



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
Office of Consumer Protection

## DCCA News Release

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### **STATE ANNOUNCES SETTLEMENT WITH AOL REGARDING CANCELLATION ISSUES**

HONOLULU -- The State of Hawai'i, through its Office of Consumer Protection (OCP), along with 47 other states, and the District of Columbia, announced a \$3 million settlement with AOL, one of the nation's largest Internet service providers. The settlement requires the company to make significant changes in honoring consumer cancellation requests and further orders refunds for consumers.

The settlement resolves complaints that consumers faced difficulty and confusion when trying to cancel their AOL paid services. Previously, AOL's cancellation policy required consumers to cancel by phone. Customer service representatives received incentives for retaining or "saving" customers from canceling their accounts. As a result, consumers complained cancellation was extremely difficult if not impossible.

Today's agreement strictly limits this practice and requires recording and verification of these telephone calls. In addition, the agreement expands consumers' options by allowing them to cancel through a simple online method at: <http://cancel.aol.com>.

The agreement requires AOL to make broad refunds to consumers who have complained of unauthorized charges for AOL service. In addition to resolving any outstanding complaints, the company will be adopting an ongoing process of refunding consumers for unauthorized charges, and will continue to cooperate with the states in these efforts.

"This agreement provides consumers with the opportunity to cancel their AOL accounts without encountering unnecessary obstacles and unwanted pressure from customer service representatives," said Stephen Levins, executive director for the State Office of Consumer Protection.

The settlement addresses a number of billing practices that caused consumer confusion. Specifically, AOL will be revising its disclosures regarding reactivation of terminated accounts, as well as its disclosures relating to accounts billed directly to a consumer's monthly telephone bill. AOL will also significantly revise its practice of allowing consumers to create "spin off" accounts, which are additional paid accounts for AOL service stemming from one original membership. These accounts can now only be created over the phone in a recorded conversation with a customer service agent, who must fully disclose all applicable costs.

AOL recently announced that it would begin limiting its role as an Internet access provider, allowing its customers to convert to free e-mail accounts. The terms of today's agreement should minimize the potential for consumer confusion during this transition.

AOL will reimburse the states \$3 million. Hawaii will receive \$45,000.00 of this payment for use to fund consumer education and enforcement of the consumer protection laws.

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