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PART 1/2

COMMISSION STAFF WORKING DOCUMENT

**Consumer Conditions Scoreboard: Consumers at home in the Single Market
2015 edition**

COMMISSION STAFF WORKING DOCUMENT

Consumer Conditions Scoreboard: Consumers at home in the Single Market

2015 edition

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I. EXECUTIVE SUMMARY

Consumer Scoreboards are a key instrument for monitoring consumer outcomes in the Single Market, providing input to a wide range of EU and national policies. They are unique in comparing trends across all EU Member States (as well as Iceland and Norway) and over time. There are two types of Scoreboards (each published every two years): the Consumer Markets Scoreboard tracks the performance of key consumer markets, while the Consumer Conditions Scoreboard, presented here, monitors national conditions for consumers and examines the integration of the EU retail market.

Consumer spending represents 57% of EU GDP and there is a positive relation between consumer conditions and the economic situation in different Member States. Effective consumer policies impact both on the demand side of the economy (by reducing consumer detriment and empowering consumers to play their part in driving the markets) and on the supply side (ensuring a level playing field and legal certainty for companies). Greater consumer trust in the Digital Single Market is also essential to stimulate (cross-border) e-commerce, with clear economic benefits for all parties involved.

Data from this Scoreboard have informed the 2015 European Semester's country reports¹. Findings on consumer conditions and trust in e-commerce have also fed into the Commission's Digital Single Market Strategy².

1. METHODOLOGICAL IMPROVEMENTS

Since the last edition (published in July 2013), the Consumer Conditions Scoreboard has undergone a thorough methodological revision — carried out in close cooperation with the Commission's Joint Research Centre and in consultation with Member States' experts — with a view to further enhancing its quality and policy impact. The main improvements include:

- **Revised conceptual framework** for consistent measuring of consumer conditions, encompassing three key elements (knowledge and trust, compliance and enforcement, and complaints and dispute resolution) and a further two dimensions: market participants (consumers and retailers) and the location of the transaction (domestic and cross-border in the EU).
- **New/refined indicators.** The regular EU-wide surveys conducted with consumers and retailers, which provide the main source of Scoreboard data, have been supplemented with important new questions while a number of existing items have been improved. Finally, this Scoreboard contains additional non-survey-based indicators, including the results of the Commission's compliance checks and statistical indicators on the length of judicial proceedings.
- **Enhanced analysis and presentation.** The Consumer Conditions Index and other composite indicators — used for benchmarking countries' performance and their progress

¹ The 2015 country reports include this Scoreboard's data on compliance with and enforcement of consumer legislation (Czech Republic, Romania, Slovenia, Slovakia), confidence in e-commerce (Croatia, Italy, Romania) and consumers' assessment of redress mechanisms (Croatia, Italy, Slovenia) http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm.

² <http://ec.europa.eu/priorities/digital-single-market/>.

over time — have undergone thorough statistical auditing. New avenues for analysis have also been explored, in particular linking Scoreboard data with key economic, social and governance indicators, and enhanced (multivariate) analysis of the impact of respondents' socio-demographic characteristics.

At the same time, comparability with previous Scoreboards has been preserved as much as possible.

2. KEY FINDINGS

Consumer conditions nationally and cross-border

The third chapter of this Scoreboard tracks the quality of consumer conditions both nationally and cross-border in terms of the three elements of the conceptual framework (knowledge and trust; compliance and enforcement; complaints and dispute resolution).

Knowledge and trust

Knowledge of consumer rights and trust in institutional and market conditions are crucial to the development of efficient markets and the effective protection of consumer interests.

Yet, **consumers' and retailers' awareness of some key consumer rights guaranteed by EU legislation remains limited.** Only a third of consumers (33 %) know that they do not have to pay for or send back unsolicited products, four in ten (41 %) know that they have the right to a free repair or replacement of defective goods, while slightly over half (56 %) are aware of the right to a cooling-off period in relation to distance purchases. In the EU as a whole, only 9 % of consumers could answer correctly all three of the questions put to them, with the youngest segment being the least knowledgeable. Among retailers, low percentages of correct answers to questions on legal guarantees (33 %) and promoting a product while carrying insufficient stock (42 %) are particularly worrying. The Commission has launched a Consumer Rights Awareness Campaign to inform both consumers and traders about EU-wide consumer rights. In addition, 'Consumer Classroom' — an interactive community site for teachers — aims to promote and improve the quality of consumer education in secondary schools. The ongoing study on legal and commercial guarantees will look more closely at whether sellers and producers are aware of and comply with the relevant EU and national legislation and the extent to which consumers are aware and make use of their rights.

Consumer trust in the organisations responsible for the protection and/or respect of consumer rights differs widely across the EU, with higher levels of trust in northern and western European countries. Seven out of ten consumers (71 %) across the EU are confident that retailers and service providers respect their rights as consumers. Six out of ten trust non-governmental consumer organisations (62 %) and public authorities (61 %) to protect their rights as a consumer. Public funding of consumer NGOs is modest in most (particularly eastern and southern) European countries. Trust in organisations shows a high correlation with the World Bank Governance Indicators and the compliance and enforcement dimension of consumer conditions, suggesting that governments can play an important role in raising the level of consumer trust.

The resolution of disputes is perceived to be more effective through out-of-court bodies than through courts. However, **trust in both redress mechanisms is still rather low and no clear**

improvement has been seen since 2010. In 2014, less than half of consumers (46 %) agreed that it is easy to settle disputes with retailers and service providers through out-of-court bodies and 36 % said the same about courts.

Trust in product safety has been relatively stable over the years, with 69 % of consumers in 2014 agreeing that most non-food products on the market are safe. Retailers have been consistently more optimistic in their assessments, with 75 % in 2014 sharing the same view. At the same time, there is a strong correlation between the evaluations of the two groups of respondents in different countries, with more positive assessments in northern and western European countries. More affluent consumers have higher trust in product safety, which could be explained by the fact that they are able to choose from a broader range of goods, including those of better quality and well-recognised brands. A new package of legislative proposals and non-legislative measures adopted by the Commission in 2013 aims to improve the safety and traceability of products sold to EU consumers and to strengthen market surveillance of products in the EU.

Over half of European consumers (55 %) claim that the environmental impact of goods or services influences their purchasing decisions. **Trust in environmental claims is significantly lower among consumers (54 %) than among retailers (70 %).** The Commission's recent in-depth study shows a wide diversity of environmental claims, confirms consumers' low trust and understanding of such claims and points to the need for stronger enforcement of relevant EU legislation. Consequently, the Commission is working with stakeholders to provide guidance to national enforcers and businesses on how to tackle the misleading and unsubstantiated use of environmental claims and to achieve better implementation and enforcement of the Unfair Commercial Practices Directive in this area.

Compliance and enforcement

Effective enforcement of consumer rights and of product safety legislation boosts consumer trust and helps drive the markets. It is also important for improving the business environment, since it prevents distortions and provides a level playing field for companies across the Single Market. At EU level, the Consumer Protection Cooperation Regulation provides a framework for cross-border enforcement cooperation between national consumer protection authorities to ensure that consumer rights legislation is complied with across the Single Market. The current intention is to conclude the review of this Regulation in spring 2016, with a view to further strengthening its effectiveness. In addition, the guidance document on applying the Unfair Commercial Practices Directive is to be updated by the end of 2015 or beginning of 2016, in particular in view of the emergence of new market practices. Finally, the Commission is assessing consumer detriment across key markets, caused *inter alia* by breaches of EU consumer protection legislation, so as to contribute to priority-setting of consumer issues in enforcement work.

Asked about a range of **unfair commercial practices** experienced in the past 12 months, four in ten consumers report persistent sales calls or messages pressuring them to buy something (42 %), followed by false advertisements about limited-time offers (30 %) and receiving products as free even though they involve charges (26 %). Retailers are even more likely to report unfair business behaviour, perhaps indicating that they are better able to detect it. As for **other illicit commercial practices**, at least one in ten consumers have come across unfair contract terms (15 %) or had to pay unanticipated extra charges (13 %) in the last 12 months. Unfair and other illicit commercial practices are more likely to be reported in domestic than in

cross-border transactions, likely due to the fact that the latter occur less frequently. Some of the groups that could *a priori* be considered as more empowered are more likely to come across unfair and other illicit practices, which may reflect their greater awareness and/or experience in market transactions due to higher spending power.

As for the **enforcement activities** in their sector, a large majority of retailers agree that public authorities actively monitor and ensure compliance with product safety (74%) and consumer legislation (66%). Six out of ten are also positive about the roles of consumer NGOs in monitoring compliance with consumer legislation (61%) and of self-regulatory bodies in monitoring adherence to self-regulatory codes (59%). Finally, just over half (52%) of all retailers agree that the media regularly report on businesses which do not respect consumer legislation. Among retailers who sell non-food products, a third say that public authorities have issued product safety warnings in their sector in the last 24 months (33%) or that they have asked for product recalls or withdrawals (33%). There is a high correlation between retailers' perceptions of enforcement efforts on the one hand and their assessment of compliance with consumer legislation on the other hand, which may suggest that **monitoring efforts do translate into better outcomes for consumers**.

Complaints and dispute resolution

Complaining and getting effective redress can reduce or even offset consumer detriment and thus help reinforce consumers' confidence in the shopping environment. It is therefore important that consumers make use of the available remedies when they encounter problems and that their complaints are handled diligently. A number of EU initiatives aim to help consumers enforce their rights and ensure effective redress across the EU via the channels of both out-of-court and in-court dispute settlement. The new rules on alternative dispute resolution (ADR) have to be transposed by the Member States into their national legal order by 9 July 2015, ensuring that consumers can turn to quality ADR entities to settle their contractual disputes with traders, both domestically and cross-border. In addition, an EU-wide online platform will become operational in January 2016 for disputes that arise from online transactions. As for the channels put in place specifically to facilitate the resolution of cross-border disputes, the European Consumer Centres — co-financed by the Commission — provide consumers with information on their rights and assist them in solving disputes with traders from other Member States. In addition, the European Small Claims Procedure simplifies and speeds up cross-border litigation within the EU if claims are of low value, thus reducing the costs of such litigation for claimants. The proposed revision of the procedure aims to further improve its usefulness. The Commission is also encouraging Member States to improve the effectiveness of their national justice systems, particularly as part of the European Semester process.

Three quarters of those who experienced a problem (which they saw as a legitimate cause for complaint) **took action to solve the problem**. Out of those, the vast majority contacted the retailer or service provider directly (63%), while 14% complained to the manufacturer or, in fewer cases, took the matter to a public authority (6%), an out-of-court dispute resolution body (5%) or to court (2%). A similar pattern emerges from retailers' responses concerning the channels through which they have received consumer complaints. The majority of consumers who did not take any action to resolve a problem were discouraged from complaining by the (perceived) difficulties, such as low likelihood of success, lack of information on whether and how to proceed, or the expected length of the complaint procedure.

ADR methods can help parties reach a compromise in an easy, fast and inexpensive way. Not surprisingly, **consumers are the most likely to express satisfaction with how their complaints have been handled by ADR bodies (68 %)**, followed by retailers or service providers (61 %), manufacturers and public authorities (both 59 %), while courts record a lower level of satisfaction (45 %). At the same time, **just above half of all retailers (54 %) say they know any ADR entities and slightly less than a third (30 %) are willing or mandated by law to use ADR** in the event of consumer complaints. These indicators are expected to considerably improve as a result of the implementation of the ADR Directive.

The **length of judicial proceedings** for litigious civil and commercial cases and the time needed to resolve appeals relating to decisions of consumer protection authorities diverge greatly between countries, pointing to differences in the efficiency of national judicial systems.

Consumers in the Digital Single Market

The fourth chapter of the Scoreboard examines consumer conditions in the Digital Single Market, based on the reported business-to-consumer online transactions as well as consumers' and retailers' confidence, attitudes and problems in both domestic and cross-border e-commerce. Higher e-commerce uptake would offer European consumers lower prices and a wider choice of goods and services³, while for businesses it is an opportunity to reach a broader group of consumers and increase sales. The 2015 Annual Growth Survey explicitly recognised low consumer confidence in online transactions as an obstacle to completing the Digital Single Market. The new harmonised requirements introduced by the Consumer Rights Directive⁴ are applicable as of June 2014, strengthening the level of consumer protection in online transactions and reducing the compliance costs for cross-border traders. The new rules on alternative and online dispute resolution and the ongoing revision of the small claims procedure should allow parties to effectively enforce their rights in an easy, quick and low-cost way without having to go to court, especially in the online environment. The Digital Single Market Strategy⁵, adopted in May 2015, sets out 16 further actions on which the Commission will deliver by the end of 2016. These include a legislative proposal to modernise and simplify consumer rules for online and digital purchases, and the review of the Consumer Protection Cooperation Regulation to make it better equipped for the challenges of the Digital Single Market. The Commission is also developing a series of criteria to guide comparison tool operators on how to comply with the Unfair Commercial Practices Directive and provide transparent and reliable information to consumers.

³ It was estimated (in 2011) that EU consumers could save €11.7bn annually through e-commerce in goods thanks to lower prices and wider choice offered by online shopping, and that consumer welfare gains would reach over €200bn annually in a fully integrated Digital Single Market assuming a 15 % share of e-commerce in total retail. (In-depth study on E-commerce in goods http://ec.europa.eu/consumers/consumer_evidence/market_studies/e_commerce/index_en.htm.)

⁴ 2011/83/EU.

⁵ COM(2015) 192 final.

EU business-to-consumer e-commerce market

Half of Europeans bought goods or services over the Internet in 2014. This means that the relevant Digital Agenda target has been achieved slightly ahead of schedule. However, e-commerce uptake remains very uneven across the EU, with below-average levels in all eastern and southern European countries (even though some of them have seen the fastest growth in recent years, in relative terms). The rates of online shopping are also considerably lower among older, less educated and less affluent consumers, as well as those who are professionally inactive or unemployed. The majority of consumers report buying online in their own country (44%) rather than from other EU countries (15%). Domestic online purchases are also made much more frequently, accounting for 70% of the most recent online purchases. At the same time, a recent in-depth analysis of survey results suggests that the incidence of cross-border online purchases within the EU is considerably under-reported, since consumers are not always aware that they are buying from another EU country. The fact that consumers often make cross-border purchases on the assumption that they are buying from their home country means that they are not fully aware of the applicable contractual terms, and their reticence to buy on a cross-border basis limits their capacity to create competitive pressure in the Digital Single Market. Intra-EU cross-border purchases are more popular in some of the smaller countries with language and cultural links to larger markets (where the choice of products may be richer). In addition, the propensity for cross-border buying increases with international exposure (e.g. knowledge of foreign languages and travelling abroad).

On the supply side, around **four in ten retailers (41%) sell online to final consumers**, with the lowest percentages found among small companies. Most online sales are to domestic consumers. While 37% of EU retailers sell online to consumers in their own country, only 12% sell to consumers in other EU countries. Companies that sell services are more likely than those selling goods to make online sales to other EU countries.

Clothes and sports goods are the most common category of online purchases (and have seen a remarkable growth in recent years), followed by travel and holiday accommodation, household goods, tickets for events, and books/magazines/e-learning material. Purchases of digital content and the use of online services (whether paid or free) are becoming increasingly popular.

Tangible goods and offline services account for the bulk of online spending (on average €760 in the past year). The amounts spent on online services and digital content are much lower (€94 and €107 respectively, among those who purchased these products), reflecting both the lower market penetration of these product categories and the fact that a considerable proportion of them is currently being provided for free. While in the case of tangible products the average spending domestically is more than double the cross-border figure in the EU and almost four times higher than outside the EU, the differences between domestic and cross-border spending are less pronounced in the case of digital content. This is consistent with the finding that distance and common cultural traits are important factors in cross-border online purchases of tangible products, but matter less in the case of digital content. EU13⁶ consumers spend less on online purchases overall, but profit more from the potential of the Digital Single Market by spending more, in relative terms, on purchases from other EU

⁶ 'EU15' refers to the EU in its pre-2004 formation while 'EU13' refers to Member States that joined the EU after 2004.

countries. The estimated overall value of the business-to-consumer segment of the EU Digital Single Market — almost 2% of EU GDP — is within the range of existing estimates from industry and other sources.

Online purchase journey

The recent survey of online consumers provides data on a **typical online purchase journey**. Online shoppers use a variety of methods to research their purchases, with online sources of information (in particular online marketplaces) being most popular. Four in ten respondents who buy tangible goods online prefer sellers who also have a physical shop. The presence of a physical shop is more important for frequent online shoppers and those who engage in cross-border online purchases. In total, online shoppers in the EU report spending roughly 3.1 hours shopping for their latest purchase. Time spent on online purchases decreases with age and financial situation. Consumers in northern European countries spend the least time on their online purchases while consumers from certain EU13 countries take the longest. The two most often quoted reasons for buying from a particular website/appstore/app relate to price being the lowest (45%) and having had earlier experience with the site (44%). Eight out of ten (80%) online shoppers used a laptop to make online purchases in the past year, followed by a desktop PC (73%), a smartphone (59%) and a tablet (52%). The most commonly used payment methods in online transactions are credit/charge card (52%), online payment systems, e.g. PayPal (47%), bank/credit transfer (29%), debit card (24%) and cash on delivery (18%). While EU15 respondents are more likely to use a credit/charge card or online payment systems, EU13 respondents are more likely to use cash on delivery or bank/credit transfer. Of those consumers whose last online purchase was a tangible product, the vast majority (83%) had it delivered to their home or work address, 8% picked it up in person from a shop, 5% picked it up from a collecting point/safe box in a public location and 4% from the local post office.

Drivers of and barriers to e-commerce

Consumers' propensity to engage in (cross-border) online transactions may be facilitated or hampered by a number of factors, including perceived benefits and risks of e-commerce, confidence in online transactions, their awareness of key consumer rights online and the reliability of online comparison tools. Convenience in terms of time, lower prices and greater choice are the main reasons for shopping online. Consumers feel considerably more confident buying online in their own country (61%) than in other EU countries (38%). However, among consumers who have made at least one cross-border online purchase, the confidence to buy from online sellers in other EU countries is more than double that of those who have never done so. Slightly over half of the respondents (56%) in the EU knew that they have the right to return a new electronic product ordered by post, phone or the Internet four days after its delivery, without giving any reason. Consumers' awareness of their right to a cooling-off period when purchasing digital content appears even lower, with a mere 9% of online consumers correctly identifying the latest stage up to which they have the right to withdraw from such purchase and get their money back. A recent in-depth study by the Commission found that two thirds of comparison tool users (65%) had experienced at least one problem when using such tools (e.g. unavailability of the product on the seller's website or incorrect prices). Less than half of the comparison tools tested disclosed details of their relationship with suppliers or described their business model, and only a third provided information on how to file a complaint. As a follow-up, the Commission will work further with the comparison tool operators to ensure they provide transparent and reliable information to consumers. Data protection, payment security and consumer rights are key concerns in

domestic e-commerce. Concerns about cross-border e-commerce are linked to delivery, redress and consumer rights. Concerns regarding, in particular domestic, e-commerce are overall higher in EU13 than in EU15.

On the supply side, 6 out of 10 retailers say they are confident about selling online. Three in ten feel confident selling online to consumers in their own as well as in other EU countries, while 28% are confident only when selling to consumers in their own country. Not surprisingly, retailers who are already engaged in e-commerce are also much more likely to have confidence in this sales channel (89%) than those who do not currently sell online (38%). Among retailers who currently do not sell online, half (50%) say that the nature of their business is an important obstacle to developing online sales. Higher risk of fraud and differences in national tax and consumer regulations are the main reported barriers to selling online in other EU countries.

Problems and complaints

Slightly less than a third (31%) of online consumers experienced at least one problem when making or trying to make an online purchase in the past 12 months. When comparing the origin of the latest problem with the origin of the latest purchase, cross-border purchases, both within and from outside the EU, account for a disproportionately high amount of problems (12% and 6% of purchases and 21% and 13% of problems respectively vs 70% of purchases and 57% of problems for domestic online purchases). Concerns about delivery and product conformity are corroborated by actual consumer experience. Problems linked to the country of residence (e.g. not being able to access a foreign seller's website, foreign sellers refusing to sell abroad or charging higher prices than in their home country) are major barriers to cross-border e-commerce. In addition, many respondents who have tried to access streaming services of their own country while abroad were not able to access the content.

Eight in ten consumers who have had a problem with an online transaction took action to solve it (the vast majority by contacting the seller/provider directly). This is a slightly higher proportion than in the case of shopping problems experienced more generally, regardless of the sales channel. Compared to shopping problems experienced more generally, a larger number of respondents experiencing problems with an online transaction did not complain because of the small detriment involved (27%) while fewer people were discouraged from complaining by the low likelihood of success, the length of the procedure or lack of knowledge, perhaps indicating greater empowerment of online shoppers and/or greater ease of complaining in connection with online transactions. Consumers are most satisfied with complaint handling by out-of-court entities (68%), while the level of satisfaction with courts is lower (54%).

The **complaints about cross-border e-commerce purchases received by European Consumer Centres** confirm that the main problems experienced by consumers relate to delivery and conformity issues. Non-delivery, problems linked to cancelling a contract and goods or services being defective or not in conformity with the order accounted for over a half of all complaints. Following a considerable increase in recent years, furnishings became the number one source of complaints about cross-border e-commerce in 2014. On the other hand, the proportion of complaints about air transport has decreased considerably since 2013 and now comes second.

EU-wide 'sweeps' (screening of websites performed by national authorities under a coordination facilitated by the Commission) on air travel and hotel accommodation, and on legal and commercial guarantees in consumer electronics, took place in summer 2013 and

autumn 2014 respectively. In both cases, it was found that over half of the websites did not comply with EU consumer law. Following intervention by national enforcers, the majority of non-compliant websites have been corrected, with the remaining ones subject to further proceedings. In addition, an EU-wide **review of over 2 500 e-commerce websites** in five key sectors — clothes and sports goods, electronic goods, package travel, tickets for events, and consumer credit — showed inconsistencies between the initial price and the final price the consumer was requested to pay as well as missing information on the right to withdrawal and on delivery.

Determinants and correlates of consumer conditions

Consumer conditions — as summarised in the Consumer Conditions Index — **are strongly correlated with some key macro-economic indicators**. While no clear cause-effect relation can be established, the relationship most likely works both ways: on the one hand, the assessment of consumer environment is influenced by the general economic and social conditions in the country and, on the other hand, consumers who feel protected, know their consumer rights and seek redress when needed can act as drivers of competition and innovation, which in turn boosts economic growth. Conversely, **the quality of the consumer environment appears to be negatively correlated with poverty and income inequalities** and is overall lower in countries where consumer conditions are more dispersed. Finally, **there is a clear link between consumer conditions and the quality of governance** in different countries, with high correlations between the Consumer Conditions Index and most of the World Bank governance indicators. This suggests that while consumer conditions will depend to a certain extent on the general economic conditions in the country, there is a lot that governments can do in terms of quality of rule-making and enforcement.

Consumer conditions are influenced by a number of socio-demographic factors. Financial situation appears to have the highest (positive) impact, in particular as regards trust in organisations, confidence in online shopping and trust in product safety. Internet use also impacts positively on several consumer conditions indicators, with the strongest effect (not surprisingly) on confidence in online shopping. Trust in environmental claims, perception of redress mechanism and confidence in online shopping are all negatively correlated with age. At the same time, knowledge of consumer rights increases with age, except for the oldest age group. Gender has the greatest impact on confidence in online shopping, which is lower for females. The ongoing Commission study on consumer vulnerability across key markets (financial sector, energy and online environment), due to be finalised by the end of 2015, will shed more light on the role of socio-demographic characteristics in explaining consumer conditions. Another study — on online marketing to children — looks specifically into children's vulnerability online.

Country reports

The country reports annexed to this Scoreboard provide detailed consumer statistics for each country, going back to 2008, thus allowing national policymakers and stakeholders to assess the impact of their activities and identify areas where further research, enforcement and/or awareness-raising efforts may be needed. Member States are also invited to use the Scoreboard data when determining and evaluating their reform priorities in the context of the

European Semester.

Dissemination database

In addition to the report, an online dissemination platform enables user-friendly and interactive access to most of the underlying data.⁷

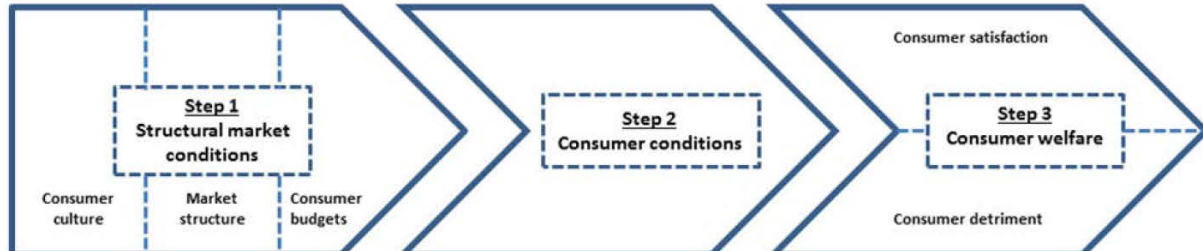
II. MEASURING CONSUMER CONDITIONS

*What is meant by consumer conditions?*⁸

Consumer conditions involve those aspects of the consumption process that facilitate or hamper the transformation of consumer choice into consumer welfare. Pictured in a linear sequence, consumer conditions lie between structural market conditions (consumers' needs, budgets, and the variety of products available on the market) on the one hand and consumer welfare (or the extent to which consumers are satisfied with the outcomes of their choice behaviour) on the other (see Figure 1).

While in theory (under conditions of perfect competition), matching of consumer needs, their budgets and the availability of different goods and services would automatically lead to consumer welfare, in reality markets are susceptible to different kinds of distortions. These include market power (which is primarily addressed by competition policy) and imperfect information (which is the main focus of consumer policy).

Figure 1: Positioning of consumer conditions



New conceptual framework for measuring consumer conditions

As illustrated in Figure 2, the updated framework for measuring consumer conditions in the EU comprises **three main elements**.

⁷

<http://81.247.254.96/QvAJAXZfc/opendoc.htm?document=ConsumerScoreboard.qvw&host=QVS%40vsrv1463&anonymous=true>.

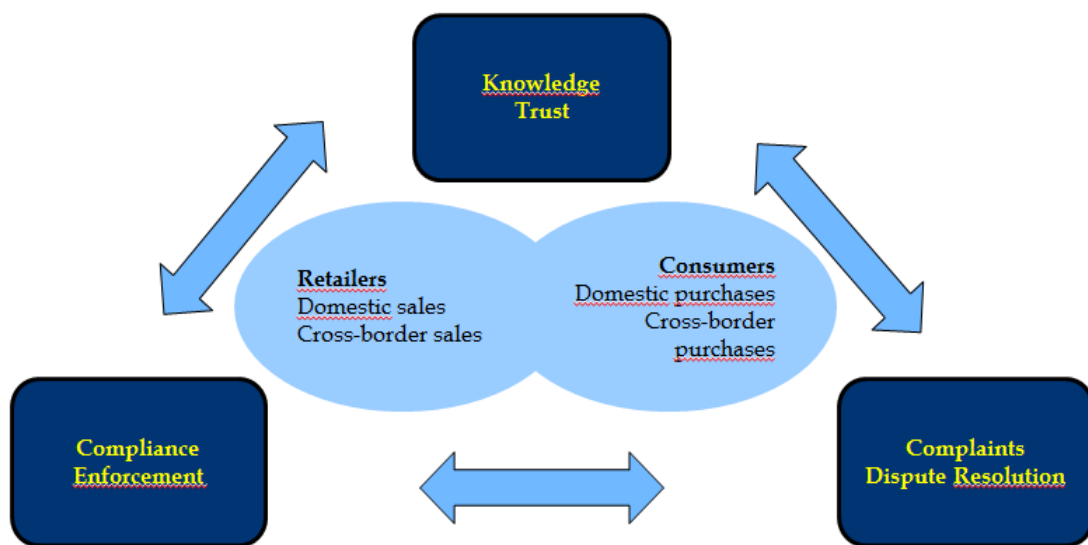
⁸ This chapter is based on the report prepared by the Joint Research Centre: Van Roy, V., Rossetti, F., Piculescu, V. (2015). Consumer conditions in the EU: revised framework and empirical investigation, JRC science and policy report, JRC93404, available online at: <http://publications.jrc.ec.europa.eu/repository/handle/JRC93404>.

- The first pillar focuses on consumers' and businesses' knowledge of consumer rights; their trust in institutional actors, product safety and environmental claims; and their confidence to trade online.
- The second pillar is centred on issues of compliance with consumer legislation and enforcement by different institutional and market actors.
- The third pillar has to do with consumer complaints and resolution of disputes between consumers and retailers.

Where relevant, similar issues are measured along two main axes:

- **Type of market participants** (consumers and retailers). Given that the views and experiences of consumers and retailers are likely to cross-validate and complement each other, preserving the symmetry between the two types of trading partners adds to the reliability of the measurement.
- **Location of the transaction** (domestic or cross-border in the EU). Systematic assessment of differences in attitudes and experiences of market participants in cross-border EU transactions as compared to domestic transactions allows the integration of the retail Single Market to be analysed over time.

Figure 2: Framework for measuring consumer conditions



The added value of this framework is twofold: conceptual and methodological. From the conceptual perspective, the framework follows the logic of the three main stages of a transaction (before, during, and after) between a consumer and a retailer. From the methodological point of view, it allows a more synthetic analysis of consumer conditions across EU Member States and over time.

New and refined indicators

To preserve comparability as much as possible, the updated framework includes many of the indicators measured in previous editions of the Scoreboard and most of the data continues to come from the regular surveys conducted with consumers and retailers. However, a number of items have been modified in order to increase their quality and policy relevance. For instance, the questions on unfair commercial practices and knowledge of consumer rights have been simplified to be more easily understandable to respondents. In addition, both surveys have incorporated important new indicators on e-commerce (to take account of recent market and regulatory developments) and on consumers' characteristics (to better capture vulnerability). Finally, the framework includes new non-survey indicators: the results of the Commission's compliance check on online retailers and data on the length of judicial proceedings in consumer law cases, in addition to those used in previous Scoreboards (public funding to NGOs and complaints received by European Consumer Centres).

Tables 1-4 present the core indicators relevant to each of the pillars of the revised conceptual framework (adjustments to existing indicators are marked by a single asterisk and new items by a double one).

A selection of core indicators relating to domestic transactions (marked in bold in the tables below) feed into the **Consumer Conditions Index (CCI)** — a composite indicator, calculated at country level, to benchmark national consumer environments and to test links between consumer conditions and other economic, social and governance indicators. Additional information on the composition of the CCI is provided in Annex II.

Table 1: Pillar 1 – Knowledge and trust

| | Consumers | Retailers |
|----------------------------------|---|--|
| Domestic transactions | <ul style="list-style-type: none"> • Knowledge of consumer rights* • Trust in authorities, NGOs, retailers • Trust in ADR mechanisms and courts • Trust in product safety • Trust in environmental claims** • Confidence in online shopping | <ul style="list-style-type: none"> • Knowledge of consumer legislation* • Trust in product safety • Trust in environmental claims* • Confidence and interest in online selling** • Types of obstacles to online selling** |
| Cross-border transactions | <ul style="list-style-type: none"> • Confidence in online shopping | <ul style="list-style-type: none"> • Confidence and interest in online selling** • Types of obstacles to online selling** |

Table 2: Pillar 2 – Compliance and enforcement

| | Consumers | Retailers |
|----------------------------------|---|---|
| Domestic transactions | <ul style="list-style-type: none"> • Experience of unfair commercial practices* • Experience of other illicit commercial practices** • Problems with the delivery of online purchases* | <ul style="list-style-type: none"> • Prevalence of unfair commercial practices* • Types of complaints received from customers** • Compliance with consumer legislation** • Enforcement of consumer and product safety legislation by different actors* |
| Cross-border transactions | <ul style="list-style-type: none"> • Experience of unfair commercial practices** • Experience of other illicit commercial practices** • Problems with the delivery of online purchases* | <ul style="list-style-type: none"> • Prevalence of unfair commercial practices** • Types of complaints received from customers** • Compliance with consumer legislation** |

| | | |
|------------------------|--|--|
| | <ul style="list-style-type: none"> Problems in cross-border online transactions linked to country of residence | |
| Non-survey data | <ul style="list-style-type: none"> Results of online compliance checks Consumer complaints received by European Consumer Centres | |

Table 3: Pillar 3 – Complaints and dispute resolution

| | Consumers | Retailers |
|----------------------------------|--|---|
| Domestic transactions | <ul style="list-style-type: none"> Experience of general shopping problems Complaints made in response to a problem Reasons for not complaining Satisfaction with complaint handling | <ul style="list-style-type: none"> Awareness and participation in ADR mechanisms* Methods for handling consumer complaints** |
| Cross-border transactions | | <ul style="list-style-type: none"> Methods for handling consumer complaints** |
| Non-survey data | <ul style="list-style-type: none"> Average time taken to resolve consumer law cases** ODR feedback data⁹ | |

Table 4: Characteristics of consumers and retailers

| Consumers | Retailers |
|--|--|
| <ul style="list-style-type: none"> Nationality Country of residence, region, locality Age and gender Education Current occupation Frequency of Internet use** Landline/mobile phone Numerical literacy** Language(s) spoken** Household financial situation** Experience with EU cross-border shopping* Experience with online shopping* | <ul style="list-style-type: none"> Number of employees Respondents' position in the company Company turnover Language(s) used for business Retail channels used Experience with cross-border sales Experience with online sales Types of products sold |

* Modified items

** New items

Indicators marked in **bold** feed into the Consumer Conditions Index

In addition to core indicators that are to be measured for each Scoreboard edition, the revised framework provides for **special modules** which give a snapshot of issues of current policy interest and can change from one Scoreboard to the next. This year's module focuses on consumer conditions in the Digital Single Market (a key priority for the Commission) and most of the underlying data comes from the dedicated study on obstacles to the Digital Single Market from a consumer perspective.

⁹ To be included in future Scoreboard editions once the online dispute resolution (ODR) platform becomes operational.

III. CONSUMER CONDITIONS NATIONALLY AND CROSS-BORDER

Better consumer conditions not only improve consumer welfare, but can also benefit the economy as a whole. When consumers have the necessary confidence, knowledge and institutional conditions to act as market drivers — by comparing offers, switching providers, complaining and seeking redress when their rights are breached — they reward the most efficient and innovative companies, and stimulate competition, which in turn leads to improved productivity and growth. On the supply side, effective consumer policies ensure a level playing field for companies, increase legal certainty and reduce compliance costs.

This chapter of the Scoreboard benchmarks consumer conditions in the 28 EU Member States plus Iceland and Norway across the main components of the conceptual framework (knowledge and trust; compliance and enforcement; and complaints and dispute resolution). The analysis is based on the experiences and perceptions of both sets of market participants (consumers and retailers). Where relevant, data on domestic consumer environments are compared with those on cross-border consumer conditions. In addition, the results of the regression analysis of the impact of respondents' socio-demographic characteristics on different aspects of consumer conditions are presented.

The data come mostly from the regular surveys of consumers¹⁰ and retailers¹¹. Additional data include the length of judicial proceedings (including specifically in consumer law cases) as well as information provided by Member States on public funding for national consumer organisations and on public sector activities to promote and incentivise the use of out-of-court methods of dispute resolution.

1. KNOWLEDGE AND TRUST

Knowledge of consumer rights and trust in institutional and market conditions are crucial to the development of efficient markets and the effective protection of consumer interests. Rights and remedies that consumers are entitled to, on the one hand, and rules banning illicit commercial practices, on the other hand, define the commercial playing field, but without

¹⁰ The latest Flash Eurobarometer 397 on 'Consumer attitudes towards cross-border trade and consumer protection' was conducted using telephone interviews (fixed-line and mobile phone), in March-April 2014, among respondents who were at least 15 years old in the 28 EU Member States, Iceland and Norway. The sample size was around 1000 respondents per country (around 500 interviews were conducted in Cyprus, Iceland, Luxembourg and Malta). The sampling and the weighting procedures were designed to ensure sample representativeness. At a 95% confidence level, the maximum margin of error is +/-3.1% for sample sizes of 1000 respondents. The slight differences (of up to 1 percentage point) between the figures reported in the Scoreboard and those in the Eurobarometer report are due to rounding applied in the latter.

¹¹ The latest Flash Eurobarometer 396 on 'Retailers' attitudes towards cross-border trade and consumer protection' was conducted using telephone interviews, in March-April 2014, among companies employing 10 or more persons operating in the EU, Iceland and Norway. For technical reasons, micro enterprises (with 1–9 employees) are not covered by these surveys. The sample size of the survey was around 400 enterprises per country (150 in Cyprus, Luxembourg, Iceland and Malta). The sampling and the weighting procedures were designed to ensure sample representativeness. At a 95% confidence level, the maximum margin of error for sample sizes of 400 respondents is +/- 4.9%. The slight differences (of up to 1 percentage point) between the figures reported in the Scoreboard and those in the Eurobarometer report are due to rounding applied in the latter.

knowledge of these rules by the different parties and confidence that they are being properly enforced, it becomes difficult to play the game correctly. The knowledge and trust dimension includes questions assessing the extent to which consumers and retailers are aware of key consumer rights, their perceptions of safety and environmental claims of products offered in the market, and — in the case of consumers — their trust both in organisations responsible for the protection and/or respect of consumer rights and in redress mechanisms.

1.1 Knowledge of consumer rights and legislation

The Scoreboard data consistently show that large proportions of consumers and retailers are not aware of some key consumer rights guaranteed by EU legislation. In spring 2014, the Commission launched the Consumer Rights Awareness Campaign¹², which informs both consumers and traders about some key EU-wide consumer rights and points them to relevant sources of advice and help. In addition, ‘Consumer Classroom’¹³ — an interactive community site for teachers launched in 2013 — aims to promote and improve the quality of consumer education in secondary schools.

Consumers' knowledge of some of their basic rights remains low

In the EU as a whole, only 9% of respondents were able to answer all three of the questions on their rights related to unsolicited products, faulty product guarantees and distance purchase cooling-off periods.

Consumers should know what to do when they receive **unsolicited products** (inertia selling) in order to minimise the risk of incurring financial losses¹⁴. Yet, only 33% of them (an increase of 2 percentage points since 2012) are aware that they do not have to pay the invoice or return, for example, DVDs that they receive without ordering.

Knowledge of **legal guarantees** is slightly higher, with 41% of respondents stating correctly that they have the right to a free repair or replacement if a new electronic product breaks down without any fault on their part 18 months after the purchase¹⁵. A quarter stated incorrectly that this right depends on the product.

The **distance purchase cooling-off period** is the best-known right, although even here just over half of the respondents (56%) correctly answered that they can send back an electronic

¹² http://ec.europa.eu/justice/newsroom/consumer-marketing/events/140317_en.htm

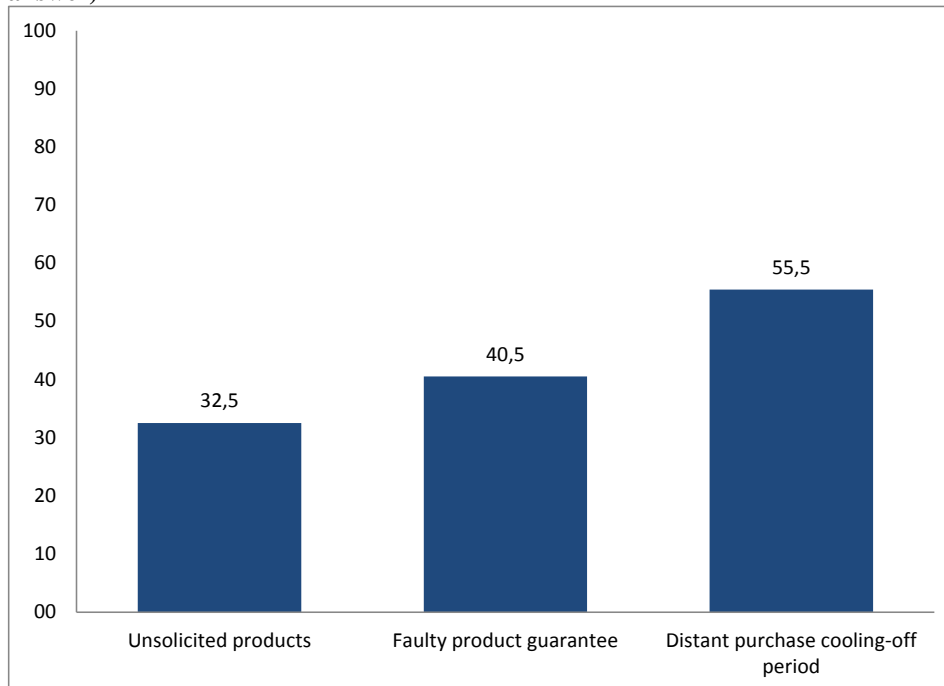
¹³ <http://www.consumerclassroom.eu/>

¹⁴ Inertia selling is banned under the Unfair Commercial Practices Directive (2005/29/EC) while the Consumer Rights Directive (2011/83/EC) – and before that the Distance Selling Directive (1997/7/EC) – exempts the consumer from having to provide any consideration in cases of unsolicited supply; the absence of a response from the consumer does not constitute consent.

¹⁵ Under the Directive on the sale of consumer goods and associated guarantees (1999/44/EC), consumers are entitled to a free repair or replacement of defective goods, if a defect becomes apparent through no fault of their own within a period of at least 2 years from delivery. If repair or replacement is not possible or reasonable, consumers may request a refund. If the purchased item becomes defective within 6 months or if, within this period, the performance of the purchased item is not what the consumer might reasonably expect of it, it is assumed that the lack of conformity already existed at the time of purchase. If the defect becomes apparent between 6 and 24 months after purchase, it is the responsibility of the consumer to show that the defect or fault already existed at the time they purchased the item.

product ordered by post, phone or the Internet four days after its delivery and get their money back¹⁶. Again, a quarter of respondents stated incorrectly that this depends on the product.

Figure 3: Consumers' knowledge of relevant legislation, EU28, 2014 (% of consumers who gave a correct answer)

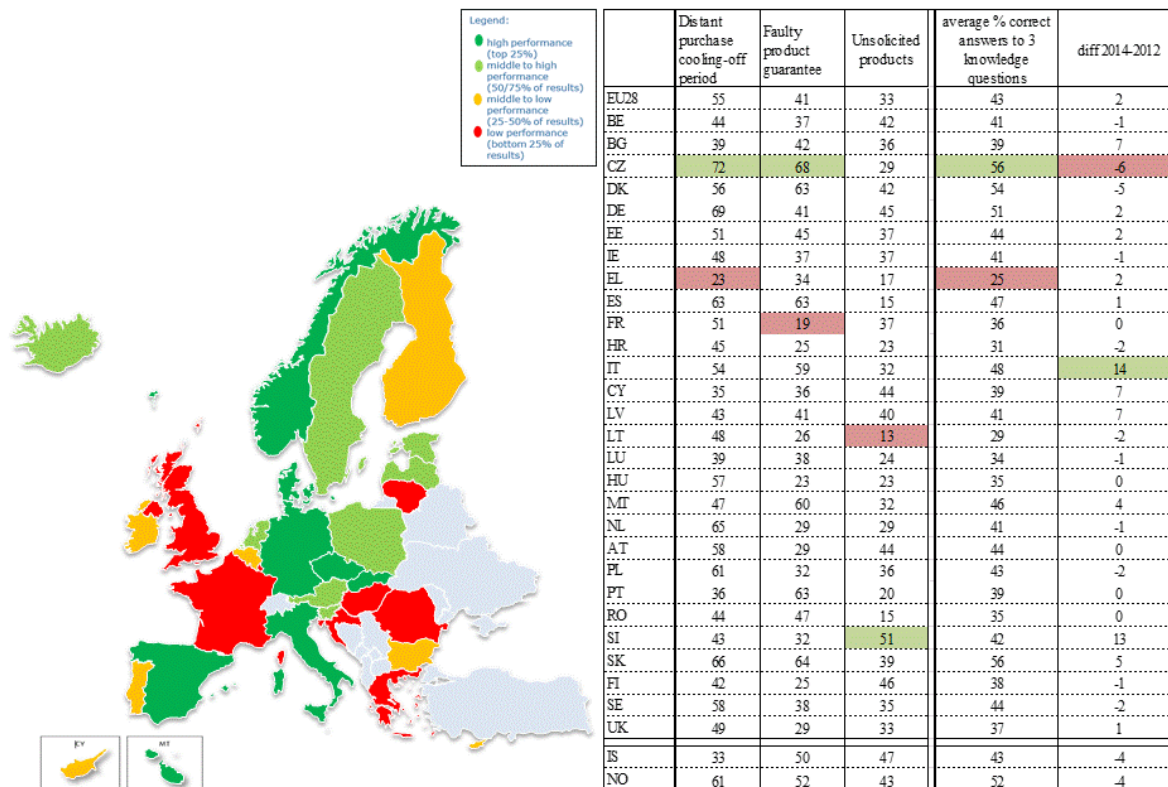


Source: Flash Eurobarometer 397, base: all respondents (n=26 590)

Looking at the average of correct answers to the three questions, the highest levels of knowledge are found in the Czech Republic, Slovakia (both 56%) and Denmark (54%), compared to 25% in Greece, 29% in Lithuania and 31% in Croatia. There is high variance in country scores for the questions on faulty product guarantees and the distance purchase cooling-off period. Awareness of the right to a cooling-off period in distance purchases is particularly low in Greece, which scores 12 percentage points lower than the second lowest result (Cyprus). With only 19% of correct answers (compared to 68% in the Czech Republic), France scores lowest on the question about faulty product guarantees.

¹⁶ The right to return the product in distance purchases (within 14 days after its delivery) is guaranteed by the Consumer Rights Directive (2011/83/EC). Before its entry into force, the right to return (within at least 7 days) was contained in the Distance Selling Directive (Directive 1997/7/EC), which is now repealed. The consumer has the right to withdraw from the purchase without giving any reason and may use a standard withdrawal form. When a seller hasn't clearly informed the consumer about the right to withdraw, the return period will be extended with a year. Traders must refund consumers within 14 days of withdrawal, including standard delivery costs. For goods, with regard to sales contracts, unless the trader has offered to collect the goods himself, the reimbursement can be postponed until these goods are returned or the consumer provides evidence that they have been sent to the trader. Traders wanting consumers to pay for the return of goods must clearly inform them beforehand.

Figure 4: Consumers' knowledge of relevant legislation, country results, 2014¹⁷



Source: Flash Eurobarometer 397, base: all respondents (n=26 590)

Age is the most influential socio-demographic characteristic defining the level of consumer knowledge. Awareness of consumer rights increases with age, except for the oldest group of respondents (over 64 years old). Gender, language skills and internet usage also play a role. Female respondents and those who only know one language tend to be less knowledgeable about consumer rights. Daily internet use, on the other hand, has a positive impact.

Retailers are not always aware of their legal obligations towards consumers

Among retailers, the percentage of correct answers to the question on **legal guarantees** was even lower than among consumers. Only a third of retailers (33 %) know that the consumer is entitled to free repair or replacement of a new durable good that breaks down without any fault on his or her part 18 months after the purchase¹⁸. Almost a fifth (18 %) incorrectly said that the consumer is not entitled to free repair or replacement, while 42 % said that it depends on the product. The Commission's ongoing in-depth study on legal and commercial guarantees looks further into whether sellers and producers are aware of and comply with the requirements of relevant EU and national legislation, the extent to which consumers are aware and make use of their rights, the nature and prevalence of problems consumers encounter

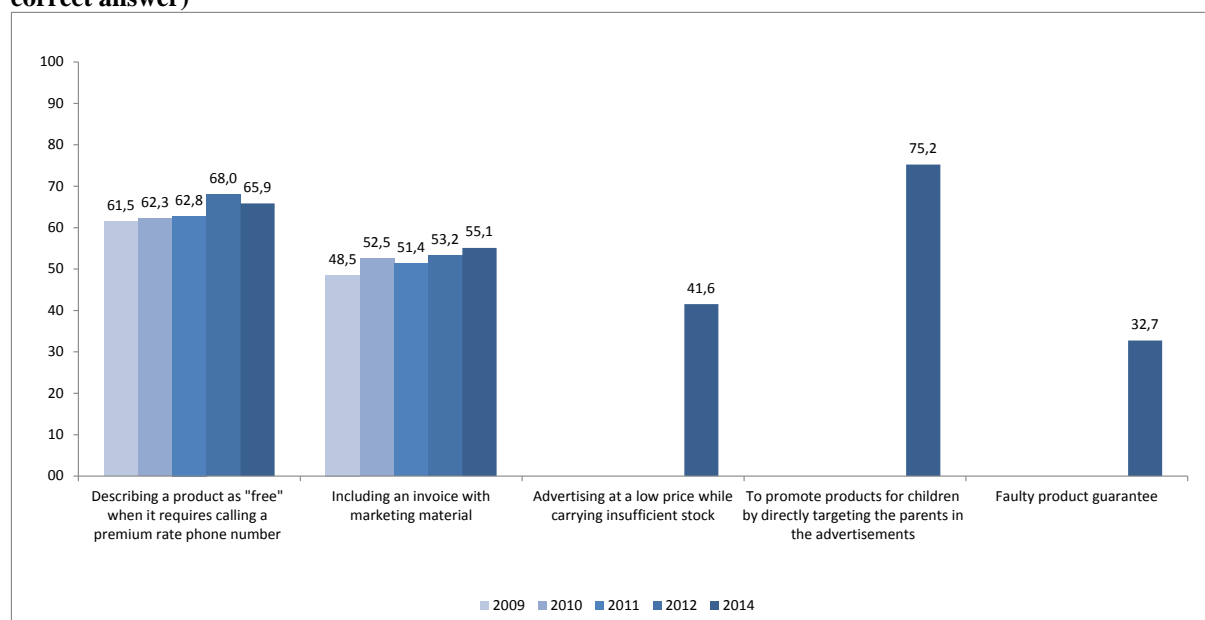
¹⁷ The 2014-2012 difference has been calculated on the basis of questions formulated in the same way in the two waves (i.e. question on unsolicited products). The colours in this and the following country charts indicate the quartile that each country falls into (dark green represents the best results, and red the worst, with light green and orange falling in between).

¹⁸ See footnote 15.

when executing their rights, the way both legal and commercial guarantees are communicated to consumers and whether the latter bring any benefits in practice. The results of the study will feed into the assessment of the Consumer Sales and Guarantees Directive that will be carried out in the course of the fitness check exercise.¹⁹

Retailers appear to be more knowledgeable about **unfair commercial practices**²⁰, with the majority of them correctly identifying three out of four commercial practices as prohibited or not. Of the four practices tested, retailers were most likely to know that it is not prohibited to promote products for children by directly targeting parents in advertisements (75%). Two thirds knew that it is prohibited to describe a product as free if it is only available by calling a premium rate number (66%). This is a slight decrease since 2012, but the overall knowledge that this practice is prohibited remains above the 2009 level. Just over half (55%) of retailers correctly stated that it is prohibited to include an invoice or similar document seeking payment in marketing material. The proportion of correct answers to this question has been steadily increasing since 2011. On the other hand, only four in ten retailers (42%) know that it is prohibited to run a campaign for a product at a low price while carrying insufficient stock.

Figure 5: Retailers' knowledge of consumer legislation, EU28, 2009-2014 (% of retailers who gave a correct answer)



Source: Flash Eurobarometer 396, base: all respondents (n=10 457) – data for 2009-2012 refer to EU27.

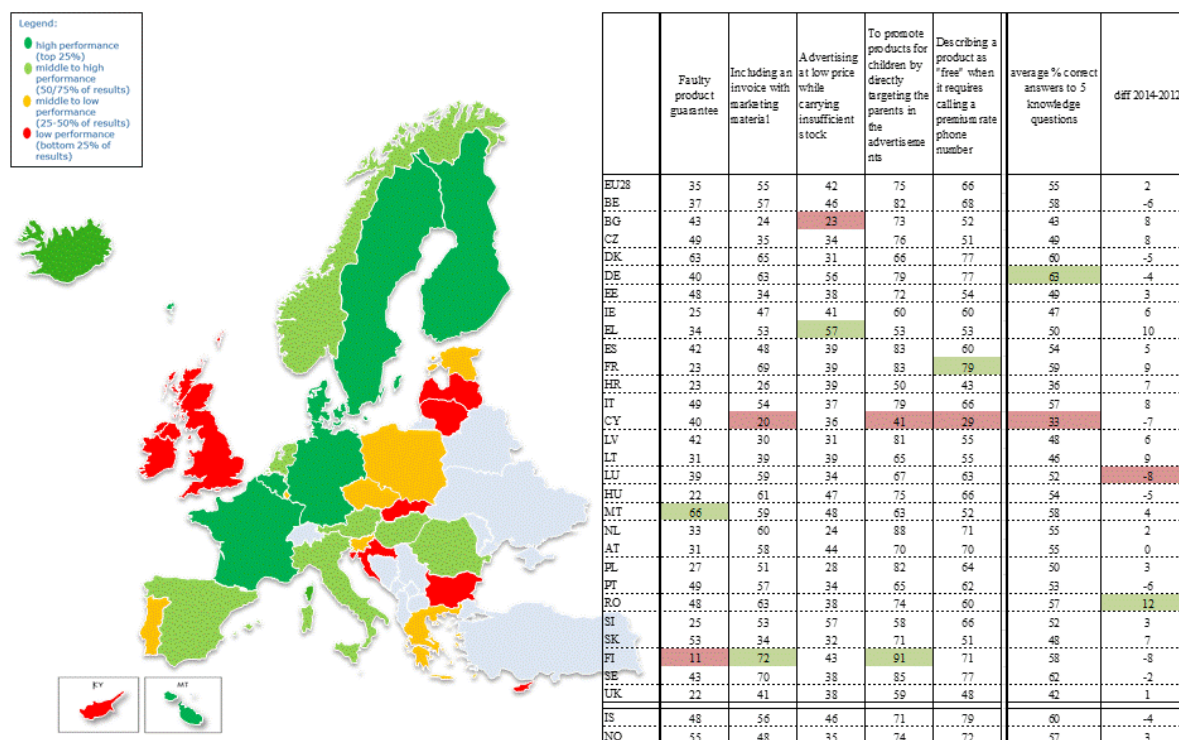
The average of retailers' correct answers is highest in Germany (63%), Sweden (62%) and Denmark (60%), and lowest in Cyprus (33%), Croatia (36%) and the UK (42%). However, the ranking of countries differs depending on the question. For instance, Finnish retailers give the highest proportion of correct answers to the questions on seeking payment in marketing material (72%) and promotion of products for children (91%), but at the same time appear to be the least knowledgeable on consumer guarantee rights (11%). Conversely, the highest proportion of correct answers to the question on faulty product guarantee can be found in Malta (66%), while this country is amongst the lowest in terms of correct answers to the

¹⁹ Fitness check of the Unfair Contract Terms Directive, Consumer Sales and Guarantees Directive and Unfair Commercial Practice Directive was announced in the Commission Work Programme 2015.

²⁰ Directive 2005/29/EC on unfair commercial practices.

questions on promotion of products for children (63 %) and the use of premium rate phone numbers (52 %).

Figure 6: Retailers' knowledge of consumer legislation, country results, 2014²¹



Source: Flash Eurobarometer 396, base: all respondents (n=10 457)

There is a modest positive correlation (0.35) between consumers' and retailers' knowledge of consumer rights at country level, despite some notable exceptions. For instance, the Czech Republic and Slovakia rank the highest in the EU on consumers' knowledge but below the EU average on retailers' knowledge. The opposite is true in France, which ranks among the top countries on retailers' knowledge and among the bottom countries on consumers' knowledge.

1.2 Trust in organisations

Consumers' confidence that their rights are respected and protected differs widely across the EU

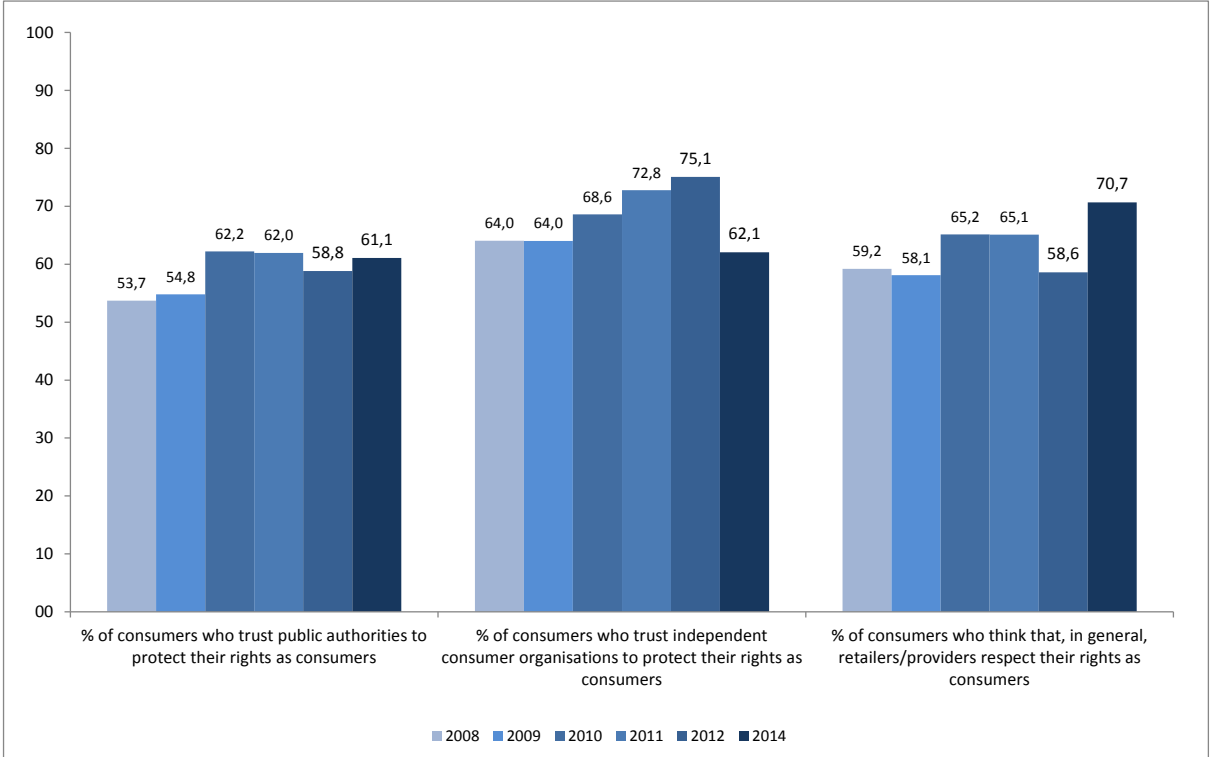
Consumer confidence in the organisations responsible for the protection and/or respect of consumer rights (such as public authorities, retailers and non-governmental consumer organisations) is very important, since a lack of trust may reduce consumers' willingness to engage actively in the market.

²¹ The 2014-2012 difference has been calculated on the basis of questions formulated in the same way in the two waves (i.e. seeking payment in marketing material and use of premium rate phone numbers).

Seven out of ten respondents (71%) are confident that **retailers and service providers** respect their rights as consumers. Confidence that retailers and providers respect consumer rights is at its highest level since the start of the survey, 12 percentage points higher compared with 2008 and the last survey in 2012.

Six out of ten consumers trust **non-governmental consumer organisations** (62%) and **public authorities** (61%) to protect their rights as a consumer. However, trust in non-governmental consumer organisations has declined significantly since 2012 (-13 points), reversing the trend of increasing trust in the period 2009-2012. Trust in public authorities has increased slightly since 2012 (+2), but there has been relatively little variation since 2010.

Figure 7: Consumers’ trust in organisations, EU28 results, 2008-2014 (% of consumers who strongly agree or agree)

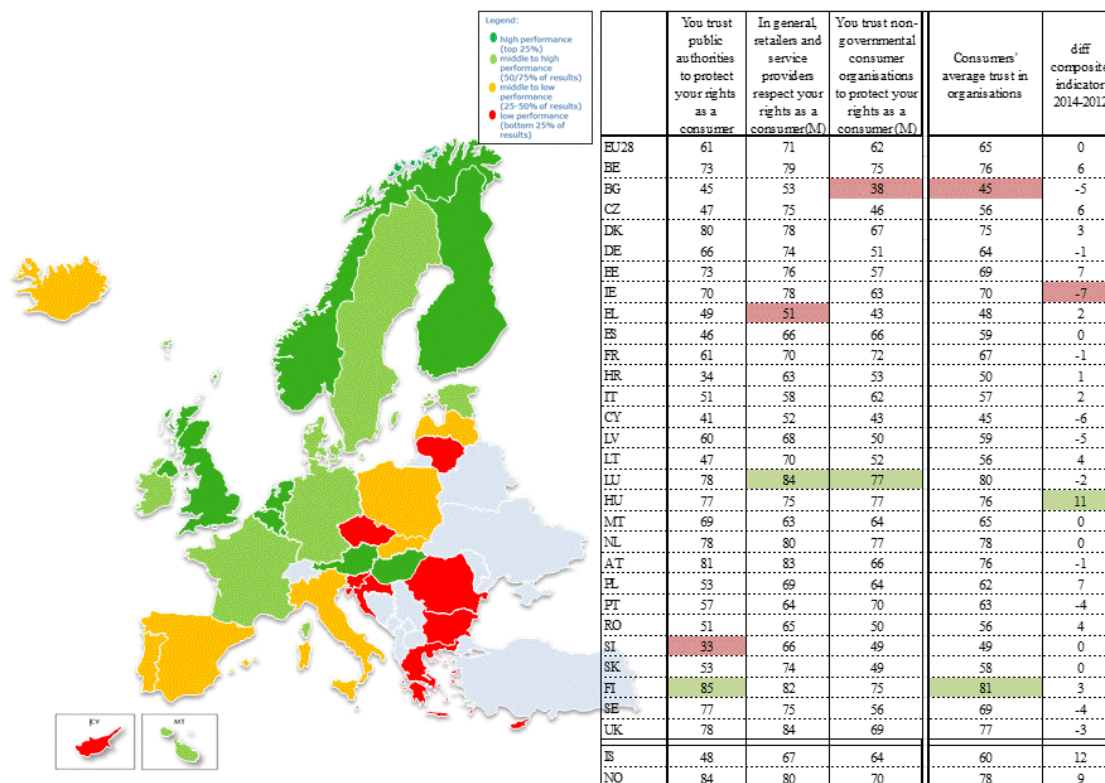


Source: Flash Eurobarometer 397: How strongly do you agree or disagree with each of the following statements. In (OUR COUNTRY)... base: all respondents (n=26 590) – data for 2008-2012 refer to EU27.

The average level of trust in the three entities ranges from 81% in Finland, 80% in Luxembourg and 78% in the Netherlands to less than 50% in Bulgaria, Cyprus (both 45%), Greece (48%) and Slovenia (49%). Figure 8 shows a clear north-west versus south-east divide in Europe, suggesting that trust is linked to economic performance of the countries. Trust in organisations shows also a high correlation with the World Bank Governance Indicators²², and more specifically with the indicators on ‘regulatory quality’, ‘rule of law’ and ‘voice and accountability’. This suggests that governments can play an important role in building consumer trust. This notion is also supported by the high (0.73) correlation between trust in organisations and the ‘compliance and enforcement’ dimension of consumer conditions (presented in chapter III.2).

²² <http://info.worldbank.org/governance/wgi/index.aspx#home>

Figure 8: Consumers' trust in organisations, country results, 2014



1

Source: Flash Eurobarometer 397: How strongly do you agree or disagree with each of the following statements. In (OUR COUNTRY)... base: all respondents (n=26 590)

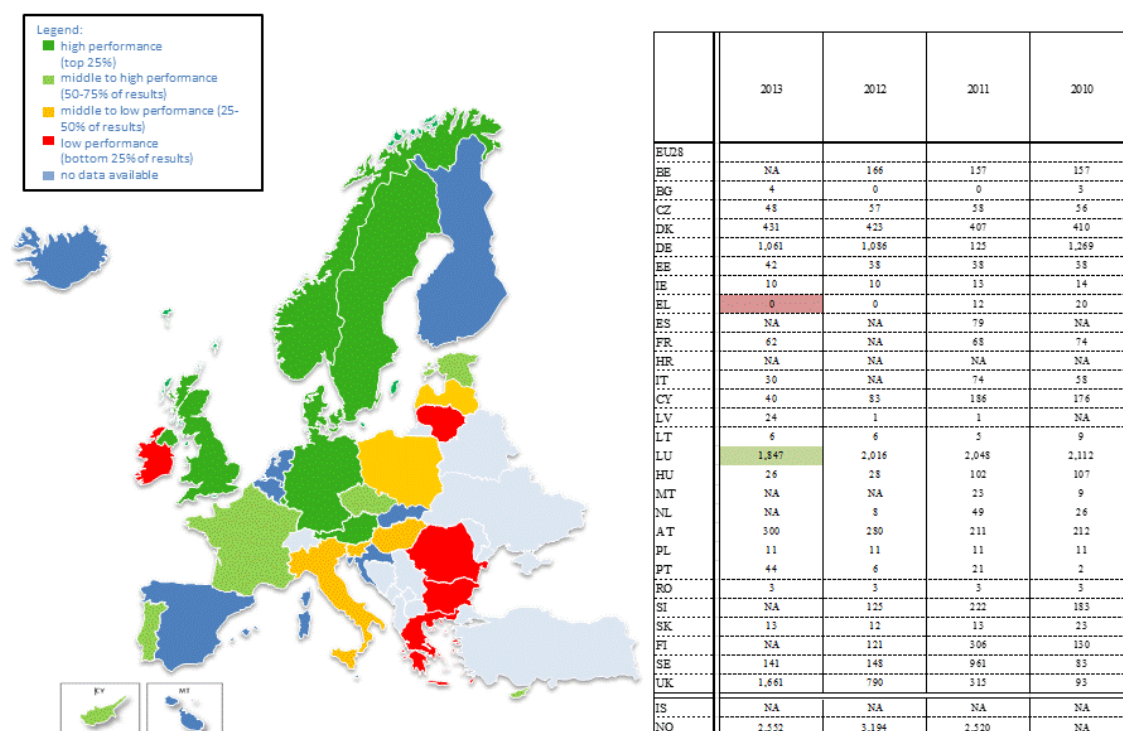
Trust in organisations is linked to consumers' financial situation

Financial situation appears to have the greatest impact on consumers' trust in organisations, with better-off respondents also being more confident that their rights are protected and respected. Trust in organisations is also higher among those using the Internet on a daily basis. Somewhat counterintuitively, the level of trust in organisations tends to be lower among people who have better language skills.

Consumer NGOs receive little public funding in most countries

The available data indicate that public funding of consumer NGOs is modest in most European countries (in particular eastern and southern ones). The highest support is received by consumer organisations in Norway, Luxembourg, the UK and Germany, where public funding exceeds €1 000 per 1 000 inhabitants. At the other end of the scale, in Lithuania, Bulgaria and Romania this amount is lower than €10 per 1 000 inhabitants, while in Greece it has been suspended altogether. At the same time, public funding has been, on average, increasing over the years, at least for those countries where data have been regularly collected since 2010. However, there is no clear correlation between the level of public funding for consumer organisations and consumers' trust in these organisations in different countries.

Figure 9: National public funding of consumer organisations (in €per 1000 inhabitants)



1

Source: data collected from Consumer Policy Network members (countries in blue = no data available)

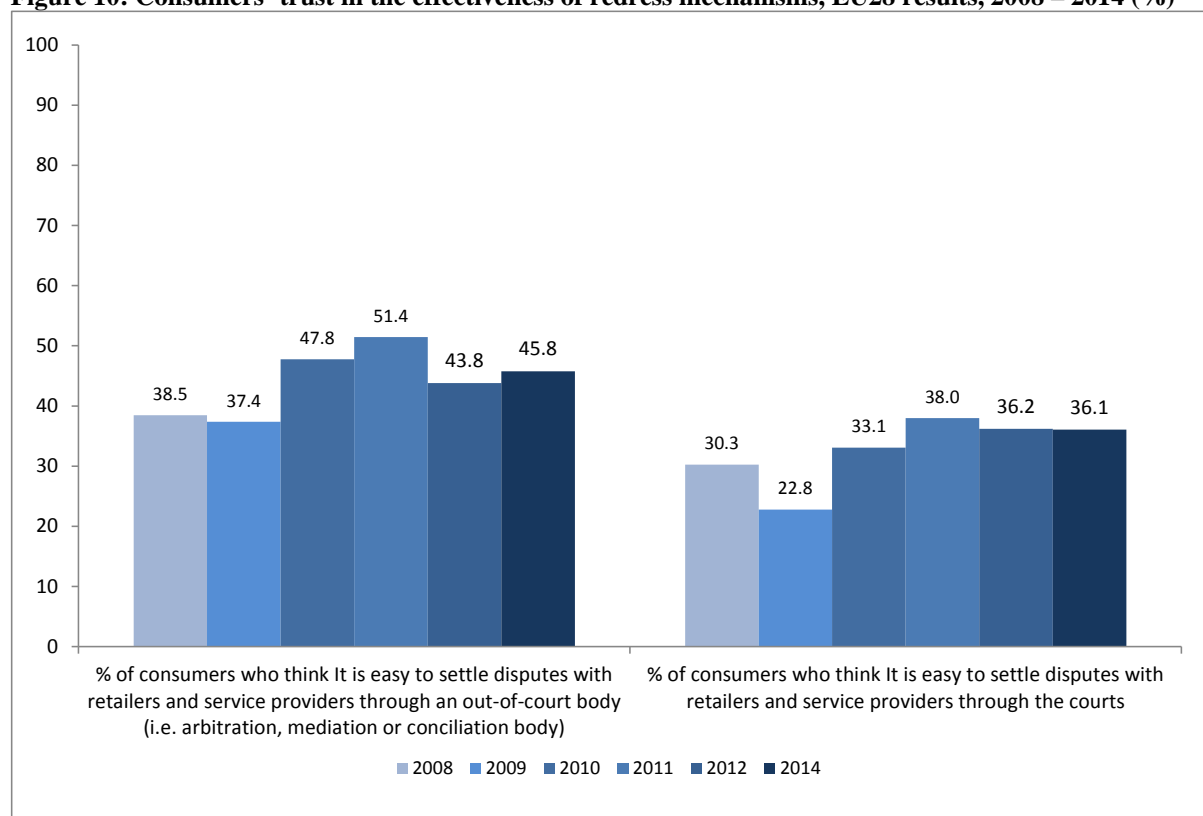
1.3 Trust in redress mechanisms

Consumers' trust in the effectiveness of redress mechanisms may have a bearing on their propensity to make use of these mechanisms when things go wrong.

Out-of-court bodies are trusted more than courts

Out-of-court bodies are consistently perceived as more effective than courts. However, trust in both avenues of redress is still rather low and no clear improvement has been seen since 2010. In 2014, less than half of consumers (46%) agreed that it is easy to settle disputes with retailers and service providers through out-of-court bodies, while 36% said the same about courts.

Figure 10: Consumers' trust in the effectiveness of redress mechanisms, EU28 results, 2008 – 2014 (%)



Source: Flash Eurobarometer 397: How strongly do you agree or disagree with each of the following statements. In (OUR COUNTRY)... base: all respondents (n=26 590) – data for 2008-2012 refer to EU27.

The perceived effectiveness of out-of-court procedures is expected to improve with the implementation of the Directive on consumer alternative dispute resolution (ADR)²³ and with the Regulation on online dispute resolution (ODR)²⁴ for consumers. The Directive obliges Member States to ensure (by January 2016) ADR coverage for nearly all contractual disputes between EU consumers and traders (with the exception notably of disputes in the fields of health and further and higher education)²⁵. The Regulation provides for the establishment of an EU-wide online dispute resolution platform (by 9 January 2016) for dealing with disputes between EU consumers and traders over online purchases. By facilitating quick, simple and low-cost out-of-court settlement between parties, ADR/ODR will benefit both consumers and traders and can also have a positive impact on the workload and general running of courts.

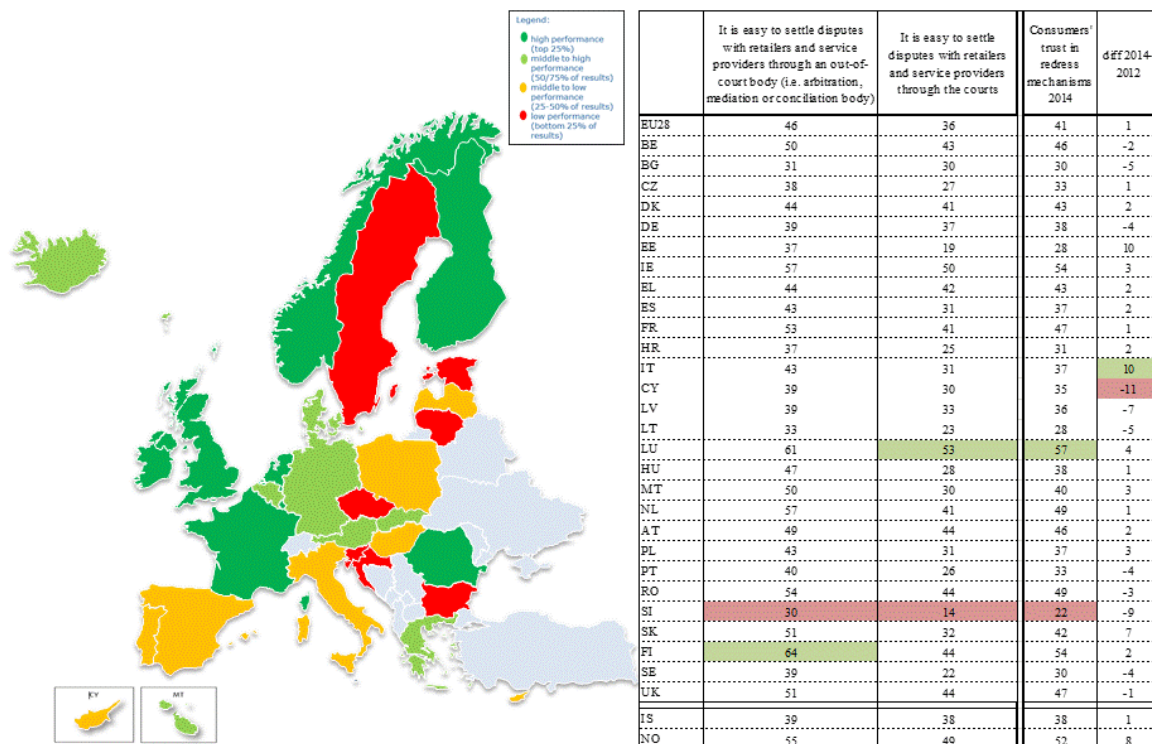
There are only moderate country differences in the perceived effectiveness of the two redress mechanisms (court proceedings and out-of-court proceedings). The average level of trust is the highest in Luxembourg (57%), Ireland and Finland (both 54%) and the lowest in Slovenia (22%), Estonia and Lithuania (both 28%).

²³ Directive 2013/11/EU of the European Parliament and of the Council on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC, OJ L 165, 18.6.2013 (Directive on consumer ADR), p. 63.

²⁴ Regulation (EU) No 524/2013 of the European Parliament and of the Council on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC, OJ L 165, 18.6.2013 (Regulation on consumer ODR), p. 1.

²⁵ The Directive foresees that Member States' competent authorities communicate their first list of ADR entities, complying with the Directive's quality requirements, by 9 January 2016.

Figure 11: Consumers' trust in the effectiveness of redress mechanisms, country results, 2014 (%)



1

Source: Flash Eurobarometer 397: How strongly do you agree or disagree with each of the following statements. In (OUR COUNTRY)...base: all respondents (n=26 590)

Trust in redress mechanisms tends to decline with age, and is also lower among female consumers and people with better language skills.

1.4 Trust in product safety

Product safety is vital for consumer confidence. This has important economic implications, since 75% of intra-EU trade is in goods, and non-food consumer products constitute a market worth €1 trillion. A new package of legislative proposals and non-legislative measures adopted by the Commission in 2013 aims to improve the safety and traceability of products sold to EU consumers and to strengthen market surveillance of products in the EU. The new rules are also expected to benefit businesses by abolishing the fragmentation of the internal market and reducing costs for companies that can operate in a more competitive single market.²⁶

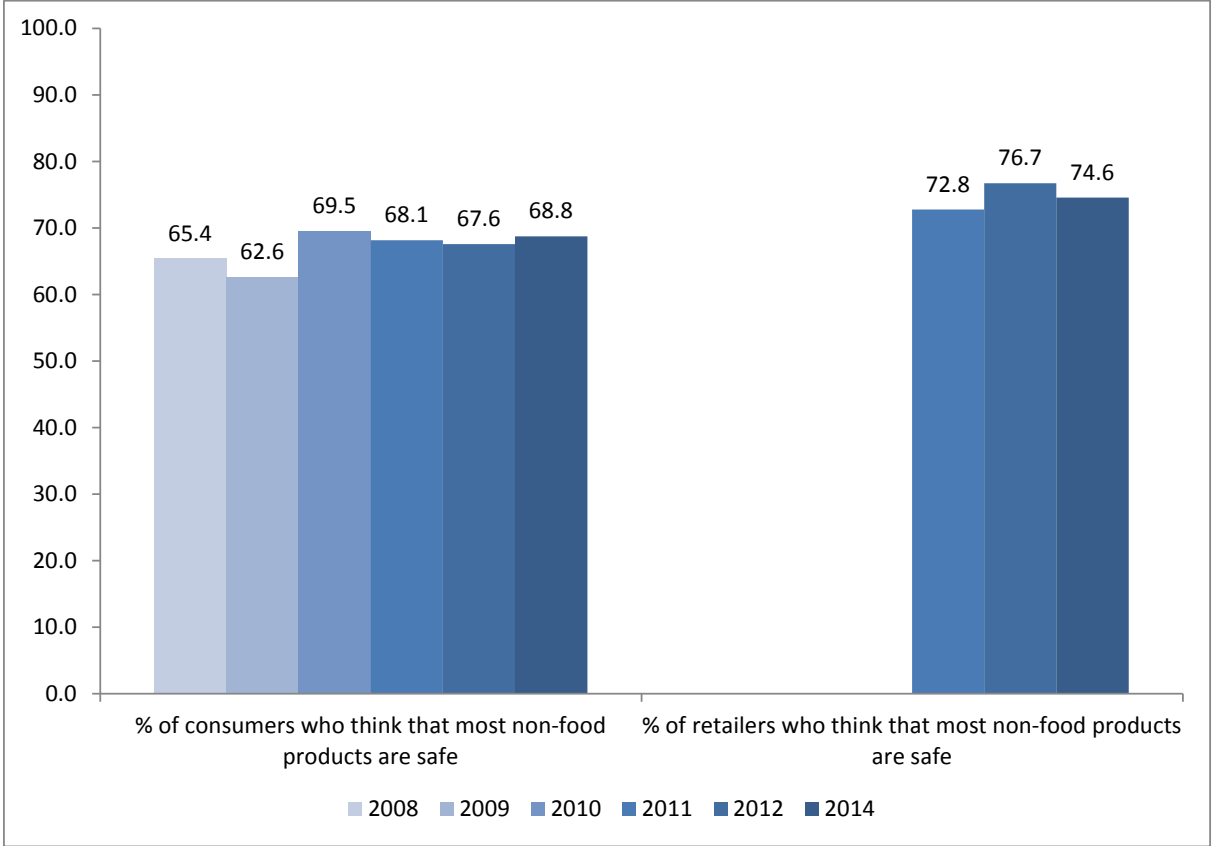
Retailers are more confident in the safety of products

Trust in product safety has been relatively stable over the years, with 69% of consumers in 2014 thinking that essentially all non-food products on the market are safe or that only a small

²⁶http://ec.europa.eu/consumers/consumers_safety/product_safety_legislation/product_safety_and_market_surveillance_package/index_en.htm

number of these products are unsafe. Retailers²⁷ have been consistently more optimistic in their assessments, with 75% sharing the same view in 2014. There is a clear link between perceptions about non-food product safety and the World Bank Governance Indicators on 'bureaucratic quality', 'rule of law' and 'voice and accountability' (correlations of 0.7-0.8), which could indicate that investing in enforcement of product safety contributes to consumer confidence.

Figure 12: Consumers' and retailers' perceptions about non-food product safety, EU-28, 2008-2014 (% of consumers and % of retailers that sell non-food products)



Source: Flash Eurobarometers 397 and 396: Thinking about all non-food products currently available in your market in (OUR COUNTRY), do you think that...? base: all respondents (n=26 590 and 5 169, respectively) – data for 2008-2012 refer to EU27.

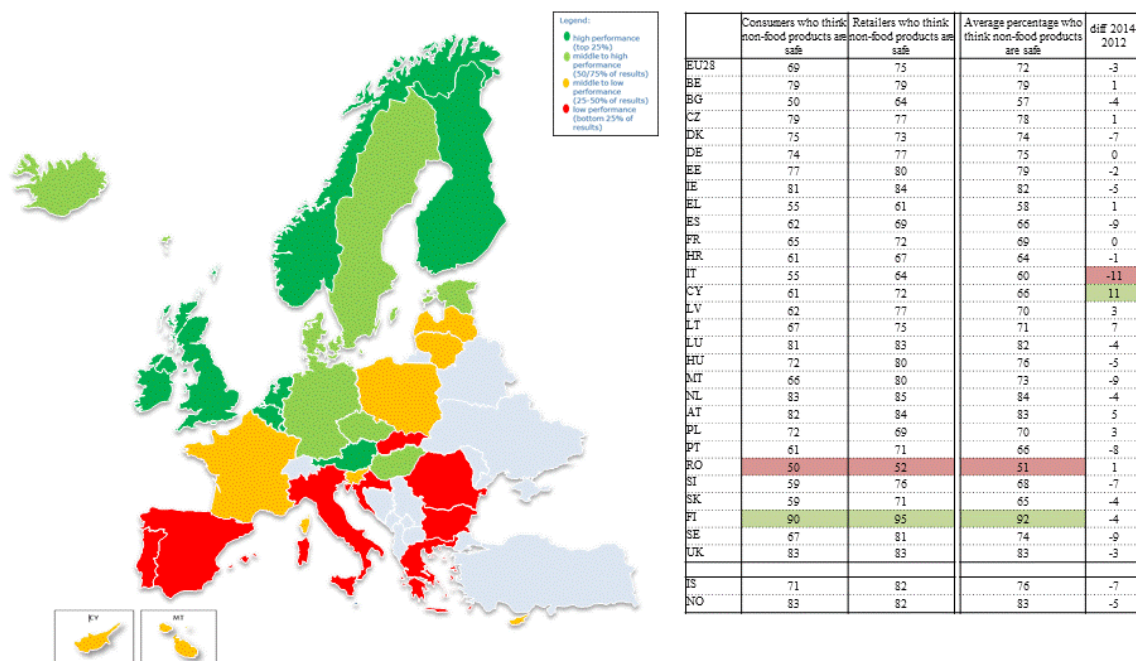
²⁷ This question was only put to retailers who sell non-food products.

Safety concerns are the highest in southern and eastern Europe

Respondents in Finland (90%), the UK, Norway and the Netherlands (all 83%) are the most likely to think that most non-food products are safe. Those in Romania, Bulgaria (both 50%), Greece and Italy (both 55%) are the least likely to share this opinion. On the business side, 95% of Finnish retailers think that most non-food products are safe, followed by the Netherlands (85%), Austria and Ireland (both 84%). The corresponding percentage is the lowest in Romania (52%), Greece (61%), Italy and Bulgaria (both 64%). In general, consumers and retailers in northern and western European countries tend to be more positive about product safety than those in the south and east of Europe.

There is a strong correlation (0.85) between the evaluations of retailers and consumers in different countries. Poland is the most notable exception. While Polish retailers are among the bottom five in the EU in terms of thinking that most products are safe, the percentage of consumers who think the same is above the EU average.

Figure 13: Consumers' and retailers' trust in non-food product safety, country results, 2014



Source: Flash Eurobarometer 397 and 396: Thinking about all non-food products currently on the market in (OUR COUNTRY), do you think that ...? base: all respondents (n=26 590 and 5 169, respectively)

Trust in product safety increases with financial situation

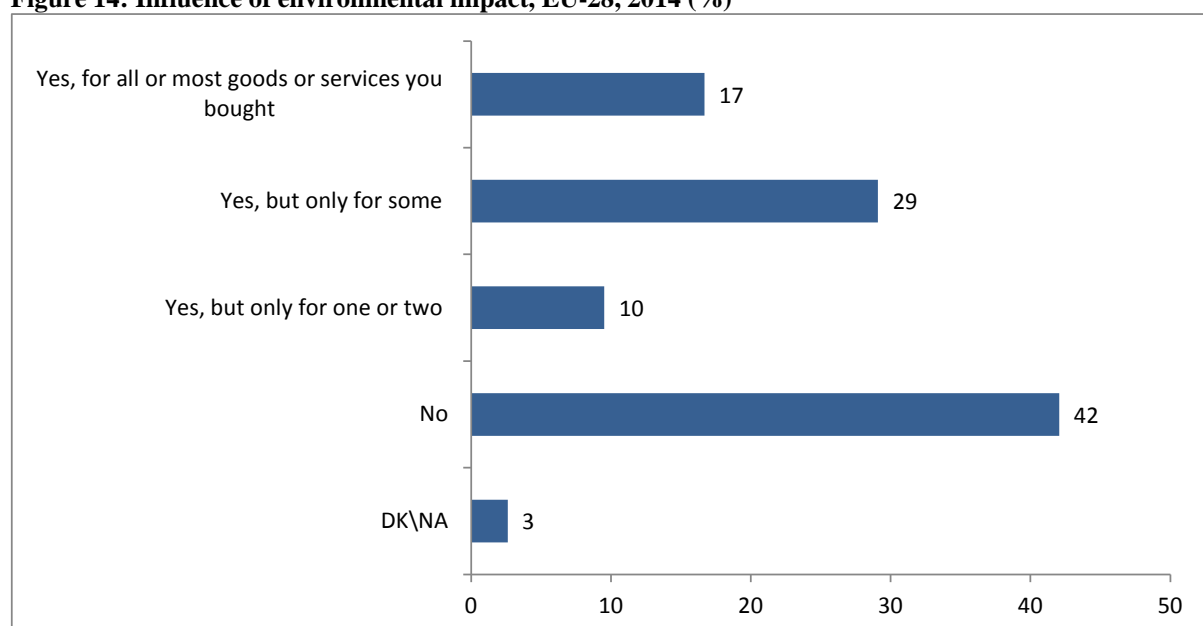
The results of the multivariate analysis suggest that consumers' financial situation has the biggest (positive) impact on their trust in product safety. This could be explained by the fact

that more affluent consumers are able to choose from a broader range of goods, including those of better quality and from well-recognised brands. Higher trust in product safety is also noted among daily internet users and male respondents. In addition, there is a high correlation (0.83) between consumers' trust in product safety and their general belief that their rights will be protected and respected.

1.5 Trust in environmental claims

Just over half of European consumers (55%) claim that the environmental impact of goods or services influences their purchasing decisions. Almost one in five (17%) say this is true for most of the goods and services they bought in the past week, 29% say this is true for some of their purchases, while 10% say this is true for only one or two purchases in the past week. Compared to 2012 the overall percentage has increased (41% in 2012)²⁸.

Figure 14: Influence of environmental impact, EU-28, 2014 (%)



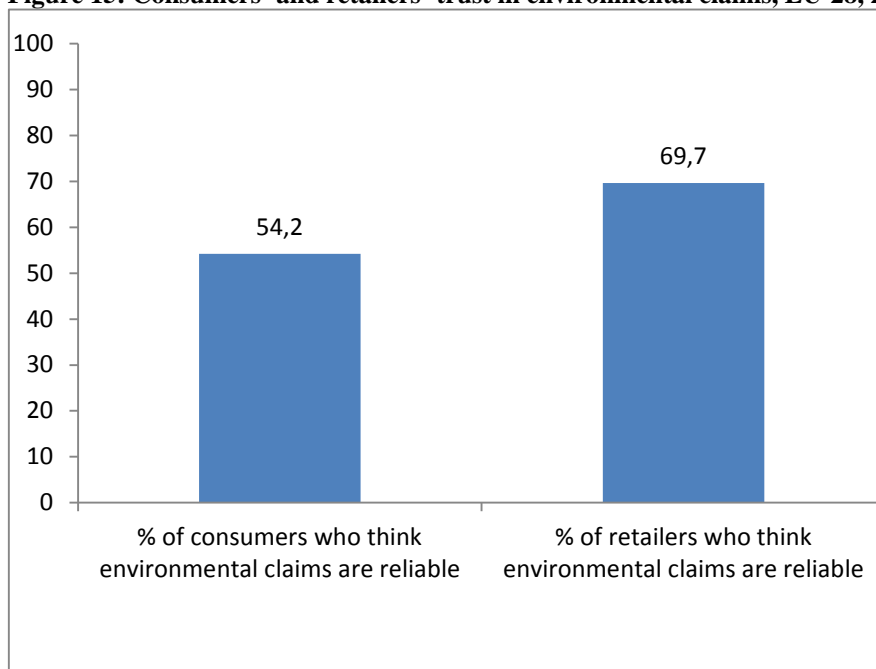
Source: Flash Eurobarometer 397: Considering everything you have bought during the last two weeks, did the environmental impact of any goods or services also influence your choice? base: all respondents (n= 26 590)

Consumers do not have much trust in environmental claims

Consumers' increasing environmental consciousness increases also the demand for clear, reliable and transparent information on the environmental impact of goods and services. The level of trust in environmental claims is significantly lower amongst consumers than amongst retailers. While just over a half of consumers (54%) think that most environmental claims made about goods or services in their country are reliable, the corresponding percentage among retailers is 70%.

²⁸ It should be noted, however, that the question in the 2014 survey has been slightly modified compared to 2012, when it referred to purchases in a two-week period and the only answer options were 'yes' and 'no'.

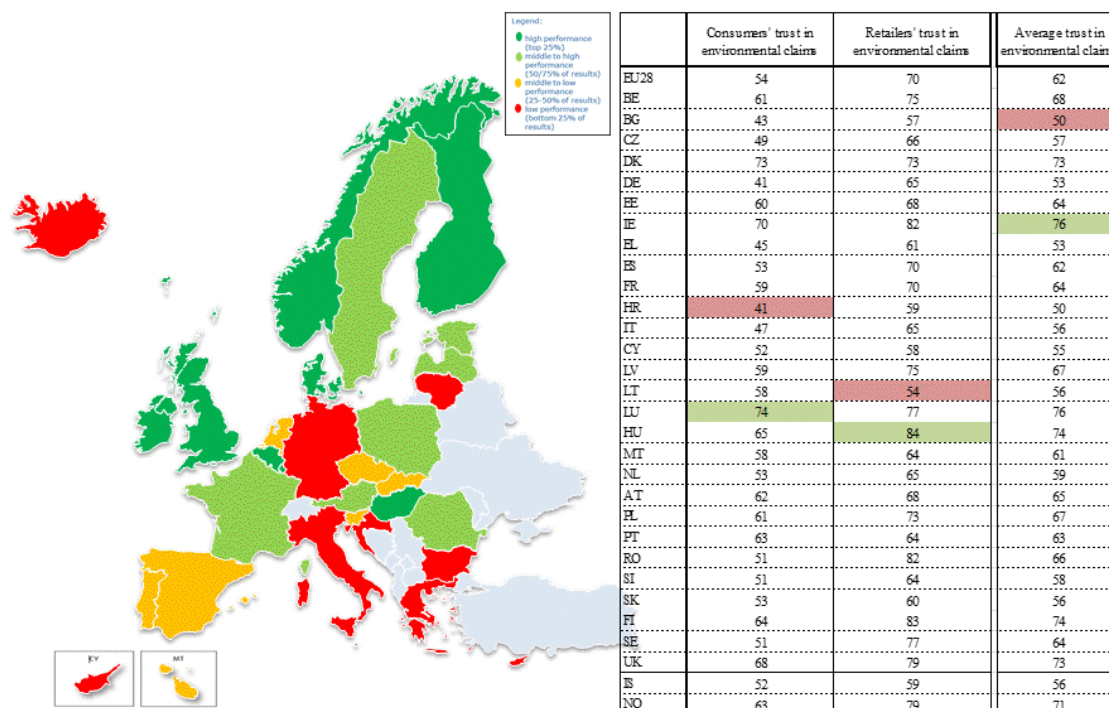
Figure 15: Consumers' and retailers' trust in environmental claims, EU-28, 2014 (%)



Source: Flash Eurobarometer 396: Please tell me whether you strongly agree, agree, disagree, or strongly disagree with the following statement: Most environmental claims about goods or services in your sector in (OUR COUNTRY) are reliable, base: all respondents (n=10 457); and Flash Eurobarometer 397: How strongly do you agree or disagree with each of the following statements? In (OUR COUNTRY) most environmental claims about goods or services are reliable. base: all respondents (n=26 590)

There is relatively little variance in country results. Highest consumer trust in environmental claims is found in Luxembourg (74%), Denmark (73%) and Ireland (70%), while consumers in Croatia (41%), Germany (41%) and Bulgaria (43%) have the least trust in such claims on products. Among retailers, trust in environmental claims is the highest in Hungary (84%), Finland (83%), Ireland and Romania (both 82%). Conversely, the lowest levels of trust are found in Lithuania (54%), Bulgaria (57%) and Cyprus (58%). While in general the assessments of consumers and retailers in different countries are broadly similar (with a correlation of 0.61), there are a few exceptions. Romania and Sweden have some of the highest levels of retailers' trust in environmental claims in the EU, while on the demand side this trust is below the EU average. Lithuania, on the contrary, is the only country where consumers have higher trust in environmental claims than retailers.

Figure 16: Consumers' and retailers' trust in environmental claims, country results, 2014 (%)



Source: Flash Eurobarometer 397: How strongly do you agree or disagree with each of the following statements? In (OUR COUNTRY) most environmental claims about goods or services are reliable, base: all respondents (n=26 590); and Flash Eurobarometer 396, Q12 Please tell me whether you strongly agree, agree, disagree, or strongly disagree with the following statement: Most environmental claims about goods or services in your sector in (OUR COUNTRY) are reliable, base: all respondents (n=10 457)

Financial situation influences consumers' evaluation of environmental claims

As in the case of trust in product safety, consumers who are better off, internet users and men have more trust in the reliability of environmental claims. There is also a positive correlation (0.75) with trust in the ability of organisations to protect and respect consumer rights.

Commission study points to need for stronger enforcement

The Commission has recently carried out an in-depth study into environmental claims for non-food products.²⁹ The study shows that consumers are confronted with many different types of environmental claims (logos, text messages, symbols, graphics, colours on packaging, advertising, offline and online) in various product markets. Three quarters (76%) of all the products assessed in shops contained an environmental claim, i.e. a message or suggestion that a product or its packaging has certain environmental benefits. The study also

²⁹ EU Consumer market study on environmental claims for non-food products, GfK on behalf of the European Commission. http://ec.europa.eu/consumers/consumer_evidence/market_studies/environmental_claims/index_en.htm

confirms that consumers have a low level of trust and understanding of green claims: 61 % of consumers state that they find it difficult to understand which products are truly environmentally friendly, and 44% indicate that they do not trust this type of information. Furthermore, consumers may find it difficult to grasp the meaning of environmental logos and distinguish between non-certified (self-declarations) and third party certified labels. The study also points to possible non-compliance with EU legal requirements, notably the Unfair Commercial Practices Directive, as many of the analysed claims used vague terms and did not meet legal requirements of accuracy and clarity. In addition, some claims seemed to contain untruthful statements. Given the wide diversity and the limited consumer understanding of environmental claims, coupled with the presence of misleading and unfounded green claims, European consumers are not always making informed purchasing choices, which hinders their contribution to green growth in Europe.

As a follow-up to the study, the Commission is working together with a multi-stakeholder group to provide appropriate guidance to national enforcers and businesses to tackle 'greenwashing' (the unfair use of misleading and unsubstantiated environmental claims on products) and to achieve better implementation and enforcement of the Unfair Commercial Practices Directive in this area. The outcomes from this process of dialogue on environmental claims will also feed into the Commission's work on the revision of the guidance document concerning the Unfair Commercial Practices Directive.

2. COMPLIANCE AND ENFORCEMENT

Effective enforcement of consumer and product safety legislation leads to greater trust and involvement of consumers in the marketplace. It is also important for improving the business environment, since it prevents distortions and provides a level playing field for companies across the Single Market. The 2015 Annual Growth Survey highlights the importance of 'effective enforcement of consumer legislation [which] can ... increase trust and create demand in the single market'.

At EU level, the Consumer Protection Cooperation Regulation³⁰ provides a framework for cross-border enforcement cooperation between national consumer protection authorities to ensure that consumer legislation is complied with across the Single Market. Under this framework, Member States' authorities are granted common minimum investigation and enforcement powers and work together to stop infringements committed by companies across borders.³¹ The current intention is to conclude the review of this Regulation in spring 2016, with a view to strengthening its effectiveness and adapting it to the needs of the Digital Single Market. In addition, the planned update of the guidance document on the application of the Unfair Commercial Practices Directive³² aims to further assist national enforcers and other stakeholders in applying the Directive, in particular in view of the emergence of new market practices. Finally, the Commission's ongoing study 'Measuring consumer detriment in the

³⁰ Regulation (EC) No 2006/2004.

³¹ In 2014, for example, the CPC network assisted by the Commission tackled the misleading marketing of online games as 'free', when in fact they included in-app offers, and the insufficient control of payment settings. This action resulted in a significant change of practices by major market players and was considered as an efficient and pragmatic model by the companies and national authorities. See more information at http://ec.europa.eu/justice/newsroom/consumer-marketing/news/1401222_en.htm

³² 2005/29/EC.

European Union' will assess the incidence and the magnitude of personal detriment to consumers (financial and non-financial) across key markets, caused *inter alia* by breaches of EU consumer protection legislation. The study is expected to produce a robust methodology for assessing consumer detriment in connection with the Commission's in-depth market studies and to contribute to priority-setting for consumer issues in enforcement work.

The extent of compliance with consumer regulations and their enforcement is assessed through consumers' and/or retailers' experiences with illicit commercial practices, perceived ease and cost of compliance with consumer regulations, and the role of different organisations in monitoring this compliance. This pillar shows a clear link with the World Bank governance indicators, including correlations of 0.7-0.8 with the 'rule of law', 'voice and accountability' and some 'regulatory quality' indicators.

Diversity of national enforcement systems for EU consumer protection legislation

Member States are responsible for effective enforcement of the laws establishing EU consumer rights. In line with their specific institutional traditions and legacies, the Member States have taken different approaches towards enforcement: consumer protection authorities may exercise their powers either under their own authority or under the supervision of the judicial authorities or by application to courts. A study³³ carried out on behalf of the Commission identified three main types of public enforcement systems that exist in the Member States:

- **Self-managed administrative proceedings:** the competent authority starts and conducts the investigation. On the basis of the outcome of the investigation, it can then adopt enforcement measures such as banning certain types of practices or imposing penalties. About half of the Member States rely primarily on public enforcement in the form of administrative proceedings, i.e. BG, CY, CZ, EE, FR, HU, IE, IT, LV, LT, MT, PL, PT, RO, SK, ES (although this does not preclude the parallel possibility of civil or criminal proceedings).
- **Civil proceedings:** the competent authority starts and conducts the investigation. On the basis of the outcome of the investigation, it can then request a civil court to issue an injunction or a 'cease and desist' order. Member States relying primarily on civil proceedings for public enforcement are BE, DK, EL, FI, HR, LU, SE and the UK (although this does not preclude the possibility of parallel administrative and criminal proceedings).
- **Criminal proceedings:** the competent authority starts and conducts the investigation and, where the infringement constitutes a criminal offence or where the trader refuses to comply with a previous court or administrative decision (e.g. a 'cease and desist' order), it refers the case to the prosecutor/investigating judge for action under criminal law. In BE, FR and the UK, the law on unfair commercial practices has traditionally been enforced through criminal proceedings. In AT, FI, HU, DK and SK criminal proceedings can be

³³ Study on enforcement of authorities' powers and national procedural rules in the application of Regulation (EC) No 2006/2004 on consumer protection cooperation by Grimaldi Studio Legale on behalf of the European Commission (to be published).

initiated in certain data protection cases and/or in cases related to deception and/or fraud respectively.

Finally, there are Member States (AT and DE) that primarily rely on private enforcement. In these countries it is up to the consumers (aided by voluntary or publicly funded consumer associations) to enforce their rights in national courts.

2.1. *Unfair commercial practices*

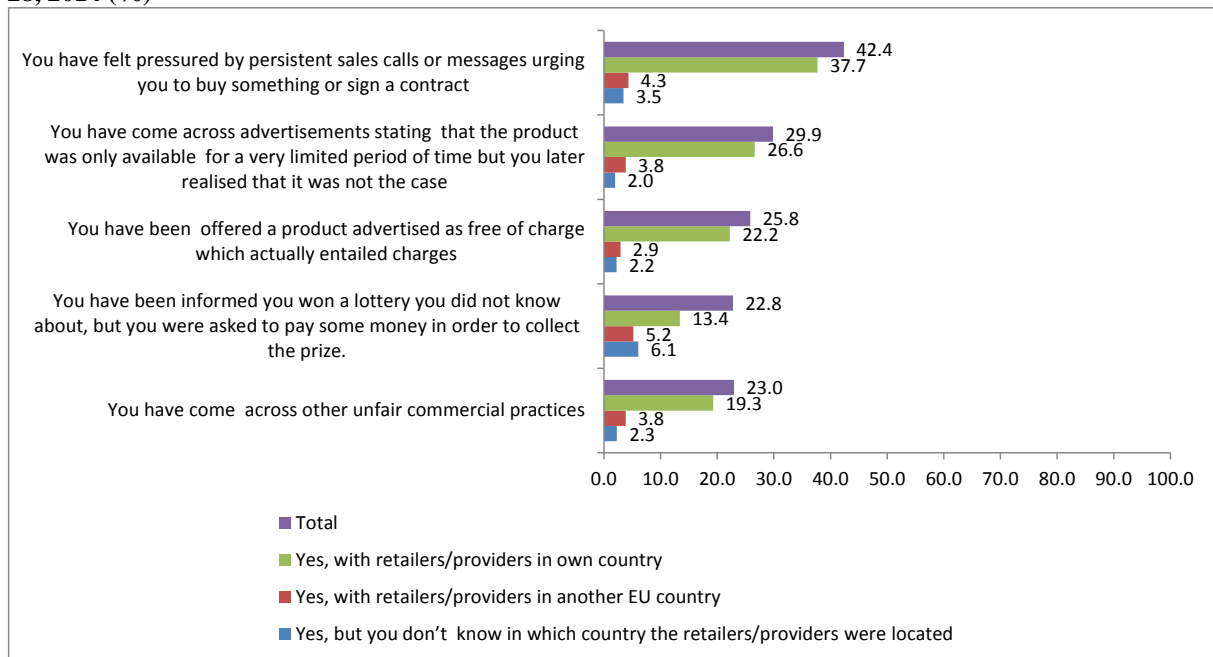
Both consumers and retailers were asked whether they had experienced a range of unfair commercial practices, falling within the scope of the Unfair Commercial Practices Directive, in the past 12 months.³⁴

Four in ten consumers feel pressured by persistent sales calls or messages

Consumers are most likely to say they have felt pressured by persistent sales calls or messages urging them to buy something or sign a contract (42%). Three in ten say they have come across advertisements claiming that a product was available for a limited time but then later realised this was not the case (30%), while 26% say they have been offered a product for free that actually entailed charges. Slightly less than a quarter of respondents say they have been informed they won a lottery they did not know about, but were asked to pay some money in order to collect the prize, or that they have come across other unfair commercial practices (both 23%).

³⁴ The examples of practices mentioned are as concrete as possible in order to be easily recognisable by respondents. In previous waves, both groups of respondents were asked two more general questions about 'misleading or deceptive' and 'fraudulent' practices.

Figure 17: Consumers' experiences with unfair commercial practices domestically and cross-border, EU-28, 2014 (%)

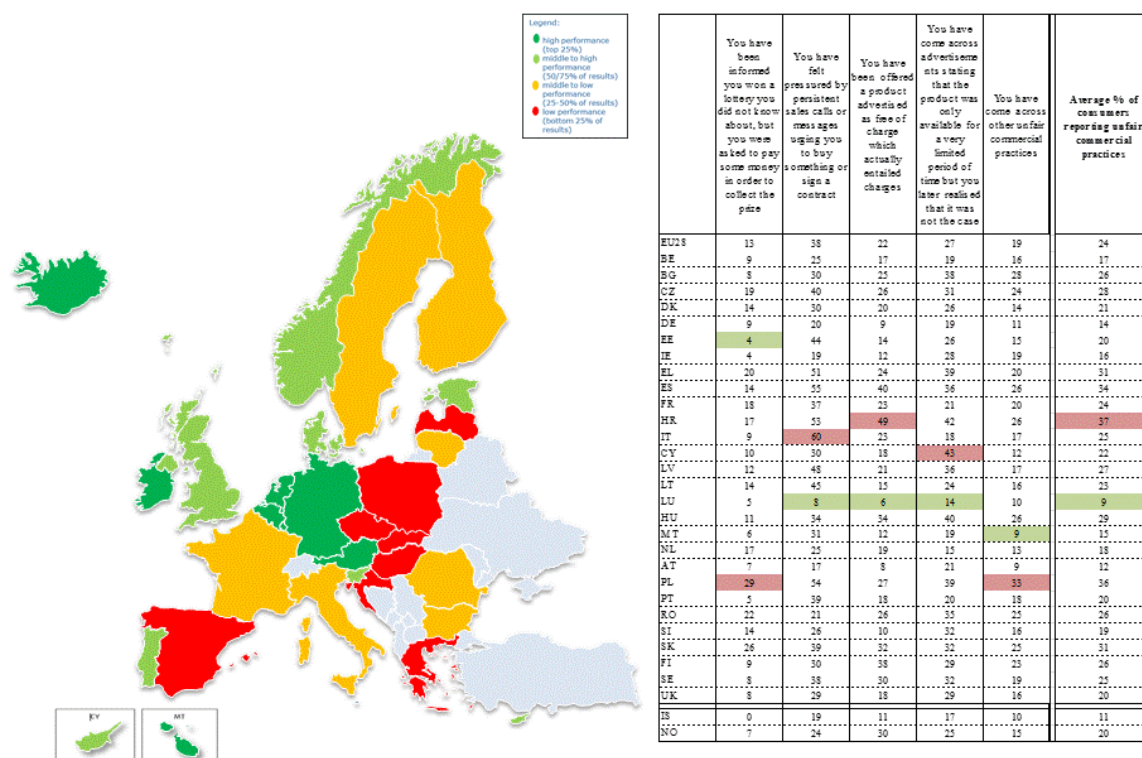


Source: Flash Eurobarometer 397: I will read you some statements about unfair commercial practices. After each one, please tell me whether you have experienced it during the last 12 months ...? base: all respondents (N=26 590)

Respondents are considerably more likely to come across all types of unfair commercial practices in their own country (24% on average) than in other EU countries (4% on average), while a further 3% (on average) of respondents are not sure where a retailer or provider is located. It should be noted, however, that a lower prevalence of unfair trading practices linked to cross-border shopping does not necessarily reflect better consumer conditions but is likely to be due to the fact that cross-border purchases are made considerably less frequently.

There is relatively little variance in country scores. The average proportion of consumers who have come across unfair commercial practices involving domestic retailers or providers ranges from 9% in Luxembourg, 12% in Austria and 14% in Germany to more than a third in Croatia (37%), Poland (36%) and Spain (34%).

Figure 18: Consumers' experiences with unfair commercial practices domestically, country results, 2014 (%)



Source: Flash Eurobarometer 397: I will read you some statements about unfair commercial practices. After each one, please tell me whether you have experienced it during the last 12 months ...? base: all respondents (N=26 590)

Some of the groups that could be *a priori* considered as more empowered (better-off consumers, daily Internet users, those in the middle age groups, respondents who comfortably use two or more languages for private communication, those living in small towns as well as men) are more likely to report unfair commercial practices. This may reflect the fact that these groups are also better able to detect unfair business behaviour and/or have more experience in market transactions due to higher spending power. Similar socio-demographic patterns have been found in other assessments of the extent of consumer problems (and resulting detriment) in the economy.³⁵

Half of retailers are aware of consumers being pressured with persistent calls or messages

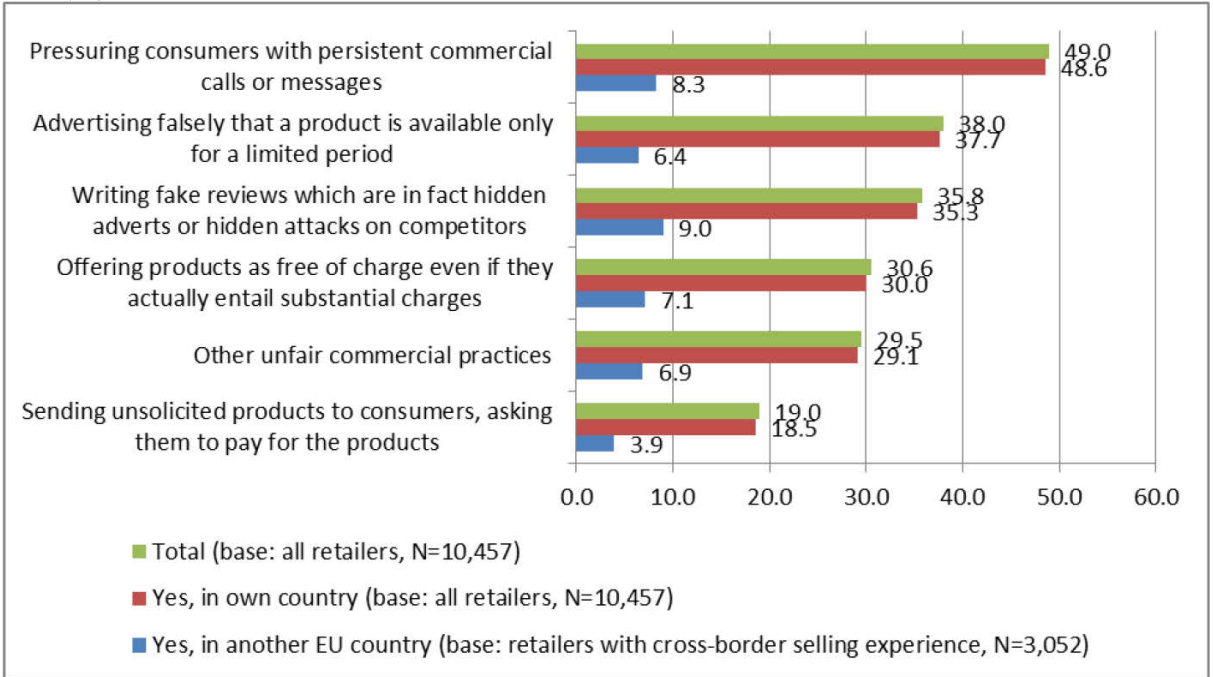
³⁵ Consumer detriment survey 2014, Ipsos MRBI on behalf of the Irish Competition and Consumer Protection Commission (2014), http://corporate.nca.ie/eng/Research_Zone/Consumer-Detriment-Survey-2014-Report.pdf
 Consumer engagement and detriment survey 2014, TNS for the UK Department for Business Innovation & Skills (2014), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/319043/bis-14-881-bis-consumer-detriment-survey.pdf
 Australian Government (2011) Australian consumer survey 2011, http://www.consumerlaw.gov.au/content/consumer_survey/downloads/Australian_Consumer_Survey_Report.pdf

On the business side, retailers are most likely to have come across competitors pressuring consumers with persistent commercial calls or messages (49%), while more than one third have come across competitors falsely advertising a product as being only available for a limited time (38%) or writing fake reviews that are hidden adverts or hidden attacks on competitors (35%). Three in ten have come across competitors offering products as free when in fact they entail substantial charges (30%), while 29% are aware of other unfair commercial practices. Almost one in five say they have come across competitors sending unsolicited products and then asking consumers to pay (18%).

Regarding the practices referred to in both consumer and retailer questionnaires, the hierarchy is similar in the two respondent groups, with persistent calls/messages topping the list, followed by false advertisements about limited-time offers and offering products as free even though they entail charges. However, the absolute percentages are higher among retailers, perhaps indicating that they are better able to detect unfair business behaviour. Interestingly, another pattern (i.e. retailers being more positive than consumers in their assessments) was seen with regard to product safety and environmental claims.

As is the case for consumers, retailers are more likely to come across all types of unfair commercial practices by competitors in their own country (33% on average) than in other EU countries (7%), although the gap is somewhat less pronounced. Fake reviews which are hidden adverts or hidden attacks on competitors are the most common unfair commercial practice reported by retailers selling in other EU countries (9%).

Figure 19: Retailers’ experiences with unfair commercial practices domestically and cross-border, EU28, 2014 (%)

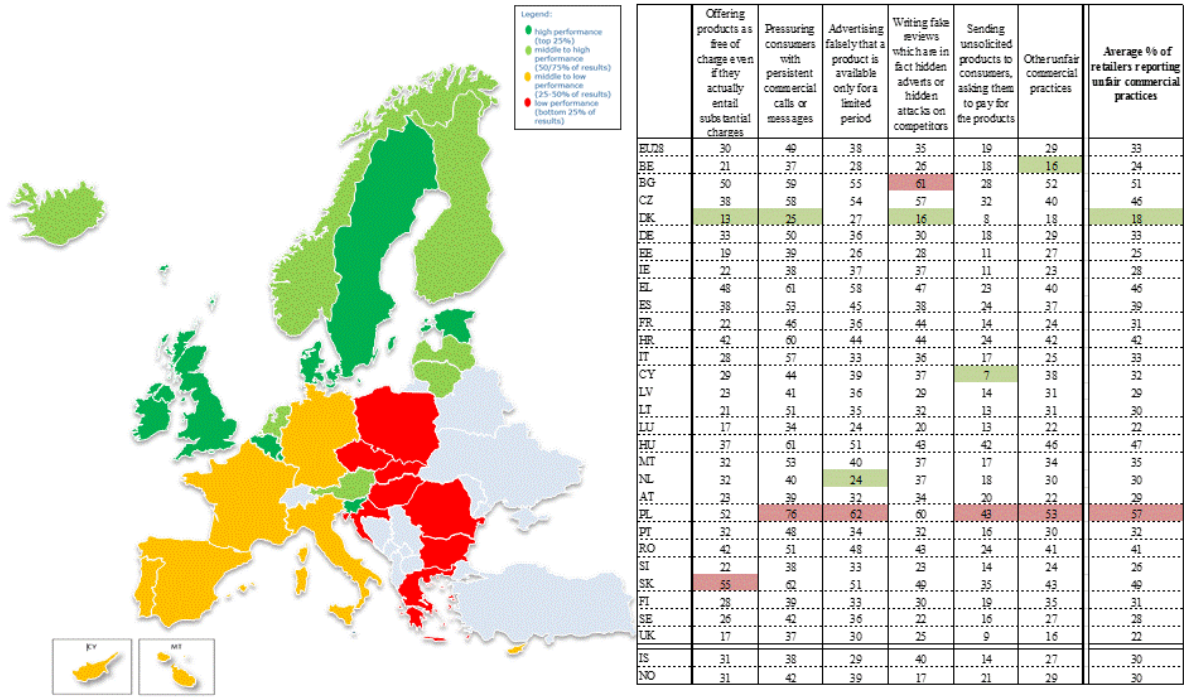


Source: Flash Eurobarometer 396: Please tell me if you have come across any of the following unfair commercial practices by your competitors in the last 12 months...?

The average proportion of retailers who have come across unfair commercial practices by their domestic competitors ranges from less than a fifth in Denmark (18%), Luxembourg and the UK (both 22%) to more than half in Poland (58%) and Bulgaria (51%). There is a high correlation (0.7) between the incidence of unfair commercial practices in different countries

as reported by consumers and retailers. But there are exceptions to this pattern. Germany and Malta are among the countries with the lowest prevalence of unfair practices in the EU, based on consumers' assessments, and a much worse performance in the retailers' eyes. The opposite is true in Sweden.

Figure 20: Retailers' experiences with unfair commercial practices domestically, country results, 2014 (%)



Source: Flash Eurobarometer 396: Please tell me if you have come across any of the following unfair commercial practices by your competitors in the last 12 months...? base: all retailers (N=10 457)

Small companies (with 10-49 employees) and retailers selling services are slightly more likely to report unfair commercial practices in their sector (both 34 %) than bigger companies and those selling goods. The latter finding is consistent with the Consumer Markets Scoreboards, which show that consumer trust in businesses to respect consumer protection rules is lower in services than in goods markets.

2.2 Other illicit commercial practices

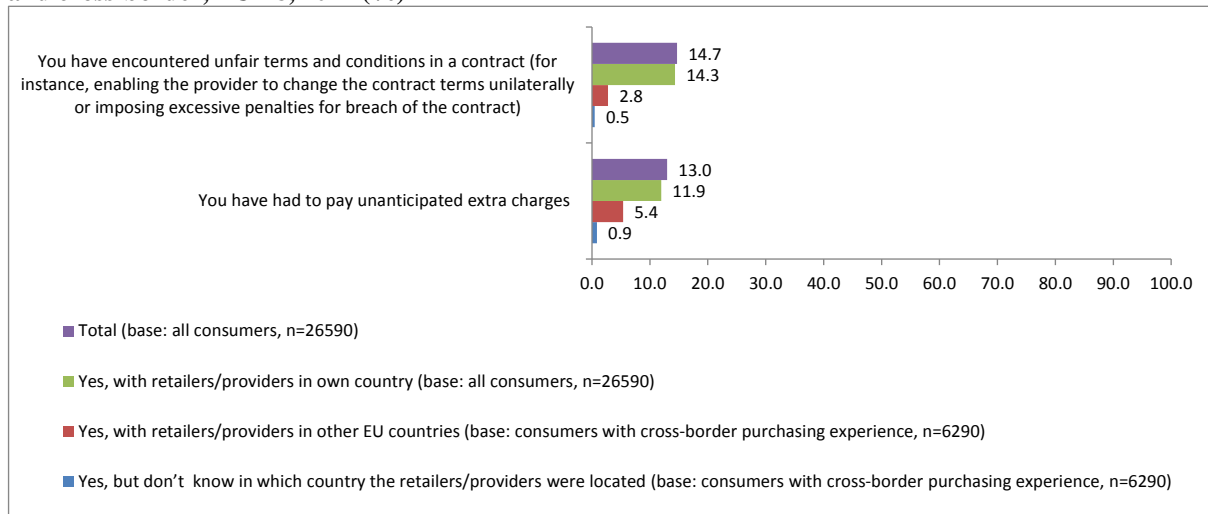
Consumers were further asked about their experience of other illicit commercial practices (banned under EU legislation), both domestically and in other EU countries.

At least one in ten consumers have come across unfair contract terms and extra charges

Overall, 15% of respondents say they have encountered unfair terms and conditions in a contract (for instance, enabling the provider to change the contract terms unilaterally or imposing excessive penalties for breach of the contract) in the last 12 months, while 13% had to pay unanticipated extra charges when shopping. Compared to other illicit practices, the

prevalence of the latter problem is quite pronounced in cross-border transactions (5.4% vs 12% domestically).

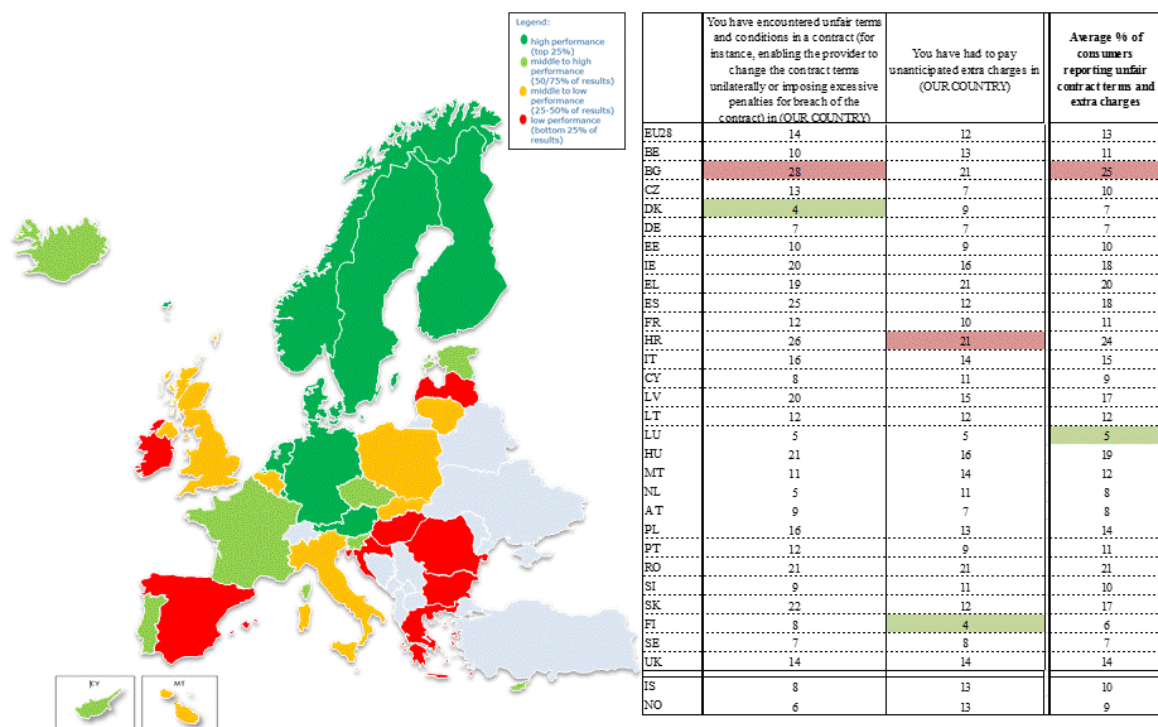
Figure 21: Consumers' experiences with unfair contractual terms and unanticipated charges domestically and cross-border, EU-28, 2014 (%)



Source: Flash Eurobarometer 397: I will read you some statements about problems consumers may have more generally when shopping. Please tell me whether you have experienced any of them during the last 12 months ...?

There is relatively little variance in the country results, with the average prevalence of these two practices in domestic transactions ranging from 5% in Luxembourg to 25% in Bulgaria. The country results are largely consistent with those for unfair commercial practices, with a 0.6 correlation between the two.

Figure 22: Consumers' experiences with unfair contractual terms and unanticipated charges domestically in different countries, 2014 (%)



Source: Flash Eurobarometer 397: I will read you some statements about problems consumers may have more generally when shopping. Please tell me whether you have experienced any of them during the last 12 months ...? base: all retailers (N=10 457)

The influence of socio-demographic characteristics on those who experience unfair contract terms and unanticipated charges is similar to that seen in the case of unfair commercial practices, with better-off consumers, men, Internet users and those speaking two or more languages more likely to report such practices.

Most consumer complaints relate to the product sold

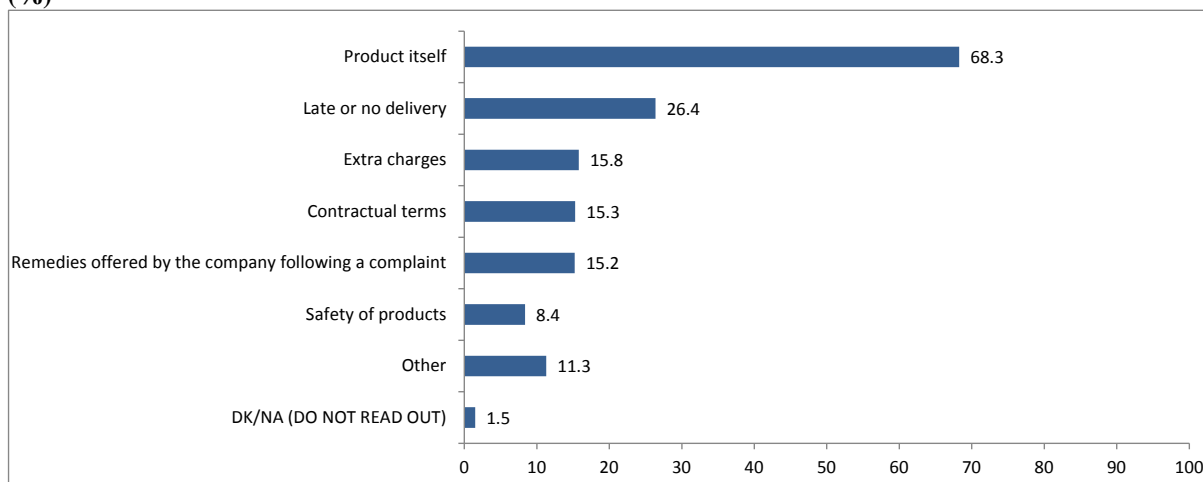
On the business side, the extent of problems arising inter alia from contractual terms and extra charges is further examined through a question on the type of complaints received from consumers.

Retailers who have received complaints from consumers in their own country during the last 12 months are by far the most likely to say these complaints were about the product itself (68%). One quarter (26%) say they have received complaints about late or no delivery while 16% have received complaints about extra charges and 15% about contractual terms or about remedies offered following a complaint. Fewer than one in ten (8%) say the complaint was about product safety.

Not surprisingly, retailers that use distance sales channels are more likely to have received complaints about late or no delivery compared to those who do not sell via such channels

(30% vs 21%). In addition, retailers who sell services are more likely than those selling products to have received complaints about contractual terms (20% vs 12%).

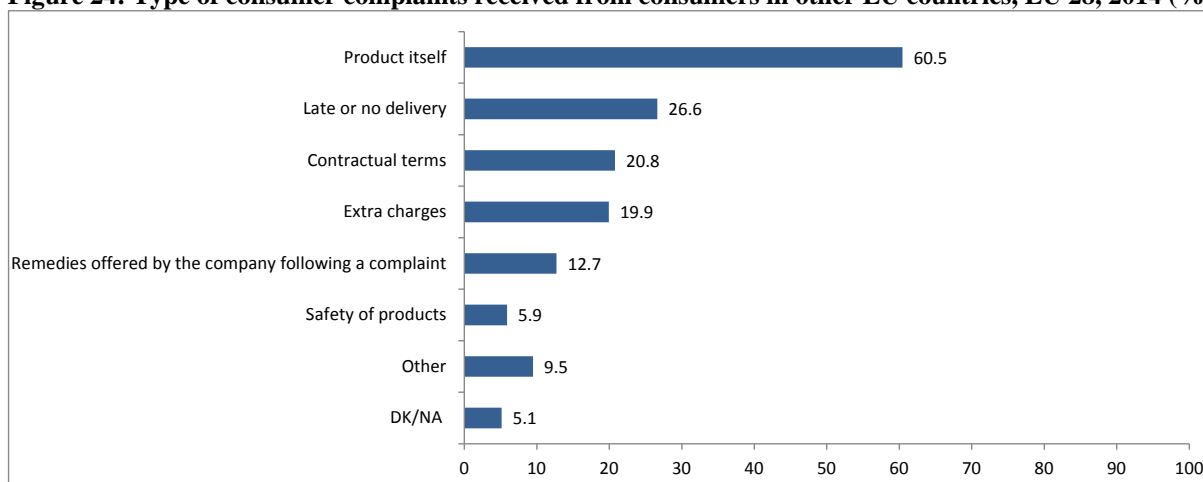
Figure 23: Type of consumer complaints received from consumers in retailer’s own country, EU 28, 2014 (%)



Source: Flash Eurobarometer 396: What type of complaints has your company received from consumers located in [your country] during the past 12 months? Were they complaints about ... (multiple answers possible), base: retailers who have received complaints from consumers in their own country (N=4 217)

As regards complaints from consumers in other EU countries, the overall results are very similar. In relative terms, fewer (61%) complaints relate to the product itself (although also here it is the number one cause for complaint), while complaints about contractual terms and extra charges are more prevalent (21% and 20%).

Figure 24: Type of consumer complaints received from consumers in other EU countries, EU 28, 2014 (%)



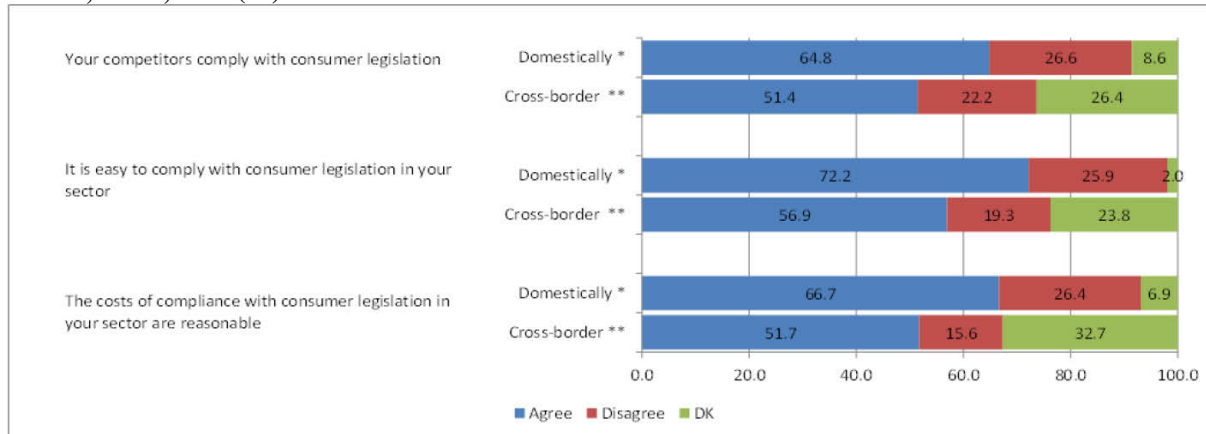
Source: Flash Eurobarometer 396: What type of complaints has your company received from consumers located in other EU countries during the past 12 months? Were they complaints about ... (multiple answers possible), base: retailers who have received complaints from consumers in other EU countries (N = 477)

2.3 Compliance with consumer legislation

Retailers were also asked about the ease and costs of compliance with consumer legislation and the extent to which their competitors in the sector comply with this legislation, both in their own country and in other EU countries.

As regards domestic compliance, 65 % of retailers agree that their competitors comply with consumer legislation, 72 % agree that it is easy to comply with consumer legislation in their sector and 67 % agree that the costs of complying with consumer legislation are reasonable. The level of agreement with all three of these statements is lower when it comes to cross-border compliance (51 %, 57 % and 52 %, respectively). However, the disagreement rates are also lower while the percentage of ‘don’t know’ replies is very high (up to a third in the latter case).³⁶

Figure 25: Retailers’ perceptions about compliance with consumer legislation domestically and cross-border, EU28, 2014 (%)



Source: Flash Eurobarometer 396: I will read you three statements about compliance with consumer legislation in [your country/other EU countries]. Please tell me whether you strongly agree, agree, disagree or strongly disagree with each of them...

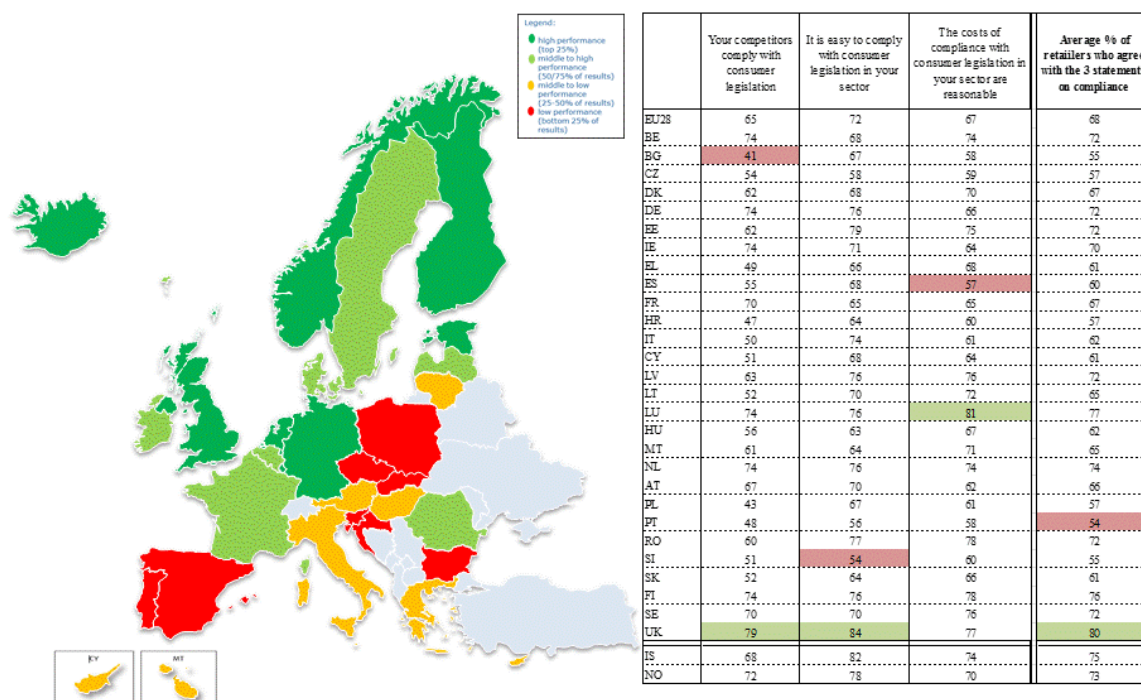
* Base: all retailers (N=10 457)

** Base: retailers who sell in another EU country (N=3 052)

The overall assessment of compliance with domestic consumer legislation (defined as the average agreement with the three statements about compliance in retailers’ own country) reveals the lowest scores in Portugal (54 %), Slovenia and Bulgaria (55 %) as opposed to 80 % in the UK, 77 % in Luxembourg and 76 % in Finland.

³⁶ Even though the question was only put to those with cross-border purchasing experience.

Figure 26: Retailers' perceptions about compliance with consumer legislation domestically and cross-border, EU28, 2014 (%)



Source: Flash Eurobarometer 396: I will read you three statements about compliance with consumer legislation in [your country]. Please tell me whether you strongly agree, agree, disagree or strongly disagree with each of them... base: all retailers (N=10 457)

2.4 Enforcement of consumer and product safety legislation

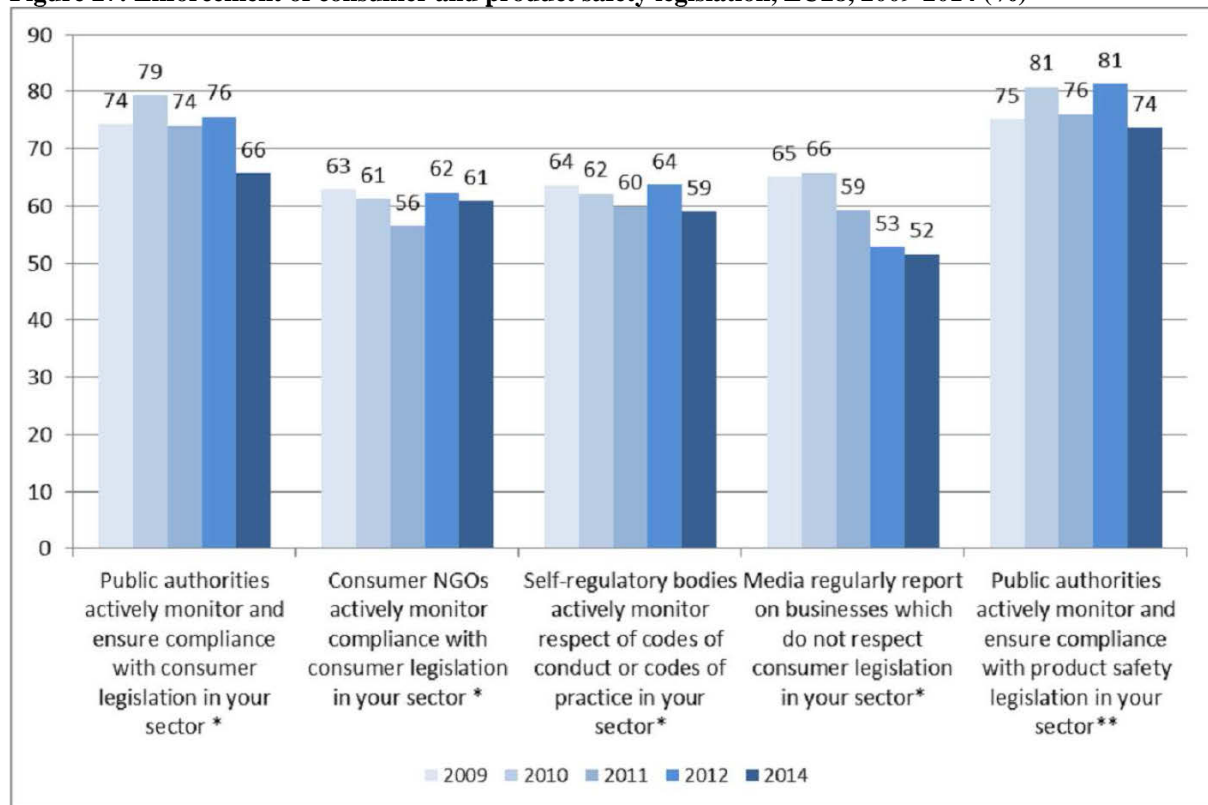
The enforcement of consumer and product safety rules is measured through retailers' assessment of the monitoring efforts of a range of organisations.

Retailers are positive about monitoring efforts of public authorities

The majority of retailers agree that public authorities actively monitor and ensure compliance with product safety (74%) and consumer legislation (66%) in their sector. Six out of ten are also positive about consumer NGOs monitoring compliance with consumer legislation (61%) and about self-regulatory bodies involved in monitoring adherence to codes of conduct or codes of practice in their sector (59%). Finally, just over half (52%) of all retailers agree that the media regularly report on businesses which do not respect consumer legislation in their sector.

Retailers' assessment of enforcement has worsened between 2012 and 2014 and is at the lowest level since 2009 for all organisations surveyed except for consumer NGOs. This may be due to some extent to the reformulation of the question, which now refers to monitoring efforts in the retailer's sector (rather than the country as a whole), based on the assumption that businesses are more informed about what happens in their own sector.

Figure 27: Enforcement of consumer and product safety legislation, EU28, 2009-2014 (%)



Source: Flash Eurobarometer 396: Please tell me whether you strongly agree, agree, disagree or strongly disagree with each of the following statements... – data for 2009-2012 refer to EU27.

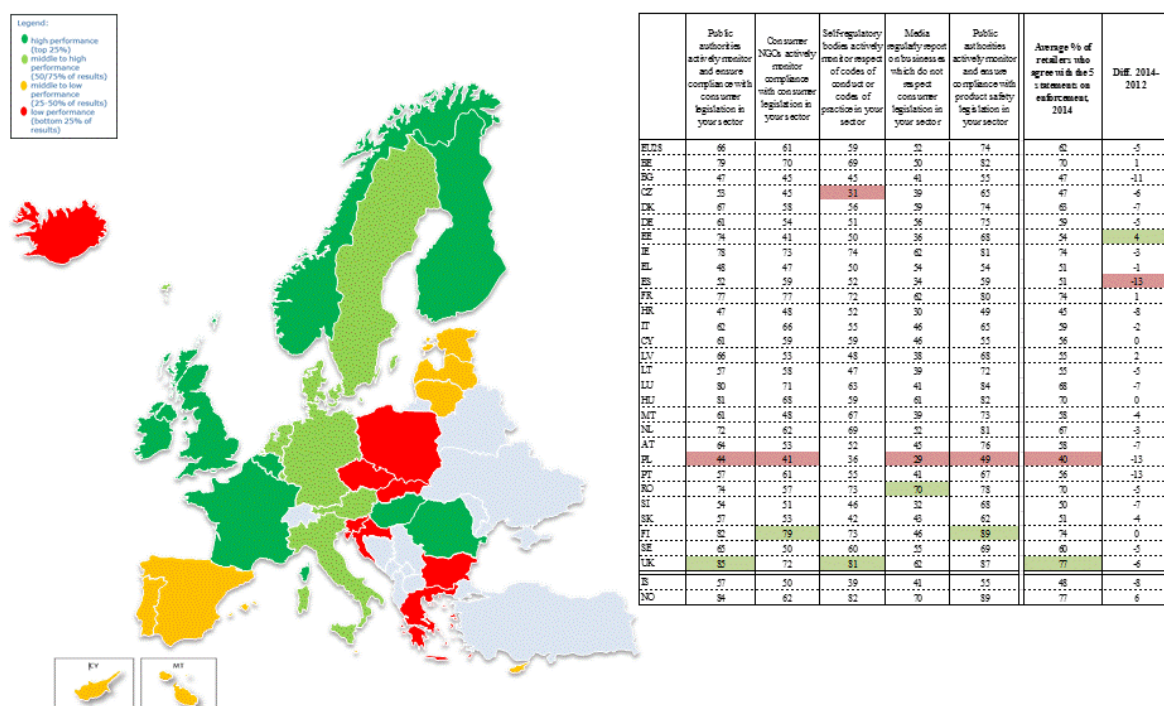
* Base: All retailers (N=10 457)

** Base: Retailers who sell non-food products (N=5 169)

The average rate of agreement with the five statements is the highest in the UK (77%), Finland, Ireland and France (all 74%) as opposed to 40% in Poland, 45% in Croatia and 47% in Bulgaria and the Czech Republic.

Retailers' views on enforcement have a high positive correlation with their assessment of compliance (0.68) and a negative correlation with the perceived prevalence of unfair commercial practices (-0.62), which can suggest that monitoring efforts do translate into better outcomes for consumers. This is further implied by the high correlation between retailers' assessment of the role of public authorities and consumer NGOs in monitoring compliance and consumers' trust in these organisations to protect consumer rights (0.78 and 0.65, respectively).

Figure 28: Enforcement of consumer and product safety legislation, 2014 (%)



Source: Flash Eurobarometer 396: Please tell me whether you strongly agree, agree, disagree or strongly disagree with each of the following statements...

* Base: All retailers (N=10 457)

** Base: Retailers who sell non-food products (N=5 169)

The average rate of agreement with the five statements increases with the size of the company (61% among retailers with 10-49 employees, compared to 65% of those with 50-249 employees and 68% of those with 250 or more). In addition, it is higher among retailers who sell products (64%) than among those selling services (61%).

A third of retailers report product recalls/withdrawals and safety warnings

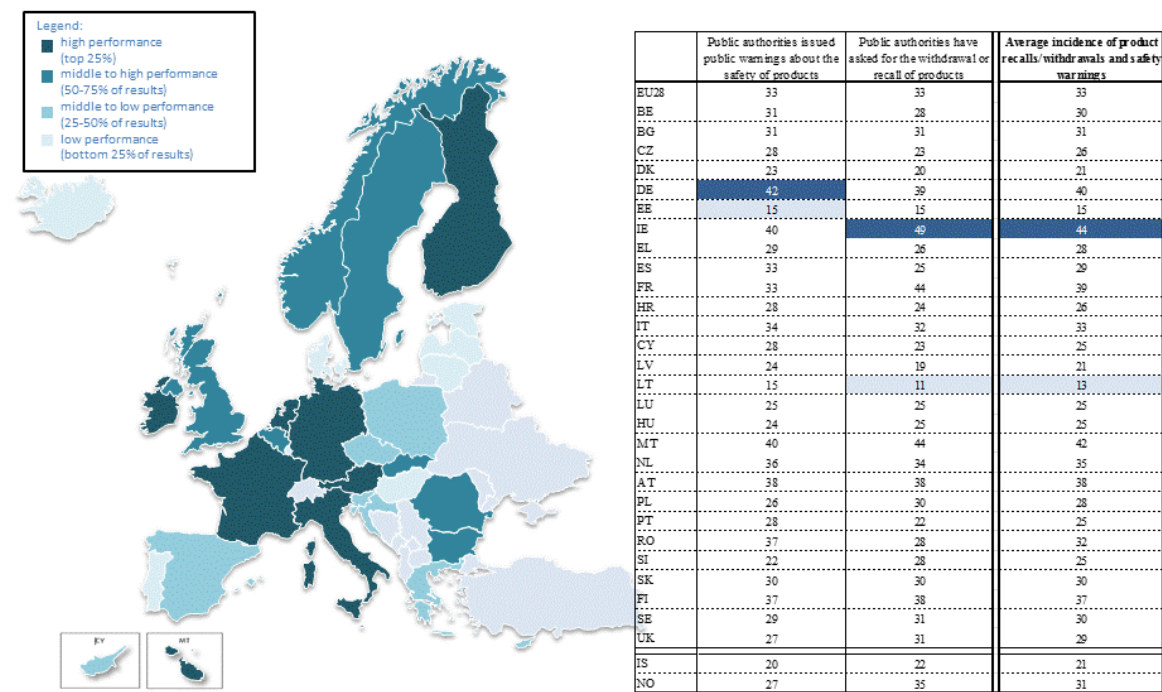
Market surveillance in the field of product safety is further explored through a question on product withdrawals or recalls and product safety warnings in the sector.³⁷

A third of retailers who sell non-food products (33%) say that public authorities have issued product safety warnings in their sector in the last 24 months. The same proportion of EU retailers says that public authorities have asked for product recalls or withdrawals in their sector in the last 24 months. On average, these measures were most common in Ireland (44%), Malta (42%) and Germany (40%), as opposed to 13% in Lithuania and 15% in Estonia. The interpretation of these results is not straightforward, as the number of product

³⁷ This question was rephrased in the 2014 questionnaire to focus on measures applying to the sector rather than to the business interviewed.

recalls/withdrawals and safety warnings will depend both on the number of dangerous products put on the market and on the vigilance of market surveillance authorities.³⁸

Figure 29: Product safety warnings and product recalls/withdrawals, 2013-2014 (%)



Source: Flash Eurobarometer 396: With regard to product safety, please tell me whether any of the following has taken place in your sector in the last 24 months... base: retailers who sell non-food products (N=5 169)

3. COMPLAINTS AND DISPUTE RESOLUTION

In an ideal world — where both consumers and retailers have full knowledge of consumer rights and legislation, and public authorities are successful in guaranteeing compliance with that legislation — consumer problems should not occur. However, in the real world, it is unavoidable that things go wrong. In those cases, consumers should know where to complain and be able to get redress quickly, simply and inexpensively. Complaining and getting effective redress can reduce or even offset consumer detriment and thus help reinforce consumers' confidence in the shopping environment.

A number of EU initiatives aim to help consumers enforce their rights and ensure effective redress across the EU. The new rules on alternative dispute resolution (ADR)) have to be transposed by the Member States into their national legal order by 9 July 2015, ensuring that consumers can turn to quality ADR entities to settle their contractual disputes with traders,

³⁸ This is also why the colour coding in the country chart differs from that used in other charts in the report (where the direction of impact on consumer conditions is easier to establish).

both domestic and cross-border, in almost all business sectors (except for health and further and higher education). In addition, an EU-wide online dispute resolution (ODR) platform will be operational as from 9 January 2016 for disputes that arise from online transactions. The platform will operate in all the official languages of the institutions of the EU. As for the channels put in place specifically to facilitate the resolution of cross-border disputes, the European Consumer Centres (ECCs) — active in 28 EU Member States, Iceland and Norway, and co-financed by the Commission — provide consumers with information on their rights and assist them in solving disputes with traders situated in other Member States. In addition, the European Small Claims Procedure simplifies and speeds up cross-border litigation within the EU involving claims of low value, thus reducing the costs of such litigation for claimants. It is proposed to streamline the procedure further (e.g. by cutting travel costs through extensive use of distance means of communication)³⁹. The Commission is also encouraging Member States to improve the effectiveness of their national justice systems, notably in the framework of the European Semester. In this context, the EU Justice Scoreboard provides objective, reliable and comparable data on the quality, independence and efficiency of justice systems in all Member States⁴⁰. Finally, every Member State has set up at least one equality body to provide independent assistance to victims of discrimination in connection with access to goods and services.⁴¹

The complaints and dispute resolution dimension is measured through consumers' propensity to complain about problems and their satisfaction with complaint handling; awareness, use and promotion of ADR schemes; and the length of judicial proceedings.

3.1 Complaining in the event of problems

A fifth of consumers have experienced a problem buying or using goods or services

Around one in five consumers (22 %) say they have experienced a problem buying or using goods or services in the past 12 months, which they felt gave them a legitimate cause to make a complaint⁴². Out of those, 76 % took action to solve the problem while 24 % did nothing about it. Compared to 2012, consumers seem to have experienced slightly fewer problems but are also somewhat less active in trying to solve them. The impact of socio-demographic factors is similar to that seen in the case of unfair and other illicit commercial practices, with men, respondents living in rural areas, those having better language skills and using the Internet on a daily basis being more likely to experience problems.

Most complaints are made directly to traders

³⁹ http://ec.europa.eu/justice/newsroom/civil/news/131119_en.htm

⁴⁰ http://ec.europa.eu/justice/effective-justice/scoreboard/index_en.htm

⁴¹ More information on the implementation of the Gender Equality Directive on goods and services (2004/113/EC) is available at:

http://ec.europa.eu/justice/gender-equality/files/law_reviews/directive_2004_113_report_en.pdf

More information on the implementation of the Racial Equality Directive (2000/43/EC) is available at:

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014DC0002&qid=1435648671255>

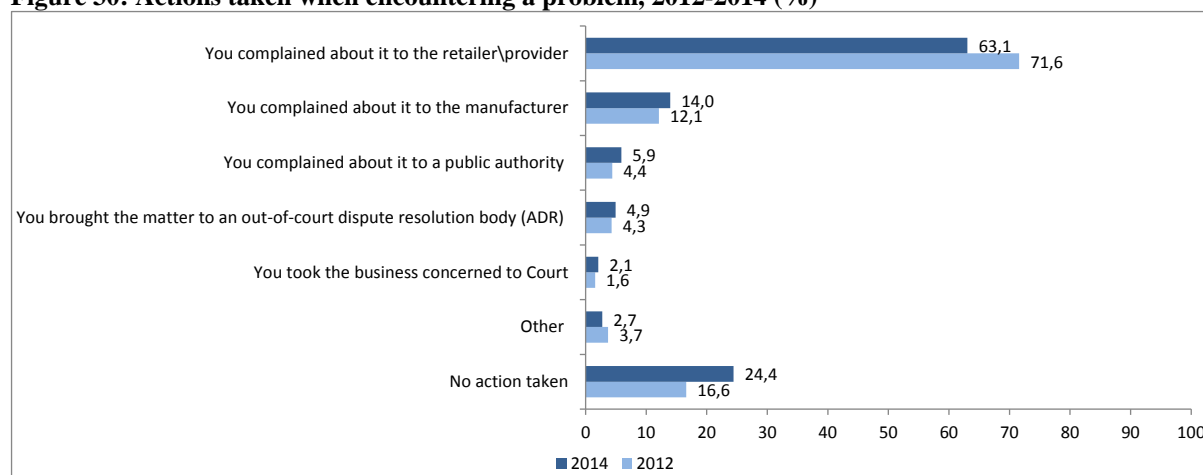
⁴² The question asked in 2014 was: 'In the past 12 months, have you experienced any problem when buying or using any goods or services in (OUR COUNTRY) where you thought you had a legitimate cause for complaint? In 2012, the question was slightly different ('In the past 12 months, have you had legitimate cause for complaint when buying or using any goods or services in (OUR COUNTRY)?') and therefore comparison should be taken with caution.

Typical complaint channels include appealing to the trader to amend the situation to the consumer's satisfaction or, if no consensus is achieved directly with the trader, going to a third body, such as a public authority, an ADR entity or, eventually, the court. Reaching an amicable solution with the trader is the best option, as it is efficient in terms of costs and outcomes for both parties. This solution is easily reached in situations where, given the legitimacy of a consumer's complaint, the detriment is so low that the trader prefers to solve the matter directly and avoid further legal hassle⁴³. If the trader does not cooperate, however, taking him to court is a last resort since it usually entails the highest costs and the longest waiting periods.

In line with these assumptions, the vast majority of respondents who felt they had a legitimate cause for complaint did contact the retailer or service provider directly (63%), while 14% complained to the manufacturer. Fewer than one in ten complained to a public authority (6%) or an out-of-court dispute resolution body (5%), while 2% took the business concerned to court. The likelihood of complaining to the latter three bodies is higher among those who are not satisfied with how their complaints have been handled by the retailer/service provider.⁴⁴

In 2014 consumers were somewhat less likely to complain to a retailer or service provider than in 2012, but slightly more likely to complain to a manufacturer or a public authority.

Figure 30: Actions taken when encountering a problem, 2012-2014 (%)⁴⁵



Source: Flash Eurobarometer 397: And what did you do? (multiple answers possible) base: respondents who encountered a problem (n=5 975) and Flash Eurobarometer 358 (n=6 543)

A similar complaints pattern emerges from retailers' responses, with the majority claiming not to have received any complaints from domestic consumers in the past 12 months (58%). In-house customer service is by far the most common channel for receiving consumer complaints

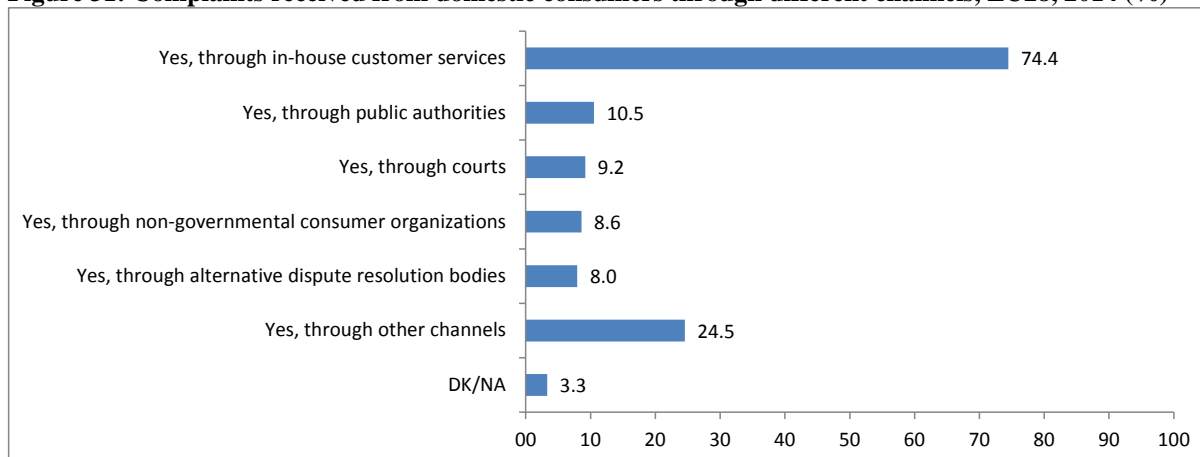
⁴³ Van Roy, V., Rossetti, F., Piculescu, V. (2015). Consumer conditions in the EU: revised framework and empirical investigation, JRC science and policy report, JRC93404, <http://publications.jrc.ec.europa.eu/repository/handle/JRC93404>; Ipsos MRBI on behalf of the Irish Competition and Consumer Protection Commission (2014), 'Consumer detriment survey 2014', p. 25, online available: http://corporate.nca.ie/eng/Research_Zone/Consumer-Detriment-Survey-2014-Report.pdf.

⁴⁴ It should be noted, though, that the questions on problems and complaints are not limited to one problem (so it could be that the respondent complained to the retailer/service provider about one problem and went to court for another one).

⁴⁵ Possible actions (excluding no action) are not mutually exclusive. As a consequence percentages do not necessarily have to add up to 100%.

(74%), followed by public authorities (11%), courts, non-governmental consumer organisations (both 9%) and ADR bodies (8%). In addition, a quarter of retailers (25%) say that they receive complaints through other (unspecified) channels.

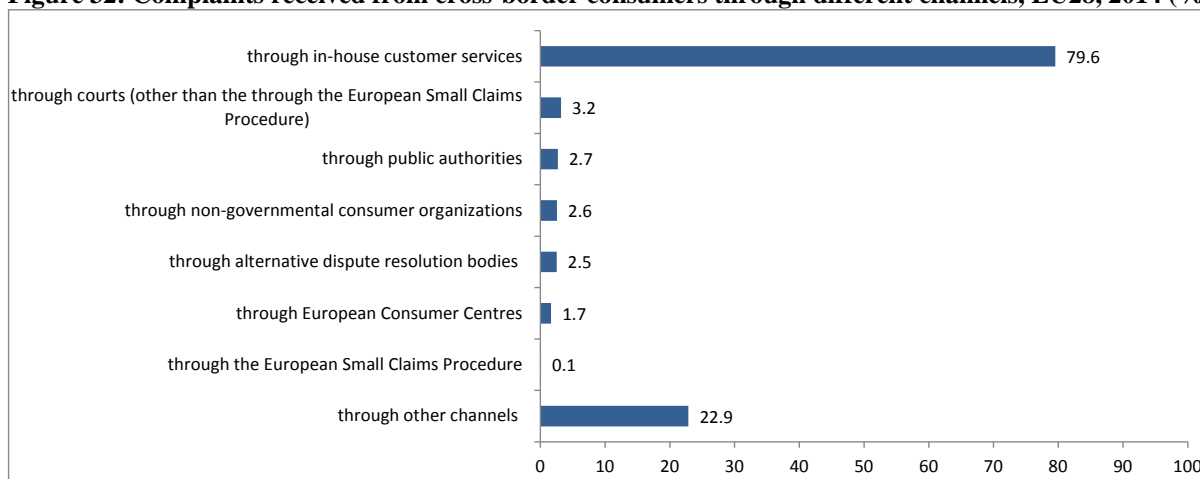
Figure 31: Complaints received from domestic consumers through different channels, EU28, 2014 (%)



Source: Flash Eurobarometer 396: During the past 12 months, has your company received complaints from consumers located in (OUR COUNTRY)? (multiple answers possible) base: respondents that did receive complaints from domestic consumers (n=4 361)

As for complaints from customers in other EU countries, retailers are even more likely to receive them through in-house customer services (80%) than in the case of domestic transactions. Only 3% say they have received such complaints through courts, public authorities or non-governmental consumer organisations and even fewer through the specific channels put in place to facilitate cross-border complaints (European Consumer Centres and European Small Claims Procedure).

Figure 32: Complaints received from cross-border consumers through different channels, EU28, 2014 (%)



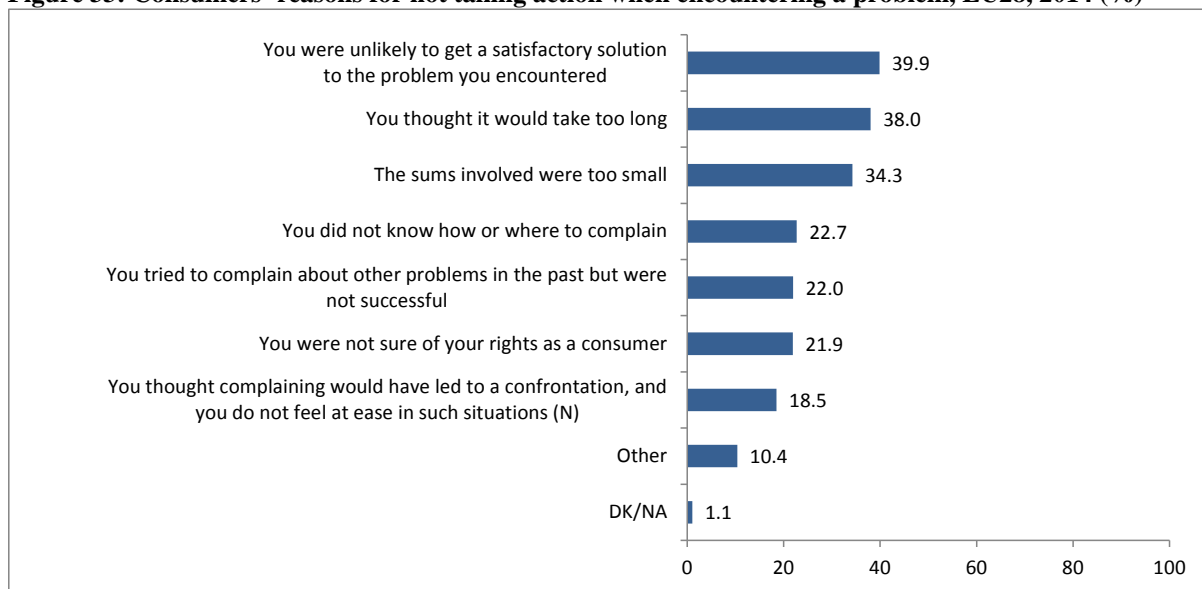
Source: Flash Eurobarometer 396: During the past 12 months, has your company received complaints from consumers located in other EU countries? (multiple answers possible) base: respondents that did receive complaints from cross-border consumers (n= 476)

The majority of consumers do not complain because of perceived difficulties

There are different reasons why consumers do not complain despite feeling they have a legitimate reason to do so. Four in ten said they were unlikely to get a satisfactory solution to the problem they encountered (40%) or thought it would take too long (38%), while a third

(34 %) said the sums involved were too small. Around one in five said they did not know how or where to complain (23 %), that they had tried to complain about other problems in the past but were not successful, that they were unsure of their rights as a consumer (both 22 %) or that they thought complaining would lead to confrontation and they do not feel at ease in such situations (19 %).

Figure 33: Consumers' reasons for not taking action when encountering a problem, EU28, 2014 (%)



Source: Flash Eurobarometer 397: What were the main reasons why you did not take any action? (multiple answers possible) base: respondents who experienced problems but didn't take any action (n=1 490)

It could be argued that small detriment is a valid reason not to complain, because the resources needed (and consequently the costs) for complaining could actually exceed any (financial) loss incurred. Empirical analysis also suggests that the statement 'the sums involved were too small' is very different from other reasons not to complain, while the statement 'you were unlikely to get a satisfactory solution' can be considered as an umbrella category for the perceived difficulty of complaining.⁴⁶ Overall, 80% of those who did not take any action were discouraged from complaining by the (perceived) difficulties, such as low likelihood of success, lack of information on whether and how to proceed or the expected length of the complaint procedure.

3.2 Satisfaction with complaint handling

Satisfactory remedy can reduce or even offset consumer detriment and enhance consumer confidence. In discussing consumer conditions it is therefore important to look not only at the level of problems and the proportion of complaints made, but also at consumers' satisfaction with the way their complaints have been handled by different bodies.

⁴⁶ Respondents could choose more than one answer option to the question why they did not complain. When excluding the respondents answering that they were unlikely to get a satisfactory solution from the sample, the answer category 'the sums involved were too small' becomes the largest and the category 'other' increases too, while the proportions of respondents choosing all other answer options decreases. This suggests that the category 'the sums involved were too small' is inherently different from the category 'you were unlikely to get a satisfactory solution' and related categories linked to perceived difficulty of complaining.

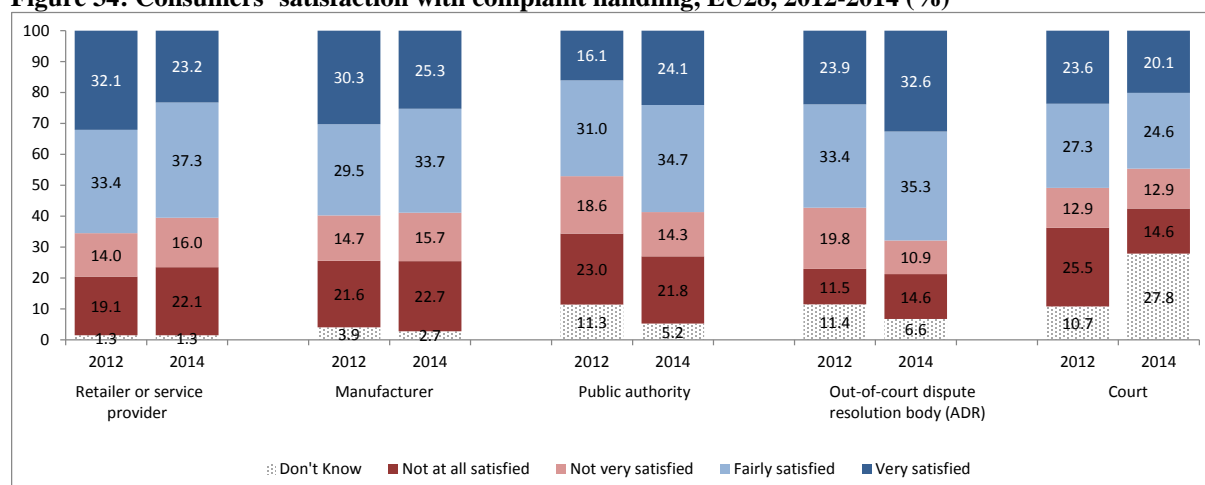
Satisfaction is highest with complaint handling by ADR bodies

Six out of ten respondents say they are satisfied with complaint handling by the retailer or service provider (61 %), manufacturers and public authorities (both 59 %). ADR bodies enjoy the highest level of satisfaction (68%), while courts record the lowest level of satisfaction (45 %), which could be linked to the fact that disputes reaching them tend to be more complex and thus more costly and lengthy.

In comparison with 2012, satisfaction with complaint handling by the retailer/service provider declined in 2014, while satisfaction with complaint handling by public authorities and ADR bodies increased.

Internet usage, location and language skills have the most influence on satisfaction with complaint handling. Respondents who use the Internet daily, live in a large town and know more than four languages are the most likely to be satisfied with how their complaints have been handled.

Figure 34: Consumers' satisfaction with complaint handling, EU28, 2012-2014 (%)



Source: Flash Eurobarometer 397: In general, how satisfied or dissatisfied were you with the way your complaint(s) was (were) dealt with by the ..., base: consumers who encountered a problem and did take action (n=4 516) – data for 2012 refer to EU27.

For businesses, successful handling of complaints is an important factor in increasing consumer loyalty, and the positive correlation (of 0.48) at country level between the percentage of retailers/service providers receiving complaints through in-house customer service and consumers' satisfaction with complaint handling by retailers/providers⁴⁷ suggests that 'practice makes perfect'.

3.3 Problems and Complaints indicator

Since detailed reporting at country level on the incidence of problems, complaints and satisfaction with complaint handling is difficult due to small sample sizes, a composite indicator on problems and complaints was compiled on the basis of the following four questions: (1) whether the respondent has experienced any problem when buying or using any

⁴⁷ For the other complaints channels, due to the small sample sizes per country, a similar analysis was not possible.

goods or services domestically; (2) what type of action the respondent took to deal with the problem; (3) the level of satisfaction with the way the complaint was handled; and (4) if no complaint was made, the reason why the respondent did not take action.

By combining all the above information, a hierarchy of 11 different scenarios was developed, based on the following principles⁴⁸:

- The ideal situation is the one where a person has not experienced any problem.
- When one or more problems are experienced, the best thing to do is to complain about it, unless the decision not to complain is justified solely by the small detriment associated with the problem(s).
- Complaining to the retailer/provider/manufacturer indicates a less serious problem and/or is less burdensome for the consumer than complaining to third parties (public authority, ADR or court).
- The final outcome of the complaint process also matters (result being satisfactory or not).

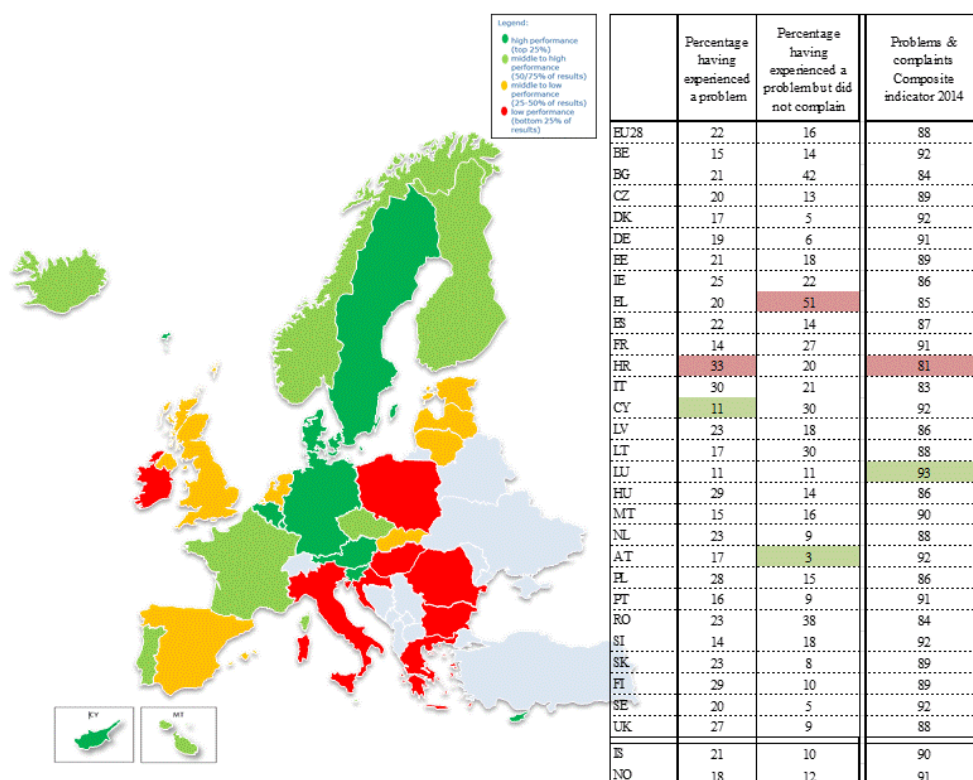
This set of scenarios is exhaustive (covers all respondents) and mutually exclusive (each respondent is allocated to one and only one scenario). The additional advantage of combining the answers to the different questions in specific scenarios is that a higher rate of complaining behaviour is not automatically seen as better for consumer conditions (unless combined with a satisfactory response) and that not complaining because of small detriment is not penalised⁴⁹.

Looking at the country results for the composite indicator on problems and complaints, Luxembourg, Belgium, Denmark, Cyprus, Austria, Slovenia and Sweden score the highest, which indicates that in these countries consumers are faced with relatively fewer problems and when they do encounter problems, satisfaction with redress mechanisms is relatively greater. Croatia, Bulgaria, Greece and Poland are found at the lowest end of the ranking. While results do not vary considerably between countries either on the composite indicator or on the percentage of consumers having encountered a problem, more variation is noted in the percentage of consumers who do not complain when they encounter a problem. Austrian (3%), Swedish and Danish (both 5%) consumers are the least likely not to complain when they encounter a non-negligible problem, while those in Greece (51%), Bulgaria (52%) and Romania (38%) are the most likely not to take any action.

⁴⁸ The scenarios and scores were developed with the scientific support of the Commission's Joint Research Centre and in consultation with the Member States' experts.

⁴⁹ For detailed information on the composition of the composite indicator see chapter 2.2.1 of Van Roy, V., Rossetti, F., Piculescu, V. (2015). Consumer conditions in the EU: revised framework and empirical investigation, JRC science and policy report, JRC93404, <http://publications.jrc.ec.europa.eu/repository/handle/JRC93404>

Figure 35: Problems and complaints by consumers, country results, 2014



Source: Flash Eurobarometer 397, base: all respondents (N=26 590)

3.4 Awareness, use and promotion of alternative dispute resolution (ADR) mechanisms

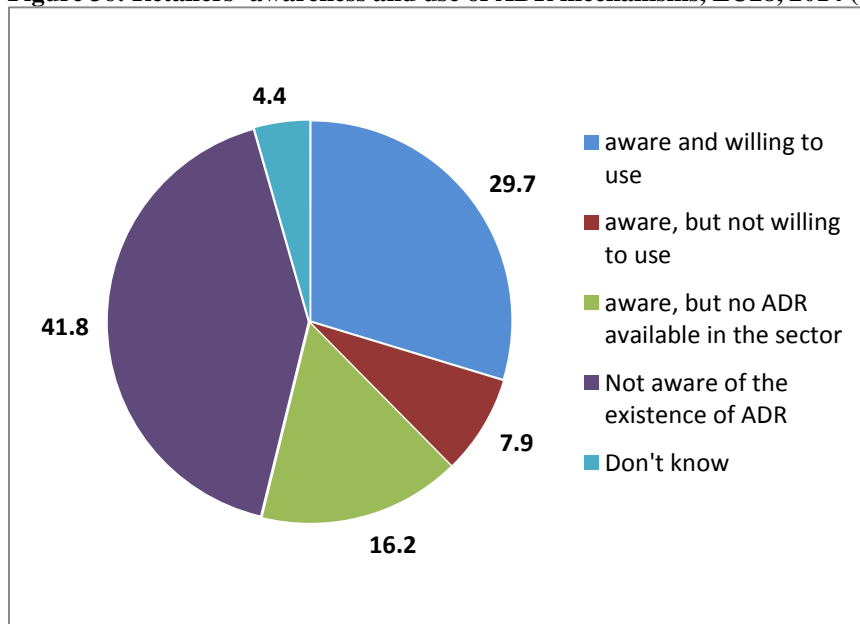
Compared to court proceedings, ADR methods can help parties reach a compromise in an easy, fast and inexpensive way, and foster a more harmonious culture in which there are no winners or losers. In this way, ADR can contribute to effective justice.

A third of retailers are willing or obliged to use ADR

Retailers' awareness of ADR procedures is rather limited, and increased only very slightly between 2012 and 2014. Just above half of all retailers (54%) say they know any ADR entity, be it in their own sector or in any other sector. Slightly less than a third (30%) are willing or mandated by law to use ADR in connection with consumer complaints, 16% are aware of such procedures but say that they do not exist in their sector⁵⁰, while 8% explicitly declare an unwillingness to use them.

⁵⁰ The fieldwork was carried out in 2014, i.e. before the entry into force of the ADR Directive (July 2015), which obliges Member States to establish full ADR coverage for disputes covered by the ADR Directive and which involve a trader established in their territory.

Figure 36: Retailers' awareness and use of ADR mechanisms, EU28, 2014 (%)

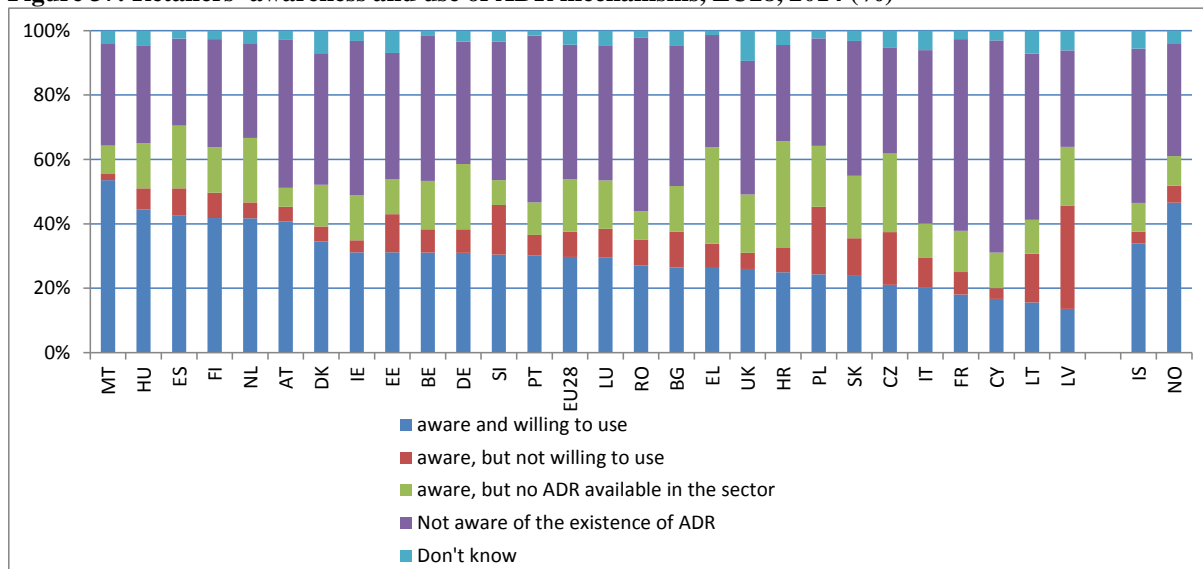


Source: Flash Eurobarometer 396: Do you know any Alternative Dispute Resolution bodies for settling disputes with consumers in (OUR COUNTRY)? base: all respondents (n=10 457)

The proportion of retailers who are willing or obliged to participate in an ADR scheme ranges from 53 % in Malta, 44 % in Hungary and 43 % in Spain to 14 % in Latvia, 16 % in Lithuania and 17 % in Cyprus. These indicators are expected to considerably improve due to the implementation of the ADR Directive.

While in the EU28, on average, only 8 % of retailers explicitly state they are not willing to participate in ADR procedures, Latvia is the only country where retailers' most common response is to say they are aware of ADR bodies but are not willing to use them (32 %). 21 % of retailers in Poland and 17 % in the Czech Republic also say this.

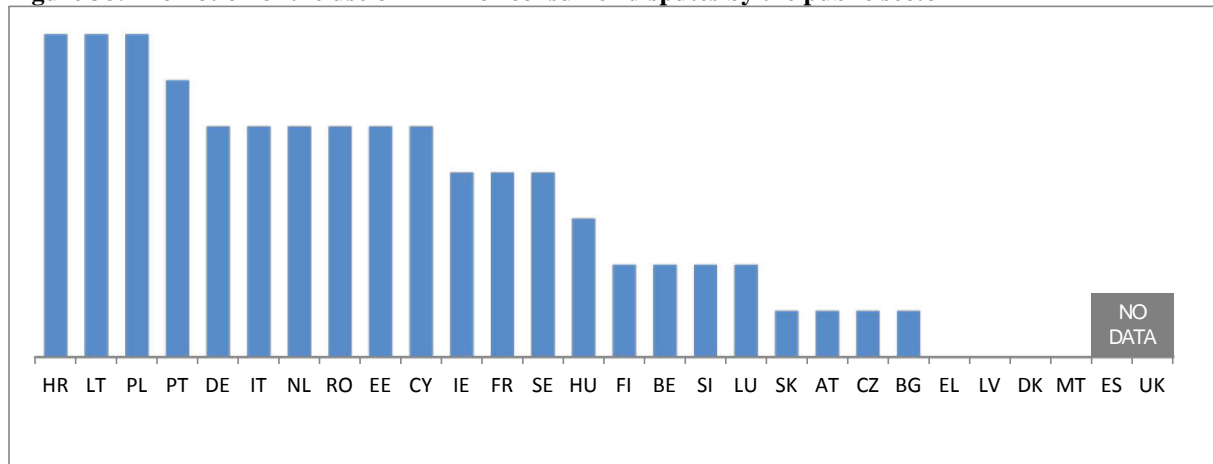
Figure 37: Retailers' awareness and use of ADR mechanisms, EU28, 2014 (%)



Source: Flash Eurobarometer 396: Do you know any Alternative Dispute Resolution bodies for settling disputes with consumers in (OUR COUNTRY)? base: all respondents (n=10 457)

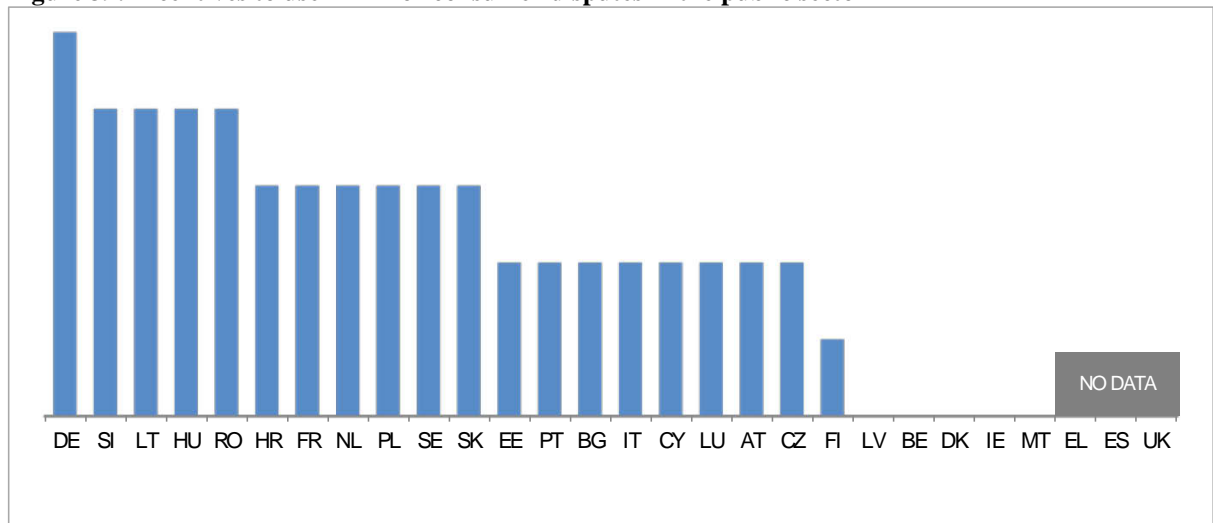
The 2015 EU Justice Scoreboard, published by the Commission,⁵¹ contains data on Member States' public sector activities aiming to promote and incentivise the use of ADR methods. Figures 37 and 38 are based on replies to a questionnaire sent to the Member States' contact persons for national justice systems. Both are based on composite indicators⁵².

Figure 38: Promotion of the use of ADR for consumer disputes by the public sector



Source: Based on data provided in the 2015 EU Justice Scoreboard

Figure 39: Incentives to use ADR for consumer disputes in the public sector



Source: Based on data provided in the 2015 EU Justice Scoreboard

⁵¹ http://ec.europa.eu/justice/effective-justice/files/justice_scoreboard_2015_en.pdf

⁵² The indicator on promotion of the use of ADR by the public sector is based on the following data: 1) websites providing information on ADR, 2) publicity campaigns in media, 3) brochures available to the general public, 4) specific information sessions on ADR available upon request, 5) specific communication activities organised by courts, 6) publication of evaluations on the use of ADR, 7) publication of statistics on the use of ADR, 8) others. For each promotional tool, one point is allocated. For certain Member States additional activities may be undertaken (DE).

The indicator on incentives to use ADR is based on the following data: 1) legal aid covering (partly or in full) costs incurred with ADR, 2) full or partial refund of court fees, including stamp duties, if ADR is successful, 3) no lawyer for ADR procedure required, 4) judge can act as mediator, 5) ADR/mediation coordinator at courts, 6) others. For each incentive tool one point is allocated. Certain Member States use additional methods to facilitate ADR (IE).

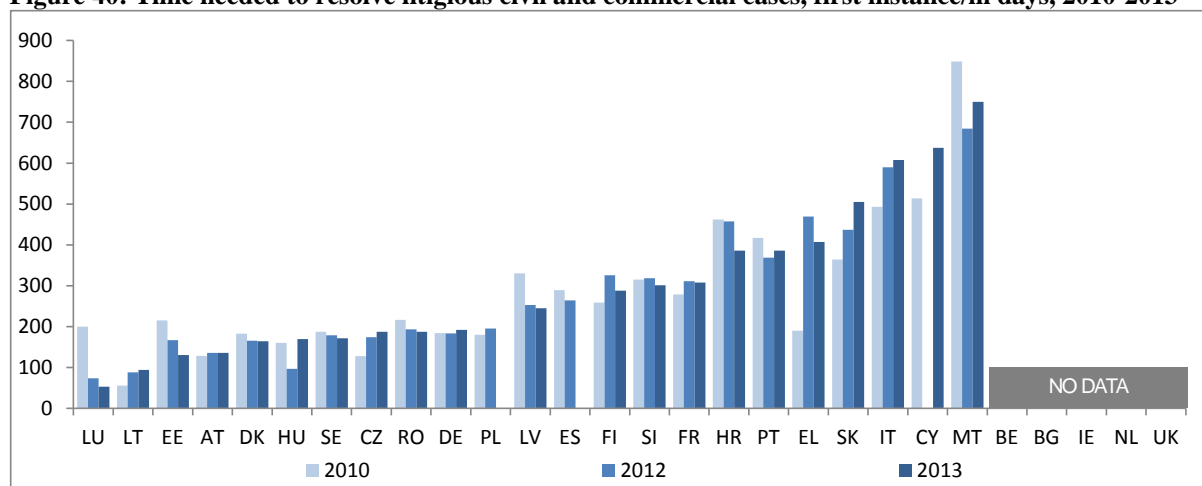
3.5 Length of judicial proceedings

Access to an effective justice system is a fundamental right which is enshrined in the EU Charter of Fundamental Rights. Whatever the model of the national justice system or the legal tradition in which it is anchored, timeliness, independence, affordability and user-friendly access are some of the essential parameters of an effective justice system. The length of judicial proceedings can be considered as an indicator for the efficiency of the national judicial system.

The length of judicial proceedings diverges largely between countries

Although different appeal procedures can have a major impact on the length of proceedings, the efficiency of a judicial system should already be reflected at first instance, as it is an obligatory step for all court cases. Figure 40 presents the length of proceedings (expressed in days) needed to resolve a case in court at first instance for litigious civil and commercial cases.⁵³

Figure 40: Time needed to resolve litigious civil and commercial cases, first instance/in days, 2010-2013⁵⁴



Source: 2015 EU Justice Scoreboard⁵⁵

As for the effectiveness of national courts in the application of consumer law specifically, Figure 40 presents data on the time taken to resolve appeals. The average length has been calculated on the basis of samples of cases relating to appeals against the decision of a consumer protection authority applying the Unfair Contract Terms Directive, Consumer Sales

⁵³ The length of proceedings is a standard indicator defined by the Council of Europe Commission for the Evaluation of the Efficiency of Justice (CEPEJ)

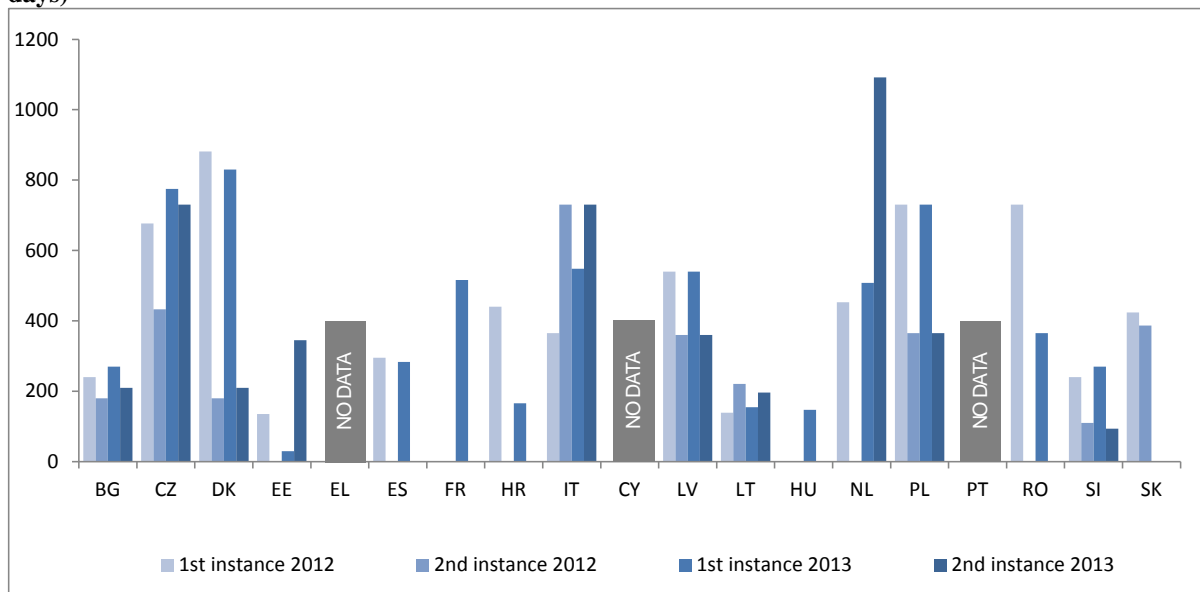
http://www.coe.int/t/dghl/cooperation/cepej/evaluation/default_en.asp

⁵⁴ Litigious civil (and commercial) cases concern disputes between parties, for example disputes regarding contracts, following the CEPEJ methodology. By contrast, non-litigious civil (and commercial) cases concern uncontested proceedings, for example, uncontested payment orders. Commercial cases are addressed by special commercial courts in some countries and handled by ordinary (civil) courts in others. Comparisons should be undertaken with care, as some Member States have reported changes in the methodology for data collection or categorisation (CZ, EE, IT, CY, LV, HU, SI) or made caveats on completeness of data that may not cover all Länder or all courts (DE, LU). NL provided a measured disposition time, but it is not calculated by CEPEJ. More detailed information can be found in the 2015 EU Justice Scoreboard, available online: http://ec.europa.eu/justice/effective-justice/files/justice_scoreboard_2015_en.pdf

⁵⁵ CEPEJ study

and Guarantee Directive, Unfair Commercial Practices Directive and national implementing provisions, where decisions were issued in 2012 and 2013⁵⁶.

Figure 41: Time needed to resolve appeals relating to decisions of consumer protection authorities (in days)



Source: 2015 EU Justice Scoreboard⁵⁷

⁵⁶ This scenario was not applicable to Belgium, Luxembourg, Austria, Finland Sweden and the UK since certain consumer protection authorities are not empowered to adopt decisions declaring an infringement of these rules. There were no relevant cases in Germany, Ireland and Malta within this period. In France, cases of appeal are marginal. Comparisons should be undertaken with caution, since the size of samples varies across Member States.

⁵⁷ Pilot data-collection exercise carried out by the European Commission with the Consumer Protection Cooperation Network.