Adobe will pay $75 million to settle US cancellation fee lawsuit



Adobe says it will pay $75 million to resolve a lawsuit filed by the US government alleging that the creative software giant harmed consumers by making its subscriptions intentionally hard to cancel and concealing termination fees.

The payment aims to resolve the complaint raised in June 2024, in which the US Justice Department accused Adobe of breaking federal consumer protection laws by failing to properly disclose important terms for its “annual paid monthly” plans, and forcing Creative Cloud subscribers through an “onerous and complicated” cancellation process. The lawsuit said that customers would then be “ambushed” with early termination fees – something that one Adobe exec said are “a bit like heroin for Adobe.”

Adobe says it will also provide $75 million worth of free services to “affected customers” alongside the payment it’s making to the DOJ, providing the settlement is given final court approval. In its statement, Adobe denies any wrongdoing and says that it has improved transparency around subscription terms and conditions, plan details, and cancellation processes in recent years.

“We have always prioritized giving our customers the flexibility to choose the plan that best fits their needs, timeline, and budgets. This includes offering multiple types of plans where customers can choose between lower upfront costs and maximum flexibility,” Adobe said in its statement. “While we disagree with the government’s claims and deny any wrongdoing, we are pleased to resolve this matter.”

This announcement comes shortly after Adobe CEO Shantanu Narayen revealed that he plans to step down after 18 years at the helm of the company, once a successor has been selected to replace him. Adobe’s pivot from offering one-time-purchase software licenses to subscription-only models was done under Narayen’s leadership. Now it’s up for the courts to decide if Adobe’s settlement offer gets the green light — though the current administration has already indicated a fondness for hidden subscription fees.

https://www.theverge.com/tech/894555/adobe-75-million-doj-settlement-subscriptions