Class Action Lawsuits Filed on Behalf of Small Businesses Against Giftly and GiftRocket for Selling Unauthorized “Gift Cards”

NEW YORK and PHILADELPHIA – July 13, 2022 – On July 8, 2022, Pollock Cohen LLP filed two class action lawsuits on behalf of small business owners against online “gift card” sellers, Defendants Giftly Inc. and GiftRocket, Inc. The Plaintiffs in the two cases are a Brooklyn-based bakeshop and a Philadelphia-area café. They seek to represent tens of thousands of other small businesses across the country that are listed on Defendants’ websites without consent. The lawsuits were filed in federal district courts in Philadelphia and Brooklyn.

The class actions allege that Giftly and GiftRocket use the names and goodwill of businesses—without permission—to sell unauthorized “gift cards.” Defendants sell these cards online to consumers in violation of federal and state unfair competition laws. The complaints explain how consumers cannot actually use the gift cards at the business the cards were intended for.

Through aggressive online marketing, the Defendants convince people to buy special “gift cards” to give as gifts. But instead of a receiving gift cards like many legitimate retailers and businesses sell, the recipient gets a greeting card with instructions on how to redeem the gifted funds. This typically involves PayPal, a bank deposit, or a Visa gift card to actually take advantage of the supposed gift.

There is no way for a gift recipient to actually use a Giftly or GiftRocket card at the business the card was intended for. Unlike typical gift cards sold in retail stores or over the internet, the Giftly and GiftRocket cards can’t be used at any business. Instead, the “gift cards” are mere suggestions to use the gift amount at a particular business.

So, to actually use the Giftly or GiftRocket “gift”, the recipient must follow instructions to redeem the money by either (a) providing Defendants with personal bank information to have the money transferred to them, or (b) requesting Defendants for an *actual* gift card, for use at a *different* business.

In essence, these “gift cards” are just a complicated and costly way to transfer money between two individuals. And Giftly and GiftRocket charge service fees of up to 7% of the entire gift amount, which is far more expensive than free or low-cost money transfer services like PayPal or Venmo,

Giftly and GiftRocket market their cards to consumers and allegedly create the misleading impression the recipient can redeem the card at popular local businesses. In reality, the businesses never agreed to be listed on Giftly or GiftRocket's websites—they typically don't even know they have been listed in the first place. And consumers can't redeem the gift cards when they try to do so at local merchants.

Misled and confused consumers regularly show up at businesses trying to use the gift cards, only to discover that businesses do not accept them for payment. This causes problems for everyone involved, with businesses dealing with upset customers that blame them for not accepting Giftly and GiftRocket cards.

Pollock Cohen LLP is leading the class actions against Giftly and GiftRocket, as well as a similar class action against ClassPass for taking advantage of small businesses.

For more information, please visit here.

The federal class action complaints against Giftly and Giftrocket are available to the right.