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EU top court ruling exposes need for European collective redress tool

Today's ruling by the European Court of Justice has limited consumer options for better access to justice in mass harm cases. It stated that European consumers cannot group their claims and go to one single court in their home country collectively when faced with the same misconduct and resulting damages by a company.

Last year, the Austrian Supreme Court had asked the EU's top court if a consumer could bring other consumers' claims to his/her home court – even if they live in other countries. This would have allowed consumers to team up to save costs and efforts compared to undergoing a court procedure individually. In 2014, privacy advocate Max Schrems had brought a claim against Facebook on behalf of 25,000 consumers from Austria and other countries before an Austrian court. The Court of Justice now has ruled that Max Schrems can only enforce his own claims before his home courts but not those of other consumers.

The European Consumer Organisation (BEUC) says this judgement exposes a missing and vital piece of the consumer protection jigsaw, which is when many consumers have been victim of illegal behaviour and seek compensation because they are harmed by the same trader.

Monique Goyens, Director General of BEUC, commented:

"With this judgement the European Court of Justice has made expectations collapse that consumers can join forces in one court to achieve redress in mass harm claims. It is another stark illustration that there are legal and procedural barriers which prevent people from seeking collective access to justice. Due to the high costs, it is often not realistic for consumers to go to court alone, especially when the harm they have suffered is rather small in monetary terms.

"Consumers often feel powerless against companies which cause mass harm. When there are no legal tools to seek redress when faced with illegal practices, like in the Dieselgate fraud, it crushes the consumer's belief in both the market and authorities. This judgement is another call for the EU to take action [1]. A genuine European collective redress tool would shift the balance back in favour of the consumer."

The Court's decision coincides with the publication of the European Commission's report about a 2013 recommendation to EU Member States to introduce a collective redress system.

Monique Goyens said:

"Most European consumers are still deprived from using a collective redress tool. Too few EU countries have introduced or amended legislation in this area following the European Commission's recommendation, and 9 countries still do not provide any possibility for consumers to claim compensation collectively."

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Notes:

[1] In April the European Commission is planning to propose its New Deal for Consumers which is expected to contain draft legislation for better enforcement and redress.

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