

K-Notes: Customer Agreement

from Robinhood

Consider checkboxes

Things like Payment of Order Flow should be conspicuous and clear instead of buried.

Checkboxes would enable the consumer to read, understand, and acknowledge their acceptance of clauses that take away their rights.



“Now we have people who work at McDonald’s who put their entire paycheck in Robinhood. They expect to make money and when they lose it, it’s defasting for them.”

Joshua Browder

Founder, CEO of DoNotPay

“The number one thing that a company is scared of is a class action. They might be able to brush away individual lawsuits. But if you have thousands of people coming together, it’s much more scary and these settlements can go into the tens and hundreds of millions of dollars.”

KEY TAKEAWAYS

• Keep it Short

Be aware that most online users will not read a 30-page agreement. If it’s an important document that should be read by every client, keep it brief and easy to understand.

• Keep it Noticeable

Important clauses should be conspicuous and not complicated. Avoid using complex legalistic language and burying clauses where they don’t stand out

• Explain Their Rights

Clients should know what rights they are giving up and how it will affect them. In this case, clients should know their real-time order data is sold, thus often resulting in them getting a worse deal than they originally thought.

• Arbitration Clauses Have Limits

Be aware that many arbitration clauses are ineffective in preventing class-action suits. When thousands of consumers have been wronged, class-action lawsuits are likely to follow.