

Press Release

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Landmark EU law allowing consumers to seek collective redress finally a reality after 30-year struggle

A landmark piece of legislation - the EU's Representative Actions Directive - allowing consumers to go to court as a group when they have suffered the same harm will officially start to apply across the EU as of Sunday 25 June. However, against their obligations, a significant number of Member States have still not implemented it – it's time for these countries to pick up the pace.

This law means that consumers who have bought, for example, the same defective washing machine or were overcharged by their telecoms provider and the trader refuses to remedy the problem, can now go to court collectively to seek justice. It is a result of more than <u>30 years of consumer organisations' and BEUC's campaigning</u>.

This is a significant improvement on the previous situation, in which collective redress procedures did not exist in most EU countries. This meant consumers had to go to court individually, meaning extra time and expense, which usually resulted in consumers abandoning their chances for redress and favoured unfair competition in the market.

This issue came to a head during the <u>Dieselgate</u> scandal. When consumers across the continent bought cars unaware that they were equipped with devices which cheated emissions tests, only consumers in certain countries (which allowed collective redress) could seek justice. This was in stark contrast to the US, where Volkswagen quickly paid compensation due to the threat of class actions.

However, only a third of all EU countries have implemented the Directive so far, meaning consumers and consumer organisations not in those countries still need to wait. It also remains to be seen how effective the new collective procedures will be, as EU countries were given a lot of leeway to adapt the rules according to their choice. For instance, it is still unclear how countries will address one of the biggest barriers for collective litigation, which is the cost and the financing of the proceedings.

BEUC Deputy Director General Ursula Pachl said: "Having collective redress tools across the EU is a massive step forward for consumers. Going to court individually is expensive, time-consuming and the compensation amounts might not always be large. For smaller amounts, for items like defective smartphones or illegal processing of personal data, it is often not viable for people to seek justice alone.

"In situations of mass harm, often the only realistic option for consumers is to try to obtain compensation by going to court together – which in many European countries didn't exist until now - and be represented by consumer organisations who act on their behalf. Collective redress is set to change all that by allowing consumers across the EU to go to court together for the first time. This will provide easier, more affordable access to justice. All EU countries who have not yet implemented this law must hurry up – consumers have been waiting for too long for better enforcement of their rights."

Bureau Européen des Unions de Consommateurs AISBL | Der Europäische Verbraucherverband

Background

Blog article on consumer groups' 30-year struggle for collective redress

