

Up Money fined R1 million for conducting pyramid scheme

The National Consumer Tribunal (NCT) has fined Up Money (PTY) Ltd an administrative fine of R1 million for conducting a pyramid scheme and contravening Section 43 (2) of the Consumer Protection Act (CPA).



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The National Consumer Commission (NCC) referred Up Money to the Tribunal following its investigation into allegations that Up Money is a pyramid scheme.

The CPA describes a pyramid scheme as an arrangement, agreement, practice or scheme if participants receive compensation derived from their respective recruitment of other persons as participants, rather than the sale of any goods or services.

Trade, Industry and Competition Deputy Minister, Nomalungelo Gina, welcomed the decision by the Tribunal, saying it sends a strong message to South Africans to stay away from promoting, joining or participating in any pyramid schemes.

“While Up Money promoted their scheme as a “stokvel” to lure participants during the pandemic, the Tribunal confirmed that it is not a stokvel but a pyramid scheme, as their operation fits the description of a pyramid scheme as provided under Section 43 of the CPA. Up Money’s business model was unsustainable as it relied heavily on new participants feeding into

the scheme,” Gina said.

Acting National Consumer Commissioner, Thezi Mabuza, warned South Africans to be careful not to contravene the CPA while trying to explore other sources of income, as they lose money in the process.

Mabuza said pyramid schemes continue to mushroom on a daily basis, especially on social media platforms and consumers continue to lose their hard-earned money.

“We want to reiterate to consumers that all involved; the directors, the promoters (the ones advertised and recruited on social media and other platforms) and all those who joined Up Money, broke the law.

“We want to send a strong message to operators of schemes, arrangements or practices like Up Money that as the consumer protector in the space, we will not tolerate the contravention of the Act,” Mabuza said.

Mabuza urged all South Africans, as responsible citizens and member of communities, to be honest in their dealings.

“If people are recruited into prohibited/illegal activities, thought should be given to the relationships that may be severed, trust that may never be restored, but mostly the economic hardships that others would suffer and may not be able to recover from in this lifetime.

“The NCC reiterates its commitment to better ensure the realisation of the purpose of the Act by taking reasonable and practical measures to promote the purpose of the CPA while ensuring that prohibited conduct is prosecuted,” Mabuza said.

Up Money has been given 20 working days to pay the fine.

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