

Hudson Cook Enforcement Alert: FTC Announced \$2.5 Billion Settlement Against Large Online Retailer over Deceptive Subscription and Cancellation Practices

September 29, 2025 | [Robert D. Tilley](#) and [Tracy Wang](#)

HIGHLIGHTS:

- The Federal Trade Commission ("FTC") announced a \$2.5 billion settlement with the world's largest online retailer, resolving allegations that the company enrolled consumers in a subscription program without obtaining express informed consent and failed to provide a simple cancellation mechanism, in violation of the FTC Act and the Restore Online Shoppers' Confidence Act ("ROSCA").
- The proposed consent order will remain in effect for ten years against the company, and for three years with respect to two individual executives who joined the settlement.
- In addition to the FTC's largest ever civil penalty and second-largest restitution award, the proposed stipulated order includes injunctions against future violations, and ongoing reporting and monitoring obligations.

CASE SUMMARY:

On September 25, 2025, the FTC announced a settlement with a large online retailer, requiring the company to pay a \$1 billion civil penalty and provide \$1.5 billion in consumer restitution. The settlement, which was struck mid-trial, resolves allegations that the company violated the FTC Act and ROSCA by engaging in deceptive subscription enrollment and cancellation practices.

Under the proposed consent order, the retailer is prohibited from making misrepresentations about material terms in a transaction involving a negative option feature—a contractual provision that allows the seller to interpret the consumer's silence as an acceptance of a renewed offer. In the future, the retailer is required to provide simple mechanisms for a consumer to cancel any negative option feature, which "must not be difficult, costly, confusing, or time consuming." Notably, the consent order also provides that, if the FTC "promulgates an amended rule or regulation governing negative options or subscriptions," the requirements of that rule will supersede the relevant requirements of the consent order.

Additionally, the retailer is required to submit a compliance report one year following the settlement, among other things, detailing the activities of each negative option feature related to its subscription service and whether and how it is in compliance with the settlement order.

The \$1 billion civil penalty is the largest ever imposed for an FTC rule violation. The \$1.5 billion in consumer restitution is the second-highest restitution amount the FTC has obtained to date.

RESOURCES:

You can review all of the relevant administrative filings and press releases at the [FTC's Enforcement Page](#).

- [Complaint](#)
- [Proposed Order](#)
- [Press Release](#)

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