

ACCC swoops in on Scoopon

Australia's largest group-buying website, Scoopon, will defend itself in the Federal court later this month, with the Australian Competition and Consumer Commission having accused Scoopon of engaging in misleading and deceptive conduct. Associate, Kate Friedrich and Law Clerk, Nesha Jeyalingam take a look at the case.

The consumer watchdog claims Scoopon contravened section 18 of the Australian Consumer Law (ACL) by providing misleading information to consumers about redeeming Scoopon vouchers, refund rights and the price of advertised goods.

Additionally, the Australian Competition and Consumer Commission (ACCC) has taken issue with Scoopon's representations to businesses that about one third of vouchers issued via Scoopon would not be redeemed (and therefore that those businesses would not need to deliver goods or services for one third of vouchers sold), with no reasonable grounds to support these representations. The ACCC is alleging that Scoopon's failure to rely on reasonable grounds to support such representations amounts to misleading and deceptive conduct. The ACCC also alleges that Scoopon went so far as to represent to businesses that there was no cost with running a deal on the group-buying website, despite requiring businesses to pay fees to Scoopon to run such deals.

With the rapid growth of online group-buying sites since 2010, regulators have received an influx of complaints in relation to the conduct of such sites. ACCC chairman Rod Sims stated that:

“ The ACCC has made online competition and consumer issues a compliance and enforcement priority. Ensuring that the digital revolution delivers competition benefits to consumers and small businesses is a focus for the ACCC. ”

As a side note, media outlets have also reported general complaints by consumers about businesses refusing to honour vouchers purchased through group-buying sites, or otherwise the restrictive conditions placed by businesses on voucher redemption. As this action by the ACCC is concerned with the conduct of Scoopon (the group-buying site), and not the individual businesses who use Scoopon's services, the ACCC is unlikely to address such conduct by individual businesses in this case.

However group-buying sites and individual businesses, as well as online advertisers, need to bear in mind the importance of ACL compliance in their online transactions with both business and consumers. Where organisations fail to meet their obligations under the ACL, this action by the ACCC demonstrates they will risk almost certain scrutiny from the regulator.

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