

## **Consumers: 70% of ringtone-scam websites cleaned following EU investigation**

*70% of websites investigated for mis-selling ringtones, wallpapers and other mobile phone services have been corrected or closed, following an 18 month EU consumer crackdown carried out by 27 Member States, Norway and Iceland. Since June 2008, when initial checks took place, 301 websites were investigated by national enforcement authorities for serious breaches of EU consumer law. 70% of the 301 cases investigated, have now been resolved. 52% (159 websites) have been corrected and 17% (54 websites) have closed. The three main problems found were: unclear pricing (for example, information was missing or incomplete); failure to provide complete trader information; and misleading advertising, in particular, advertising ringtones as "free" where the consumer is in fact tied into a paying subscription. In Italy, in February and May enforcement authorities, as a result of the sweep, imposed large fines of around 2 million Euro on 9 major companies found to be in breach of the law.*

EU Consumer Commissioner, Meglena Kuneva said: "This EU wide investigation was a direct response to hundreds of complaints coming in from parents and consumers from many different EU countries. Young people should not have to fall victim to scams like misleading advertising that lure them into ringtone subscriptions they thought were free. And parents should not find nasty surprises in their phone bill, when their children by accident have signed up to more than they have bargained for. These results show that EU wide enforcement co-operation can make a huge difference in cleaning up a market for consumers. This kind of joint enforcement action is where EU consumer policy will focus a lot of efforts in the future."

Dr Paolo Saba, Director General of the Consumer Protection Directorate of the Italian Antitrust Authority said, 'For the Italian Competition Authority, this enforcement initiative achieved important results in the interests of consumers making online and cross-border transactions. The results represent an important step towards more effective protection of European consumers and a more integrated European consumer protection policy.'

### **The market**

More than 495 million mobile phones are owned by Europeans. Ring-tones alone were estimated to make up 29% of the overall "mobile content" market in Europe in 2007 (about 10% higher than 2006). The value of European ring-tone sales in 2007 was estimated at €691 million.

## Results of the 2008 Ringtone Sweep

- Of the 301 sites investigated, **70% of problems have now been resolved**, (159 have been corrected (52%), and 54 have closed (17%) (see table in MEMO/09/505 for figures per Member State).
- **Over half of these websites specifically targeted children** (54%, 163 websites) using children's cartoon characters, well known TV characters or required parental consent.
- Many websites indicated **multiple irregularities**.(see MEMO/09/505)

### The 3 main problems found in the websites investigated were:

- 41% of all the websites checked had some irregularity related to **the information about the offer's price** (124 websites out of 301). On many websites information about the price was incomplete or not referred to at all - until the consumer was invoiced via their phone bill. In particular, in the case of a subscription, the word subscription was not clearly mentioned or the period of a subscription was not clear.
- 75% of all the websites checked **lacked some of the information required to contact the trader** - the trader name, geographic address or the contact details were incomplete (225 websites out of 301). This is against EU law (the eCommerce and distance selling Directives (See MEMO/09/505) which require details of the service provider, including an email address, to be displayed.
- **35%** of websites investigated **presented the information in a misleading way** (105 out of 301) Information on the contract was available on the site but hidden in small print or hard to find. In **28% of the misleading cases**, services were advertised as "free", but the customer was misled and later found that there were charges or that they were tied into a long term contract.

## Italy imposes hefty fines

In Italy (in February and May 2009), 9 companies which were found to be in breach of the rules during this Sweep, were fined to the tune of around 2 million €. The companies were Telecom Italia, Vodafone, Wind, Dada, Zed, H3G and Zeng, Fox Mobile and Tutto gratis. The Italian Antitrust Authority said that these companies had to be fined since the sites were not providing clear information (e.g. about the number of ringtones for the price mentioned or about their costs).

## What happens next?

National authorities will continue to work to conclude the outstanding cases. The new system of EU wide sweep investigations will continue, with several other sweeps and joint actions planned for 2009-2010.

### See also MEMO/09/505

For more information, see:  
[http://ec.europa.eu/consumers/enforcement/sweep/mobile\\_phone/index\\_en.htm](http://ec.europa.eu/consumers/enforcement/sweep/mobile_phone/index_en.htm)

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