

CENTRAL CONSUMER PROTECTION AUTHORITY

F. No. CCPA/2/31/2024-CCPA

In the Matter of: Suo Moto case against **Swiggy Private Limited**(herein referred as 'Company') for alleged deficiency in service and unfair trade practice.

CORAM:

NIDHI KHARE, CHIEF COMMISSIONER

ANUPAM MISHRA, COMMISSIONER

Appearances:

Ms. Avantika Bajaj, General Counsel

Mr. Kartik Shastri, Director , Regulatory Team

Ms. Raunaq Anand, Legal Counsel

Mr. Anshuman Mohit Chaturvedi, Legal Counsel

Dated:16.10.2024

ORDER

1. This matter is a Suo Moto Case initiated by the Central Consumer Protection Authority. Based on the grievances lodged at National Consumer Helpline regarding non refund of amount by the Company, the Central Authority has initiated a preliminary inquiry in the matter. During the course of inquiry, it was found from the data provided by the NCH that many grievances have been lodged relating to **non-refund of amount paid by consumers and deficiency of services**, wherein the consumers have alleged that the Company has neither responded to their query nor refunds have been done till date.

2. As per the data shared by National Consumer Helpline (NCH) for the period of 1st April 2023 to 30th April 2024, 584 grievances are still pending for resolution which are as under:

Swiggy 1st Apr'23 ~ 30th Apr'24

S. No.	Grievances status	Count
1	Dispose off by NCH	8928
2	Closed by Consumer	1078
3	Pending	584
Grand Total		10590

3. The following tabular sheet depicts the gist of complaints registered against Swiggy which are as under:

Nature of Grievance

S.No	Nature of Grievance	Count
1	Deficiency in Services	3889
2	Delivery of Defective / Damage Product	1134
3	Paid amount not refunded	912
4	Delivery of Wrong Product	832
5	Non-Delivery of Product	809
6	Amount debited but not credited to beneficiary.	481
7	Product / Product Accessories Missing	463
8	Delay in Delivery of Product	304
9	Promised service not provided	199
10	Charging more than MRP.	182
11	Other	1385
	Grand Total	10590

4. On examination it is noticed that Swiggy Private Limited violates provisions of the Consumer Protection Act, 2019 which are:

Section 2 (11) "deficiency" means any fault, imperfection, shortcoming or inadequacy in the quality, nature and manner of performance which is required to be maintained by or under any law for the time being in force or

has been undertaken to be performed by a person in pursuance of a contractor otherwise in relation to any service and includes -

- i. any act of negligence or omission or commission by such person which causes loss or injury to the consumer; and
- ii. Deliberate withholding of relevant information by such person to the consumer.

5. Further, it is also alleged that upon being asked to deliver chosen food item, consumers received wrong food and upon complaint the company denied refund. Refusing a refund for a faulty product or inadequate service is also categorized as an 'unfair trade practice' under the Consumer Protection Act, 2019. The same is defined as under:

Section 2(47), "unfair trade practice" means a trade practice for the purpose of promoting the sale, use or supply of any goods or for the provision of any service, adopts any unfair method or unfair or deceptive practice including the following practices, namely:-i. making any statement, whether orally or in writing or by visible representation including by means of electronic record, which---(a) falsely represent that the services are of a particular standard, quality or grade;

6. After analysing the complaints received on NCH, CCPA *inter alia* gives the following findings:

- **Stale Food:** There have been 3,241 complaints lodged against Swiggy regarding deficiencies in services, specifically relating to the company's failure to issue refunds. These complaints detail instances where consumers, upon receiving their orders, discovered that the food was not only stale but also exhibited signs of being rotten and re-cooked, accompanied by a foul odour.
- **Delay in processing the Refund:** The consumers promptly lodged complaints on the Swiggy platform regarding the poor quality of the food. They were deeply disappointed by the resolution provided. Despite assurances of a refund within 3 to 5 working days, the consumers did not receive any reimbursement.
- **Charging more than MRP:** It has been noticed that Swiggy consistently charges prices that exceed the Maximum Retail Price (MRP).
- **Promised Service not provided:** Instances include delivering fewer items than ordered, substituting order items with incorrect ones (e.g., delivering a vanilla cake instead of a butterscotch cake) and delivering food with insects.
- **Delay in Delivery of Product:** It has been observed that Swiggy frequently fails to deliver products within the promised timeframe. Such delays cause significant inconvenience to customers who rely on timely delivery for their daily needs.

7. It is imperative to mention that the information available in NCH clearly indicate deficiency of services and unfair trade practice on the part of food delivery company as all the 584 grievances of consumers are still unresolved. There are 3889 complaints

received against Swiggy pertaining to deficiency in services wherein the Company failed to refund the amount such as upon receiving the order, the consumers found out that the food they had ordered were not only stale but also exhibited signs of being rotten and re-cooked , accompanied by a foul smell. This was highly disappointing and unacceptable on the part of consumers. Subsequently, they promptly lodged a complaint on the platform of Swiggy (food app) regarding the poor quality of the food, but were deeply disappointed by the resolution provided by the food app. Despite assurances of a refund within 3 to 5 working days, the consumer did not receive any reimbursement for the poor quality food they received. In addition to the refund, the consumer requested for appropriate compensation for the stale food and the delay in processing the refund. It is important to note that, while Swiggy falls in category of deficiency of services. On many occasions Swiggy delivers stale food, not provided refund on time, providing half amount out of actual amount as refund, charging more price than the MRP price. There are cases where Swiggy has delivered the product to the consumer with poor quality or less quantity and like delivering less food like one burger if the consumer has ordered butter scotch cake, but has received vanilla cake instead consumers also found insects on their food once the food is delivered to them. Such kind of practices/services falls under 'unfair and/or deceptive trade practice' and violative of consumer rights within the meaning of Consumer Protection Act, 2019.

8. In view of the above, CCPA issued Notice dated 04.07.2024 to the Company for alleged deficiency in services and unfair trade practices.

9. The Company submitted their response dated 13.08.2024 and submitted the following submissions:

a. Help Section Requests: For the period from April 1, 2023, to June 30, 2024, a total of 75.22% of requests submitted via the Help Section were resolved instantaneously through the automated bot. An additional 24.74% were addressed by customer service agents, with an approximate resolution time of 14 minutes per complaint. Only 0.04% of the Help Section requests were escalated to the National Consumer Helpline. During the relevant period, a negligible percentage of 0.00413% of the total complaints received were processed via the National Consumer Helpline.

b. Stale Food and Deficiencies in Service: It is acknowledged that Swiggy mandates its Merchants to ensure compliance with all applicable laws, including the provisions of the Food Safety and Standards Act, 2006. Upon receipt of customer complaints regarding food quality, Swiggy communicates the concerns to the relevant Merchants. It is clarified that the Merchants retain sole responsibility for the quality and quantity of food supplied, and Swiggy does not own or control the food items provided by the Merchants. Resolution actions initiated by Swiggy are contingent upon updates received from the Merchant concerning the specific food items in question. Based on the Merchant's response and the prima facie evidence, including images or documents submitted by both the customer and the Merchant, Swiggy processes refunds on a case-by-case basis. Additionally, Swiggy shares customer feedback with the Merchant to assist in enhancing the quality of goods and services offered.

c. Charging More than Maximum Retail Price (MRP): The menu and catalog of goods available on the Platform, including the corresponding price list, are based on information provided by the Merchants.

d. Delay in Processing Refunds: From the initiation of a refund request, customers are consistently informed of all developments, ensuring assurance and clarity throughout the process. Swiggy places great value on customer feedback and actively integrates such feedback into ongoing improvements of the refund procedures.

e. Promised Services Not Provided and Wrong Products Delivered: As an intermediary, Swiggy facilitates transactions and communications between customers and Merchants. The Terms and Conditions expressly state that Swiggy does not assume liability for incorrect products delivered by the Merchant through Delivery Executives.

f. Delay in Delivery of Products: The Platform provides real-time updates to customers regarding the status of their orders. Delivery times are influenced by various factors, including Merchant acceptance time, food preparation time, transport duration, and prevailing traffic and weather conditions. The estimated delivery time is displayed to consumers in real time. Additionally, customers have the option to connect with Swiggy's help centre, the Merchant, or the Delivery Executive to inquire about their orders in the

event of a delay. Refunds and cancellations can be processed through the Platform, and customers may raise queries for support in accordance with the applicable policies.

10. From the reply it is apparent that Swiggy has denied having any of its responsibility by stating that it is an intermediary and it does not control the quality, safety, legality, or availability of the products/ food or services provided by Merchants and Delivery Executives.

11. The Central Authority examined the submissions of the Company through video conference held on 23.09.2024 wherein the Company made the following submissions:

a. Grievances Registered on the National Consumer Helpline (NCH)

From April 1, 2023, to April 30, 2024, a total of approximately 13,700 grievances were registered. During this same period, approximately 965 million orders were placed, of which 10,000 grievances were communicated by the Central Consumer Protection Authority (CCPA). This represents a mere 0.00413% of total cases. Notably, 75% of grievances are resolved at the bot level, while 24% are handled by customer service agents, with only 0.04% escalated to the NCH.

b. Delays in Product Delivery: In instances of delayed product delivery, the option to cancel the order is provided to consumers. Additionally, Swiggy proactively communicates with the restaurant to address and rectify the concerns of affected customers.

c. Delivery of Incorrect Products: In the event that a wrong product is delivered, Swiggy promptly resolves the issue through real-time verification with restaurant partners.

d. Pricing Above Maximum Retail Price (MRP): Concerning instances of charging more than the MRP, the Company acknowledges that there may be errors in the system and is actively working to rectify this matter, recognizing its impact on the platform.

e. Delays in Processing Refunds

Swiggy typically resolves refund queries within a timeframe of 3 to 7 days. It is further noted that standard resolution times for e-commerce platforms generally range from 7 to 10 days.

f. Stale Food Verification

Verification of complaints related to stale food presents significant challenges, as the platform is unable to confirm such claims directly. Swiggy is committed to enhancing its processes to address this issue.

g. FSSAI License Number: With regard to the display of the FSSAI License Number, Swiggy is undertaking measures to improve visibility. While the FSSAI License Number

is available on the platform, it has been observed that it is not included on the customer invoice.

h. Onboarding of Restaurants without FSSAI License: Swiggy does not onboard restaurants without a valid FSSAI License. The invoices sent by restaurants include the FSSAI License Number; however, it is noted that customers may overlook this information. The FSSAI License Number is present on the Swiggy invoice, and customers are encouraged to verify this.

i. Volume of Orders

Swiggy processes approximately 2 million orders daily.

12. Further, Central Authority also advised the platform to make suitable modifications on their website/app by providing the details of FSSAI License No, and to start monitoring identity of sellers offering food on the platform in order to avoid discrepancy.

13. Subsequently, **The Hon'ble High Court of Delhi in the My Space Inc. vs Super Cassettes Industries Ltd 236(2017) DLT478** held in **Para 47** that *"Section 79 is neither an enforcement provision nor does it list out any penal consequences for non-compliance. It only sets up a scheme where intermediaries have to follow certain minimum standards to avoid liability; it provides for an affirmative defence and not a blanket immunity from liability."*

14. After examining the reply of the company and available material, CCPA is satisfied that a prima facie case exist. In light of above, the Central Authority issues the following directions:

a. The Company is directed to submit a tabular sheet detailing the updated status of the 10,590 grievances registered on the National Consumer Helpline (NCH), including the specific number of refunds issued to consumers.

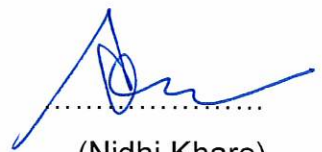
b. The Company shall enhance and modify its consumer redressal grievance mechanism to include the FSSAI License Number and GST Number, ensuring that these details are provided without any technical issues. This enhancement aims to facilitate a streamlined and immediate resolution of consumer grievances.

c. The Company shall submit the process of on-boarding the restaurants, Standard of Procedure (SOP) of quality check if any, protocol of Swiggy to ensure that restaurants adhere to FSSAI hygiene standards.

d. Action taken by Swiggy against delinquent restaurants on the complaints of consumers detailed in forgoing paragraphs.

d. The Company is directed to file written submissions outlining the steps taken to expedite the processing of refunds, as well as their future course of action regarding deficiencies in service. This submission must include information on the number of refunds related to stale food that remain pending, the total number of refunds processed to date, and the number of refunds that could not be processed for any reason.

e. Further, the matter is referred to DG (Investigation) CCPA for detailed investigation to conduct an investigation on the identified issues under para 6, 7 & 9 and submit its report to the Central Authority within 30 days from the date of receipt of this order.



(Nidhi Khare)

Chief Commissioner



(Anupam Mishra)

Commissioner