



Adobe sued by FTC over hidden fees in subscription plans

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The U.S. Federal Trade Commission (FTC) has filed a lawsuit against Adobe Inc. and two of its executives, alleging deceptive subscription practices that violate federal consumer protection laws. In particular early termination fees in its "Annual, Paid Monthly" subscription plans. The case, filed in the U.S. District Court for the Northern District of California, accuses Adobe of concealing critical terms of its subscription plans and creating obstacles to cancellation. Adobe denies wrongdoing, and the case is ongoing as of January 2025.

Key allegations [\[edit | edit source \]](#)

1. Hidden Early Termination Fees (ETFs):

- Adobe allegedly pre-selected its "Annual, Paid Monthly" (APM) subscription plan as the default option for users signing up for services like Creative Cloud.^[1]
- While marketed as a monthly payment plan, the APM plan locks users into a year-long contract. If canceled within the first year, users are charged an ETF amounting to 50% of the remaining annual payments.^[1]
- The FTC claims the ETF was buried in fine print or hidden behind hyperlinks that most consumers would not notice during the sign-up process.^[2]

2. Complex cancellation process:

- Adobe's cancellation process reportedly requires navigating through multiple pages, re-entering passwords, providing feedback, and reviewing warnings about fees.^[3]
- Consumers attempting to cancel online or via customer service often faced dropped calls, multiple transfers, and continued charges even after cancellation attempts.^[3]

3. Violation of consumer protection laws:

The FTC alleges that Adobe's practices violate the Restore Online Shoppers' Confidence Act (ROSCA) and the FTC Act^[4] by:

- Failing to clearly disclose material terms upfront.
- Charging consumers without obtaining express informed consent.
- Not providing simple mechanisms for stopping recurring charges.

FTC's legal action [\[edit | edit source \]](#)

The FTC is seeking^[5]:

- A permanent injunction to stop Adobe from continuing these practices.
- Civil penalties and monetary relief for affected consumers.

The lawsuit also names two Adobe executives—Maninder Sawhney and David Wadhwani—highlighting their roles in implementing these subscription practices. This reflects a growing trend in holding corporate officers personally accountable for deceptive business practices.

Adobe's response [edit | edit source]

Adobe has denied the allegations, stating that its subscription services are transparent and designed to provide flexibility to users. The company plans to contest the lawsuit in court.^[6]

Current status [edit | edit source]

As of January 2025, the case remains pending in federal court. The FTC continues to push for stronger enforcement against hidden fees and deceptive subscription practices across industries.

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