



SENATE MAJORITY OFFICE

Oregon State Legislature
State Capitol
Salem, OR

NEWS RELEASE

April 26, 2011

CONTACT: Molly Woon (503) 986-1074
molly.woon@state.or.us

Legislation reins in supposedly “risk-free” trial offers *SB 292 sets standards that sellers must follow so consumers are not misled*

SALEM – The Oregon Senate approved legislation this morning that will prevent sellers from imposing cumbersome financial obligations on consumers who sign up for “free trial offers.” Senate Bill 292 outlines the disclosure and billing requirements for such offers and requires a consumer’s affirmative consent to the terms of a free offer.

“Risk free trials are offered on the radio, television, and online. They attract new customers and allow consumers to try a good or service with reduced cost. This can be a good deal for a consumer, but in some cases there are hidden risks,” said Senator Suzanne Bonamici (D-NW Portland/Washington Co.), who carried the bill on the floor. “Senate Bill 292 makes sure that Oregonians know what they are signing up for before they incur a financial obligation. This bill doesn’t prevent free trial offers, it makes them fair.”

Problems consumers have encountered when they’ve signed up for a free trial include having their account information – including credit card number – shared with another entity, entering into contracts where a product is initially free but then changes into a paying membership without additional warning, and running into difficult or cumbersome cancellation procedures when they try and get out of the agreement.

Senate Bill 292 requires clear and conspicuous disclosure before a consumer can be charged for a free offer. This information must include an identification of the goods or services provided and their cost, and a statement of the consumer’s right to cancel the offer. The bill also requires that a customer affirmatively consent to the terms of the offer and it states that whoever charges the consumer must get the billing information directly from that consumer. Violations of these provisions would fall under Oregon’s Unlawful Trade Practices Act.

“This is an important piece of consumer protection legislation that puts Oregonians first and not the marketers or companies that might be trying to take advantage of them,” said Senate Majority Leader Diane Rosenbaum (D-Portland). “Promotional and free trial offers can be beneficial to consumers because they allow them to try a product with limited risk. But these offers can also lead to big problems for consumers if they end up on the hook for a lot of money without a clear way to get out.”

Senate Bill 292 was the product a broad work group, including the Department of Justice and industry representatives, which met to develop a consensus proposal. SB 292 now goes to the House for

consideration.

###

For more information on the Senate Majority Caucus, please visit oregonsenatedemocrats.com