

1 February 2012

By email: CCAAC@treasury.gov.au

CCAAC Secretariat
c/- The Manager
Consumer Policy Framework Unit
Competition and Consumer Division
The Treasury
Langton Crescent
Parkes ACT 2600

Dear Sir/Madam

**App purchases by Australian consumers on mobile and handheld devices
Issues Paper**

Consumer Action Law Centre welcomes the opportunity to comment on the above Issues Paper published by the Commonwealth Consumer Affairs Advisory Committee (**CCAAC**).

We have not been able to provide a detailed response to the Issues Paper, but have had the opportunity to review the submission made by CHOICE. We endorse CHOICE's submission and particularly its recommendations that:

- All games which include in-app purchases should be required to disclose their costs prominently at the point of sale. Consideration should be given to a mandatory pop-ups warning consumers that they are buying a game with in-app purchases. When installing a game with in-app purchases, a password must be supplied, even if the game is free to install.
- A double opt-in mechanism should be implemented for in-app purchases. For example in-app purchases should require a pin or password which is different to the app store password for the account. All in-app purchases should require both the app store password and the unique in-app purchase password.
- All in-app purchases should require a password, with no exceptions.

We also note that the Issues Paper identifies the "adequacy of information" disclosed before and after the app is downloaded as a key issue for consumers. Recent research that finds that if an average internet user were to actually read every privacy policy on every website they visit in a year, it would take 76 work days to complete the task.¹ The research also finds that the national opportunity cost of reading privacy policies (in the US) would be \$781 billion. If this research were replicated for terms and conditions of apps that are used, we believe it would show that users could never read the information that is provided.

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We believe that in the app purchase environment, the information must be designed so that a typical consumer would be aware of the key features (including costs) of the app without reading the terms and conditions. Given the amount of information provided, and the difficulty in reading it, it is unreasonable to expect consumers to read the details. The disclosure must therefore be designed on the basis that many consumers will not read the terms and conditions. The key information does not only need to be very clear, but any charges relating to the app need to be designed in such a way that the consumer would clearly expect them. As recommended by CHOICE, a password should then be required to confirm payment.

Please contact me on 03 9670 5088 or at gerard@consumeraction.org.au if you would like to discuss these matters further/have any questions.

Yours sincerely

CONSUMER ACTION LAW CENTRE

A handwritten signature in black ink that reads "Gerard Brody". The signature is written in a cursive, flowing style.

Gerard Brody
Director—Policy & Campaigns

ⁱ McDonald, Aleecia M, and Cranor, Lorrie Faith, 'The Cost of Reading Privacy Policies', (2008) 389(3) *I/S: A Journal of Law & Policy for the Information Society* 1-22