



## Ensuring consumer rights are properly enforced

### > Revising EU Consumer Protection Cooperation



Fact sheet | June 2017

### Existing consumer rules are not properly enforced

Consumers and traders need to be confident that they are protected from illegal practices. European laws offer strong protection and numerous consumer rights, however they are not always respected:

- 37% of e-commerce and booking websites for travel, entertainment, clothing, electronic goods and financial services do not respect basic consumer rights<sup>(1)</sup>.
- This lack of basic information could generate a loss of EUR 770 million for consumers shopping cross border in these online sectors<sup>(2)</sup> every year.
- The screening of 352 price comparison and travel booking websites across the EU in 2016 showed that two out of three sites were misleading on prices<sup>(3)</sup>.

Currently national enforcement systems are not fully up to speed with the challenges brought by the digital sphere and when faced with EU-wide infringements. Cooperation among Member States is the only effective means to stop traders not respecting consumer law cross border and have the same high enforcement standard across the Single Market.

Since 2007, the Consumer Protection Cooperation (CPC) Regulation has enabled authorities to work together to tackle practices harming the interests of consumers in the Single Market.

For example, the number of complaints received by European Consumer Centres for the car rental sector doubled between 2010 and 2016, with about 1 050 cases in 2012 and more than 2 000 in 2016<sup>(4)</sup>. Under the Consumer Protection Cooperation, the European Commission worked with national consumer authorities to get five leading car rental companies — Avis, Europcar, Enterprise, Hertz and Sixt — to improve their treatment of consumers.

(1) According to the impact assessment accompanying the proposal for a CPC Regulation.

(2) 30 European Consumer Centres, assist consumers on an everyday basis with their cross border purchases within the EU, Norway and Iceland: [http://ec.europa.eu/consumers/solving\\_consumer\\_disputes/non-judicial\\_redress/ecc-net/index\\_en.htm](http://ec.europa.eu/consumers/solving_consumer_disputes/non-judicial_redress/ecc-net/index_en.htm)

(3) [http://europa.eu/rapid/press-release\\_IP-17-844\\_en.htm](http://europa.eu/rapid/press-release_IP-17-844_en.htm)

(4) [http://europa.eu/rapid/press-release\\_IP-17-86\\_en.htm](http://europa.eu/rapid/press-release_IP-17-86_en.htm)

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## What are the most important changes?

- > The revised regulation will equip enforcement authorities in the EU Member States with the powers they need to work together faster and more efficiently to address unlawful online practices.
- > It will introduce in the case of widespread illegal commercial practices the ability for the authorities to accept commitments from traders that they will provide remedies to the consumers affected. The authorities will also inform the affected consumers about how to seek compensation provided for by the national legislation.
- > It will put in place a stronger coordinated mechanism to tackle practices which harm a large majority of EU consumers (in two-thirds of Member States or more, and amounting to two-thirds of the EU population or more):
  - Following Commission notification and gathering of information from the Member states authorities a procedure of coordinated action assessing the problematic practices would be triggered.
  - This position will serve to negotiate with the businesses concerned, directly at EU level, changes in their practices and, if necessary, remedies for the affected consumers.
  - If these negotiations fail, national authorities will take enforcement measures.

## Strengthened powers for national enforcers

Authorities will have new powers to act together against bad online practices.

- > Websites scamming consumers will be closed down faster.

Authorities will be able to remove sites or social media accounts containing scams.

For playing online games offered by a website based in several EU countries, consumers were lured into a two-day trial period which would also give them the possibility to win a new expensive phone. However, consumers had to give their credit card details to access this trial and later found out that a membership cost of EUR 29 was debited every month.

- > It will be easier to find the identity of rogue online traders.

Authorities will be able to request information from domain registrars, internet service providers and banks to track financial flows and find out the identity of those behind bad practices.

A trader selling discounted design furniture online had stopped delivering and was not paying its customers back. The responsible trader was invisible, as he kept no permanent office or warehouse. His website was relocated to different EU countries several times.

Current procedures to find who is behind a website are slow and complicated. As a result it took three years for authorities to stop this harmful practice.

## Coordinated European enforcement action

- > It will be easier to trigger a coordinated procedure for national enforcers to react all together when bad practices harm consumers in most or all EU countries (two-thirds of Member States or more, and amounting to two-thirds of the EU population or more).

For example:

A large consumer electronics company sells its products as having a one year commercial warranty that can be extended to three year for an additional fee. But under EU law, consumers are entitled to a minimum two year guarantee without additional charges and they must be informed of this right.

As this trader is operating across the EU, the Commission will be in a position to notify the Member State authorities that a common action needs to be launched and the trader in question should be asked to comply with EU law. Consumers will be protected more quickly across the EU. In the case of widespread illegal commercial practices, for the first time, authorities will be able to accept traders' commitments to give remedies to the affected consumers.

The trader in question will have a one-stop-shop at EU level for its practices across Europe instead of different appreciations and possibly costly proceedings initiated by some enforcement authorities.

## An increased role for stakeholders

- > **Consumer and trade associations and European Consumer Centres will be able to signal bad cross-border practices to enforcers and to the European Commission.**

European Consumer Centres, consumer and trade organisations will be allowed to formally post alerts about emerging market threats and their information will become directly useable by enforcement authorities:

For example, over the last 10 years, more than 8 000 consumers have complained to the European Consumer Centres about insurance policies, tank refuelling options and unclear prices when renting a car with various companies across the EU.

Enforcement authorities, in a dialogue facilitated by the Commission, obtained commitments from the five major European car rental companies that they change their practices.

### Key aspects of EU Consumer Protection Cooperation

The Consumer Protection Cooperation Regulation lays down a cooperation framework to allow national competent authorities from all EU countries plus Iceland, Liechtenstein and Norway to jointly address breaches of consumer rules, which concern more than one country.

The network regularly carries out EU-wide screenings of websites ('sweeps') to check whether a given sector is complying with consumer rules. For instance, around 5 000 e-commerce websites were checked up to now. This screening showed that between 50% and 70% of these websites had issues such as: non-transparent price displays, lack of information on the trader's identity or lack of information on after sales arrangements (such as withdrawal rights or guarantees). Authorities issued enforcement orders that enabled compliance to significantly rise within months thanks to the action under this cooperation.

Other successful coordinated actions led to the improvement of terms for online games to children, stopping unfair practices and contractual terms in the car rental sector and an ongoing action aims at bringing social media platforms' terms of services into conformity with European consumer law.