



Spreets to pay penalties of \$600,000 for misleading consumers

24 April 2015

The Federal Court has ordered Spreets Pty Ltd (Spreets) to pay total penalties of \$600,000 for making false or misleading representations to consumers about deals offered on its online group buying website in contravention of the Australian Consumer Law (ACL), in proceedings brought by the Australian Competition and Consumer Commission.

The Court declared that between June 2011 and April 2012 when operating one of Australia's largest online group buying websites, Spreets contravened the ACL by engaging in misleading and deceptive conduct and making false or misleading representations about the price of certain deals, consumers' ability to redeem vouchers, and consumers' refund rights.

"Online consumer issues remain an enforcement priority for the ACCC. The Court's decision is a further reminder for online traders that the Australian Consumer Law applies to them, including consumer guarantees" ACCC Commissioner Sarah Court said.

"All online businesses, including those offering daily deals, must ensure that representations made on their websites are clear and accurate, particularly in relation to price and any restrictions on a deal being offered, including availability and redemption conditions."

Spreets agreed to joint submissions on penalties and a statement of agreed facts to be filed with the Court, and consented to the other orders made by the Court.

Following the ACCC's investigation, Spreets also took steps to update and improve its

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Written by ACCC

compliance program.

It is noted that Spreets no longer offers deals directly to consumers. It now gathers and publishes deals offered by a range of third party online group buying sites.

Background

The ACCC has received a significant number of complaints since the online group buying industry emerged in Australia in 2010 and has worked with other ACL regulators to improve practices in the industry.

These websites, also referred to as 'daily deals' or 'deal of the day' sites, sell vouchers for discounted goods or services. Online group buying sites typically negotiate these deals with businesses and then market the deals to their members and the public by promotional emails, social media promotions and on their websites.

In December 2013, the Federal Court ordered Scoopon to pay total pecuniary penalties of \$1million for making false or misleading representations to both businesses and consumers.

In December 2014, the ACCC accepted a court-enforceable undertaking from LivingSocial as a result of the ACCC's concerns about a term in LivingSocial's consumer contracts, and representations made on LivingSocial's website.