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Consumers to get much-needed extra protections when buying financial services online

Consumers will get much-needed extra consumer rights when being sold financial services (e.g. credit, investment funds or insurance) online. This is according to proposals the European Commission [presented today](#) to overhaul the Distance Marketing of Financial Services Directive (DMFSD).

The original DMFSD dates back to 2002 and was conceived for a world when financial services were mainly sold over the phone. Since then, there has been a massive digital shift and now getting into debt or investing in crypto assets is a matter of a couple of clicks. The new proposals will bring the DMFSD into the digital age, with a series of new consumer protections.

What changes the DMFSD will bring to consumers:

1. **'Dark patterns' will be forbidden** i.e., designing online interfaces in such a way that it impairs consumers' ability to make a free choice.
2. **The right to speak to a human being** – a significant advance in a world increasingly dominated by online contact forms and chat bots and where decisions about consumers' investments are often made by Artificial Intelligence.
3. **A withdrawal button** – if consumers change their mind after making an ill-judged investment, for example – this button will make it easier to do so.
4. **Pre-contractual information:** Key information (e.g. the total cost of the product) will need to be made much more visible to ensure consumers are aware of any potential risks.

BEUC Director General Monique Goyens commented: "In an era where over-indebtedness is one click away, this proposal comes at the right time. For too long now, consumers have been falling victim to financial offers that are simply too good to be true, with next to no protection due to completely outdated legislation.

"This proposal will bring consumer rights in financial services into the digital age, responding to the financial industry increasingly targeting consumers online. Services like 'Buy Now Pay Later' have grown rapidly and use deceptive practices to tempt consumers into debt, with many simply unaware of what they are entering into. This review is not only going to protect debtors, it will also protect consumers when making investment decisions online and create a fairer online marketplace for financial services."

Next steps

These proposals will now need to be agreed with the EU Parliament and Council. The Commission further announced a 'fitness check' of existing consumer legislation, including the Consumer Rights Directive (CRD). With the integration of the DMFSD into the CRD, this review will also be relevant for financial services and could bring further improvements for financial consumers.

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