

The Consumer Voice in Europe

TANGIBLE EU CONSUMER WINS

BEUC proposals



Contact: Monique Goyens – directorsoffice@beuc.eu

BUREAU EUROPÉEN DES UNIONS DE CONSOMMATEURS AISBL | DER EUROPÄISCHE VERBRAUCHERVERBAND
Rue d'Arlon 80, B-1040 Brussels • Tel. +32 (0)2 743 15 90 • www.twitter.com/beuc • consumers@beuc.eu • www.beuc.eu
EC register for interest representatives: identification number 9505781573-45



Co-funded by the European Union

Ref: BEUC-X-2017-033 - 12/04/2017

Foreword

The EU has always been a strong driver of robust and ambitious rules to protect consumers' health and safety and to improve their legal and economic rights.

For different reasons, too few people associate these gains with the EU project. Many EU consumers are not aware that the EU has brought major progress in product and food safety, in marketing and contract law, in data protection or in financial services.

If citizens know about one successful EU consumer initiative it is the ban on roaming charges. Soon, people will take for granted that, when abroad in the EU, they can make phone calls, send SMS and surf the internet without additional costs.

BEUC is proud of its contribution to a consumer-friendly European Union and we believe there are several other EU projects that could have similar benefits for consumers. Together with our 43 member organisations we have compiled a list of proposals that you will find below.

This document only includes topics that immediately resonate with the media and the public. It only partly overlaps with topics that we consider to be a policy priority to better serve consumers. One of the most burning challenges that the EU must address to enhance the consumer policy toolbox is the establishment of EU-wide collective redress. This is the missing link of an ambitious European enforcement policy where consumer organisations (private enforcement) and public authorities (public enforcement) team up to better tackle infringements.

If consumers are not able to receive compensation for harm they have suffered it plays into the hands of those illegally retaining profits. Going to court as an individual is often too costly and is consequently a huge hurdle for consumers. In many EU Member States, it is impossible to go to court collectively. And where such means exist, procedural rules are often burdensome.

The European Parliament has recently acknowledged and called for the usefulness of a collective redress scheme at EU level.

As the EU finds itself at a crossroads and is looking at what the future holds, we call on the Commission to focus on this important consumer concern as well as our proposals for tangible consumer wins to show people from across Europe how the EU can improve their daily lives.



LIST OF TANGIBLE EU CONSUMER WINS

Protect consumers from currency scams when abroad

What is the problem:

When paying or withdrawing money in a foreign currency, consumers are offered the option to immediately see the transaction amount in their home currency. When choosing this option, consumers are often hit with exorbitant currency conversion fees. This is called **Dynamic Currency Conversion (DCC)**

What is the scale of the problem:

EU consumers from both eurozone and non-eurozone countries are affected, e.g. German tourist in Croatia, or Hungarian tourist in Belgium. A DCC service provider claims that 70% of consumers opt for this possibility when paying abroad. On average, consumers pay a 5% currency conversion fee when choosing DCC service. There are examples of much higher DCC fees, e.g. a consumer who paid 11% in DCC fees when booking a flight online. *British consumers travelling abroad are being charged more than £300 million every year in dynamic currency conversion fees.*

What we ask for:

- Ban dynamic currency conversion practices.
- Make sure that at the time of the transaction the transaction amount is always displayed in both currencies (local currency and consumer's home currency) to offer convenience to consumers.

How this could be done:

Revision of Regulation on cross-border payment fees (924/2009)

Give debit cards same rights as credit cards

What is the problem:

Why are debit cards not accepted by all payees who accept credit cards? Why do many physical merchants and other payees not accept debit cards?

What is the scale of the problem:

Many online merchants do not accept debit card payments or accept only some specific debit cards which are not readily available to all consumers, while they do accept credit cards, e.g. giants like Amazon, many airline companies, hotel and holiday businesses. This means millions of EU consumers who have only a debit card and not a credit card are unable to take advantage of good deals. In addition, many physical shops and other payees (e.g. groceries, doctors, taxis, toll roads, etc.) do not accept any electronic payment instruments, and in particular debit cards. For example, in 2013 in France, around 1.5 million small payees such as doctors and taxis were not accepting cards. This creates inconvenience for consumers who can't use their readily available debit cards.

What we ask for:

- Payees who accept credit cards should also accept debit cards.
- Debit cards should be accepted by all physical merchants and other payees.

How this could be done:

Revision of Regulation on cross-border payment fees (924/2009)

Ban no-show clauses in air transport

What is the problem:

A consumer buys a ticket, arrives at the airport on time and still is refused to take his return flight just because he didn't take his outbound flight. How is this possible? This is what we call a no-show clause. It is time to put an end to it!

What is the scale of the problem:

Consumers across Europe suffer from "no-show" clauses, included into their air transport contracts, for years now. This practice can be equally costly for them as a flight cancellation or delay, the difference being that their damage might never be compensated. While the Unfair Contract Terms Directive was designed to protect consumers from the "significant imbalance" between them and the airline, in practice, due to its fragmented enforcement only passengers in some countries can count on "no show" clauses to be prohibited (e.g. in Germany or Spain). It is time to make this prohibition Union wide.

What we ask for:

Full ban of such clauses

How this could be done:

- ⇒ Ban included into the Air Passenger Rights Regulation (currently the revision is blocked in the Council)
- ⇒ Black list of the unfair contract clauses, used in the air transport sector, to be included into the Unfair Contract Terms Directive
- ⇒ EU wide register of the unfair contract terms in the passenger contracts (with national rulings)

Have more fuel efficient cars

What is the problem:

Consumers pay too much for fuel and pollute the environment much more than what is possible and cost-effective.

What is the scale of the problem:

Financially, all car drivers are negatively affected. BEUC had made in our position papers from 2012 several calculations about the pay-back period. Despite additional costs to incorporate additional fuel saving technology into cars to achieve the 95g target by 2021, consumers would start to save after less than 3 years for a diesel car. BEUC has through the consumer roundtable published new research in November 2016 which demonstrates that electric vehicles could become the best options for consumers in terms of costs in the early 2020s.

From a **health** point of view all consumers are negatively affected because of too high air pollution. Research from Dutch Radboud University and Nijmegen analysed the impact of VW scandal on lives lost and the related health costs. Researchers from Nijmegen have calculated specific health costs due to mortality in Europe and the United States to be at least 39 billion US dollars, which is significantly more than the 7.3 billion US dollars that Volkswagen Group has set aside to cover worldwide costs related to the diesel emissions scandal. Using this method of damage calculation, one should take into account another 62 billion US dollars in damage if Volkswagen does not recall their cars.

From an **environmental** perspective it is important to keep in mind that cars are responsible for around 12% of total EU emissions of carbon dioxide (CO₂), the main greenhouse gas.

What we ask for:

- more ambitious binding CO₂ emissions limit values and
- an overhaul of the EU car label.

How this could be done:

- 1) Set new legislation to define a mandatory CO₂ target for after the year 2021 (the time until then is covered by Regulation (EU) No 333/2014 to define the modalities for reaching the 2020 target to reduce CO₂ emissions from new passenger cars)
- 2) Implementing the new test cycle WLTP and improving the WLTP further
- 3) Revision of Directive 1999/94/EC relating to the availability of consumer information on fuel economy and CO₂ emissions in respect of the marketing of new passenger cars
- 4) Getting the type approval and market surveillance legislation adopted and implemented
- 5) Additional EU actions in the context of the “Decarbonisation of road transport” strategy to come to a more sustainable transport system

Make information on energy bills clearer

What is the problem:

Consumers find their energy bills confusing and have difficulties to understand how their bill was calculated. Bills are often packed with a lot of information or technical terms but consumers cannot find the necessary information to switch their energy supplier.

What is the scale of the problem:

The 2nd Electricity Market Study just published by the European Commission (2017) confirms that lots of consumers do not understand basic information in their electricity bill and concludes that:

- Over three in ten consumers do not know how much electricity they use - neither on a monthly or yearly basis.
- Nearly four in ten consumers do not know how the price of their electricity is calculated.
- Four in ten consumers are not aware of the sources of electricity they use.
- Only four in ten mystery shoppers agreed that the electricity bills were easy to understand. Most difficulties occurred in understanding how the billing amount was calculated, the switching code and information about the fuel mix.

What we ask for:

Energy bills should be simplified so that they are clear, concise, easily readable and include the necessary information for the consumer to compare offers and to switch supplier. Bills should clearly display the key information such as the final price and the breakdown of price, the duration of the contract, the switching code and information on consumer rights and means of dispute settlement. Summary box and graphs are very useful tools but they need to be well designed. A range of solutions should be trialled and tested with consumers.

How this could be done:

The revised Electricity Directive, COM(2016) 864 final, which is currently in co-decision includes minimum requirements for energy bills which go in the right direction. These requirements should not be watered down by the co-legislators.

Make guarantee fit a product's life-time

What is the problem:

Lots of products last longer than the two-year legal guarantee that comes with them, for example kitchenware, washing machines or furniture. Consumers are left without a solution if the defect appears after the two year guarantee. When it comes to digital content products, it is unclear if guarantee rights are available at all.

What is the scale of the problem:

Recently published data clearly demonstrate that, besides the price, the availability of legal guarantee rights is the most important factor for consumers when making their purchase decision. 90 % of consumers consider legal guarantee rights as very important or important. The scale of the problem of not having a sufficient level of protection can clearly be demonstrated on the example of the Volkswagen emission scandal, where millions of consumers face the risk of being sent away empty-handed because they discovered the defect of the car more than two years after purchase.

What we ask for:

Any legal guarantee period must live up to the longer lifespan of many products and not frustrate legitimate consumer expectations. If a product is faulty, it must be up to the consumer to decide which remedy he prefers because it is the trader who is in breach of contract. We advocate for a joint liability of sellers and producers.

How this could be done:

There should be new EU rules on legal guarantee rights, replacing the 1999/44 Sales Directive and covering both tangible goods and digital content products. They must be adopted in consistency with the objectives of the circular economy agenda.

Fair prices to call another EU country

What is the problem:

Consumers face abusive prices for calling and texting to a different country inside the EU

What is the scale of the problem:

A market scan of 13 EU Member States done by BEUC members in July 2016 showed that when consumers pick up their phone and call or text to a different EU country, they are often charged unjustified, abusive prices. Research undertaken by BEUC's members showed that the average retail price for an international call inside the EU is almost 60 eurocents/minute, and they can be as expensive as 1.99 euros/minute. In contrast, as [explained by BEREC](#), the average cost for mobile providers to deliver that same minute of voice communication in July 2016 was 1.14 eurocents/minute. In practice, this means that mobile providers are making an average of over 5000% profit margin for each international call. The market for international SMS is not better. BEUC's members' research found that on average international SMS are priced over 24 cents/SMS, while mobile providers face an average cost of 2.2cents/SMS for delivering each message. That's an average profit margin of approximately 1000%.

Unlike roaming, which is arguably more of a niche issue because it only affects those consumers with the financial capacity to travel across the EU, **abusive pricing of international calling and texting potentially affects every single EU consumer** who wants to reach a person, organisation or company in a different Member State.

What we ask for:

The rule would be very simple: the price of a telecommunication service cannot be different depending on whether the service is delivered domestically or whether it crosses a border and terminates in a different EU country. If justifiable, objective additional costs exist for mobile providers, they can recover the additional costs and make a reasonable profit margin on top.

How this could be done:

The EU co-legislators are currently working on a far-reaching reform of telecommunication rules which presents the ideal opportunity to address this issue. Despite a very strong call from BEUC and members together with 31 MEPs (letter above), and [another strong call from a cross-party group of 156 MEPs](#) (including the current President of the European Parliament and most key digital political leaders), the European Commission did not include a solution to this problem in its proposed [European Electronic Communications Code](#).

The fix would be very simple: Article 92 of the proposed Code on non-discrimination needs an additional paragraph that establishes the rule explained above.

Make air tickets transferable

What is the problem:

Consumers who cannot take their flight are asked to pay high fees if they do not want their ticket to go to waste.

What is the scale of the problem:

The contract terms of most airlines do not allow the passenger to transfer the ticket to another person and if they do, they ask for a high fee in exchange. This can be extremely costly for EU passengers who are punished even if their journey is cancelled with no fault of their own. BEUC considers this practice to be both unfair, as by contrast the airline can itself transfer the contract to another carrier (code share), and also discriminatory as package travellers do have the right to transfer the package in certain conditions. We therefore believe this term should be excluded from airlines' contracts with passengers for good.

What we ask for:

Full ban of such clauses.

How this could be done:

- ⇒ Revision of the Air Passenger Rights Regulation (currently blocked in the Council)
- ⇒ Black list of the unfair contract clauses, used in the air transport sector, to be included into the Unfair Contract Terms Directive
- ⇒ EU wide register of the unfair contract terms in the passenger contracts (with national rulings)

Protect children from online marketing of unhealthy food

What is the problem:

Children are exposed to countless numbers of hidden digital marketing techniques promoting foods high in fat, sugar and salt (cf. Nov. 2016 [report](#) by the World Health Organisation Regional Office for Europe).

What is the scale of the problem:

1 in 3 children in the EU is either overweight or obese and this epidemic is directly linked to the **marketing of unhealthy food** (WHO EURO [report](#), 2013). Self-regulatory initiatives are failing to effectively protect children: although the 'EU Pledge' has been updated to cover digital advertising practices such as interactive games and SMS marketing as of January 2017, it has many loopholes and the nutritional criteria it uses to determine which foods can/cannot be advertised to children are too weak.

A [study](#) carried out on behalf of the European Commission found that children do not receive an equal level of protection from the adverse effects of online marketing across Europe. It recommended that *“more should be done to protect children against online marketing. Online marketing should be made more transparent to child consumers, and more should be done to empower children in recognizing and responding appropriately to online marketing techniques. It should also be considered whether, except for direct exhortation to children to buy advertised products that is addressed in Annex 1 of the UCPD, particularly harmful practices should be further regulated and/or banned through legislation”*.

What we ask for:

We ask for a **ban on the online marketing of unhealthy food to children**. The nutrient profiling model developed by WHO Europe should serve as the reference to determine what is 'healthy' vs. 'unhealthy'.

How this could be done :

We should take the opportunity of the UCPD REFIT to have it amended as follows: Annex I of the UCPD lists all marketing practices to be always considered as 'unfair'. Among others, it is unfair to *“include[e] in an advertisement a direct exhortation to children to buy advertised products or persuade their parents or other adults to buy advertised products for them”* (pester power). **We would like to have the online marketing of unhealthy food to children added to this list of unfair practices.**



This publication is part of an activity which has received funding under an operating grant from the European Union's Consumer Programme (2014-2020).

The content of this publication represents the views of the author only and it is his/her sole responsibility; it cannot be considered to reflect the views of the European Commission and/or the Consumers, Health, Agriculture and Food Executive Agency or any other body of the European Union. The European Commission and the Agency do not accept any responsibility for use that may be made of the information it contains.