

FTC FACTS for Consumers

CONTINUITY PLANS:



Coming to You Like Clockwork

They're on TV, in print and on the Internet: Ads for "clubs" that automatically send you a product or service — like flowers, books, movies or software. If you join one of these "continuity" plans, you're agreeing to receive merchandise or services automatically at regular intervals (often monthly), without advance notice, until you cancel.

HOW CONTINUITY PLANS WORK

Often, you can join a plan simply by accepting an introductory offer of merchandise or services. Continuity plans may offer an introductory "free trial period" to let you check out the merchandise or service and decide whether to join the plan. If you keep the merchandise **beyond** the free trial period or fail to cancel the service **within** the free trial period, not only must you pay, you automatically become a plan member.

Joining a continuity plan means you agree to the plan's sales method as long as you're a member. You'll automatically get periodic shipments of merchandise or delivery of services. You won't get any announcements or rejection forms before each shipment or service period. The shipments or services continue until you cancel your membership.

Some continuity plans give you an "approval" period. That way, you can check out the merchandise and decide whether to keep it and pay for it. Many programs selling collectibles, like stamps or coins, work this way. Other continuity plans require you to pay for merchandise when you receive it.

TERMS AND CONDITIONS

Sellers must give you information about the plan's terms and conditions, clearly

Facts for Consumers

and conspicuously, in their promotional materials. These terms may include:

- that you become a member if you accept the introductory merchandise or initial round of services — unless you cancel;
- that periodic delivery of merchandise or services will occur — with no further action on your part;
- a description of the merchandise or services you agree to buy;
- whether there's a minimum purchase;
- how often you'll receive the products or services;
- an explanation of the plan's billing procedure for each shipment or period of service.
- how much time you have to review "on approval" merchandise before you have to pay;
- the terms of the plan's refund or return policy;
- how and when you can cancel your membership; and
- the price of the goods or services if you fail to cancel, including shipping and handling, if applicable.

Usually a plan will use the same billing method for future shipments that it used for the introductory merchandise or service period. For example, if the plan sent you a bill for the introductory merchandise, you will likely get bills each time you get another shipment. If you used a credit or debit card to buy the introductory merchandise, however, the plan may seek your consent, at the time you enroll, to charge that card automatically for all future shipments.

PROTECT YOURSELF

Continuity plans are promoted in newspapers, magazines, TV and radio commercials, direct mail, and over the telephone and the Internet. Before you agree to any plan:

- **Read the terms and conditions of the plan** carefully so you understand the obligations of membership before you join.

- **Keep copies of plan documentation** that explain the terms and conditions of the plan. Some plans may send you this information with the introductory shipment.
- **If an offer is made over the phone, listen carefully** and, if you don't understand the terms, ask the seller to repeat them. Write down important information, such as the customer service telephone number or address. Don't give in to high-pressure sales tactics; if you don't want the offer, feel comfortable hanging up.
- **Check out the seller.** Contact your local consumer protection agency or the Better Business Bureau to find out if they have any complaints on file. A record of complaints may indicate questionable practices, but a lack of complaints doesn't necessarily mean that the seller doesn't have problems. Unscrupulous businesses or business people often change names and locations to hide complaint histories.

WHERE TO COMPLAIN

If you have a problem with your plan, try to resolve it with the seller first. If you're dissatisfied with the response, contact your local Better Business Bureau or local consumer protection agency.

You also may file a complaint with the FTC. The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.