

FTC's Shutterstock Settlement Signals Continued Scrutiny of Auto-Renewal Practices

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- The Federal Trade Commission (FTC) negotiated a stipulated settlement with Shutterstock in connection with its subscription billing and cancellation practices in connection with its stock content services.
- In settling the allegations, Shutterstock will pay \$35 million and be subject to injunctive provisions requiring clear and conspicuous disclosure of all material terms before obtaining billing information, express informed consent from consumers, and implementation of simple cancellation mechanisms.
- The action follows prior enforcement actions by the federal government over online subscription and related practices and reflects the FTC's continued prioritization of negative option enforcement, which is developing alongside individual state efforts to enact laws on auto-renewal practices.
- The challenged practices in this enforcement highlight compliance risk areas for subscription businesses, including consent practices, disclosures, automatic renewal/refill terms, early termination fees, free-trial conversions, and multi-step cancellation flows.

On May 13, 2026, the FTC filed a [complaint](#) and, together with Shutterstock, Inc. ("Shutterstock"), submitted a [settled Stipulated Order](#) (the "Order") that the court entered on May 14, 2026. (*FTC v. Shutterstock, Inc.*, No. 26-03955 (S.D.N.Y. Stipulated Order May 14, 2026)). The Order resolves the FTC's allegations concerning Shutterstock's subscription billing and cancellation practices and imposes injunctive, monetary, and other relief. Shutterstock neither admitted nor denied the complaint's allegations, except as specifically provided in the Order.

Shutterstock operates a major online library of stock content, including stock images, graphics, music clips and videos. Consumers pay to license Shutterstock's stock content for uses permitted under the applicable license. The company offers most of its content through an online subscription model. During the relevant period, Shutterstock offered content through annual paid-monthly plans, annual paid-upfront plans, month-to-month subscriptions, and on-demand "packs" containing a finite number of downloads. According to the FTC complaint, during the relevant period, the company's enrollment flows failed to clearly and conspicuously disclose material terms before obtaining consumers' billing information, including the automatic renewal of plans, the existence and amount of early cancellation fees on some plans, and the automatic "refill" of on-demand packs.

The FTC brought claims against Shutterstock under two statutes: Section 5(a) of the FTC Act, which prohibits unfair or deceptive acts or practices in or affecting commerce; and the Restore Online Shoppers' Confidence Act ("ROSCA"), which was [enacted in 2010](#) to address notice and consent issues with online transactions featuring a negative option.

A negative option feature refers to a contractual provision in an offer or agreement under which the seller treats a consumer's silence or failure to take affirmative action to reject goods or services or to cancel an agreement as acceptance or continuing acceptance. Common examples include automatic subscription renewals, free-to-pay conversions and continuity plans. Under an automatic renewal arrangement, such as with a magazine publisher or a streaming service, a subscription renews for an additional term unless the consumer takes the required steps to cancel or prevent renewal. Negative option programs can provide benefits and convenience for sellers and consumers. Still, the FTC has made negative option practices an enforcement focus, because, in its view, deceptive enrollment, inadequate disclosures and difficult cancellation processes can cause consumers to incur recurring charges without their informed, affirmative consent.

ROSCA prohibits charging consumers for goods or services sold in an internet transaction through a negative option feature unless the seller (1) clearly and conspicuously discloses all material terms of the transaction before obtaining the consumer's billing information, (2) obtains the consumer's express informed consent before making charges, and (3) provides simple mechanisms for consumers to stop recurring charges.

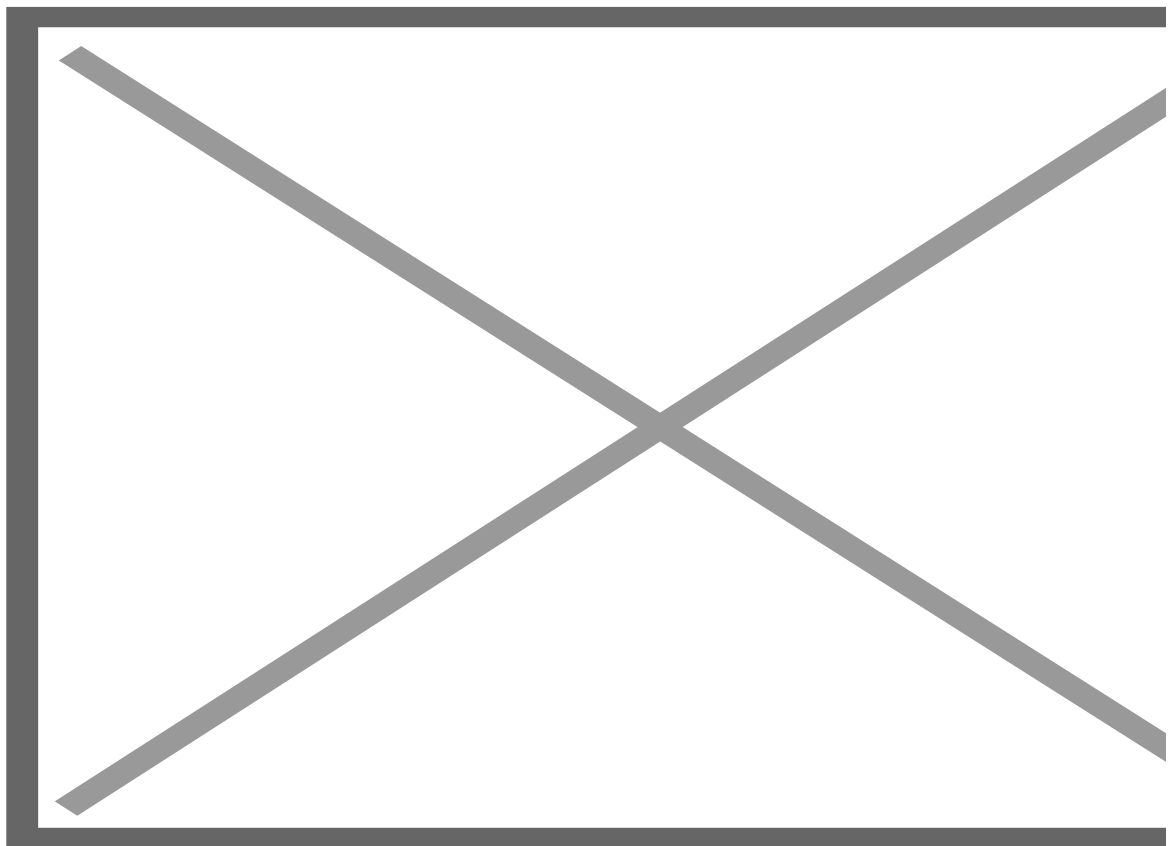
The FTC's complaint advanced various claims, including that:

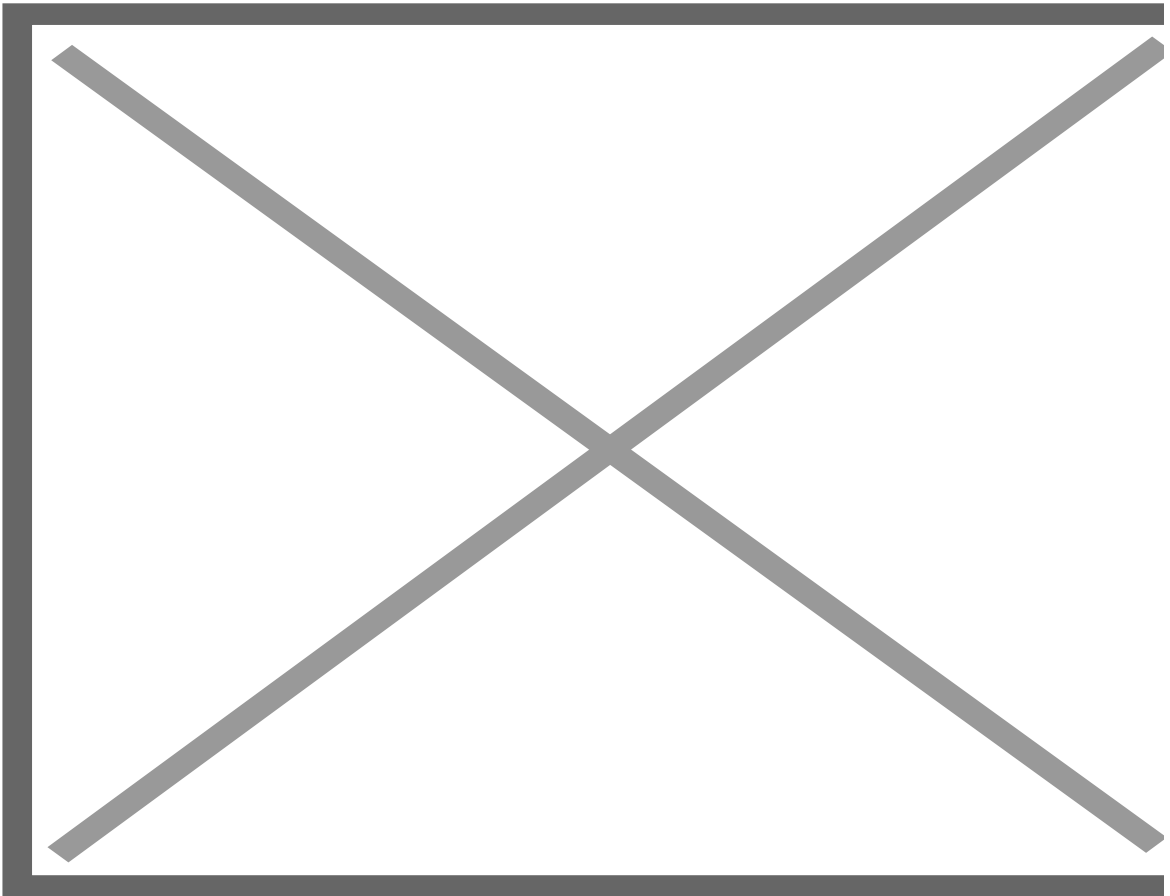
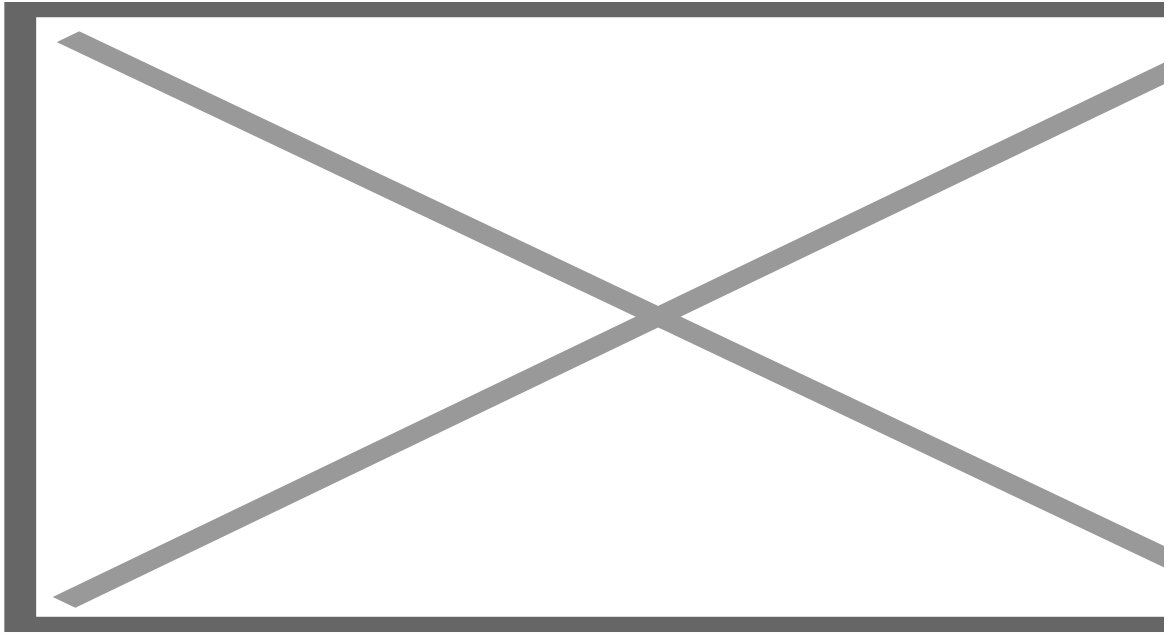
(1) Shutterstock allegedly failed to clearly and conspicuously disclose material terms before obtaining billing information, including the automatic renewal of certain plans, the existence and amount of early cancellation fees on some plans, and the automatic refill of on-demand packs when the last download was used. According to the complaint, certain disclosures were presented in a small gray font below brightly colored “Buy now” or “Complete checkout” buttons, behind hyperlinks that consumers were not required to affirmatively agree to or click into to complete the transaction, or placed after billing information was already obtained

(2) Shutterstock allegedly failed during the relevant period to obtain consumers’ express informed consent to certain recurring charges, including in connection with certain free trials that allegedly converted into annually recurring subscriptions; and

(3) Shutterstock allegedly failed to provide simple cancellation mechanisms.

[**See** images below from the FTC complaint of the Shutterstock transaction and payment screens at the relevant time];





The Order imposes requirements on Shutterstock in connection with covered goods or services offered through negative option features on its platform in the U.S. It requires Shutterstock to pay \$35 million in monetary relief and submit to the FTC's compliance monitoring measures. The Order also permanently enjoins Shutterstock from (i) misrepresenting any material fact about its negative option features, (ii) failing to clearly and conspicuously disclose all material terms before obtaining billing information, (iii) failing to obtain express informed consent before charging consumers, and (iv) failing to provide simple cancellation mechanisms for negative option features. As to the latter remedy, among other things, the Order requires a cancellation mechanism that is not "difficult, costly, confusing, or time-consuming," is at least as easy to use as the mechanism used to enroll, and is available through the same medium the consumer used to consent to the negative option subscription.

The action fits within a broader pattern of federal attention to negative option marketing practices. Although the Eighth Circuit vacated the FTC's 2024 amended Negative Option Rule (often called the 'Click-to-Cancel' Rule) on procedural grounds in July 2025, the agency began a new rulemaking process in March 2026. The agency's [Advance Notice of Proposed Rulemaking](#) seeks public comment as to whether and how the existing Negative Option Rule should be amended to address deceptive or unfair negative option practices. In the absence of a broader amended rule, the FTC has continued to pursue individual enforcement actions under ROSCA and Section 5 of the FTC Act. For example, in 2025, the agency announced a \$17 million [settlement with financial technology platform Cleo AI Inc.](#) ("Cleo AI") over allegations that, among other things, Cleo AI had, at least until late-2023, made it difficult for consumers to cancel subscriptions.

Many states have enacted laws governing automatic renewal and continuous service agreements, though their scope, specific exemptions and substantive requirements differ and may change over time due to statutory amendments. (See, e.g., [New York's Automatic Renewal Law](#), NY GBL § 527-a, which was amended in 2025 to impose more prescriptive disclosure, consent, cancellation, renewal notice, and material change requirements). These enactments and amendments indicate continued state legislative and regulatory attention to automatic renewal practices.

In this regulatory environment, companies operating subscription-based or negative option business models should evaluate their obligations under ROSCA and Section 5, as well as under the state laws applicable to their particular offers, transactions and customers. Particularly as state laws vary, companies employing negative option models should consider a host of potential issues, including:

- Enrollment flows and pre-enrollment disclosures;
- Disclosures on recurring charges, billing frequency, renewal terms, deadlines to prevent or stop recurring charges, and early termination fees;
- Mechanisms for obtaining and documenting affirmative consent before charging;
- Post-transaction confirmations, advance renewal emails, and notice of recurring subscription price increases;
- Procedures for free trials with auto-enrollment; and
- Cancellation mechanisms (including whether a regulator might perceive retention offers and intervening screens as obstructing or confusing the cancellation process).

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