



# FACTSHEET

## Reforming EU consumer law

The EU is undertaking a targeted reform of consumer law after finding gaps in existing legislation. The idea is to create better outcomes for consumers when they experience problems with traders and make some laws fit for the digital age.

### Higher sanctions for companies which break the law

Currently, Member States have put in place different levels of penalties. The maximum penalties some countries have set are neither effective, proportionate or dissuasive.



The national authority in Lithuania can issue penalties ranging from €144 to €1,448.

The Italian competition authority meanwhile imposed a €5 million fine on VW for the emissions fraud, the maximum level it could fine. This is tiny for a business of that size and stands in stark contrast to a penalty of \$4.3 billion VW had to pay in the US so far.

*European Commission: [Evaluation of the Consumer Rights Directive](#) (2017), p. 33-34.*

The Commission has therefore proposed, for large scale infringements, that each Member State can impose a fine going up to at least 4% of its annual turnover in the EU countries where the infringement took place.

#### BEUC says

We support the bid to have higher maximum penalties for rogue traders. However, the law should follow the General Data Protection Regulation (GDPR) model for fines. It should set the maximum fine at least at €10 million or 4% of the trader's **worldwide** annual turnover, whichever is higher.

### Consumer remedies

Despite giving consumers strong rights, EU law has often left it to Member States to decide what the consequences are for individual consumers and how consumers can get redress when something goes wrong in the consumer-to-business relationship. For example Member States decide what happens when consumers are misled by an advert or by marketing about the characteristics of a product and would like their money back.



Only Belgium, Poland and the UK provide special remedies to consumers specifically for breaches of the Unfair Commercial Practices Directive (UCPD).

*European Commission: [Report on the fitness check of EU consumer law](#) (2017), p.93.*

The Commission is proposing to introduce individual rights for consumers when they are victims of unfair commercial practices, such as a misleading claim in advertising.

#### BEUC says

We support this idea. Besides the right to compensation and the right to contract termination, a price reduction should be possible. Most importantly, there should also be a standard remedy for non-compliance in the Consumer Rights Directive, for example that the consumer is not bound by the contract if traders do not meet their obligations.



## The right of withdrawal

Within the EU, consumers have the right to test and inspect a product bought at a distance, and to cancel and return the order within 14 days. However, a small but vocal set of business groups has complained about the right of withdrawal at EU level claiming it generates high cost for traders.

The Commission has proposed to allow the trader to reject the consumer's right to return the product if the consumer has tested the good more than he would in a brick and mortar shop before purchase. It also gives traders the possibility to reimburse consumers only after the goods have been returned to see if they have been damaged.



**95%** of consumers value the right of withdrawal as important when making online purchases.

European Commission: [Study on the application of the Consumer Rights Directive](#) (2017), p. 160.

### BEUC says

The idea of weakening a consumer's right to test and send back goods bought at a distance would fundamentally damage online shopping. There is no substantive evidence that consumers abuse the right of withdrawal or that this right is causing losses for companies. Instead of weakening this right, we urge the EU to strengthen its enforcement.

## Online platforms

Many consumers shop in online marketplaces or use comparison platforms to find a cheap offer. However, consumers are often unsure who they are buying from or how the platform has ranked the search results. If something goes wrong, it is difficult to hold online platforms responsible.

The Commission has proposed transparency requirements for online platforms. For example, platforms which offer hotel or apartment rental would have to explain if/which results are paid placements and whether the provider is a professional or not.



**60%** of consumers don't know who is responsible when something goes wrong, what the responsibility of the platform is or if they have a right to compensation or reimbursement.

European Commission: [Exploratory study of consumer issues in online peer-to-peer platform markets](#) (2017), p. 117.

### BEUC says

We welcome these provisions but they need to be strengthened. Consumers should be informed whether personalised pricing is involved or what the rules governing customer reviews are. Consumers should have remedies when online platforms fail to properly inform the consumer and should be able to hold them responsible if something goes wrong in case platforms have a major control over the transactions.

## Data as a form of payment

Consumers are increasingly providing their personal data, instead of money, in exchange for goods or services. But in these cases, EU law does not give rights to consumers, such as essential information rights or the right to return a product bought online.

The Commission has proposed to apply the right of withdrawal and information requirements when consumers provide personal data in exchange for a digital service, but not for non-personal data.



**48%** of consumers had difficulties unsubscribing from 'free' online services.

European Commission: [Study on the application of the Consumer Rights Directive](#) (2017) (pages 83, 85, 164).

### BEUC says

We welcome these changes, but consumers should always be protected as long they provide their data, whether personal or non-personal, in exchange for any kind of product, service or good.