



PUBLIC WARNING NOTICE

Issued under section 223 of the Australian Consumer Law

Digital Sourcing ApS / Lux International Sales ApS

The Australian Competition and Consumer Commission is issuing this Public Warning Notice to warn consumers about the alleged conduct of Digital Sourcing ApS (Digital Sourcing) – Danish Company Registration DK34904472. Digital Sourcing ApS previously traded in Australia as Lux International Sales ApS (LuxStyle).

The ACCC issued a Public Warning Notice about LuxStyle on 1 March 2017. This was in response to complaints from consumers around Australia that Luxstyle was:

- a) posting goods to consumers who had visited Luxstyle's website and entered an email and postal address;
- b) including an invoice with the goods containing a demand for payment for those goods; and
- c) threatening to refer the matter to debt collection agencies (and in some cases actually referring the matter to Australian debt collection agencies) if the consumer did not pay the invoice,

in circumstances where consumers allege that they did not order the products.

The ACCC has received more than 1600 complaints from consumers around Australia regarding the conduct of LuxStyle in 2017 and has now received similar complaints naming Digital Sourcing. In November 2017, the ACCC received complaints from consumers stating that Digital Sourcing is demanding payment for invoices issued by LuxStyle.

Since issuing the Public Warning Notice about LuxStyle, the ACCC has been provided with information about the online business model of LuxStyle / Digital Sourcing. That information reveals the use of online purchase flows in which:

- a) consumers are required to enter their email and postal address early in the purchase flow; and
- b) before consumers are asked to enter payment information, they are required to select an 'Order Now' button to continue, which has the effect of concluding the transaction. Below the 'Order Now' button is small print stating "By clicking the order button you agree on receiving your package and accept the terms. Pay when you want, but within 14 days of delivery".

The Australian Consumer Law (ACL) prohibits businesses from:

- engaging in conduct that is misleading and deceptive or is likely to mislead or deceive (section 18);
- making a false or misleading representation concerning the existence, exclusion or effect of any condition (section 29(1)(m));

- making a false or misleading representation that a person has agreed to acquire goods (section 29(1)(d)); and
- asserting a right to payment from another person for goods that the consumer did not agree to buy, otherwise known as unsolicited goods (section 40).

The ACCC is warning the public about the alleged conduct as it:

- a) has reasonable grounds to suspect that LuxStyle / Digital Sourcing's conduct may constitute a contravention of:
 - (i) sections 18 and 29(1)(m) of the ACL in relation to the existence of a 'buy now, pay later' condition which is buried in fine print and not sufficiently disclosed to consumers at the time they select the 'Order Now' button;
 - (ii) section 29(1)(d) of the ACL by making a false or misleading representation that consumers have agreed to purchase goods from LuxStyle / Digital Sourcing; and
 - (iii) section 40 of the ACL by asserting a right to payment for unsolicited goods;
- b) is satisfied that one or more persons has suffered, or is likely to suffer detriment as a result of the alleged conduct, in particular by paying amounts to LuxStyle / Digital Sourcing when they have no liability to do so; and
- c) is satisfied that it is in the public interest to issue this Public Warning Notice.


Rodney Graham Sims
Chairman

Date: 20/12/17