidelines which the store owners set for third party app developers. These provide the rules for selling subscriptions to consumers.

#### *Apple*

21. Apple sets out the rules which apply to app developers within their Apple Developer Program License Agreement<sup>15</sup>. The key extract describing the responsibilities on app developers is below.

**3.2** Unless Apple provides You with user interface elements, You are responsible for developing the user interface Your Application will display to end-users for orders made through the In-App Purchase API. You agree not to misrepresent, falsely claim, mislead or engage in any unfair or deceptive acts or practices regarding the promotion and sale of items through Your use of the In-App Purchase API, including, but not limited to, in the Licensed Application Information and any metadata that You submit through App Store Connect. You agree to comply with all applicable laws and regulations, including those in any jurisdictions in which You make content, functionality, services or subscriptions available through the use of the In-App Purchase API, including but not limited to consumer laws and export regulations.

22. Apple states at 3.5 of that agreement that to the extent developers promote their products and offer in-app subscriptions, they must do so 'in compliance with all legal and regulatory requirements'.
23. In schedules 2 and 3 of the Developer Program Licence Agreement, Apple goes further, specifying that:

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<sup>15</sup> [Apple Developer Program License Agreement](#)

3.8 You may offer auto-renewing subscriptions in select Territories using the In-App Purchase API subject to the terms of this Schedule 2, provided that:

(a) Auto-renew functionality must be on a weekly, monthly, bi-monthly, tri-monthly, semi-annual or annual basis at prices You select in the App Store Connect tool. You may offer multiple durations and service levels for Your subscription and will have the ability to associate and rank these subscription items within Subscription Groups, to enable customers to easily upgrade, downgrade, and cross-grade amongst the Subscription Group options. You understand and agree that when a subscriber upgrades or cross-grades (except for cross-grades of different durations), such service level will begin immediately and Your proceeds will be adjusted accordingly, and when a subscriber downgrades, the new service will begin at the end of the current subscription period.

(b) You clearly and conspicuously disclose to users the following information regarding Your auto-renewing subscription:

- Title of auto-renewing subscription, which may be the same as the in-app product name
- Length of subscription
- Price of subscription, and price per unit if appropriate

Links to Your Privacy Policy and Terms of Use must be accessible within Your Licensed Application.

24. Apple's policy is far less specific than that of Google about practices which will not be acceptable.
25. Apple told us that when it reviews developer apps, it does so to ensure compliance with the App Store Guidelines and that these guidelines incorporate the requirements of consumer protection law. Beyond that, it argued there was a limitation to its role as store owner, stating that it is neither practical nor feasible for Apple to carry out a supervisory function of how developers market their products and services to consumers.

## Google

26. Google sets out clearly the policy and standards that App developers need to meet for aspects of subscriptions which fall to App developers to decide.<sup>16</sup> Google's policy is that app developers must be clear about the cost of subscriptions and the frequency of the billing cycle. Google also provides clarity about what are acceptable ways to present this information visually to consumers through the use of examples.
27. Google told us that it reviews developer apps against the terms of developer agreements and its policies. It does this both on a proactive basis (through its app review processes) and a reactive basis (for example, where it has received a large number of customer complaints about an app). Although, Google told us that it may impose various sanctions against apps found to violate its rules, such as warning developers and requiring fixes within a set amount of time or removing apps from Play and/or terminating a developer's account (in the case of more serious violations), the levels of compliance and

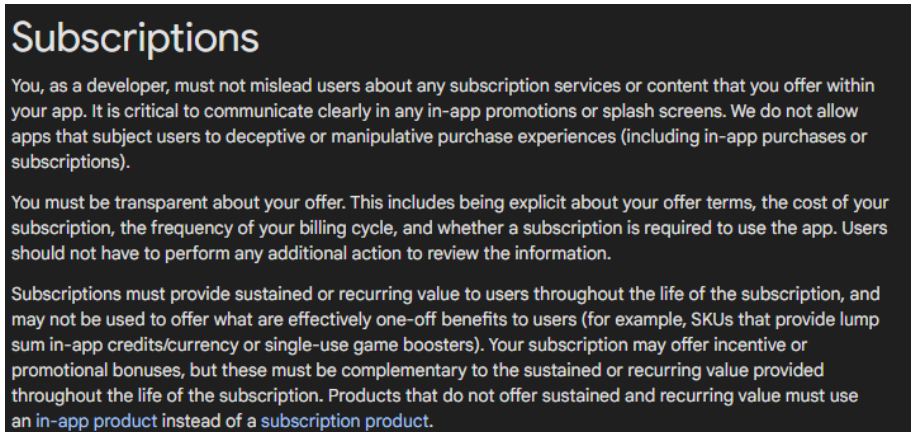
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<sup>16</sup> [Subscriptions - Play Console Help \(google.com\)](https://play.google.com/console/help/subscribe)



intervention by Google remain unclear to us. Google did not provide us with detailed information on levels of enforcement activity or compliance.

28. Although developers are required to comply with Google's policies which prohibit misleading design and require developers to be open and clear about the terms of their subscription offer, it is not entirely clear in practice the extent to which breaches are monitored and the extent of interventions made by Google to ensure compliance.

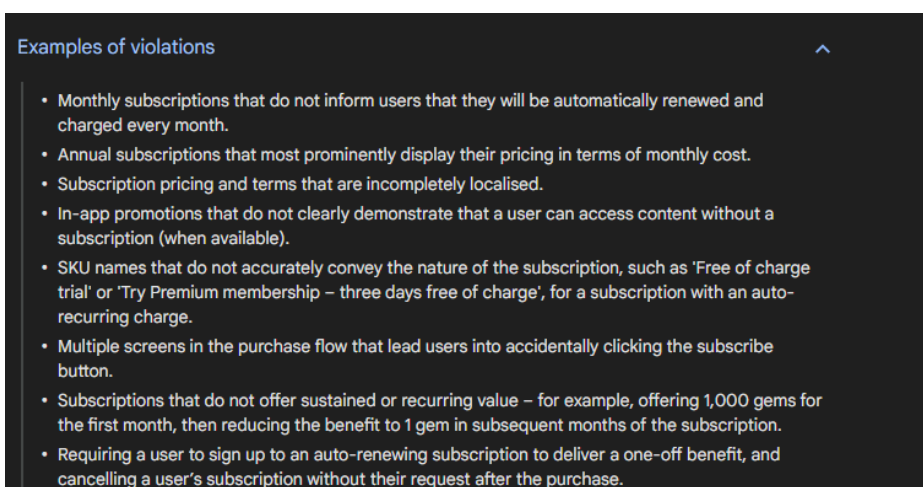


**Subscriptions**

You, as a developer, must not mislead users about any subscription services or content that you offer within your app. It is critical to communicate clearly in any in-app promotions or splash screens. We do not allow apps that subject users to deceptive or manipulative purchase experiences (including in-app purchases or subscriptions).

You must be transparent about your offer. This includes being explicit about your offer terms, the cost of your subscription, the frequency of your billing cycle, and whether a subscription is required to use the app. Users should not have to perform any additional action to review the information.

Subscriptions must provide sustained or recurring value to users throughout the life of the subscription, and may not be used to offer what are effectively one-off benefits to users (for example, SKUs that provide lump sum in-app credits/currency or single-use game boosters). Your subscription may offer incentive or promotional bonuses, but these must be complementary to the sustained or recurring value provided throughout the life of the subscription. Products that do not offer sustained and recurring value must use an in-app product instead of a subscription product.



**Examples of violations**

- Monthly subscriptions that do not inform users that they will be automatically renewed and charged every month.
- Annual subscriptions that most prominently display their pricing in terms of monthly cost.
- Subscription pricing and terms that are incompletely localised.
- In-app promotions that do not clearly demonstrate that a user can access content without a subscription (when available).
- SKU names that do not accurately convey the nature of the subscription, such as 'Free of charge trial' or 'Try Premium membership – three days free of charge', for a subscription with an auto-recurring charge.
- Multiple screens in the purchase flow that lead users into accidentally clicking the subscribe button.
- Subscriptions that do not offer sustained or recurring value – for example, offering 1,000 gems for the first month, then reducing the benefit to 1 gem in subsequent months of the subscription.
- Requiring a user to sign up to an auto-renewing subscription to deliver a one-off benefit, and cancelling a user's subscription without their request after the purchase.

## Consumer journey for purchasing subscriptions

29. Although developers can elect to sell on a non-auto-renewing basis on the Apple and Google App store, subscriptions in both app stores are generally sold on an auto-renewing basis. Payment is made at the start of the subscription period. The prices in the test purchases we made ranged from around £10 for a monthly subscription to over £50 for a yearly subscription.
30. Many subscriptions begin with a free trial for a short period (for example 7 days, 2 weeks, or a month) which automatically converts to a paid subscription unless the consumer terminates the agreement within a specified



period (that may be shorter than the free trial). App developers decide what promotions they wish to offer to attract new customers.

31. Below we consider the consumer's journey to purchase a subscription on both iOS and Android devices. This includes a consideration of the OCA encountered by consumers, including the relevant evidence on OCA and the underlying psychological mechanisms that guide consumer behaviour when faced with information and different OCA practices. For this we draw on the academic and regulatory evidence discussed in our publications on OCA.<sup>17</sup> We use the same taxonomy as these publications when discussing the different OCA practices identified in the consumer journey.
32. Both store owners told us that app developers are responsible for the consumer journey for subscriptions up until the final 'Subscribe' page, which contains standardised text provided by the store owner. Although app developers are subject to Apple and Google policies and procedures covering the terms of subscription and accuracy of the information provided to consumers' they are otherwise free to determine for themselves the flow that users go through to take out a subscription, up until the final 'Subscribe' page. Apple and Google have told us they monitor compliance with those policies.

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<sup>17</sup> See CMA (2022), [Online Choice Architecture: How digital design can harm competition and consumers](#).

**Figure K.1: Consumer journey for purchasing subscription for [X] on iOS**

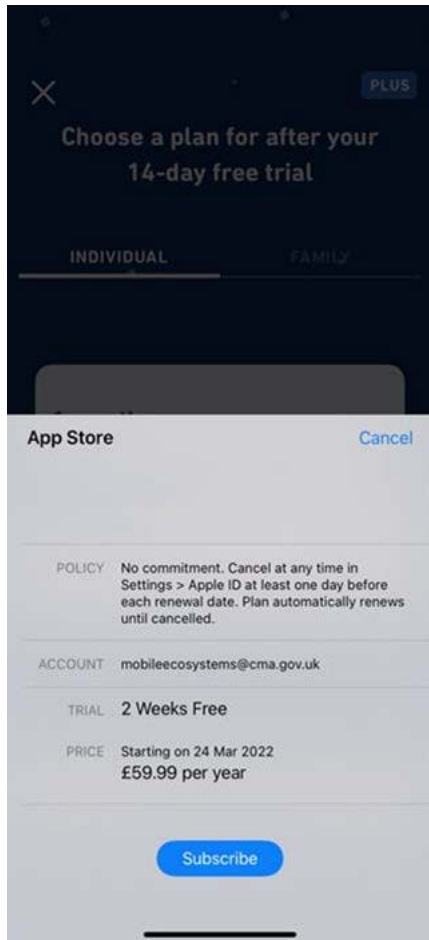


**Source: Screenshots captured by the CMA in March 2022**

33. Figure K.1 provides an example of a consumer journey for purchasing an app ([X] in this case) through App Store. While the consumer journey for purchasing subscriptions can vary depending on the app, the final stage of the

consumer journey where consumers subscribe to the app, ie the screen set by App Store showing the details of the subscription plan and autorenewal details (see Figure K.2), uses standardised text for all apps.

**Figure K.2: Final stage of the consumer journey for purchasing subscription for [X] on iOS**



**Source:** Screenshot captured by the CMA in March 2022

34. As illustrated in Figure K.1, the consumer journey for purchasing [X] on an iOS device includes the following choice architecture features:

- highlighting or prominent featuring of choice buttons to start free trial (such as 'TRY FOR FREE', 'START MY FREE 2 WEEKS') and positioning it above the 'NO THANKS' button (as further illustrated in Figure K.3).

**Figure K.3: Highlighting choice buttons in the consumer journey for purchasing [X] subscription (iOS)**

[3<]

**Source: Screenshots captured by the CMA in March 2022**

- information on auto-renewal provided in smaller font at the bottom of the screen (as further illustrated in Figure K.4);

**Figure K.4: Less obvious featuring of information on auto-renewal in the consumer journey for purchasing [3<] subscription (iOS)**

[3<]

**Source: Screenshots captured by the CMA in March 2022**

- use of 'Most popular' claim which can make certain subscription plans look more attractive (as further illustrated in Figure K.5);

**Figure K.5 Use of popularity claims in the consumer journey for purchasing [3<] subscription (iOS)**

[3<]

**Source: Screenshot captured by the CMA in March 2022**

- breaking down and presenting the cost of annual subscription plans as monthly prices, although the subscription will be renewed (and charged) annually rather than monthly (as further illustrated in Figure K.6) – the presentation of the two prices could be potentially misleading to consumers. The similar presentation of the two prices may create confusion as to what the consumer is actually signing up to, £4.99 on a monthly basis or a lump sum £59.99 for a 12-month subscription. As a result, consumers might potentially be misled into thinking that they will be charged on a monthly basis, which would not be the case;

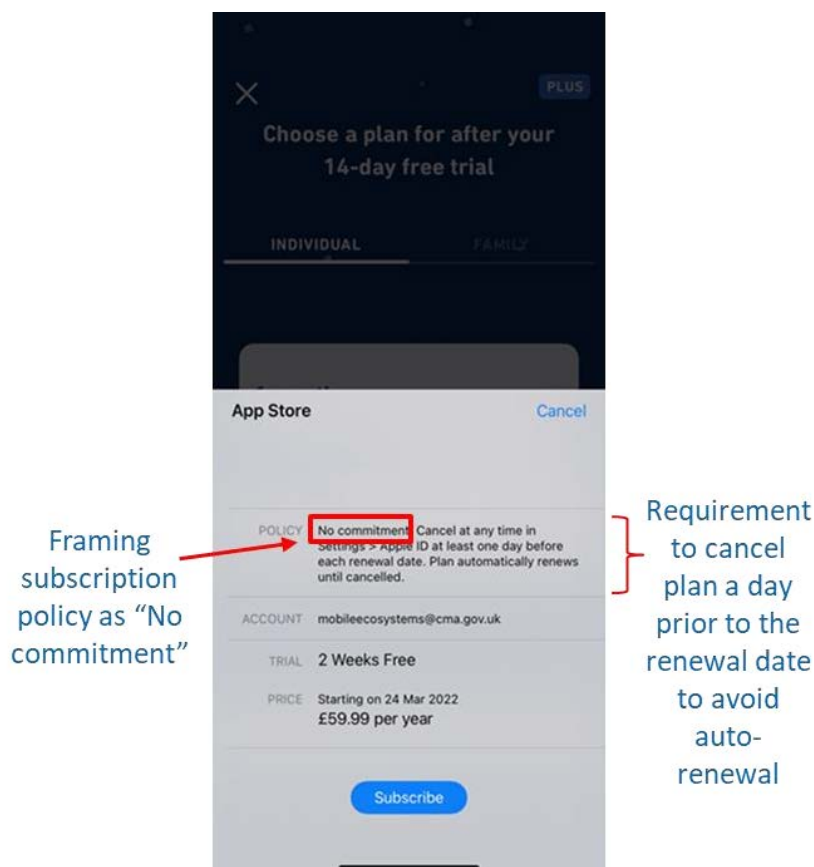
**Figure K.6: Framing of subscriptions prices in the consumer journey for purchasing [3<] subscription (iOS)**

[3<]

**Source: Screenshot captured by the CMA in March 2022**

- framing the subscription policy as 'No commitment' on the final stage of the consumer journey on the screen displayed by App Store (as further illustrated in Figure K.7).

**Figure K.7 Framing subscription policy as ‘No commitment’ in the consumer journey for purchasing [3<] subscription (iOS)**

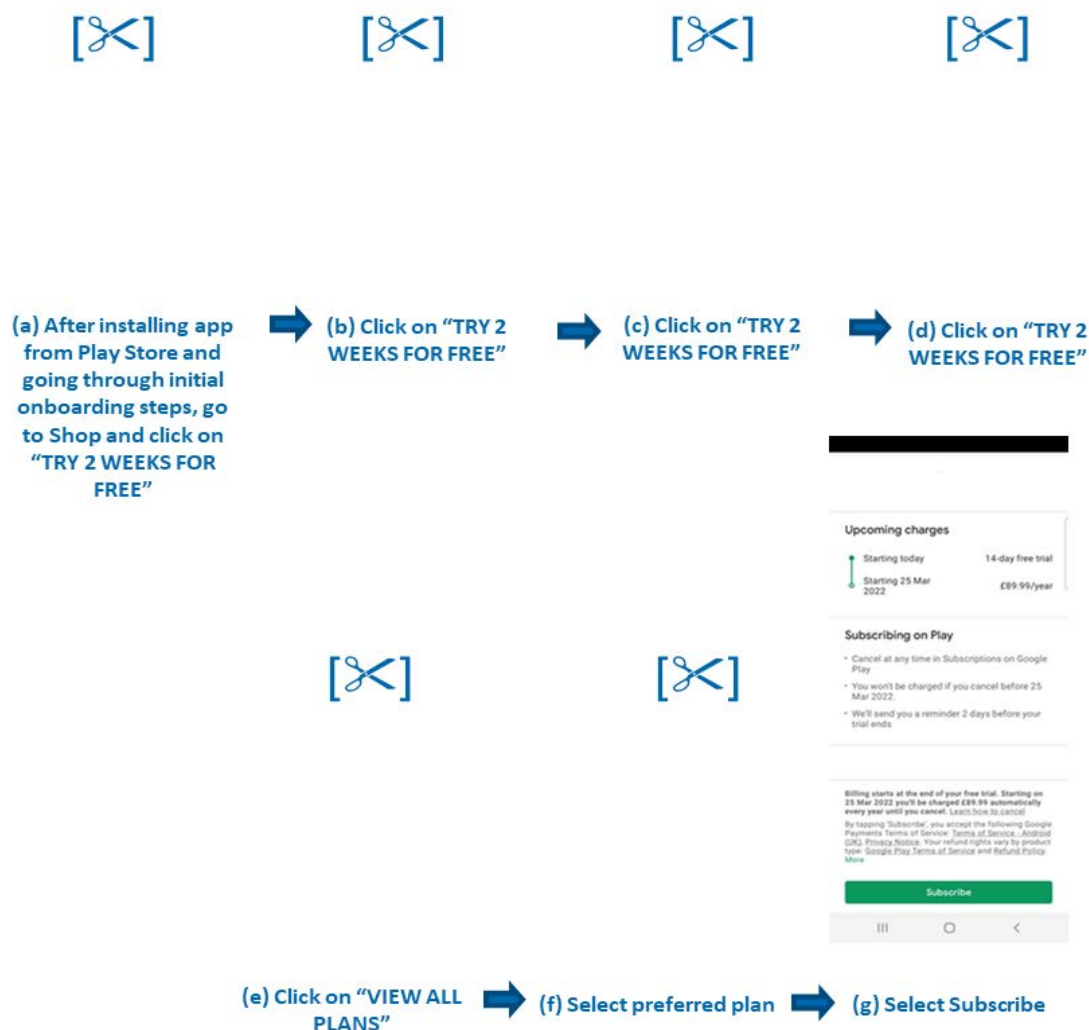


**Source: Screenshot captured by the CMA in March 2022**

35. Figure K.8 illustrates the consumer journey for purchasing an app on Android devices using the example of the [3<] app. Although the consumer journey for purchasing subscriptions can vary depending on the app, the final stage of the consumer journey where consumers subscribe to the app, ie the screen set by Play Store showing the details of the subscription plan and autorenewal details, uses standardised text for all apps.
36. As shown in Figure K.8, the choice architecture of the consumer journey for purchasing [3<] on Android devices is similar to that on iOS devices as illustrated in Figure K.1 and discussed above. The consumer journey involves design elements such as prominent featuring of the choice button to start a free trial (Figure K.9), information on autorenewal provided in smaller font and at the bottom of the screen (Figure K.10), use of ‘Most popular’ claims (Figure

K.11), and providing monthly prices for annual subscriptions (Figure K.12). A key difference in the consumer journey for purchasing app subscriptions on Android, as compared to iOS, is the final subscribe page (as shown in Figure, panel (g) and further illustrated in Figure K.13) ie the screen displayed by Play Store, which sets out the details of the subscription plan and autorenewal details.

**Figure K.8: Consumer journey for purchasing subscription for [X] on Android**



**Source: Screenshots captured by the CMA in March 2022**

**Figure K.9: Highlighting choice buttons in the consumer journey for purchasing [X] subscription (Android)**

[X]

**Source: Screenshots captured by the CMA in March 2022**

**Figure K.10: Less obvious featuring of information on auto-renewal in the consumer journey for purchasing [&] subscription (Android)**

[3<]

**Source: Screenshot captured by the CMA in March 2022**

**Figure K:11: Use of popularity claims in the consumer journey for purchasing [3<] subscription (Android)**

[3<]

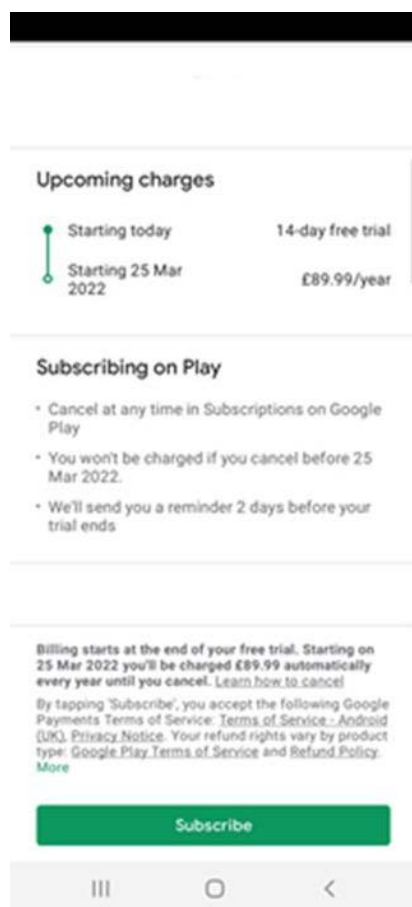
**Source: Screenshot captured by the CMA in March 2022**

**Figure K:12: Framing of subscriptions prices in the consumer journey for purchasing [3<] subscription (Android)**

[3<]

**Source: Screenshot captured by the CMA in March 2022<sup>18</sup>**

**Figure K:13 Final stage of the consumer journey for purchasing subscription for [3<] on Android**



<sup>18</sup> We note that the per member subscription price for the family plan relies on assumptions about the number of family members which may not be accurate in all cases.



**Source: Screenshot captured by the CMA in March 2022**

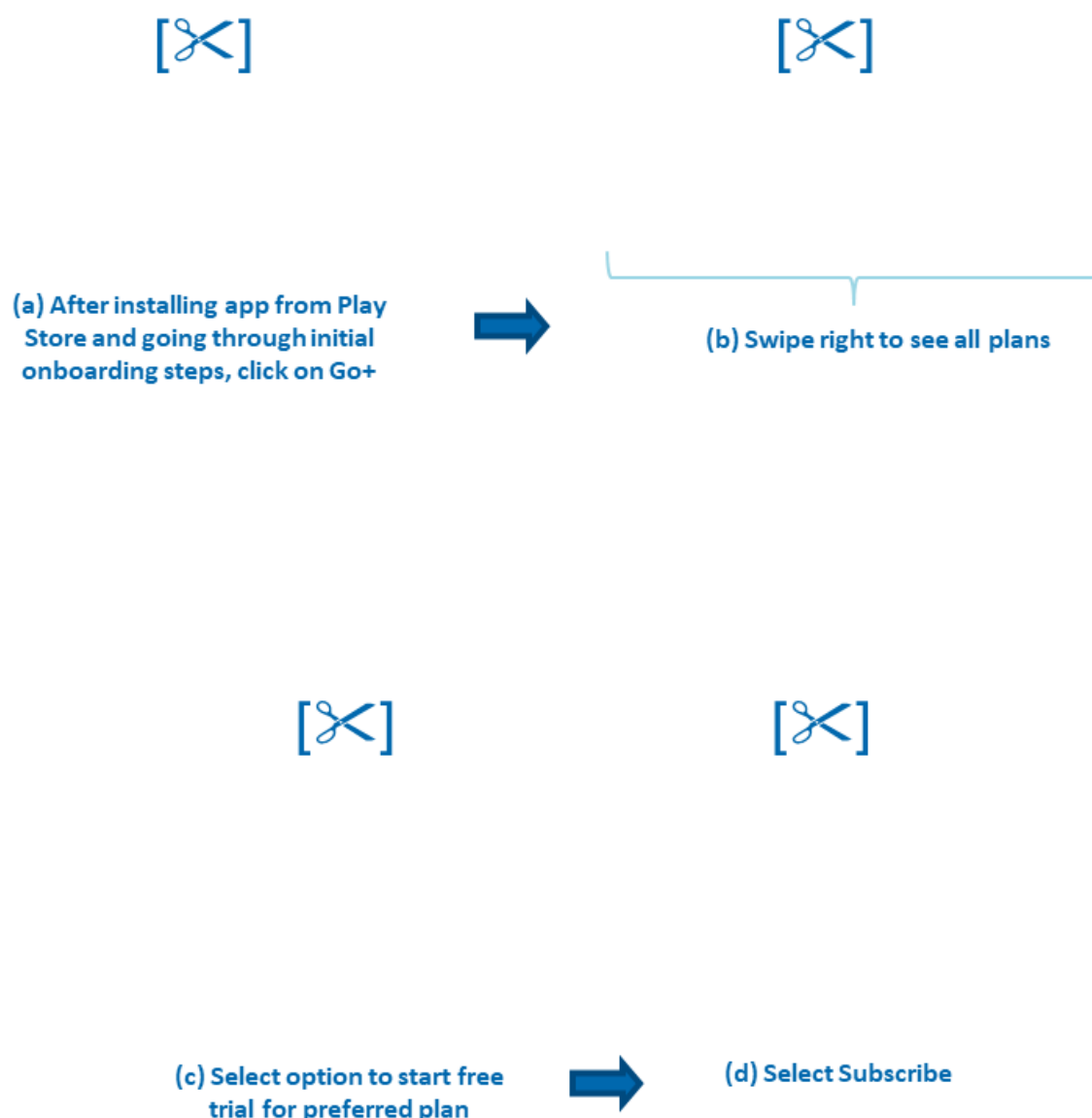
37. For both iOS and Android we illustrate a further example of the consumer journey to purchasing a subscription using the example of the [X] App in Figures K.14 and K.15. With regard to [X], we noted in particular that:
- Information on auto-renewal can be provided in smaller font at the bottom of some of the screens, particularly those which precede the final purchase screen.
  - The [X] subscription can be featured more prominently compared to the alternatives. As illustrated in Figure K.14, panel (b), on iOS, [X] is the subscription plan which is pre-selected by default, with a prominent 'Subscribe now' button below it. To explore other plans, consumers would be required to click the less salient 'See all plans' button below it. On Android, as illustrated in Figure K.15, the option for [X] is shown first, requiring consumers to swipe horizontally to the right to see other plans.

**Figure K.14: Consumer journey for purchasing subscription for [X] on iOS**



**Source: Screenshots captured by the CMA in March 2022**

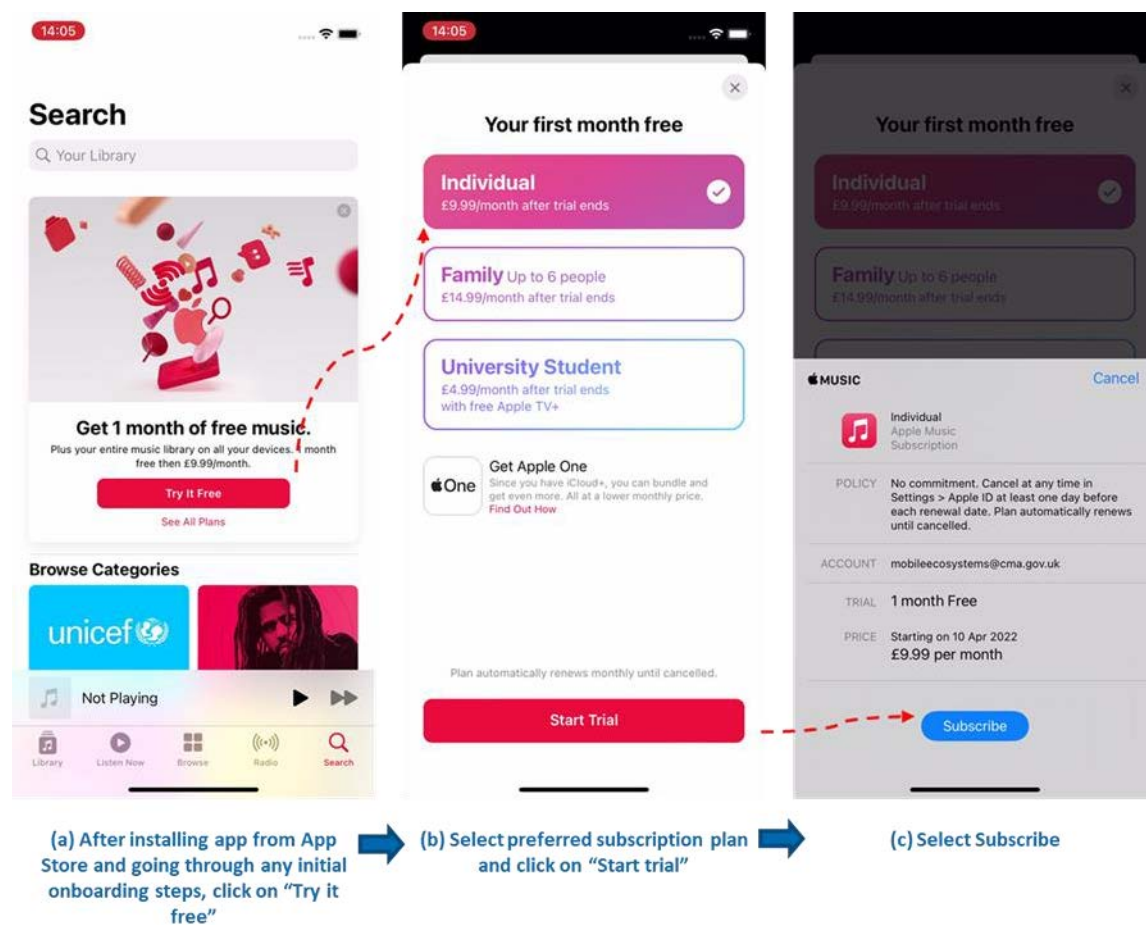
Figure K.15: Consumer journey for purchasing subscription for [✂] on Android



**Source: Screenshots captured by the CMA in March 2022**

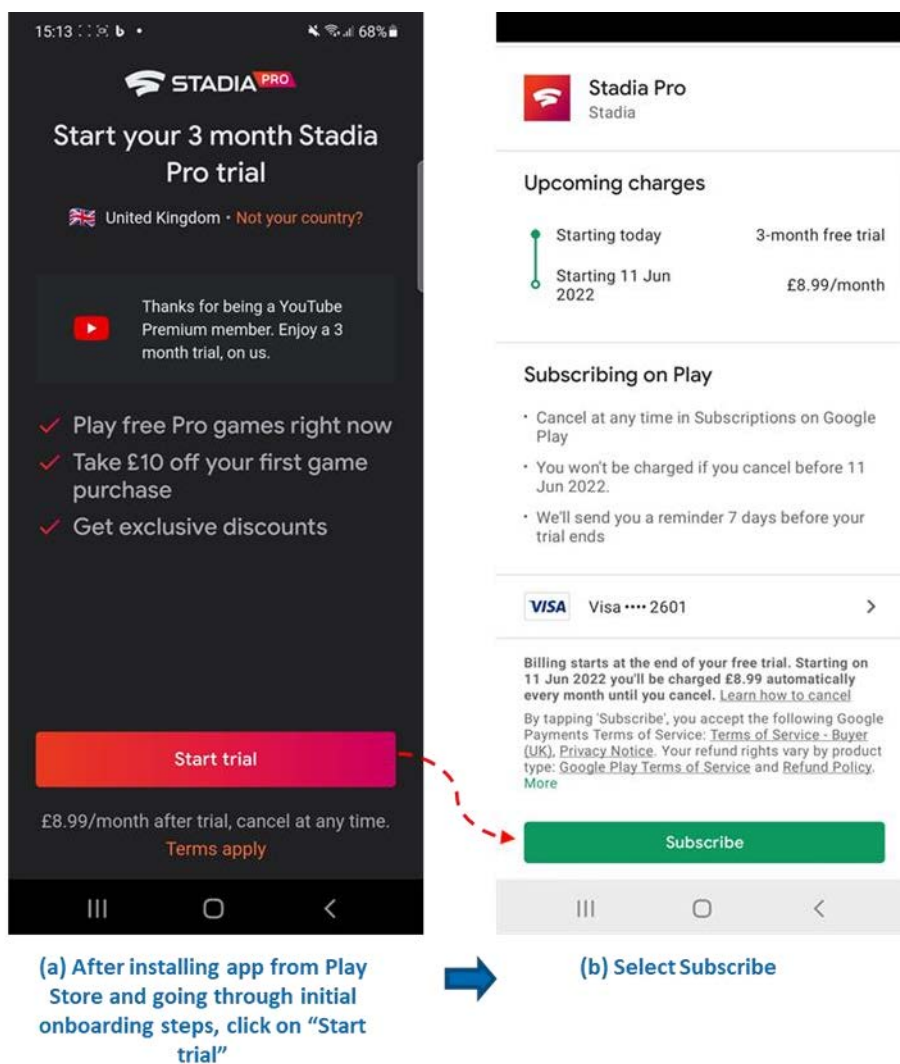
38. In addition to looking at various third-party apps, we also looked at the consumer journey for apps owned by Apple and Google, such as Apple Music (Figure Figure KK.16) and Stadia (Figure K.17), respectively. We noted some similar choice architecture features to those discussed above, namely, less prominent or salient information about auto-renewal presented at the bottom of the screen (for both Apple Music and Stadia) and featuring certain subscription plans more prominently than others by preselecting the plan and ranking it first (for Apple Music), as illustrated in Figure K.18.

**Figure K.16: Consumer journey for purchasing subscription for Apple Music on iOS**



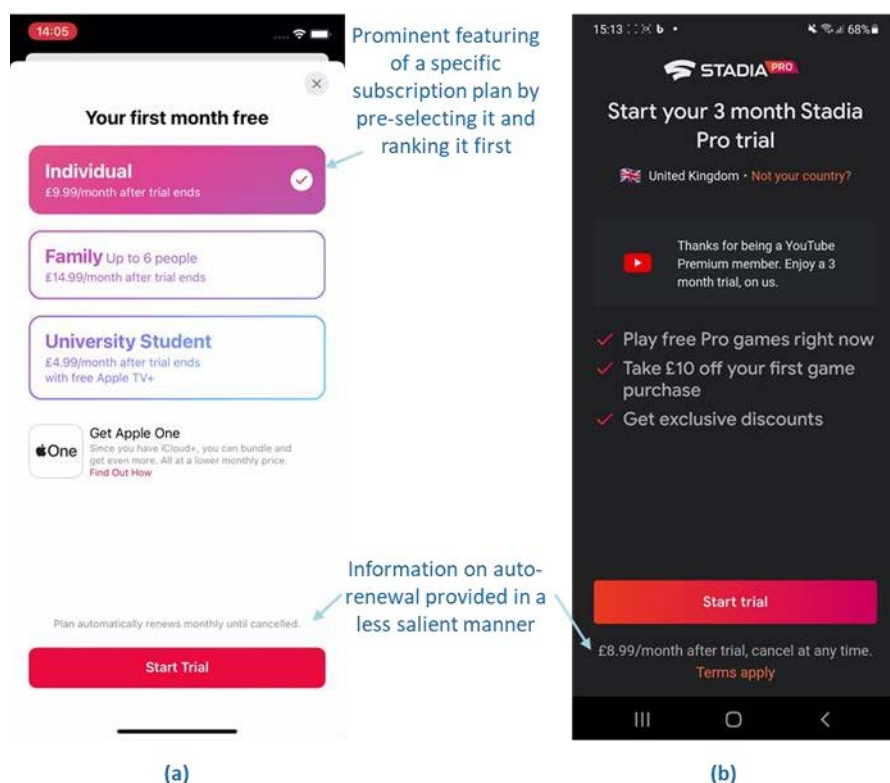
**Source: Screenshots captured by the CMA in March 2022**

**Figure K.17: Consumer journey for purchasing subscription for Stadia on Android**



**Source: Screenshots captured by the CMA in March 2022**

**Figure K.18: Certain choice architecture features in the consumer journey for purchasing subscriptions for Apple Music and Stadia**



**Note: Screenshots from the consumer journey for purchasing subscriptions for (a) Apple Music on iOS and (b) Stadia on Android**

**Source: Screenshots captured by the CMA in March 2022**

39. Aside from the examples illustrated above, we also looked at the consumer journey for a selection of other popular apps on both App Store and Play Store as part of the test purchase exercise we conducted and by analysing videos and screenshots provided to us by Apple and Google of purchase journeys for a selection of apps sold on their respective app stores.
40. Across the range of apps we examined, we identified some concerns with the information provided and the choice architecture of the consumer journey for purchasing auto-renewing subscriptions. Because our analysis looked at a subset of all apps we have not formed a view on the prevalence of these concerns across all apps available through the App Store and Play store.
41. Below we describe some of our concerns, with reference to our published taxonomy on OCA:
42. We observed that the consumer journeys on both App Store and Play Store can involve presenting information on the subscription auto-renewal policy in smaller font and at the bottom of the screen, thus making it less obvious and

easier to miss. Saliency of information is crucial as, under conditions of limited attention, consumers are more likely to focus on what is salient and immediately visible.<sup>19</sup> Our publication on OCA termed such a practice as visual manipulation which refers to the use of choice architecture elements such as colour, size, positioning, style and any other visual aspects to steer consumers' decision-making, for example, by accentuating specific products or hiding product information.<sup>20</sup>

43. The final stage of the consumer journey for purchasing an app on iOS describes the subscription policy as 'No commitment'. This has the potential to confuse or mislead consumers. By entering into the free trial, a consumer has effectively committed to rolling into a subscription if they take no action. Unless the consumer cancels their plan a day prior to the renewal date, their plan will be renewed by default (see Figure K.7). Our OCA taxonomy categorises such a practice as framing, which refers to how decision-relevant information is described or presented to a consumer.<sup>21</sup>
44. We also observed that certain OCA practices used by apps can steer consumers towards specific subscription plans. These practices can include preselecting the plan by default<sup>22</sup>, use of popularity claims<sup>23</sup> and ranking.<sup>24</sup>
45. On the App Store consumers who do not want their free trial to convert automatically to a paid subscription must cancel 24 hours before the end of that free trial. Apple told us there are operational reasons for this. Research shows online users often skim-read information<sup>25</sup> and focus on information that is more visually salient or prominent. Given that the 24-hour rule on giving notice generally appears in a block of smaller font text and frequently not on the first line, as shown in Figure K.7, consumers might miss this information. This could potentially lead some consumers to inadvertently take action to

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<sup>19</sup> See Tiefenbeck, V., Goette, L., Degen, K., Tasic, V., Fleisch, E., Lalive, R., & Staake, T. (2018). [Overcoming salience bias: How real-time feedback fosters resource conservation](#). *Management Science*, 64(3), 1458–1476 and Mann, T., & Ward, A. (2007). [Attention, Self-control, and Health Behaviors](#). *Current Directions in Psychological Science*, 16(5), 280–283.

<sup>20</sup> Visual manipulation is a type of sensory manipulation which refers to the use of visual, aural, and tactile (touch and feel) features to distract consumers from or steer consumers towards certain options. See CMA (2022), [Online Choice Architecture: How digital design can harm competition and consumers](#).

<sup>21</sup> See CMA (2022), [Online Choice Architecture: How digital design can harm competition and consumers](#).

<sup>22</sup> This is when there is a predefined option or setting chosen by the app developer, which the consumer must take active steps to change. See CMA (2022), [Online Choice Architecture: How digital design can harm competition and consumers](#).

<sup>23</sup> This is when businesses signal that many other consumers have bought a certain product, which can place pressure on consumers to purchase. See CMA (2022), [Online Choice Architecture: How digital design can harm competition and consumers](#). While accurate popularity claims can be informative to consumers, misleading or false claims can lead to consumers making decisions which are not in their best interests.

<sup>24</sup> This is when the options are ordered in a particular way. The order in which options are presented can have an impact on consumer decision-making. See CMA (2022), [Online Choice Architecture: How digital design can harm competition and consumers](#).

<sup>25</sup> For example, see Duggan, G. B., and Payne, S. J. (2011). [Skim reading by satisficing](#). Proceedings of the SIGCHI Conference on Human Factors in Computing Systems, 1141–1150.

cancel a free trial too late, believing that they can cancel right up until the end of the free trial period.

46. It is also important that, where app stores and app developers are both involved in the purchase process, things like reminders do not fall between the gaps. For example, we noted in the example above that consumers are told that they will receive a reminder at day 12. Apple told us that it does not send these reminders for trials or offers which are less than three months, or subscriptions of less than one month (and so it would not send a reminder in this case as the trial is far shorter). And it was not clear to us from our test purchase that the app developer sent the notification themselves. We would be particularly concerned if, due to a lack of communication between app stores and app developers, reminders were not being provided as promised, or at all.
47. Our view is that the information presented through the choice architecture described above is likely to impact consumer decision-making. It could result in some consumers making decisions with unanticipated consequences.
48. There are differences between the two ecosystems and we believe two elements of the Play Store reduce the risks of consumers making suboptimal choices:
49. The final pre-purchase screen displayed on the Google Play purchase flow where Google Play's billing system is used (Figure K.13) sets out the details of the plan, the autorenewal policy and the last date for cancellation relatively clearly (even if it is not set out so clearly in preceding screens).
50. Google sends email reminders to consumers at least 2 days before a free trial ends. This gives the consumer a prompt to take action if they do not wish to purchase the subscription. Apple by contrast has indicated that it would only send a reminder email where the free trial itself exceeds 3 months (in the cases we looked at none of the apps had trials this long). In these instances, Apple sends a reminder email 30 days prior to the end of the trial – timing which might be regarded as too early to prompt action.

### ***Consumers' awareness and understanding of terms and conditions***

51. A further question we have considered is how aware of the full terms and conditions of their purchase consumers are. We recognise that making the consumer aware of the full terms and conditions may present a challenge where consumers make purchases on handheld mobile devices with limited screen space in which to present detailed terms and conditions. However,



legal obligations in relation to transparency should be met, key terms must be accessible, clear and accurate and consumers should not be overloaded with excess information.<sup>26</sup>

52. We observe that in both app stores detailed terms and conditions (whether those of the app stores themselves or of the app developers) are seldom presented on the screens a consumer always sees – the consumer must click through links to find additional information. Frequently, the links are not easily found and the consumer must search to find the full terms and conditions that apply. Whilst it may be reasonable to place some terms in further information links when there is limited room, consumers must be able to find and review this information without undue difficulty.
53. Because detailed terms and conditions are not displayed, the summary terms presented on screens that are always displayed to consumers are particularly important. We make the following observations about the terms and conditions which are always shown to consumers. We consider below what the consumer is told about specific terms and how this could influence their choices:
54. Date of payments and renewals: it was not clear in the Apple purchase flows shown above that cancellation has to happen 24 hours before the free trial ended in order to avoid a paid for subscription – which means that a consumer becomes committed to a paid subscription before the end of the free trial period. Whilst such a policy might benefit Apple or app developers, it is likely to be unexpected by an individual consumer who would be likely to assume the free trial can be cancelled at any time prior to the end of the stated trial period.
55. Cancellation policy: this is described as ‘No commitment. Cancel at any time in Settings > Apple ID at least one day before each renewal date’. It is hard to reconcile the term ‘no commitment’ with the position of the consumer, who is committed to a rolling subscription unless it is cancelled either during the free trial period or subsequently. Further, as discussed later in this appendix, the right to ‘cancel’ stops future payments but does not necessarily mean immediately ending the subscription and receiving a refund. A consumer might read the latter meaning into the words ‘cancel at any time’ thinking that cancellation means that their subscription will terminate and that they will be

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<sup>26</sup> See Persson, P. (2018). [Attention manipulation and information overload](#). *Behavioural Public Policy*, 2(1), 78-106.

entitled to a refund of amounts paid for services they will not receive. That would be consistent with the idea that their commitment is limited.

## **Cancellations**

### ***Turning off auto-renewal and/or bringing the subscription to an immediate end***

56. Both Apple and Google use the term ‘cancellation’ to refer to turning off auto-renewal (ie preventing future charges) with the subscription continuing until the end of the billing period. This may differ from the meaning some consumers would expect – particularly when statements such as ‘cancel at any time’ are used. Contrary to what may be consumers’ expectation, cancelling does not mean terminating the contract at a time of the consumer’s choosing, nor does it lead to an automatic pro-rata refund for the period of the subscription which remains.
57. Both store owners told us that consumers who wish to terminate a contract early should follow a different process to cancellation. The terms ‘refund’ (Apple) or ‘revocation’ (Google) mean bringing a subscription to an immediate end, losing access to the services provided under the app and receiving a full or pro-rata refund.<sup>27</sup>
58. Apple told us that consumers have a right to claim a refund if they do not want a subscription that defaults to automatic renewal – and that consumers should use the refund process where they want to terminate a contract with immediate effect. It explained that consumers have the choice of either cancelling auto-renewal (which would result in them paying only until the end of the current period but retaining access to the content until then) or claiming a refund (which would result in the access to content being terminated immediately).
59. Although there appears to be a distinction drawn between ‘refund/revocation’ rights and ‘cancellation/withdrawal’ rights in terms and conditions, no distinction appears to be drawn when users access the support sections of either App store. There appears to be a single process for bringing a subscription to an immediate end and requesting a refund. We note that this is also the same process used to request a refund when a user experiences a problem with a subscription (eg in relation to quality issues).

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<sup>27</sup> Consumers will also have certain statutory cooling-off rights to end their subscription immediately which may include a right to a refund (in terms and conditions these are also referred to as ‘cancellation’ rights by Apple and referred to as ‘withdrawal’ rights by Google).

60. Whilst Apple and Google both offer a straightforward facility to make such a request (see below), and provide guidance on how to do so, we saw limited information on the way requests are actually handled, for example about limits on a user's ability to obtain a refund, how the amount was calculated etc, although we do note that we are not aware of users facing any significant difficulties in bringing subscriptions to an immediate end and obtaining a satisfactory refund.
61. Although we have not seen evidence which suggests consumers are facing particular problems in obtaining refunds, it was not immediately apparent to us whether refunds are being provided to users pursuant to their statutory cooling-off rights, or pursuant to some form of contractual right, or pursuant to a discretionary policy.
62. To the extent it is the latter, we have two potential concerns. Firstly, a business may decide to change its policies, and to the extent that any rights are not captured in the terms and conditions consumers may find it difficult to challenge such a decision. Secondly, consumers may not make a claim (and therefore benefit from any policy) if they are not aware that they can do so. Lack of easily accessible information on refunds rights can also add unnecessary friction to the process for claiming refunds, thus potentially discouraging consumers from making refunds claims.

### ***The consumer journey when a cancellation is requested***

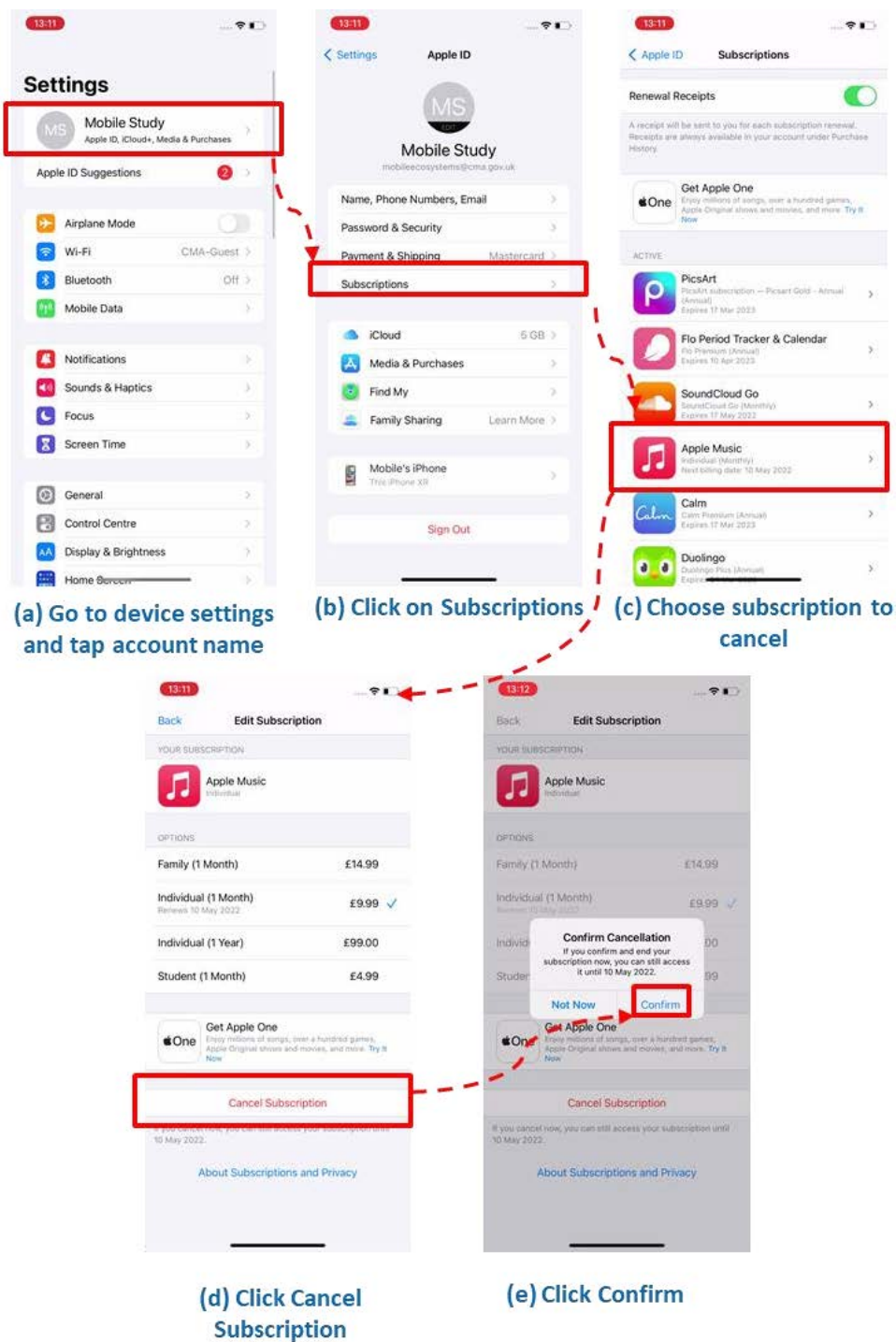
63. It is important that consumers can cancel contracts entered into online as easily as they were able to enter them.
64. It is also important that consumers' experience of a cancellation process accords with their expectations of how this process would work before they purchase. The consumer journey to cancel a subscription is broadly similar in the Apple and Google ecosystems. As we show below in the screenshots, a consumer can 'cancel':
- from a link provided in a purchase confirmation or reminder email;
  - by accessing the subscriptions page via device settings (iOS) or Play Store (Android); or
  - where an app developer has adopted the necessary API, from a 'hot link' within an app.

65. Figure K.19 illustrates the consumer journey for cancelling a subscription on iOS devices via device settings<sup>28</sup> (using the example of Apple Music). The consumer journey involves launching the device settings, tapping the account name and then clicking 'Subscriptions' to proceed to the subscriptions page (Figure K.19, panel (c)) which lists all of the consumer's active subscriptions. Consumers can then select the app subscription they want to cancel and confirm the cancellation. When confirming the cancellation, consumers are also informed how long they have access to the subscription after cancellation (Figure K.19, panel (e)).
66. As shown in Figures K.20 and K.21, consumers can also access the subscriptions page to see all active subscriptions from other access points such as from a confirmation email or from a deep link within the app, respectively.

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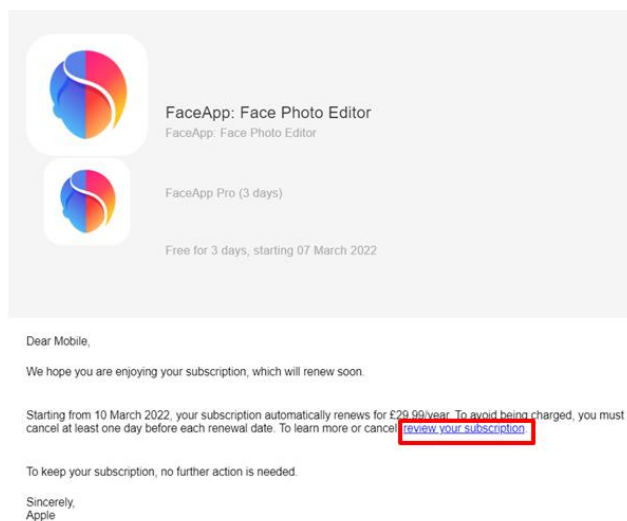
<sup>28</sup> [How to cancel a subscription from Apple – Apple Support \(UK\)](#)

**Figure K.19: Consumer journey for cancellation via device settings on iOS**



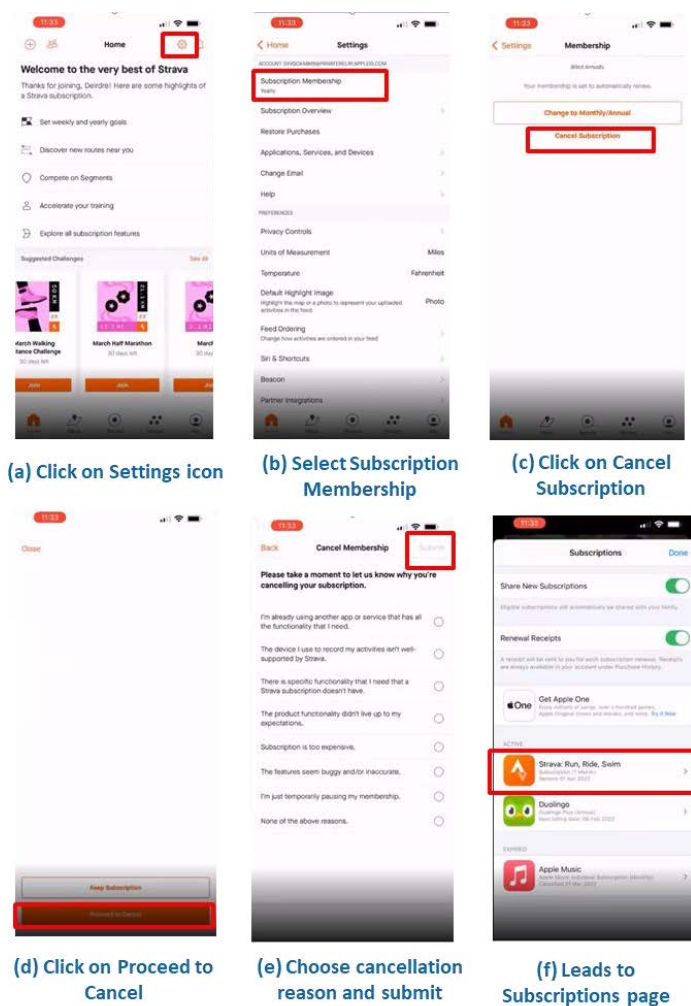
**Source: Screenshots captured by the CMA in April 2022**

**Figure K.20: Confirmation email with link to subscriptions page on iOS**



**Source: Screenshot captured by the CMA in March 2022**

**Figure K.21: Cancelling subscription through link within app on iOS**

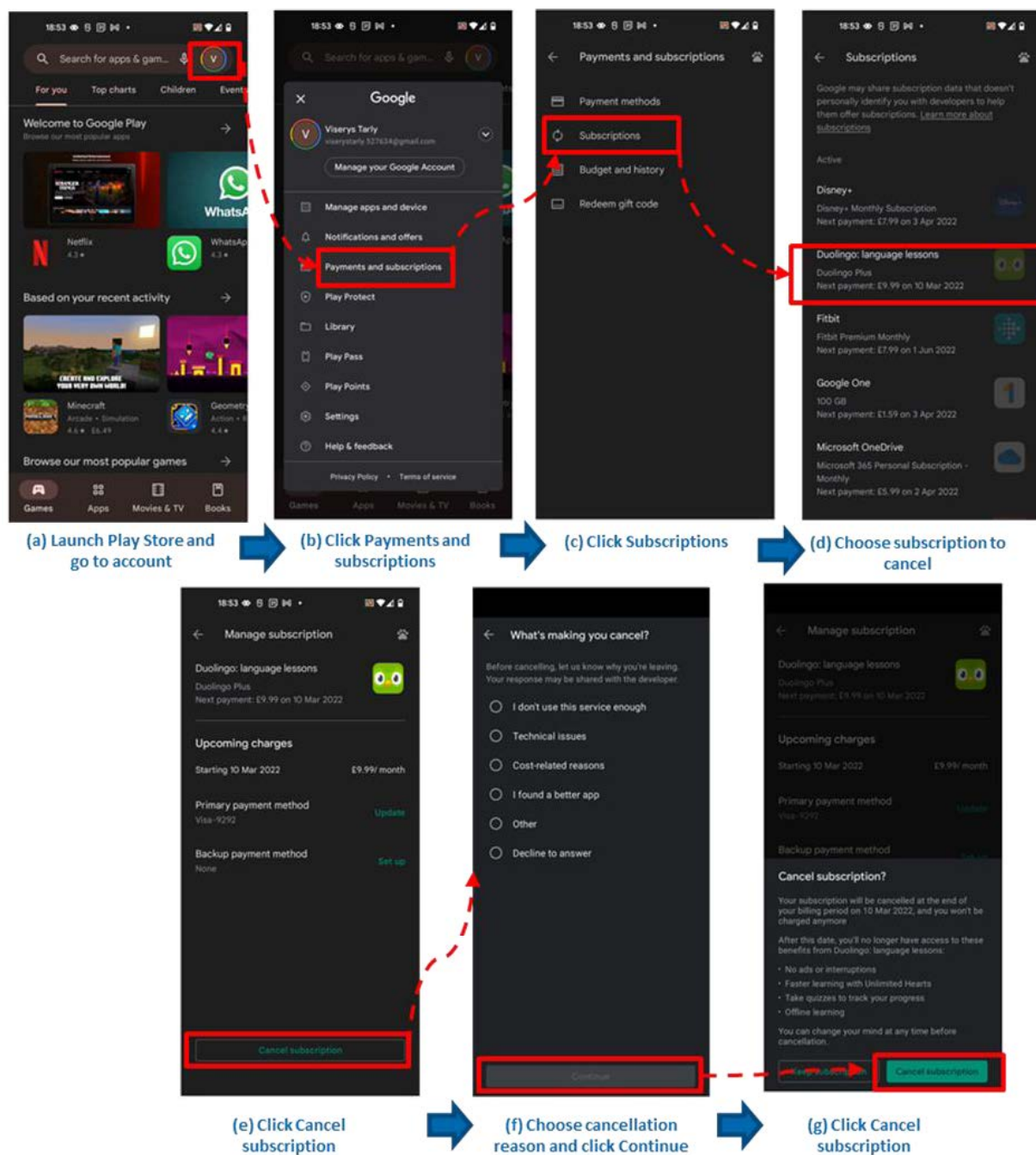


**Source: Screenshots provided by Apple**

67. As with iOS, there are multiple ways to cancel a subscription on Android. Figure K.22 illustrates the consumer journey for cancellation via the Play Store app. The consumer journey involves launching Play Store, accessing own account, selecting the option for 'Payments and subscriptions' and then choosing 'Subscriptions' to view the list of all active subscriptions (Figure K.22, panel (d)). Consumers can then select the app subscription they want to cancel, at which point they are asked to provide a reason for cancellation (with an option to 'Decline to answer') and click 'Cancel subscription.' On the final stage of the cancellation journey (Figure K.22, panel (g)) consumers are told the benefits they will be losing out on if they cancel. While this can be helpful information, highlighting the losses from cancellation could also potentially influence some consumers to reconsider their cancellation decision. There are also other ways to cancel a subscription on Android devices. As shown in Figures K.23 and K.24, consumers can access the subscriptions page (ie Figure K.22, panel (d)) from other access points such as from reminder emails or from a deep link within the app, respectively.



Figure K.22: Consumer journey for cancellation via Play Store on Android



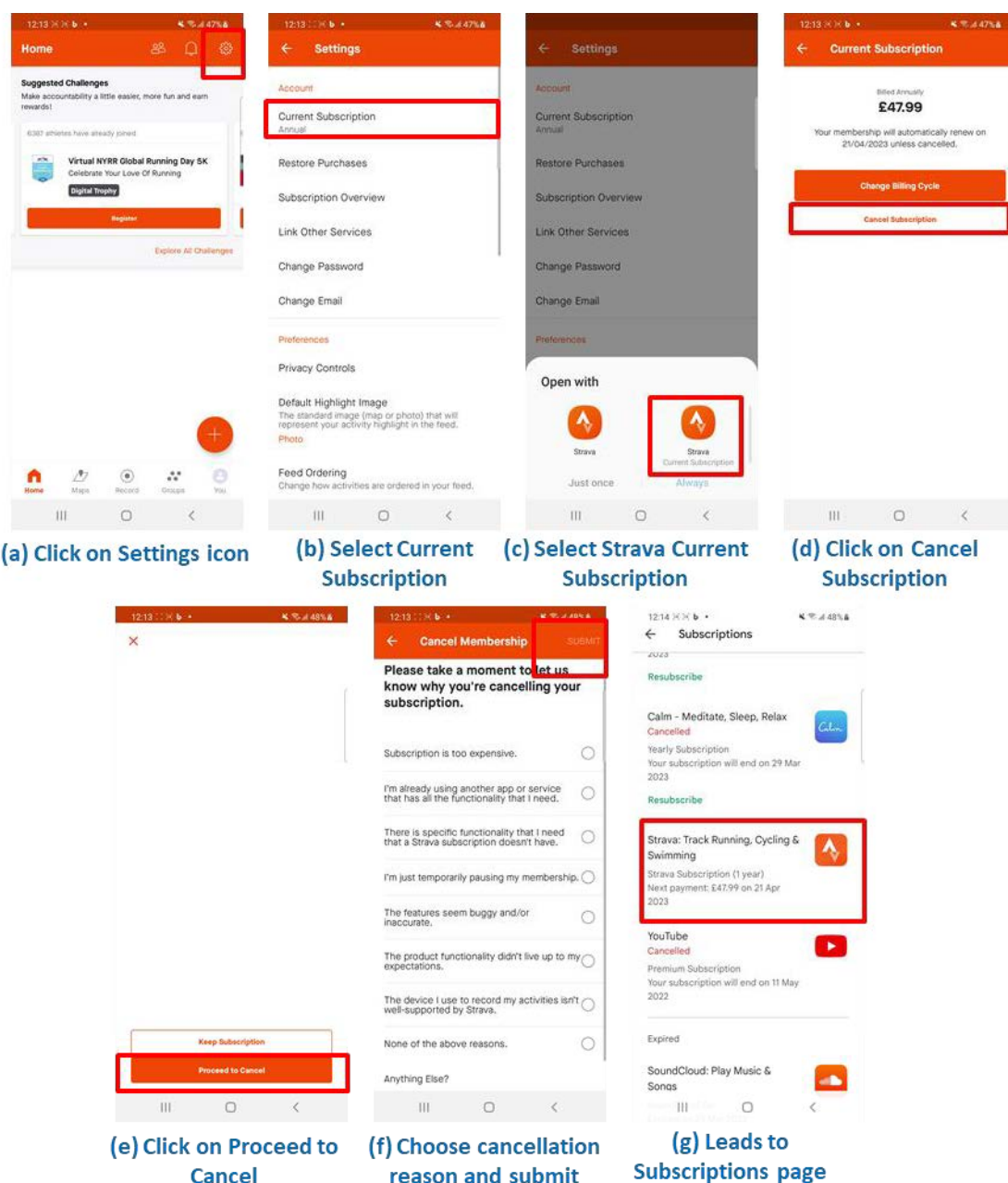
Source: Screenshots provided by Google, consumer journey mapping by the CMA

**Figure K.23: Reminder email with link to subscriptions page on Android**



**Source: Screenshot provided by Google**

**Figure K.24: Cancelling subscription through link within app on Android**



**Source: Screenshots captured by the CMA in April 2022**

68. Having looked at the consumer journey for cancellation on both iOS and Android, we note that, given that the number of steps required to subscribe can vary for different apps, in some instances, cancelling an app can require more steps than subscribing to it, for both ecosystems. We also note that the presence of multiple access points for cancellation and the provision of reminder emails (in the case of Google) can be effective tools in simplifying the consumer journey and reducing friction.

## Refunds

### *Background*

69. As noted above, as well as ‘cancelling’ (ie turning off auto-renewal but continuing to use the subscription until the end of the current billing period) consumers can also seek to bring a subscription to an immediate end and request a refund, both pursuant to their statutory cooling-off rights and where they encounter a problem with the subscription.
70. Consumer’s statutory cooling-off rights in relation to subscriptions should be clearly and accurately described. Those rights will depend on the nature of the particular subscription and be determined on a case-by-case basis. In particular contracts will not automatically constitute contracts for digital content because they are connected with an app, instead they may constitute contracts for services. The categorisation of a contract as for digital content or services will affect the nature of a consumer’s cooling-off rights.
71. In both ecosystems, Apple and Google have a role in handling refund requests and deciding which consumers receive a refund: in the Apple ecosystem, Apple handles all refund requests; in the Google ecosystem, Google handles refund requests for the first 48 hours after a sale.
72. We now look in turn at how Apple and Google deal with refunds.

### *How do Apple and Google operate their refund policies?*

#### *Apple*

73. Apple handles all refund requests regardless of when they are made. Apple shared data with us that indicates that Apple grants significant numbers of refunds. Whilst we believe Apple should give consumers more information regarding refunds, the following observations about how Apple operates its refund policy should be read in the context of our overall observation that consumers who apply for a refund do not appear to be facing particular difficulties in obtaining one.
74. Apple do not provide consumers with a distinct refund policy (discretionary or otherwise). Its refund information is found in the Apple Media Services Terms and Conditions, where it includes several short references to refunds with its overall terms and conditions. In effect Apple reserves its right to deny a refund

request where it suspects fraud, abuse, or unlawful or other manipulative behaviour, and suggesting that there is no automatic right to a refund where the delivery of digital content has already begun.

75. In many cases, consumers purchasing subscriptions will be purchasing services (provided through an app) rather than digital content and hence will, in principle, have the right to a statutory 14-day cooling-off period.
76. As noted above, different cooling-off rights apply to different types of contract. Generally speaking, consumers have more rights in relation to contracts for services, in that they may be entitled to a pro-rata refund if they ask for the service to start during the cooling-off period but subsequently cancel.
77. We are concerned that consumers cooling-off rights are not communicated as clearly as they could be within Apple's terms and conditions. In particular, references to exceptions to the cooling-off rights which may apply to digital content, may be read as a blanket statement in relation to all contracts, which would not reflect the different rights which may apply to contracts for services. There do not appear to be any further explanations or clarifications provided to consumers within the terms and conditions – though we do note reference to 14-day cancellation rights within the purchase confirmation email it sends.
78. Apple has a page on its website from which consumers can start a refund request. If a consumer wishes to request a refund, they are asked to select a reason for requesting a refund from a drop-down menu list containing various options. Apple does not say anything about whether different approaches are taken with different types of request (though, as discussed above, we have been able to confirm it is not routinely denying refund requests).
79. On the one hand, the fact that Apple handles all refund requests might create a consistent experience for consumers by comparison with dealing directly with different app developers. However, on the other hand, these arrangements could also confuse consumers as they may have to deal with Apple and the app developer in relation to the same app, depending on the issue they have: Apple indicates that quality issues are to be dealt with by app developers.
80. Whilst the app developer can offer technical support, it has to refer the consumer back to Apple for all refund requests. Further, whilst Apple has developed an API to enable app developers to give further information to Apple to support a decision, this API is not mandatory and many developers will not have adopted it. In turn, this means Apple may not always have access to data which might be relevant to considering whether a refund

should be given (for example, data on whether the consumer has used the app or not, verification of whether technical issues were encountered).

### Google

81. Unlike Apple, Google provides consumers with a short refund policy, though it does not elaborate on how it decides which requests are accepted and which are rejected. In essence, the policy states that Google will consider requests made within 48 hours of purchase for apps, after this time it refers the consumer to the app developer. The refund policy is presented over a number of screens and there are various policies.
82. Google provides handling and resolution of complaints raised by consumers and deals with cancellations and requests for refunds through Google Play. In addition to the complaints handling and resolution offered by Google, third party developers are able to offer further warranties and refunds and are required by the Developer Distribution Agreement (DDA) to provide support for their own products.
83. To facilitate such handling and resolution, Clause 3.8 of the DDA requires third party developers to authorise Google to give users refunds in accordance with the Google Play refund policies.
84. On 'Learn About Refunds on Google Play – Google Play Help', there is a drop-down button called: 'Apps, games, & in-app purchases (including subscriptions)'. Clicking this provides further information on when a consumer can get a refund from Google in relation to an app bought more than 48 hours prior. This indicates that after 48 hours refund decisions fall to App developers.

#### Refund policy

1. **Within 48 hours:** You may be able to get a refund depending on the details of the purchase. Follow [these instructions](#).
2. **After 48 hours:** [Contact the developer](#) to troubleshoot and find out if you can get a refund. Developers have their own policies and legal requirements and may be able to give you a refund.

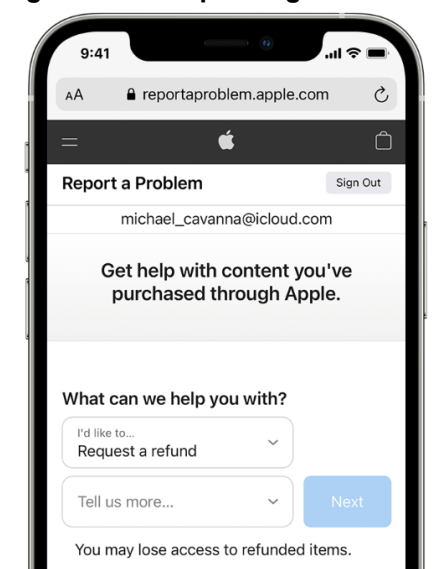
85. Google provided us with some statistics on the numbers of refunds requested and provided for both Google native apps and third-party apps, the information provided indicates that very few refunds were requested in relation to total subscriptions for Google Apps. In relation to third-party apps, under 5% of total subscribers requested refunds.

86. When customers request a refund, they have to provide a reason from a drop-down menu. Information provided by Google indicates that top reasons for requesting a refund include 'accidental purchase, remorse and fraud'.

### ***Evidence of the consumer journey***

87. In the Apple ecosystem, as explained on Apple support page for refunds, consumers can request a refund using a web browser.<sup>29</sup> Consumers are required to sign into reportaproblem.apple.com, click 'I'd like to' and select 'Request a refund' (see Figure K.25), choose a reason for the refund request and click 'Next', then select the item for which they want a refund and click submit.

**Figure K:25 Requesting refunds on iOS**



**Source: [support.apple.com](https://support.apple.com)**<sup>30</sup>

88. With purchases made through Google Play store, as described on Google support page for refunds,<sup>31</sup> for recent purchases, ie when it has been less than 48 hours, consumers can request a refund through Play Store, by going to the Play Store page of the app and selecting 'Refund' as illustrated in Figure K.26. Consumers can also claim refunds for recent purchases using a web browser by going to Google support page for refunds<sup>32</sup> and clicking 'Request a refund' (see Figure K.27) and following the steps shown on the screen, including choosing the item they want to refund from the list of their most recent purchases and providing a refund reason. As noted on Google

<sup>29</sup> [Request a refund for apps or content you've bought from Apple – Apple Support \(UK\)](https://support.apple.com/uk/HT201551)

<sup>30</sup> [Request a refund for apps or content you've bought from Apple – Apple Support \(UK\)](https://support.apple.com/uk/HT201551)

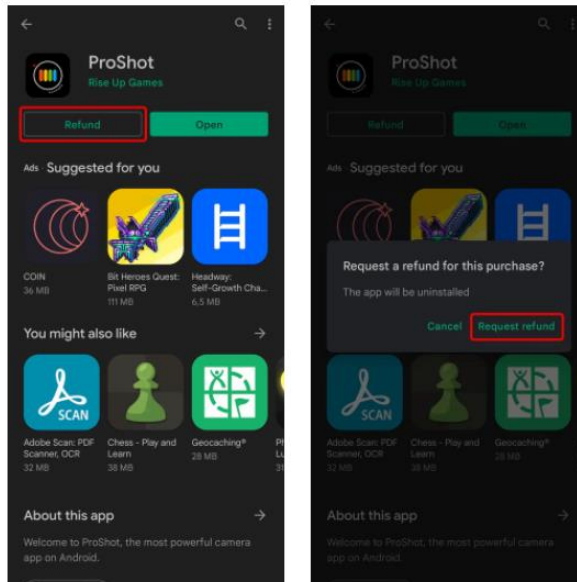
<sup>31</sup> [Learn about refunds on Google Play - Google Play Help](https://support.google.com/googleplay/answer/9000000)

<sup>32</sup> [Learn about refunds on Google Play - Google Play Help](https://support.google.com/googleplay/answer/9000000)



support page for refunds, consumers should then get a decision usually within one business day, but potentially taking up to four business days.

**Figure K.26: Requesting refunds for recent purchases via the Google Play Store app**



Source: [androidpolice.com](http://androidpolice.com)<sup>33</sup>

**Figure K.27: Requesting a refund for recent purchases made via Google Play Store using a web browser**

## Learn about refunds on Google Play

Google may give refunds for some Google Play purchases, depending on the refund policies described below. You can also [contact the developer directly](#).

- If a purchase was accidentally made by a friend or family member using your account, [request a refund on the Google Play website](#).
- If you find a Google Play purchase on your card or other payment method that you didn't make and that wasn't made by anyone you know, [report unauthorised charges](#) within 120 days of the transaction.
- If your refund request has been approved, [see how long your refund will take](#).

### For United Kingdom and European Economic Area users

If you are located in the European Economic Area or the United Kingdom and made a purchase on or after 28 March 2018, [find out how to get a refund](#).

### Request a refund for recent purchases

- If it's been less than 48 hours since you bought an app or made an in-app purchase: you can request a refund through Google Play.
- If you bought music, movies, books or other content: you may be able to request a refund more than 48 hours after your purchase (check policy below).

You'll usually get a decision within one working day, but it can take up to four working days.

[Request a refund](#)

Source: [support.google.com](http://support.google.com)<sup>34</sup>

<sup>33</sup> [How to get a refund from the Google Play Store \(androidpolice.com\)](http://androidpolice.com)

<sup>34</sup> [Learn about refunds on Google Play - Google Play Help](#)

89. If the purchase for which the consumer would like to request a refund is not listed under recent purchases, consumers can request a refund through the Google Play website. For this, consumers are required to go to [play.google.com/store/account](https://play.google.com/store/account)<sup>35</sup>, sign-in, select 'Order history', select 'Request a refund' next to the item they want to refund and choose an option that best describes their situation, complete the form and note that they would like a refund, following which they will receive a message saying 'Thank you for sharing your concerns'.<sup>36</sup> As noted on Google support page for refunds, consumers should then receive an email with the refund decision usually within 15 minutes, but potentially taking up to four business days.<sup>37</sup> Alternatively, consumers can contact the app developer if it has been more than 48 hours since the purchase.<sup>38</sup>

### ***Empirical evidence of provision of refunds***

[X]

**Figure K.28 Refunds issued by Apple in 2021**

90. [X]

Data source: Apple

91. Google provided data on the top [X] third-party and first-party apps, by revenue and number of subscribers in the UK, which use Google Play's commerce data system, including the Google apps, Fitbit, Google Docs and Google One. Google also provided data on the Google apps, Stadia, YouTube Music & Premium and YouTube channel memberships, which do not use Google Play's commerce data system. In 2021, the number of refunds issued by Google for all the Google apps (ie both apps which used Play's commerce data system and apps which did not) was [X]<sup>39</sup> and that for the third-party apps was [X] as illustrated in Figure K.29. Further, the top reasons provided by consumers for requesting refunds were 'Accidental purchase', 'Remorse', 'Fraud', 'Defective' and 'Friendly Fraud'.

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<sup>35</sup> [play.google.com/store/account](https://play.google.com/store/account)

<sup>36</sup> [Learn about refunds on Google Play - Google Play Help](#)

<sup>37</sup> [play.google.com/store/account](https://play.google.com/store/account)

<sup>38</sup> [Learn about refunds on Google Play - Google Play Help](#)

<sup>39</sup> [X]

**Figure K.29: Refunds issued by Google in 2021**

[✂]

**Data source: Google**

92. While it appears that both Apple and Google provide refunds, it is not always clear to consumers the circumstances in which they will be provided with a refund and the location and clarity of the policy. This could impact consumers' decision-making about whether to request a refund.

## Conclusions

93. As noted above, although auto-renewing subscriptions can provide convenience for app users, the danger is that they may find themselves locked into contracts they no longer want or need. Consumer protection law applies to app store owners and app developers and they must each treat consumers fairly in their respective interactions with them.<sup>40</sup> We also think it is important that those involved in the sale of auto-renewing subscriptions are also conscious of the impact that OCA can have on consumers.
94. In relation to the areas of concern which we have highlighted above, we think that there are various steps which Apple, Google and app developers should take to address the concerns, to help ensure positive outcomes for consumers and to ensure compliance with consumer protection law. We would note, however, that this should not be seen as an exhaustive list, nor have we considered all practices connected with auto-renewing subscriptions.<sup>41</sup> It is also important to ensure that new policies and practices comply with consumer protection law and are fair.<sup>42</sup>
95. As a starting point, practices relating to auto-renewal should be reviewed against consumer protection law, and account should be taken of both the guidance we produced as part of our work in relation to auto-renewal and the outcomes we secured through enforcement action in the anti-virus and online console gaming sectors. All parties should also consider the potential

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<sup>40</sup> Ultimately how consumer protection law specifically applies to each party will depend on the circumstances and is for a court to decide.

<sup>41</sup> As part of its consumer enforcement action in the anti-virus and online console gaming sectors the CMA identified other types of issues which may arise in the context of auto-renewals, for example continuing to take payments where it becomes clear that a consumer is no longer using an auto-renewing product.

<sup>42</sup> We note for example recent press coverage suggesting App Store rules have been updated so that subscriptions can be auto-renewed, even if the developer has increased the monthly or annual price. Our view is that consumers should be informed of the possibility of fee variation (as well being told the renewal price) as part of the sign-up process, particularly since they might miss or forget the notification (particularly in the case of long length contracts). Consequently, Apple should also seek to ensure consumer consent has been received wherever a fee variation is material.

negative impacts of OCA on users when designing their processes. We have highlighted some areas of potential focus below, which we think may be particularly relevant in the current context.

### ***The purchase process***

96. Some of the practices we have seen at the pre-purchase stage could be improved through increased transparency and clarity of information presented to consumers. We also think that the purchase process should be looked at holistically. Whilst the individual effect of some OCA might appear moderate in isolation, the cumulative effect on consumer choice across the course of the whole process may be more substantive. The potential harm to consumers is more significant where longer or more expensive subscription plans are sold (for example 1 year at £60).
97. Some particular areas which we think app store owners and app developers should consider addressing are:
  - the absence of an option to purchase a subscription on a non-auto-renewing basis. Our overarching concerns about auto-renewal are generally greater where it is the default or only option. We have noted in our previous work that we think it is important for customers to be given a clear, genuine and free-standing choice about whether to purchase on an auto-renewing basis. Doing so is more likely to address a number of our concerns about auto-renewal. A lack of choice between renewing and non-renewing subscriptions also increases the relevance of other practices, for example upfront transparency, reminders and rights to end a subscription and obtain a pro-rata refund.
  - avoiding the use of choice architecture practices which lead to information about auto-renewal being less prominent or which nudge consumers towards specific subscription plans so that consumers can take a clear, genuine and fully informed choice;
  - ensuring that choices for consumers are not misleadingly framed: for example, we were concerned to see amongst our test purchase apps a 12 month subscription plan where a monthly breakdown of price was being presented with equal prominence to the annual lump sum cost. Any monthly breakdowns for subscription being sold on an annual subscription should not have greater or equal prominence over the actual annual cost, because this presentation might create the impression that consumers are purchasing a monthly subscription when in fact they would be committing to 12 months;

- avoiding misleading information on key aspects of the subscription and cancellation process, such as:
    - describing a free trial as being ‘no commitment’ without any further explanation, when in fact a free trial will automatically convert to a paid subscription, thus creating a commitment if the consumer takes no action; and
    - Stating that consumers can ‘cancel at any time’ when in fact cancellation simply means giving notice to not renew and does not mean the cancellation is effective immediately.
  - ensuring that reminders are sent in line with any statements made during the pre-purchase process; and
  - clearly and prominently explaining the process for preventing free trials from automatically converting to paid subscriptions, especially where there are particular time limits for doing so, to avoid creating confusion about the point at which a consumer must act to avoid a subscription.
98. App store owners have made the point that some aspects of the purchase flow are designed by app developers themselves (although this will not be the case for the app stores’ proprietary apps). Nonetheless app developers must use the App stores’ in-app purchasing systems and follow their rules in order to sell auto-renewing subscriptions. The App stores also monitor compliance with those rules and can hide or delist apps which do not comply. The App stores’ rules and guidelines directly affect the purchase flows used by app developers, and the app stores act on behalf of the app developers in relation to transactions and manage the actual purchase (including the equivalent of a ‘checkout’ page and confirmation of the transaction). App store owners also fulfil various customer service roles (even where this is in addition to the app developer themselves).
99. App stores have an important role to play in ensuring that practices connected with auto-renewing subscriptions do not cause potential detriment to consumers, both in relation to their own subscriptions and those sold by app developers using the App stores systems. Moreover, it was concerning to see amongst our test purchases some practices among very popular apps which appear to contravene the guidelines the store owners prescribe – suggesting that store owners could and should do more to ensure compliance with their guidelines.

## ***Cancellation rights***

100. Simple and easy ways to turn off auto-renewal are an important way to mitigate some of the risks associated with auto-renewing subscriptions. Both Apple and Google allow multiple routes for cancellation, such as allowing consumers to initiate cancellation from a cancellation email or via settings (iOS) or Play Store (Android) which are relatively straightforward. However, we think it is important to keep the consumer journey for cancellation under review, for example through user testing, to ensure practices and processes are not creating any unnecessary barriers.
101. It is also important to make sure consumers understand, particularly before they make a purchase, that their right to 'cancel' is a right to stop future payments but does not mean immediately ending the subscription and receiving a refund (which may only be at the store owner's/app developers' discretion).

## ***Refunds***

102. It is also important to give consumers clear information about their rights to immediately end a subscription and request a refund, in addition to information which is already provided about how to make such a request. Consumers should be able to understand their statutory cooling-off rights, their contractual rights and whether refunds are made pursuant to some form of discretionary policy. In particular, it should be clear when they can and cannot request a refund and whether there are any particular limitations or requirements.
103. In that regard we also think that ensuring consumers have a contractual right to an appropriate cooling off period in which to end the contract and obtain a full refund after a renewal, as well an on-going right to a pro-rata refund throughout the whole of the renewed period, are important ways to mitigate some of the potential risks associated with auto-renewing subscriptions. Apple in particular should review its terms and conditions to ensure that consumers statutory withdrawal rights are clear and sufficiently drawn to their attention.
104. In relation to refunds generally, and particularly where there may be overlapping or parallel roles and responsibilities between app stores and app developers, it is important to provide consumers with clear information about how requests will be handled and by whom.