

LEGAL UPDATES

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Service

Consumer Financial
Services

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Professionals

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Changes Proposed to the Tennessee Automatic Renewal and Continuous Services Statute

In early January, a bill was introduced into the Tennessee legislature that would enhance the existing affirmative consent requirement to charge consumers a fee for automatic renewal or continuous services offers under the Tennessee Automatic Renewal and Continuous Services statute. *See* H.B. 1832. Automatic renewal and continuous service features of agreements are becoming increasingly popular in the consumer financial services market. If passed, the bill could create additional regulatory and operational complexities for companies providing automatic renewal or subscription-based offerings to Tennessee consumers.

H.B. 1832 would require a company to provide notice and obtain a consumer's affirmative consent to an agreement containing an "automatic renewal" or "continuous services" feature if the consumer will be charged a fee more than 60 days after the consumer initially gave affirmative consent to such an agreement. This re-consent process must occur within a certain time before the company charges a consumer again for the agreement containing the automatic renewal or continuous services feature. If a company does not obtain a consumer's initial or subsequent affirmative consent before charging a consumer for the agreement, then the proposed bill requires a company to refund the charge to a consumer who requests a refund within seven days of the company charging the customer. Finally, the bill would add a specific definition of "affirmative consent" to the statute.

H.B. 1832 proposes to amend the Tennessee Automatic Renewal and Continuous Services statute, which appears in the Tennessee Consumer Protection Act. A violation of the Automatic Renewal and Continuous Services statute constitutes an unfair or deceptive practice under the act. While the

Consumer Protection Act and the Automatic Renewal and Continuous Services statute contain express exemptions for depository institutions and certain licensed lenders, the fact that violating the statute constitutes an unfair or deceptive act or practice does create a question of whether and to what extent exempt entities should comply with the Automatic Renewal and Continuous Services statute and potentially these new affirmative consent requirements.

Contact us

We regularly advise on state consumer protection statutes like the Tennessee Automatic Renewal and Continuous Services statute that may impact consumer financial products or services. If you have questions about this bill or another state law compliance question, please contact Susan Seaman, Alex McFall, or your Husch Blackwell attorney.