CLIENT ALERTS & INSIGHTS

FTC Ride-Hail Lawsuit Shows Renewed Interest in Subscriptions

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Notwithstanding significant changes at the Federal Trade Commission (FTC) - including the removal of two of the five Commissioners, and the new appointment of Commissioner Mark Meador - the Commission has sent a clear message that consumer protection remains a priority. Namely, on April 21, 2025, the Commission filed Federal Trade Commission v. Uber Technologies, Inc., in the Northern District of California, alleging that Uber violated the FTC Act and the Restore Online Shoppers' Confidence Act (ROSCA) in connection with its Uber One subscription service, which offers discounts on rides and Uber Eats deliveries. While the Complaint vaguely seeks "monetary and other relief within the Court's power to grant," violations of ROSCA are subject to civil penalties of up to $53,088 per violation.

In a press release announcing the suit against Uber, FTC Chairman Andrew N. Ferguson said:

> Americans are tired of getting signed up for unwanted subscriptions that seem impossible to cancel. The Trump-Vance FTC is fighting back on behalf of the American people. Today, we're alleging that Uber not only deceived consumers about their subscriptions, but also made it unreasonably difficult for customers to cancel.

This lawsuit comes just weeks before the FTC's new "Click-to-Cancel" rule (enacted under the Biden administration) takes effect on May 14, 2025. The forthcoming rule supplements ROSCA by requiring "one-click cancellation" and provides additional disclosure and consent requirements. For more on the rule (along with forthcoming changes to California's Automatic Renewal Law), see our Alert.

The Complaint's Allegations

The crux of the Complaint is that Uber acts deceptively and unfairly by enrolling customers in Uber One without their consent, failing to disclose material terms before customers sign up for a free trial, and making it difficult to cancel. The Complaint asserts claims under ROSCA, which imposes specific requirements for subscription programs, and Section 5(a) of the FTC Act, which prohibits "unfair or deceptive acts or practices in or affecting commerce."

Sign-Up Disclosures

Under ROSCA, companies are prohibited from charging customers for goods or services through a negative option feature (i.e., subscriptions or other services that charge customers automatically until they cancel) unless they disclose all material terms of the transaction before obtaining the customer's billing information.

The Complaint states that Uber violated these requirements by advertising a free trial. As a result, the FTC claims, many customers were charged without their consent. While the sign-up screen explains: “You’ll be charged $9.99 on [billing date] and every month until you cancel in the app[,]” the Complaint alleges that the company obscures material information about the subscription (for example, by using small text which consumers can easily miss). Moreover, the FTC alleges that charges begin before the listed date. The FTC goes on to claim that many consumers were enrolled without consent; the Complaint even quotes one consumer saying they were charged despite not having an Uber account.

To the extent you’re viewing the new Complaint as a road-map for how to mitigate risk, note that the forthcoming Click-to-Cancel rule (which is not at issue, but is certainly worth knowing about) imposes more specific requirements than ROSCA. Namely, companies must disclose that consumers will be charged for the good or service; the amount or range of costs that consumers will be charged, the frequency of the charges; that the charges will be recurring, unless stopped or cancelled; the deadline to act to stop the automatic charges; and cancellation information.

Misleading Advertisements

Under ROSCA, companies must “provide text that clearly and conspicuously discloses all material terms of the transaction before obtaining the consumer’s billing information…”

The FTC alleges that at sign-up, Uber misleads consumers by advertising that Uber One will save subscribers $25 a month, without accounting for the cost of the subscription (up to $9.99/month). The Complaint thus alleges that these advertisements do not “disclos[e] all material terms of the transaction.”

Affirmative Consent

Under ROSCA, companies must obtain the customer’s “express informed consent” before charging her for the goods or services.

The Complaint alleges that Uber’s signup process-which often (though not always) involves clicking two buttons from a push notification or an advertisement placed above the price of a basic Uber ride-fails to satisfy this requirement. Signing up for Uber One is simple because, unlike most subscriptions, where the customer must share her billing details to sign up, this is not required for Uber One enrollment because the user’s details are already on-file with Uber.

The Cancellation Process

Under ROSCA companies must “provide simple mechanisms for a consumer to stop recurring charges from being placed on the consumer’s credit card, debit card, bank account, or other financial account.” (Note: Click-to-Cancel will impose more explicit requirements, including that the cancellation process is at least simple as the purchase or sign-up process and through the same medium that was used to make the initial transaction. Additionally, for online transactions, the cancellation mechanism must be easy to find and cannot force a consumer to speak to a representative (unless she agreed to at sign-up).)

The FTC alleges that Uber’s cancellation process is unduly complicated and burdensome, contrary to its advertisements that consumers can “cancel anytime without fees or penalties.”

According to the Complaint, users who cancel more than 48 hours before the billing date must take at least 12 different actions and navigate seven screens, which includes answering a survey concerning the reason for cancellation and navigating pages where the option to continue canceling is difficult to see. Cancellation becomes more difficult in the 48 hours before the subscription renews, allegedly requiring customers to navigate up to 23 screens, take up to 32 actions, and to contact a customer representative and wait on hold (sometimes for hours) to complete the cancellation. The Complaint further alleges that Uber routinely charges customers the month after they cancel, contrary to its representation that "Moving forward, you will not be charged for Uber One."

How to Mitigate Risk?

With the FTC's current focus on automatic renewal laws, and further requirements taking effect in the coming weeks and months, it is critical for companies to evaluate their own subscription policies and messaging. Companies should take steps to ensure that they provide adequate disclosures throughout the checkout process, that their customers are providing express consent to those terms, and that their cancellation processes are simple and efficient. Benesch has helped many companies-from scrappy start-ups to the country's biggest beauty brands-navigate these requirements and is here to help.

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