

The Consumer Voice in Europe

Ms Marie-Paule Benassi
Head of Unit
DG JUSTICE & Consumers
European Commission
c/o CPC-Network

By email

Ref.: BEUC-X-2023-076/MGO/ABI/AMA/rs

Brussels, 8 June 2023

Subject: CPC alert on misleading promotion for crypto on social media platforms.

Dear members of the CPC network,

Dear Ms Benassi,

I am writing to you on behalf of BEUC, the European Consumer Organisation, to inform you that today, together with 9 of our member organisations representing 8 European countries,¹ we are launching an external alert to the CPC-Network pursuant to Article 27 of EU Regulation 2017/2394 (the CPC Regulation) about the misleading promotion of crypto-assets on the social media platforms Instagram, TikTok, Twitter and YouTube.

Under the EU Unfair Commercial Practices Directive (Directive 2005/19/EC- UCPD), social media platforms must exercise a certain level professional diligence to ensure that their users are not harmed by the misleading information posted by other users, including influencers or by the advertising place on the platforms. Yet Twitter, Instagram, TikTok and YouTube have loose advertising policies and terms of use applying to crypto-assets. In practice, users of these social media platforms are rapidly exposed to misleading content promoting these highly volatile products, which are not suitable for many consumers. We believe that these constitute widespread infringements with an EU-wide dimension of the UCPD and expose consumers to serious harm.

This letter accompanies the alert that we have submitted on the IMI platform and builds on the report "*Hype or harm – the great social media crypto con*", which you will find as an attachment.

We call on the CPC-Network:

- To request from the concerned social media platforms that their advertising policies implement stricter conditions about the advertising of activities relating to crypto products, including any promotional activities about cryptos such as wallets, trainings, and crypto investor events, and to ensure that these policies are strictly enforced;
- To request from the concerned social media platforms that they include in their Terms of Use a prohibition for influencers to promote crypto products and to adopt appropriate mechanisms to prevent consumers from being exposed to unfair commercial practices related to these products promoted by influencers; and .../...

¹Altroconsumo in Italy, DECO in Portugal, Forbrugerrådet Tænk in Denmark, KEPKA in Greece, UFC-Que Choisir in France, ASUFIN and OCU in Spain, SOS Poprad in Slovakia and Vartotojų aljansas in Lithuania

- To request from the concerned social media platforms that they submit reports to the European Commission and the CPC-Network about the effectiveness of the measures put in place to prevent consumers from being misled by the promotion.

Moreover, as the infringement is at the crossroads of consumer protection and financial services, we call on the CPC-Network to collaborate with the European Supervisory Authorities for financial services ("ESAs") to ensure that the concerned social media platforms adopt sufficient safeguards in their advertising policies to prevent the misleading promotion of crypto-assets and to require that they put in place and enforce measures to prevent consumers from being misled by the promotion of crypto assets. We also call on the CPC-Network to engage, together with the ESAs, in consumer awareness activities about the risks associated with these products.

We take this opportunity to let you know that we have sent letters today to all the three ESAs to inform them about our alert.

Finally, as we agreed in our operational conclusions of October 2022², we invite the European Commission and the CPC-Network to keep us informed about any relevant procedural steps taken by the Network under confidentiality requirements.

We remain at your disposal for any additional information you could need and to respond to any questions you could have.

Yours sincerely,

Monique Goyens
Director General

Annex: Report "Hype or harm – the great social media crypto con" (June 2023).

C/c: - Ms Blanca Rodriguez Galindo, Acting Director;
- Angelo Grieco, the Deputy Head of Unit.

² https://commission.europa.eu/live-work-travel-eu/consumer-rights-and-complaints/enforcement-consumer-protection/cooperation-consumer-organisations_en