

# Media Release



Government of South Australia

Office of Consumer and  
Business Affairs

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## 'Cashback' Scheme Prohibited

The Sydney-based company, Cashback Australia Limited, has been prohibited from promoting its 'Cashback' scheme in South Australia.

Commissioner for Consumer Affairs, Mark Bodycoat said, "This scheme is not in the best interests of South Australian consumers. It imposes long waiting periods before consumers can make claims and there is no guarantee that they will receive the amounts of their claim vouchers."

According to the Cashback Australia Limited website, there are 44 businesses in South Australia promoting the scheme that offers consumers cash redemption vouchers of up to 100% of the price of goods. The catch is that consumers must wait for periods up to 51 months and meet other complicated conditions before they can make a successful claim.

"The scheme does not appear to be financially viable. Cashback offers up to 100% cash back on goods, but traders are contributing only 15% of the sale price, to cover payments to consumers and the costs of administering the scheme."

The funds do not appear to be sufficient to cover possible claims and there is no provision to underwrite or insure the funds to cover shortfalls.

Although consumers may be offered anything up to 100% of the cash price of their purchases, the actual amount they may receive could vary widely.

"Many consumers will not be able to redeem the full benefits promised by this scheme and merchants involved may subsequently be subjected to civil claims. In most cases, consumers could get a better deal by shopping around."

The long, enforced claim waiting periods (up to 51 months) required by this scheme are the longest of any third-party trading schemes currently operating in South Australia. The 'Cashback' scheme waiting periods are likely to see many consumers forget to make a claim or lose their documents in the meantime.

Any consumers who have existing 'Cashback' vouchers should not be disadvantaged by the scheme being prohibited. The prohibition refers to the promotion of 'Cashback' - it does not extend to the company that handles the 'Cashback' redemption claims.

The Office of Consumer and Business Affairs (OCBA) has written to all traders in South Australia known to be participating in the scheme to inform them the scheme has been prohibited.

The prohibition will take effect from *Thursday 23 February 2006*, when it will formally appear in the Government Gazette.

To find out more about your consumer rights contact Consumer Affairs on 8204 9777 or 131 882 (country callers) or visit [www.ocba.sa.gov.au](http://www.ocba.sa.gov.au).