

Trivago loses appeal after misleading consumers

over hotel ads November 5, 2020 Headline News

The Full Federal Court has dismissed an appeal by hotel comparison site Trivago against an earlier decision which found Trivago had breached the Australian Consumer Law by making misleading representations about hotel room rates on its website and television advertising

In January 2020, the Federal Court had ruled that Trivago had misled consumers by representing its website would quickly and easily help users identify the cheapest rates available for a given hotel.

The judge at first instance had found that Trivago did not sufficiently disclose to users that its website used an algorithm that gave prominence to accommodation providers paying Trivago a higher payment fee (cost per click), meaning that the most prominent offers were often not the cheapest offers for consumers.

The primary judge also found that Trivago misled consumers through the use of strike through prices and text in different colours because Trivago often compared the rate for a standard room with the rate for a luxury room at the same hotel.

Today's decision by the Full Federal Court upholds the primary judge's decision that Trivago's website representations misled consumers.

"This is a win for consumers and is an important warning to comparison sites that they must not mislead consumers about the results they recommend," ACCC Chair Rod Sims said.. "We brought this case because we were concerned that consumers were being misled by Trivago's claims that their site was getting the best deal for consumers, when in fact they were shown the deals that benefited Trivago."

"Trivago's conduct meant that consumers may have paid more for a room at a hotel than they should have, and hotels lost business from direct bookings despite offering a cheaper prices," Mr Sims said.

Trivago loses legal appeal

HOTEL comparison website Trivago has failed to overturn a court ruling stating it misled consumers by pushing deals that gave it higher fees rather than the best offers for guests.

The Federal Court ruled against Trivago in January in an action brought by the Australian Competition & Consumer Commission, and the full bench of the same court dismissed the company's ap-

peal yesterday. While Trivago claimed its website would quickly and easily help users identify the cheapest rates available for a given hotel, it did not sufficiently disclose an algorithm that gave prominence to accommodation providers that paid a higher fee to the company.

The matter will now return to the primary judge to consider penalties.

NOV: 2020