

# A New Deal for Consumers: Commission strengthens EU consumer rights and enforcement

While the EU already has some of the strongest rules on consumer protection in the world, recent cases like the Dieseltgate scandal, have shown that it is difficult to enforce them fully in practice. The New Deal for Consumers will empower qualified entities to launch representative actions on behalf of consumers and introduce stronger sanctioning powers for Member States' consumer authorities. It will also extend consumers' protection when they are online and clarify how EU law to clarify that dual quality practices misleading consumers are prohibited.

First Vice-President **Timmermans** said: *"Today's New Deal is about delivering a fairer Single Market that benefits consumers and businesses. We introduce a European collective redress right for when groups of consumers have suffered harm, like we have seen in the recent past, with proper safeguards so there can be no misuse. Consumers will know who they are buying from online, and when sellers have paid to appear in search results. The majority of traders who play fair will see burdens lifted. The handful of traders who deliberately abuse European consumers' trust will be sanctioned with tougher fines."*

**Věra Jourová**, Commissioner for Justice, Consumers and Gender Equality added: *"In aglobalised world where the big companies have a huge advantage over individual consumers we need to level the odds. Representative actions, in the European way, willbring more fairness to consumers, not more business for law firms. And with stronger sanctions linked to the annual turnover of a company, consumer authorities will finally get teeth to punish the cheaters. It cannot be cheap to cheat."*

The New Deal for Consumers will mean:

## **1. Strengthening consumer rights online**

- **More transparency in online market places** –When buying from an online market place, consumers will have to be clearly informed about whether they are buying products or services from a trader or from a private person, so they know whether they are protected by consumer rights if something goes wrong.
- **More transparency on search results on online platforms** –When searchingonline, consumers will be clearly informed when a search result is being paid for by a trader. Moreover, online marketplaces will have to inform the consumers about the main parameters determining the ranking of the results. **New consumer rights for "free" digital services** –When paying for a digitalservice, consumers benefit from certain information rights and have 14 days to cancel their contract (withdrawal

right). The New Deal for Consumers will now extend this right to 'free' digital services for which consumers provide their personal data, but do not pay with money. This typically would apply to cloud storage services, social media or email accounts.

## **2. Giving consumers the tools to enforce their rights and get compensation**

- **Representative action, the European way** – Under the New Deal for Consumers it will be possible for a qualified entity, such as a consumer organisation, to seek redress, such as compensation, replacement or repair, on behalf of a group of consumers that have been harmed by an illegal commercial practice. In some Member States, it is already possible for consumers to launch collective actions in courts, but now this possibility will be available in all EU countries.

For example, in a Dieselgate-type scenario, victims of unfair commercial practices, such as misleading advertising by car manufacturers not in compliance with Union regulatory framework for type approval of vehicles or environmental legislation will be able to obtain remedies collectively through a representative action under this Directive. Such collective redress was previously not provided under Union law.

This model has strong safeguards and is distinctly different from US-style class actions. Representative actions will not be open to law firms, but only to entities such as consumer organisations that are non-profit and fulfil strict eligibility criteria, monitored by a public authority. This new system will make sure European consumers can fully benefit from their rights and can obtain compensation, while avoiding the risk of abusive or unmerited litigation.

- **Better protection against unfair commercial practices** –The New Deal for Consumers will ensure that consumers in all Member States have the right to claim individual remedies (e.g. financial compensation or termination of contract) when they are affected by unfair commercial practices, such as aggressive or misleading marketing. This protection currently varies greatly across the EU.

## **3. Introducing effective penalties for violations of EU consumer law**

EU consumer authorities are not well equipped to sanction practices creating 'mass harm situations' that affect a large number of consumers across the EU. Currently, the level of penalties differs widely depending on the Member State, and is often too low to actually have a deterrent effect, particularly on companies operating cross-border and on a large scale.

Under the proposal, national consumer authorities will have the power to impose effective, proportionate and dissuasive penalties in a coordinated manner. For widespread infringements that affect consumers in several EU Member States, the available **maximum fine will be 4 % of the trader's annual turnover** in each respective Member State. Member States are free to introduce higher maximum fines.

#### 4. Tackling dual quality of consumer products

Following up on the Commission's [guidelines](#) from September 2017, the New Deal for Consumers will update the Unfair Commercial Practices Directive in order to make explicit that national authorities can assess and address misleading commercial practices involving the marketing of products as being identical in several EU countries, if their composition or characteristics are significantly different.

#### 5. Improved conditions for businesses

The New Deal will remove unnecessary burden for businesses, including by lifting obligations on companies as regards the consumer's withdrawal right. For instance, consumers will no longer be allowed to return products that they have already used instead of merely trying them out, and traders will no longer have to reimburse the consumers before actually receiving the returned goods.

The new rules also introduce **more flexibility** in the way traders can communicate with consumers, allowing them to also use web forms or chats instead of e-mail, provided the consumers can keep track of their communication with the trader.

#### Next Steps

The Commission's proposals will be discussed by the European Parliament and the Council.

#### Background

The New Deal for Consumers will build on what the Juncker Commission has already achieved to improve consumer protection. Under the [Digital Single Market Strategy](#), the Commission has delivered on many initiatives that adapt consumer rules to the online world, for instance by putting an end to roaming charges or unjustified geoblocking. Also, the modernised Consumer Protection Cooperation Regulation, adopted in 2017, will improve the public enforcement and cross-border cooperation of consumer authorities.

However the review of EU consumer rules and recent EU-wide breaches of these rules last year showed that there was still room for improvement to better protect consumers.

The New Deal for Consumers is composed of two proposals for Directives:

- A proposal on representative actions for the protection of the collective interests of consumers and repealing the [Injunctions Directive 2009/22/EC](#). This proposal aims to improve tools for stopping illegal practices and facilitating redress for consumers where many of them are victims of the same infringement of their rights, in a mass harm situation.

The accompanying Communication includes an action plan to develop and strengthen coordinated enforcement actions among authorities and their

international cooperation with authorities from key trading partners.

A [study on transparency in online platforms](#), also published today, supports the New Deal's proposals on online market places. It shows that greater online transparency helps consumers take decisions and increases their trust when buying online.

### **More information**

[Proposal & legal documents on the New Deal for Consumers](#)

[MEMO: A New Deal for Consumers: Frequently Asked Questions](#)

[Factsheets on the New Deal for Consumers:](#)

- New Deal benefits for consumers
- New Deal benefits for businesses
- Functioning of the collective redress
- Achievements of the Juncker Commission in the area of consumer protection
- Improved public enforcement with updated Consumer Protection Cooperation rules

[Dual Food Quality](#)

[Information about the evaluation of EU consumer legislation](#)

[Information about collective redress](#)

[Behavioural study on transparency in online platforms](#)