

**EUROPEAN COMMISSION** 

**P**RESS RELEASE

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## In-app purchases: Joint action by the European Commission and Member States is leading to better protection for consumers in online games

Following a large number of complaints in EU countries concerning in-app purchases in online games and in particular inadvertent purchases by children, national authorities joined forces with the European Commission to find solutions.

The coordinated enforcement action in the EU on in-app purchases in online and mobile games has made real progress in delivering tangible results. Industry has made a number of engagements which seek to address consumer concerns. The action will increase consumer confidence in the fast-growing "app" sector.

"This is the very first enforcement action of its kind in which the European Commission and national authorities joined forces. I am happy to see that it is delivering tangible results. This is significant for consumers. In particular, children must be better protected when playing online. The action also provides invaluable experience for the ongoing reflection on how to most effectively organise the enforcement of consumer rights in the Union. It has demonstrated that cooperation pays off and helps to improve the protection of consumers in all Member States," said EU Commissioner for Consumer Policy Neven Mimica.

Vice President Neelie Kroes, responsible for the Digital Agenda, added: "The Commission is very supportive of innovation in the app sector. In-app purchases are a legitimate business model, but it's essential for app-makers to understand and respect EU law while they develop these new business models".

A common position agreed by national authorities within the CPC network and communicated to Apple, Google and the Interactive Software Federation of Europe in December 2013(1) asked that:

- Games advertised as "free" should not mislead consumers about the true costs involved;
- Games should not contain direct exhortation to children to buy items in a game or to persuade an adult to buy items for them;
- Consumers should be adequately informed about the payment arrangements for purchases and should not be debited through default settings without consumers' explicit consent;

<sup>&</sup>lt;sup>1</sup> The European Games Developer Federation (EGDF) and International Social Games Association (ISGA), also representing game developers and platforms, became aware of the CPC common position at the beginning of 2014 and asked to be part of the ongoing discussions with the CPC authorities.



• Traders should provide an email address so that consumers can contact them in case of queries or complaints.

Making use of the consumer protection cooperation mechanism provided by EU rules, Apple, Google and relevant trade associations were asked to provide concrete solutions across the EU to the concerns raised.

Google has decided on a number of changes. Implementation is underway and will be completed by the end of September 2014. These include not using the word "free" at all when games contain in-app purchases, developing targeted guidelines for its app developers to prevent direct exhortation to children as defined under EU law and timeframed measures to help monitor apparent breaches of EU consumer laws. It has also adapted its default settings, so that payments are authorised prior to every in-app purchase, unless the consumer actively chooses to modify these settings.

Although, regrettably, no concrete and immediate solutions have been made by Apple to date to address the concerns linked in particular to payment authorisation, Apple has proposed to address those concerns. However, no firm commitment and no timing have been provided for the implementation of such possible future changes. CPC authorities will continue to engage with Apple to ensure that it provides specific details of changes required and put its practices into line with the common position.

Member States enforcers and the European Commission have also invited the associations of online game developers and platforms to reflect on concrete measures that they could take to address the issues raised in the common position, including the possibility for guidelines or standards incorporating the CPC position.

Enforcement, including possible legal action, is in the hands of the national authorities which will now consider how to address outstanding legal issues.

The European Commission and Member States will continue to monitor the issue and in particular the extent to which the engagements made have addressed in practice the concerns raised in the CPC position.

## Background

The EU Consumer Protection Cooperation (CPC) Regulation (<u>EC N°2006/2004</u>) links national consumer authorities in a pan-European enforcement network. Thanks to this framework, a national authority in one EU country can call on their counterpart in another EU country to ask them to intervene in case of a cross-border infringement of EU consumer rules. The cooperation is applicable to consumer rules covering various areas, such as the <u>Unfair Commercial Practices Directive</u> and the <u>Unfair Contract Terms Directive</u>.

## For more information

<u>Common Positions of the national consumer enforcement authorities on consumer protection in games apps from July 2014</u>

<u>Common Positions of the national consumer enforcement authorities on consumer protection in games apps from December 2013</u>

Website of the Consumer Protection Cooperation

<u>IP/14/187</u>

Commissioner Mimica's <u>website</u>

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