

# Consumer Awareness about Online Subscription Traps and Hidden Charges

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## Abstract

The rapid growth of digital platforms and e-commerce services has significantly transformed consumer purchasing behaviour. Many online businesses now adopt subscription-based models for delivering services such as entertainment streaming, software applications, and digital memberships. While these services offer convenience and continuous access to products and services, they have also led to the emergence of practices such as online subscription traps and hidden charges. Subscription traps occur when consumers are unknowingly enrolled in recurring payment schemes through misleading advertisements, unclear terms and conditions, or automatic renewal systems. Hidden charges, including undisclosed service fees, delivery charges, and taxes, often appear only at the final stage of payment, thereby affecting consumer decision-making. These practices raise serious concerns regarding transparency, fairness, and consumer rights in digital transactions. In India, the **Consumer Protection Act, 2019** and regulatory oversight by the **Central Consumer Protection Authority** aim to protect consumers from unfair trade practices in online commerce. This study examines the level of consumer awareness regarding online subscription traps and hidden charges and evaluates the effectiveness of existing legal safeguards in protecting consumers. The research adopts a doctrinal and analytical methodology using secondary data from legal provisions, academic literature, and regulatory reports. The study concludes that although legal mechanisms exist to address deceptive practices, limited consumer awareness and complex digital marketing strategies continue to expose consumers to financial risks in online transactions.

## Keywords

Consumer Awareness; Online Subscriptions; Hidden Charges; Consumer Protection Act, 2019; Digital Consumer Protection; Unfair Trade Practices; E-Commerce.

## Introduction

The development of digital technology and widespread internet connectivity has significantly changed the way consumers access goods and services. Online platforms now provide various subscription-based services that allow consumers to access digital content, software applications, and membership-based services through periodic payments. Subscription models are widely used in services such as streaming platforms, online learning platforms, and digital service providers. Companies such as Netflix, Amazon, and Spotify have popularized subscription-based digital services by offering convenience, personalized services, and flexible payment options.

Despite the advantages offered by subscription-based models, several issues related to consumer protection have emerged in the digital marketplace. Many online platforms adopt marketing strategies that automatically enroll consumers in recurring payment systems without clear and transparent disclosure. These practices are often referred to as subscription traps. Consumers may sign up for a free trial or promotional offer but later discover that they have been automatically charged for continued services without their explicit consent.

Another common concern is the presence of hidden charges in online transactions. Consumers may initially view a product or service at a particular price but encounter additional charges such as platform fees, delivery charges, service taxes, or convenience fees during the final stage of checkout. These hidden costs can significantly increase the total price of the transaction and influence consumer purchasing decisions.

Recognizing the growing challenges faced by consumers in digital commerce, the Government of India introduced the **Consumer Protection Act, 2019**, which aims to strengthen consumer rights and address unfair trade practices in both traditional and digital markets. The Act provides mechanisms to protect consumers from misleading advertisements, deceptive business practices, and unfair contractual terms. In addition, regulatory oversight has been strengthened through the establishment of the **Central Consumer Protection Authority (CCPA)**, which monitors violations of consumer rights and takes action against misleading commercial practices.

In this context, the issue of consumer awareness becomes particularly important. Many consumers are unaware of the risks associated with subscription traps and hidden charges, which makes them vulnerable to financial exploitation. Therefore, the present study seeks to examine the level of consumer awareness regarding online subscription traps and hidden charges and analyse the effectiveness of legal provisions in protecting consumer rights in digital transactions.

## Statement of the Problem

The increasing reliance on digital platforms for purchasing goods and services has introduced new challenges for consumer protection. Subscription-based services have become a popular business model in the digital economy, enabling companies to generate continuous revenue through recurring payments. However, many online platforms employ marketing techniques that may mislead consumers into subscribing to services without their clear understanding of the payment obligations involved.

Consumers often encounter situations where they sign up for a free trial or promotional offer but are automatically enrolled in recurring subscriptions once the trial period ends. In some cases, cancellation procedures are intentionally made complicated, making it difficult for consumers to unsubscribe from services. These subscription traps may result in repeated deductions from consumer accounts without their full awareness.

Similarly, hidden charges have become a common issue in online transactions. Consumers may initially view attractive pricing for a product or service but later discover additional charges during the checkout process. These charges may include delivery fees, service charges, convenience fees, or other undisclosed costs. Such practices reduce price transparency and may lead to consumer dissatisfaction.

Although legal provisions exist to address unfair trade practices, many consumers lack awareness regarding their rights and available legal remedies. Therefore, it is necessary to examine consumer awareness about subscription traps and hidden charges and assess whether the existing legal framework effectively protects consumers in the digital marketplace.

## Objectives of the Study

1. To examine the concept and nature of online subscription traps and hidden charges in digital transactions.
2. To analyse the level of consumer awareness regarding subscription-based services and recurring payment mechanisms.
3. To evaluate the effectiveness of consumer protection laws in preventing deceptive pricing practices in online commerce.

## Research Methodology

The present study adopts a **doctrinal and analytical research methodology** to examine consumer awareness regarding online subscription traps and hidden charges. The research is based primarily on **secondary data sources**, including statutory provisions, government reports, academic journals, books, research articles, and policy documents related to consumer protection and digital commerce.

Relevant legal provisions under the Consumer Protection Act, 2019 and regulatory guidelines issued by government authorities have been examined to understand the legal framework governing deceptive online practices. Academic literature and research studies discussing digital marketing strategies and consumer protection issues have also been reviewed.

The collected information has been analysed using descriptive and analytical methods to identify the challenges faced by consumers in subscription-based digital services. The study also evaluates the adequacy of existing legal safeguards and regulatory measures aimed at protecting consumers from hidden charges and subscription traps.

## Analysis and Interpretation

Subscription-based business models are increasingly used in digital platforms to provide continuous access to services such as streaming media, software applications, and digital memberships. While these services offer convenience and affordability, they also create opportunities for deceptive practices that may affect consumer rights.

One common practice is the use of **free trial offers** that automatically convert into paid subscriptions unless the consumer cancels the service before the trial period ends. In many cases, the terms and conditions related to automatic renewal are not clearly communicated, leading consumers to unknowingly subscribe to recurring payment plans.

Another issue is the presence of **hidden charges** in online transactions. Consumers may initially view a product or service at an attractive price but later encounter additional charges such as delivery fees, convenience fees, and platform service charges during the checkout process. This practice reduces price transparency and may influence consumer purchasing decisions.

Some online platforms also adopt complex cancellation procedures that require multiple steps or obscure navigation, making it difficult for consumers to unsubscribe from services. Such practices exploit consumer behaviour and may result in continued financial deductions without the consumer's intention.

The Consumer Protection Act, 2019 identifies misleading advertisements and unfair trade practices as violations of consumer rights. The Act empowers regulatory authorities to take action against businesses that engage in deceptive marketing practices. However, the effectiveness of these provisions largely depends on consumer awareness and enforcement by regulatory authorities.

## Findings

1. Online subscription traps and hidden charges are common practices in digital commerce.
2. Many consumers are unaware of automatic renewal policies associated with subscription services.
3. Hidden charges reduce transparency in pricing and may mislead consumers during online transactions.
4. Existing consumer protection laws provide legal remedies against deceptive business practices.
5. Lack of consumer awareness and complex digital interfaces make it difficult for consumers to identify and avoid subscription traps.

## Suggestions

1. **Enhancing Consumer Awareness**

Consumer awareness programs should be conducted to educate individuals about subscription traps and hidden charges in online transactions.

2. **Transparent Pricing Policies**

E-commerce platforms should clearly disclose the total cost of products and services, including all applicable charges.

3. **Simplifying Cancellation Procedures**

Digital platforms should provide simple and accessible mechanisms for consumers to cancel subscriptions.

4. **Strengthening Regulatory Monitoring**

Regulatory authorities should monitor online businesses to ensure compliance with consumer protection regulations.

5. **Promoting Digital Literacy**

Educational institutions and consumer organizations should promote digital literacy programs that help consumers identify deceptive online practices.

## Conclusion

The growth of digital commerce has introduced new opportunities as well as challenges for consumer protection. Online subscription traps and hidden charges represent significant issues that affect transparency and fairness in digital transactions. Although subscription-based services offer convenience and continuous access to digital content, deceptive pricing practices may undermine consumer trust and financial security.

The Consumer Protection Act, 2019 provides an important legal framework for addressing unfair trade practices in digital commerce. However, the effectiveness of these provisions depends largely on proper enforcement and increased consumer awareness. Strengthening regulatory oversight, promoting transparent business practices, and improving digital literacy among consumers are essential steps for ensuring a fair and trustworthy digital marketplace.

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