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Pre-paid Gym Memberships

We have received a number of inquiries from gym owners regarding the correct meaning of the following pre-payment notice:

State law requires that we inform you that should you (the buyer) choose to pay for any part of this agreement in advance, be aware that you are paying for future services and may be risking loss of your money in the event this health spa ceases to conduct business. Health spas do not post a bond, and no other protections may be provided to you should you choose to pay in advance.

According to the FBPA, the above-referenced pre-payment warning reminds consumers that should they pre-pay for any services at a gym, they are taking a risk and may lose their payment should the business close because gyms do not post a bond. Gym owners should be aware that the pre-payment warning only applies to instances in which a consumer pre-pays and the gym closes. So, if a consumer pre-pays for a gym membership and cancels within 7 business days, they should receive a full refund of funds paid less any services rendered or received. If a consumer pre-pays for services and the membership is cancelled by the gym for any reason, the consumer is due a refund less any services rendered. The pre-payment warning **does not** mean that pre-paid time will not be refunded under any circumstances since there are statutory provisions which allow for the cancellation of gym contracts, regardless of whether a membership is pre-paid or not. Remember, funds that are pre-paid by consumers are for future services. When a pre-paid gym membership is cancelled, those future services will not be rendered, therefore a refund would be due to the consumer.

Please contact us with any questions on these or other matters.

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