CLIENT ALERTS & INSIGHTS

The Coming State-Law Litigation Wave of 2026-27: "Subscription Trap" Class Actions

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Authors: Laura E. Kogan, James E. von der Heydt, Dave Walters

Featured Practices: Litigation, Consumer Protection & Class Actions

Featured Industries: Retail & E-Commerce

Key Takeaways

- State-law class actions targeting automatic renewal and subscription practices are accelerating, creating significant litigation risk for companies that rely on recurring revenue models.
- Recent settlements and pending class actions demonstrate that even technical compliance failures can lead to seven-figure exposure.
- Companies should proactively review their subscription programs to ensure renewal terms are clearly disclosed before purchase, obtain and document affirmative consent, and make cancellation at least as easy as enrollment.

The subscription economy keeps growing-and so does the wave of class-action litigation targeting it. While the FTC's regulatory efforts have drawn headlines, private class actions under state laws pose an even greater exposure risk. The numbers tell the story:

- 28 states and the District of Columbia have enacted laws or regulations addressing automatically-renewing consumer subscriptions[1]
- Six states specifically regulate automatic renewals for certain industries[2]
- Five states have introduced automatic renewal legislation in their current legislative sessions[3]

Among these statutory regimes, there are at least 17 jurisdictions where a plaintiff can assert a class claim based on an allegedly noncompliant auto-renewal practice. [4] This bulletin gives an overview of what plaintiffs are targeting and where.

The Statutes Driving Litigation

The statutes in California and Illinois are the primary terrain of private class action filings. But recent amendments to Virginia's statute, allowing small businesses to recover as consumers, may lead to a new wave of litigation involving B2B subscription services.

- **California:** California's Automatic Renewal Law[5] ("ARL") prohibits auto-renewal mechanisms unless the subscription service presents terms "clearly and conspicuously" before purchase, secures affirmative consent for future charges, and provides the consumer with a retainable acknowledgment with cancellation information. The ARL does not include a direct private right of action; instead, violations are litigated through the Unfair Competition Law, False Advertising Law, and Consumer Legal Remedies Act. The remedy is aggressive: goods or services provided to the consumer without complying with the ARL are deemed an "unconditional gift," entitling plaintiffs to full restitution of all associated charges.[6]
- **Illinois:** The Illinois Automatic Contract Renewal Act[7] ("IACRA") requires clear disclosure of renewal terms and cancellation procedures, an "easy-to-use mechanism for cancellation," affirmative consumer consent, and-for contracts of 12 or more months-a written reminder to the consumer 30 to 60 days before the cancellation deadline. Violations are expressly designated as unlawful practices under the Illinois Consumer Fraud and Deceptive Business Practices Act ("ICFA"), which provides a private right of action with attorneys' fees.[8] The statute's fee-shifting provision drives active repeat-plaintiff litigation.
- **Virginia:** The sections of Virginia's Consumer Protection Act addressing automatic renewals and subscriptions[9] require clear disclosure of renewal terms, affirmative consent, and a cost-effective cancellation mechanism. The 2026 amendments[10] mandate channel symmetry (cancellation must be at least as easy as sign-up), eliminate a defense for good-faith compliance efforts, and require telephone cancellations to be free of charge. The statute provides an express private right of action with civil penalties of up to $5,000 per violation.[11] Notably, Virginia treats small businesses as consumers, extending coverage to B2B subscriptions.

Noteworthy Litigation

Three recent matters illustrate the nature and outcome of litigation under these statutes.

- **YouTube TV (California: $7.5M class settlement):** A class representative alleged that, when selling YouTube TV subscriptions, Google failed to present auto-renewal terms as required by the California ARL-in particular, that renewal terms were not clearly presented and affirmative consent was not obtained. The class covers California residents who paid for at least one renewal term between February 2017 and October 2021. The settlement of $7.5 million was announced July 2026, with a final approval hearing set for October 2026.[12]
- **NordVPN (Illinois: pending class action):** A 49-page complaint filed in June 2025 alleges NordVPN intentionally obscured its auto-renewal terms and made cancellation exceedingly difficult. Claims allege violations of IACRA and are brought under the ICFA. The putative class includes all Illinois customers charged for at least one renewal term within the statute of limitations period.[13]
- **FloSports (Illinois: $1.55M settlement):** A similar Illinois ARL class action against FloSports settled for $1.55 million. This outcome, which became final in February 2024, demonstrated that seven-figure exposure is the baseline even for mid-market subscription services.[14]

Reducing Exposure

Companies can take proactive steps to reduce litigation exposure across all three statutory schemes:

- **Audit pre-purchase disclosures for statutory compliance.** The most common claim predicate is that auto-renewal terms were not presented "clearly and conspicuously" before billing information was collected. The YouTube TV settlement turned on precisely this point. Per statutory mandates in California, Illinois, and Virginia, disclosure of terms must appear in visual proximity to the consent mechanism, state the recurring charge amount and renewal term, and appear in larger or contrasting type.
- **Ensure cancellation is symmetrical to enrollment.** If sign-up is online, cancellation must be available online-without requiring phone calls, chat interactions, or multi-step retention flows. Virginia now mandates this expressly, California requires it, and plaintiffs frame any asymmetry as a so-called "dark pattern"-a deceptive design trick. Retention offers are permissible only if the same page features a prominently visible cancellation button.
- **Capture and retain proof of affirmative consent.** Illinois, California, and Virginia each require that consumers affirmatively consent to auto-renewal terms specifically-separate from general consent for the initial purchase charge. Compliance with the law requires maintaining records of such consent, and such records are a vital component of a successful defense. Illinois's safe-harbor provision requires demonstrating "established and implemented written procedures" for obtaining and documenting consent.

The Bottom Line

Subscription trap litigation sits at the intersection of regulatory momentum, consumer frustration, and a class-action bar armed with per-violation statutory damages and fee-shifting. This body of law and the cases arising under it are not going away. Companies offering subscription-based services are well advised to align their practices now with all relevant statutory regimes, rather than waiting for a complaint.

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Benesch attorneys have extensive experience defending consumer class actions and advising on compliance matters. If you have questions about your auto-renewal practices or want to proactively assess your exposure, we're here to help.

Laura Kogan at lkogan@beneschlaw.com or 216.363.4518.

James von der Heydt at jvonderheydt@beneschlaw.com or 216.363.4160.

Dave Walters at dwalters@beneschlaw.com or 216.363.6132.

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[1]Arkansas (Ark. Code § 4-86-112); California (Cal. Bus. & Prof. Code §§ 17600-17606); Colorado (Colo. Rev. Stat. § 6-1-732); Connecticut (Conn. Gen. Stat. § 42-126b); Delaware (Del. Code tit. 6, § 2601A et seq.); District of Columbia. (D.C. Code §§ 28A-201 to 28A-221); Florida (Fla. Stat. §

501.165); Georgia (O.C.G.A. §§ 13-12-1 to 13-12-5); Hawaii (Haw. Rev. Stat. § 481-9.5); Idaho (Idaho Code § 48-603G); Illinois (815 ILCS 601/1-601/20); Louisiana (La. R.S. 9:2716; La. Act No. 830 (2026)); Maine (10 M.R.S.A. §§ 1210-C, 1210-D); Maryland (Md. Code, Com. Law Ch. 204 (2025)); Massachusetts (940 Mass. Code Regs. 38.00); Minnesota (Minn. Stat. ch. 325G (2024)); Montana (Mont. Code Ann. § 30-14-1401 et seq.); Nevada (Nev. Rev. Stat. § 598.9215 et seq.); New Hampshire (N.H. Rev. Stat. Ann. § 358-R); New Mexico (N.M. Admin. Code 12.2.11.8); New York (N.Y. Gen. Bus. Law §§ 527, 527-a); North Carolina (N.C.G.S. § 75-41); North Dakota (N.D.C.C. §§ 51-37-01 to 51-37-06); Oregon (Or. Rev. Stat. § 646A.295); Tennessee (Tenn. Code Ann. § 47-18-133); Utah (Utah Code § 13-52-101 et seq.); Vermont (9 V.S.A. § 2454a); Virginia (Va. Code Ann. §§ 59.1-207.45 to 59.1-207.49); Wisconsin (Wis. Stat. § 100.175).

[2]Iowa (Iowa Code § 552.8) (health clubs); Missourri (Mo. Rev. Stat. § 407.635) (service contracts); Pennsylvania (73 Pa. Stat. § 2001 et seq.) (contract-sale notice); Rhode Island (R.I. Gen. Laws § 6-13-14) (personal property leases); South Carolina (S.C. Code Ann. § 44-79-60) (health clubs); South Dakota (S.D.C.L. § 49-31-116) (telecommunications).

[3]Massachusetts (HB 389), Michigan (HB 4826), New Jersey (A5395), New York (S4391), Pennsylvania (HB 45).

[4]Arkansas (Ark. Code § 4-86-112(l)(1), § 4-88-101 et seq.); California (Cal. Bus. & Prof. Code § 17200 (UCL), § 1750 et seq. (CLRA)); Connecticut (Conn. Gen. Stat. § 42-158ff, § 42-110g); Delaware (Del. Code tit. 6, § 2513); Hawaii (Haw. Rev. Stat. § 481-9.5(d), § 480-2); Idaho (Idaho Code § 48-603G, § 48-603); Illinois (815 ILCS 601/15, 815 ILCS 505/1 et seq.); Maine (10 M.R.S.A. § 1210-D); Massachusetts (940 Mass. Code Regs. 38.00, Mass. Gen. Laws ch. 93A, § 9); Nevada (Nev. Rev. Stat. § 598.9215 et seq., § 598.0903 et seq.); New Hampshire (N.H. Rev. Stat. Ann. § 358-R, § 358-A:10); New Mexico (N.M. Admin. Code 12.2.11.8); North Dakota (N.D.C.C. § 51-37-06); Oregon (Or. Rev. Stat. § 646A.295, § 646.638); Tennessee (Tenn. Code Ann. § 47-18-133, § 47-18-109); Vermont (9 V.S.A. § 2454a, § 2461 et seq.); Virginia (Va. Code Ann. § 59.1-207.49).

[5]Cal. Bus. & Prof. Code §§ 17600-17606.

[6]Cal. Bus. & Prof. Code § 17604 (goods or services provided in violation of the ARL are deemed an “unconditional gift” to the consumer).

[7]815 ILCS 601/1-601/20.

[8]815 ILCS 601/15 (designating violations as unlawful practices under the Consumer Fraud and Deceptive Business Practices Act); 815 ILCS 505/10a (private right of action).

[9]Va. Code Ann. §§ 59.1-207.45-59.1-207.49.

[10]*See* Va. Code Ann. § 59.1-207.46.

[11]Va. Code Ann. § 59.1-207.49 (violations are prohibited practices under the VCPA; consumers may seek damages or civil penalties up to $5,000 per violation, or both).

[12]*Dutcher v. Google LLC d/b/a YouTube*, Case No. 20CV366905 (Cal. Super. Ct., Santa Clara County) ($7.5 million settlement announced July 2026; final approval hearing October 15, 2026).

[13]*Sasgen v. NordVPN S.A. et al.*, No. 1:25-cv-6822 (N.D. Ill. filed June 20, 2025).

[14]*O’Malley v. FloSports Inc.*, Case No. 2023LA000516 (Cir. Ct. Ill., DuPage County) ($1.55 million settlement approved Feb. 2024).