

# Consultation document on developing a harmonised methodology for classifying and reporting consumer complaints across the European Union

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## Public Consultation on developing a harmonised methodology for classifying and reporting consumer complaints across the European Union

Presented by the Directorate-General for Health and Consumers

The European Commission is seeking the views of all interested stakeholders on developing a harmonised methodology for classifying and reporting consumer complaints across the European Union.

This public consultation will be open until 03/10/2008.

Questions can be sent to [SANCO-consumercomplaints@ec.europa.eu](mailto:SANCO-consumercomplaints@ec.europa.eu)

This document has been prepared by the European Commission services and includes input from representatives of Member States to the Consumer Policy Network and the Committee for Consumer Protection Co-operation.

### 1) Background

The [Single Market Review \(SMR\)](#) concluded that regulation and policymaking across the Commission need to be driven by a better understanding of real outcomes for consumers in the internal market. The SMR calls for the development of a consumer scoreboard, using key indicators such as consumer complaints, to monitor market performance from the perspective of the consumer and to show which markets are failing in terms of economic or social outcomes.

As part of the follow up to the SMR, the Directorate-General for Health and Consumers has set up a unit to develop indicators and tools to facilitate long term monitoring of the performance of consumer markets through the [Consumer Markets Scoreboard](#). Consumer complaints will be used as a top level indicator to screen markets since they may indicate to markets which fail to meet consumers' expectations.

The new [Consumer Strategy, 2007-2013](#), also puts an emphasis on developing a proper evidence base for consumer policy and Better Regulation, including Impact Assessment. The strategy envisages work on the classification of consumer complaints.

Member States authorities, through the Consumer Policy Network of senior officials, have identified classification of consumer complaints as a priority area for statistical work. The [regulation on Consumer Protection Cooperation 2006/2004](#), Article 16, specifically mandates the Commission to work with the Member States on a common classification. The idea of developing a harmonised system of classifying and reporting consumer complaints was also discussed with consumer non-governmental organisations (NGOs) in the [European Consumer Consultative Group \(ECCG\) and received support](#).

## 2) Introduction

Consumers may make an enquiry and/or complain for a wide range of reasons such as poor service, late or non-delivery of products, faulty products, dangerous products, etc. A high number of enquiries and/or complaints relating to particular sectors or particular mediums of exchange may therefore point to market malfunctioning. When consumers are not satisfied with a particular good or a service they may make an enquiry and/or complain directly to the seller, national authorities, to a third party dealing with consumer complaints (regulators, enforcement bodies, consumer NGOs, self-regulatory bodies, etc) or even take their complaint to the court.

In the year leading up to February 2008, 16% of EU consumers made a formal complaint to a seller about a problem they encountered. By extrapolating against the EU population, this is around 78 million European citizens making formal complaints in one year (Eurobarometer "Consumer protection in the Internal Market, 2008", forthcoming.) Following a formal complaint, 51% of consumers were satisfied with its handling while 47% of consumers were not satisfied. From those dissatisfied consumers, 51% took no action while 49% took further action such as contacting a third party (e.g. consumer organisation, law offices, alternative dispute resolution bodies).

Complaints to sellers are not necessarily a sign of market malfunctioning. Well handled complaints can even give rise to higher consumer satisfaction. For the purposes of this paper, complaints are therefore understood as any complaint made to a third party to the transaction, such as a government agency or consumer NGO. Complaints are an expression of consumer dissatisfaction or grievance related to a transaction and they are to be distinguished from consumer enquiries where consumers seek information about a transaction.

In many Member States, public authorities and other third party organisations collect data on consumer complaints and use them as an indicator of market malfunctioning and subsequent policy action. Some countries (e.g. UK, FR, DK, BE, US) collect data on consumer complaints and use them as an information and analytical tool before launching market investigations and taking policy action. For example, in December 2005 the UK regulator on premium rates services, ICSTIS, raised the cap on fines that it could levy on offending companies from £100 000 (around €146 000) to £250 000 (around €364 000). This was in response to a review following 80 000 consumer complaints received

by ICSTIS.

The US has a centralised database of consumer complaint data and other investigative information, operated by the U.S. Federal Trade Commission, called Consumer Sentinel . Complaints are then forwarded to different local authorities in the US and other international authorities. In 2007, Consumer Sentinel received over 813 000 complaints relating to fraud (68%) and identity theft (32%). Consumers reported fraud losses of around \$1.2 billion (€815 million). However, not all registered complaints are taken up for investigation by the government or local authorities.

At international level, "econsumer.gov" is an intergovernmental portal providing general information about consumer protection in all countries that belong to the [ICPEN](#) (International Consumer Protection Enforcement Network), contact information for consumer protection authorities in those countries, and an online complaint form. Using the existing [Consumer Sentinel](#) network (operated by the U.S. Federal Trade Commission), the incoming complaints are shared with participating consumer protection law enforcers.

The boxes below present two different examples where consumer complaints are collected by a public authority and an independent consumer body. They show the great importance that consumer complaints have for market monitoring.

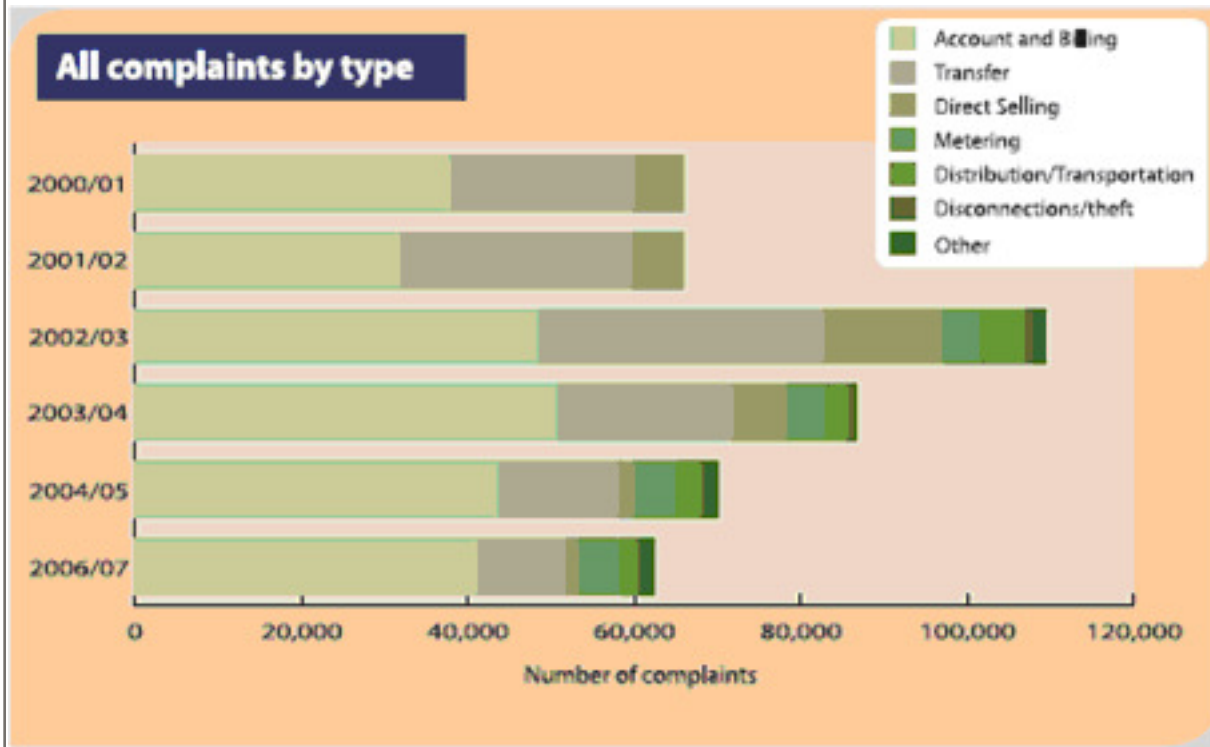
Box 1: Consumer complaints collected by a consumer protection authority

**Direction générale de la concurrence de la consommation et de la répression des fraudes, Ministère de l'économie des finances et de l'emploi, France (DGCCRF).** DGCCRF has established a system of collecting and classifying consumer complaints, [le baromètre des plaintes des consommateurs](#). Complaints are registered according to different sectors, medium of purchase (e.g. phone, post, internet, at a shop), and type of complaint. DGCCRF analyses results, identifies the most problematic sectors and, if necessary, takes appropriate action (e.g. it has asked the French telecommunications industry to develop a code of conduct).

The first results of the "baromètre des plaintes" have been published in February 2008. In 2007, DGCCRF has received over 100 000 complaints. This is an increase of around 46% from 2006. More than 50% of complaints concerned the communications (telephony, internet) sector and purchases of non-food products. From the total number of complaints received more than 40% concerned distance-sales purchases.

Box 2: Consumer complaints collected by a consumer body

**Energywatch, UK.** Energywatch is an independent body responsible for providing energy consumers with information and advice and for investigating all complaints and enquiries on their behalf, including all the areas that Ofgem (national regulator for electricity and gas) regulates. Energywatch works closely with Ofgem, to ensure that company performance issues are monitored and where appropriate, the evidence is provided to trigger investigations and/or enforcement action.



In 2006-2007, [energywatch](#) received over 60 000 new complaints, most of them relating to accounts and billing. Energywatch saved consumers an average of around £119 (around €160) for every complaint it dealt with, bringing this to a total of around £7.4 million (around €10 million).

At present, harmonised data at EU level exists only on the number of cross-border complaints collected by the European Consumer Centres network, and through Eurobarometer opinion polls. In certain network sectors (energy, postal services), the Commission has also proposed requirements on national regulators to monitor outcomes in the retail market by collecting complaints in [an agreed format](#) e.g. the electricity and gas markets third legislative package.

The Commission also collects complaints data in specific areas, for example, in the area of air passenger rights. These are separated between complaints and enquiries and data are classified according to types of complaints and complaints per airline. This system facilitates monitoring the overall performance of the sector, the performance of individual companies and identifying the areas where major problems are met.

### 3) The need for EU-wide complaints data

Presently, there is a lack of indicators providing evidence on market outcomes from a consumer

perspective. Data on consumer complaints, a top level indicator in monitoring and evaluating market functioning, are not available in a comparable form and regular periodicity. The existing data are not suitable to facilitate benchmarking markets and making cross-country comparisons.

In developing the first Consumer Markets Scoreboard, DG SANCO obtained from national authorities information on the number of consumer complaints collected by third-parties in 2006. The Commission received 17 responses that were sufficiently different to prevent real comparison. The arrangements concerning the collection of consumer complaints by third parties differ considerably across the EU. For example, differences are found in the internal organisation within Member States and the powers of different complaints handling bodies. These affect the total number of complaints being collected. Some Member States are very detailed in their complaint classification systems (e.g. FR, UK, DK), while others less so. Some Member States separate the classification of complaints from that of consumer enquiries while others aggregate the two; some Member States collect data according to different sectoral classification such as [COICOP](#) (Classification of Individual Consumption According to Purpose) while others use alternative sectoral classifications (e.g. categories mirroring services offered in the Yellow Pages) or classifications based on relevant legislation.

The responses showed that the currently available data is not completely comparable or comprehensive. While the classification methodologies do not diverge radically, given that the goods and services on offer across the EU are broadly similar, the differences are significant enough to make direct comparisons impossible. From the available evidence it appears that a more harmonised methodology would not seem to impose a major overhaul, but some modification would be needed to bring about comparability.

#### 4) Towards a common methodology

The aim is to:

- a) develop a harmonised EU-wide methodology for classifying consumer complaints
- b) agree on a harmonised format and frequency for reporting data reporting on a regular basis

A harmonised methodology could classify complaints according to:

- number of complaints
- number of enquiries
- relevant sectors
- type of products (goods and services)
- nature of complaints (e.g. faulty good, late delivery, overcharging, incorrect labelling, etc.)
- mediums of exchange used for the transaction (e.g. face to face, internet, telephone sales, etc.)
- associated monetary value
- methods / ways of payment (e.g. credit card, cash, money transfer, etc. / full payment, instalments)
- characteristics of complainants' (e.g. vulnerable socio-economic group)
- type of infringement and relevant legislation (e.g. horizontal legislation such as Unfair Commercial Practices or sector specific legislation such as Package Travel)
- evolution of complaints over time (establish time series data indicating trends)

Harmonisation of the various consumer complaints classification methodologies would allow policy makers to benchmark markets and make cross-country comparisons. Also, a harmonised classification

could help in identifying sectors performing badly, something that might in time lead to higher efficiency, better customer service and higher productivity.

By aggregating individual consumer complaints, policy makers will be able to get a better picture of collective consumer detriment in various sectors. A harmonised tool would also empower European citizens since their voice would gain importance. A higher visibility for consumer complaints has the potential to encourage more consumers to voice problems they meet in the market place. At the moment, many consumers have a reason to complain but actually do not act on it. A [study](#) carried out on behalf of the National Consumer Agency in Ireland showed that of those consumers who said that they had had a cause to complain in the last 12 months, 14% did not complain even if they had a valid reason to do so.

## 5) Policy options

There are three policy options:

- a) Taking **no action**
- b) Introduction of a **voluntary** system and
- c) Introduction of an **obligatory** system

### Voluntary system

The Commission could work with Member States and other interested stakeholders towards developing a **voluntary** harmonised methodology for classifying and reporting consumer complaints. This framework could take the form of a Commission Recommendation or Commission guidelines.

### IT Tool

The harmonisation of different classification systems could be facilitated by the development of an IT tool. The Commission could finance the development of an operational complaints handling IT tool, based on a harmonised methodology. This could encourage those organisations which currently do not collect complaints to start doing so. Bodies that currently collect complaints could use it to replace their current complaint handling IT tools.

### Obligatory system

An alternative to a voluntary system is the introduction of an **obligatory** system under which Member States would be responsible to collect consumer complaints and report regularly to the Commission. A legally binding system could be introduced through legislation. Under such a system, Member States and other relevant stakeholders would be obliged to use a harmonised classification and a common IT tool provided by the Commission and report data on consumer complaints on a regular basis.

### Co-operation for development of classification and IT tool

Irrespective of the chosen approach, voluntary or obligatory, to develop a classification and IT tool, the Commission would work in close collaboration with Member States authorities collecting complaints, consumer organisations, business bodies, regulators (covering both horizontal and sectoral issues), sectoral organisations collecting complaints and other interested bodies.

The potential cost of moving to a new IT tool or maintaining existing IT tools and transferring data

will become more apparent with stakeholders' feedback to this public consultation. The cost of a possible IT tool will be better understood through the results of this consultation and a follow-up study on the development of an IT tool.

[Privacy statement](#)

## Questionnaire

**Do you collect consumer complaints? (compulsory)**  
mandatory question not answered

Yes

No

 **Do you collect consumer enquiries? (compulsory)**

Yes

No

 **Do you classify complaints and enquiries separately? (compulsory)**

Yes

No

 **How do you define complaints? (compulsory)**

 **How do you define enquiries? (compulsory)**

 **Other definitions. Please specify here. (optional)**

 **Who is eligible to send you a complaint? (compulsory)**

Consumer

Business

Other

 **Please specify other (compulsory)**

 **For which sectors do you collect data?**

**Please send a copy of the classification structure you use (e.g. a table indicating the different sectors) to [SANCO-consumercomplaints@ec.europa.eu](mailto:SANCO-consumercomplaints@ec.europa.eu) (compulsory)**

**Which is your preferred policy option on the issue of harmonising consumer complaints classification systems? (compulsory)**  
**mandatory question not answered**

Take no action

Introduce a voluntary system

Introduce an obligatory system

 **Please explain. (compulsory)**

**Do you agree that only the classification of complaints addressed to third parties (e.g. public agencies, ministries, self-regulatory bodies, consumer NGOs, trade associations, ADR bodies, others) should be harmonised and not those made to sellers/retailers? (compulsory)**  
**mandatory question not answered**

Yes

No

**Please give your view on whether a new classification system should include data on the following variables.**

Yes

No

**Number of  
complaints (compulsory)  
mandatory question not  
answered**

**Number of  
enquiries (compulsory)  
mandatory question not  
answered**

**Sectors (compulsory)  
mandatory question not  
answered**

**Nature/type of complaint (e.  
g. faulty goods, late  
delivery, overcharging,  
incorrect labelling,  
etc.) (compulsory)  
mandatory question not  
answered**

**Mediums of transaction (e.g.  
face to face, internet,  
telephone sales,  
etc.) (compulsory)  
mandatory question not  
answered**

**Associated monetary  
value (compulsory)  
mandatory question not  
answered**

**Type of infringement and  
relevant legislation (e.g.  
horizontal legislation such  
as Unfair Commercial  
Practices or sector specific  
legislation such as Package  
Travel) (compulsory)  
mandatory question not  
answered**

**Should the system use COICOP? (compulsory)  
mandatory question not answered**

Yes

No

**How often should participating parties report aggregate collected complaints to the Commission? (compulsory)**  
**mandatory question not answered**

Monthly

Quarterly

Yearly

Other

 **Please specify (compulsory)**

 **Would you be prepared to change your existing classification methodology to be in line with a voluntary harmonised methodology? (compulsory)**

Yes

No

Do not know

**What would be the cost implications of changing your methodology? (compulsory)**  
**mandatory question not answered**

No cost

Not significant

Significant

Other

Do not know

 **Do you use an IT tool to classify complaints? (compulsory)**

Yes

No

Do not know

 **Please provide more information on the system: is it a specialised software or a single spreadsheet, etc. (compulsory)**

**Comments (optional)**

**Personal data**

**Name of organisation (compulsory)**  
mandatory question not answered

**Country of establishment of the Organisation (compulsory)**  
mandatory question not answered

**Address (compulsory)**  
**mandatory question not answered**

**Website address (if available) (optional)**

**Name contact person (compulsory)**  
**mandatory question not answered**

**Telephone number contact person (compulsory)**  
**mandatory question not answered**

**E-mail contact person (optional)**

**Stakeholder group (compulsory)**  
**mandatory question not answered**

**Member State Authority**

**NGO**

**Industry**

**Individual**

**Other**

 **Please specify (compulsory)**

**Size of the organisation (compulsory)  
mandatory question not answered**

1 - 49

50 - 99

100 - 149

150 - 199

200+

Other

[SUBMIT](#)