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|  | EUROPEAN COMMISSION  DIRECTORATE-GENERAL JUSTICE and CONSUMERS  Directorate E: Consumers  **Unit E.1 : Consumer Policy** |

Brussels, July 2019

**Meeting European Consumer Consultative Group**

**26 & 27 June 2019**

**Minutes**

**Opening and Update on the REFIT evaluation of the Retail Financial Services directives**

The Commission welcomed the members of the European Consumer Consultative Group-ECCG to the meeting. After the approval of the agenda, the Commission gave an update on the ongoing evaluations of the Consumer Credit-CCD and the Distance Marketing of Financial Services directives based on the five Better Regulation criteria[[1]](#footnote-1)

The evaluation of the CCD Credit resulting in a staff working document and a report to the co-legislators should be finalised by the beginning of 2020. Particular importance assume issues related to the scope, credit worthiness assessment, credit data registers, pre-contractual information, right of withdrawal and of early repayment and elements of national regulatory practices.

On 18 June, at a stakeholder event co-organised with the Center for European Policy Studies-CEPS, the preliminary findings of the CCD Interim Report were discussed. The first findings of the study are showing that though the objectives of Directive remain relevant, this instrument may not be entirely adapted to the current and future needs of the consumer credit market, mainly because of the significant impact of digitalisation.

The preliminary findings point out that the creditors are generally providing the required information at the advertising and pre-contractual stages. However, the specific information requirements for advertising are contested and branded as too burdensome by the industry and ineffective by some behavioural experts.

Moreover, according to some stakeholders, the CCD would not sufficiently promote responsible lending, while market practices are sometimes geared towards poor creditworthiness assessments bringing vulnerable consumers to access “risky” credit products

Concerning the evaluation of the Directive on Distance Marketing of Financial Services-DMFSD, to be also finalised at the beginning of 2020, digitalisation has been resulting in the continuous offer of new products, providers and channels (apps, smartphones). This has led to new marketing and selling practices online against which it is necessary to evaluate whether the DMFSD is still relevant and effective.

Finally, linked to this evaluation, the recent behavioural *Study on the digitalisation of the distance marketing and selling of financial services* was presented. This study has been commissioned to identify the risks faced by consumers arising from practices used by retail financial service providers to market and sell their products online. It is composed of three main tasks: the first one aimed at gathering information on the providers using digital channels to market and sell retail financial services and the commercial practices they use in this process; the second aimed at testing the impact of these practices on consumers as well as the impact of remedies; and the third one aimed at providing the overall analysis of the results and assorted recommendations.

The recommendations touch upon different aspects from improving timing and quality of information to consumers, simplification of comparison tables of financial products & services, transparency of decision-making process, and need of better understanding of tools available to consumers.

**Feedback on workshop apps**

Last April, an ECCG workshop took place in Bucharest, Romania, to analyse the features, benefits and costs of launching and maintaining an app for consumer organisations dedicated to consumer rights. ECCG members from Hungary, Norway, Portugal and Romania made presentations about relevant apps in their countries.

The participants had the common understanding that the app should target clear, well-identified consumers’ needs (problem-solving approach), ensure full accessibility and be constantly up-dated in all languages or anyhow ensure links to national reliable Apps. Furthermore, the support from public authorities would be necessary to ensure reliability of legal/administrative information and to run promotion activities.

Therefore, any app able to cover the whole EU market would require a great investment of time and resources, including a feasibility assessment. Taking into account the complexity of conceiving a European Consumer app, two realistic options were envisaged. First, to include in that App only information on basic consumer rights, which are in force in all Member States + focus on complaint handling based on national apps/sources (including references to national consumer organisations, forms, etc.). As a second option, to identify a specific area - e.g. within the energy or financial sector - where specific segments of consumers need support and which are not yet covered by other Apps.

Otherwise, instead of a new App, it could be explored if the ongoing revision of the ODR platform may also address the smart complaint handling envisaged for the EU App. This would avoid duplication of actions and ensure consistency in consumer information.

**Update on the New Deal for Consumers**

The Commission gave an update on the New Deal for Consumers by highlighting its main objectives, i.e. to improve the public and private enforcement of EU consumer protection rules and to modernise EU consumer rules in light of market developments.

The approval of the Omnibus draft Directive by the European Parliament and the Council is expected in Autumn this year. The Commission presented its main features:

- Transparency for contracts concluded on online marketplaces as well as of search results – ranking criteria and disclosure of sponsorship;

- Transparency and reliability of consumer reviews;

- Information about automated price personalisation;

- Extension of consumer protection also to cover "free" online services.

**Updates on the main developments in the Product Safety area**

International cooperation: the November 2018 edition of the biennial International Product Safety Week (IPSW) was a big success, bringing together a record-breaking number (400+) and diversity of participants, exploiting synergies with other international organisations and displaying several important events. These included the signature of an Administrative Arrangement with Health Canada for the exchange of information on dangerous consumer products, as envisaged by the CETA Agreement. Following a testing phase, the data exchange started in June 2018. Other areas of possible cooperation include coordinated market surveillance activities and consumer outreach activities.

Coordinated market surveillance activities (CASP): CASP 2019 was launched in February 2019 (budget 2.5M EUR) and focuses on soft-filled toys, personal transporters (hover boards, e-scooters, e-bikes), batteries, chargers and children’s bicycle seats.

Non-product activities include risk assessment methodologies, online market surveillance and knowledge-sharing visits among authorities, including visits to Poland and to Finland. A new activity focusing on slime toys was launched in June 2019: slimes from 29 EU/EEA countries will be tested in a single lab and an EU-wide communication campaign will be launched by Christmas 2019. The Commission is currently collecting input from national authorities to determine the products and activities to be included in CASP2020 (budget 4M EUR).

Product Safety Award: the aim of this new initiative is to spread and reward best business practices that "go the extra mile" in protecting consumers. The pilot edition of the Award focuses on two thematic categories (online sales and childcare products). Separate awards are envisaged for SMEs and large companies. Following a first screening by national market surveillance authorities, a high-level EU jury selected the finalists, who are currently being screening against international corporate responsibility criteria. **ECCG members are invited to find out about the rewarded practices at a networking workshop and a high-level award ceremony, taking place in Brussels next 26 September.** The Commission is currently reflecting on the possible continuation and refinement of the initiative in the future and will consider ECCG comments.

Safety Gate report 2018: the Commission presented the main results of its 2018 annual report on the functioning of the Rapid alert system for dangerous non-food consumer products. A total of 2257 alerts were circulated in the system in 2018, slightly more than in the previous year. In addition, national authorities reported 4050 follow-up reactions. The proportion of these reactions compared to the number of alerts has grown year after year, indicating that national authorities actively follow up on the alerts circulated through the system. The main product categories reported in the alerts were toys (31%), motor vehicles (19%), and clothing (10%). The most common risks included chemical risk, risk of injuries (25% each) and choking (18%). The majority of notified products originated from China (53%) and a quarter (24%) from one of the participating countries. **ECCG members are invited to consult the full report, available on the Safety Gate website[[2]](#footnote-2)**, which besides statistics on alerts provides information on initiatives carried out by the European Commission on products safety issues.

Recall effectiveness: the Commission presented the key findings and recommendations from the first EU-wide survey on consumers' perceptions and experiences with product recalls. As a follow-up, the Commission will organise an expert workshop to take place in Brussels on 23 October 2019. The objective is take stock of available evidence and innovative solutions (both by regulators and by the industry), to increase recall effectiveness. Some of the identified best practices will then be tested through a behavioural study. **ECCG members are kindly invited to inform the Commission of any innovative initiatives that could be presented at the workshop**.

In reply to comments, the Commission reassured the group that its intention is make sure that the recalls and registration processes become easier and more transparent for consumers.

**The EU Consumer Policy & role of consumer organisations**

The Commission presented some features of the EU future Consumer Policy. With the start of the new Commission, a period full of changes is ahead.

Last March, a meeting of high-level officials took place in Chantilly focused on key consumer policy issues, i.e. International development, Consumer policy research, and Policy co-ordination. A consensus on the need of a shared commitment towards raising the profile of consumer policy within the EU and national political agendas was reached.

As a follow up, the meeting the CPN members that took place in Berlin on 6-7 June was mostly dedicated to discuss how in concrete consumer protection can be made more visible and prominent.

The Consumer Directorate in DG Justice and Consumers has taken already steps to try to enhance the consumer protection profile under the preparations for the incoming Commissioner(s) and is envisaging possibly policy initiatives in fields like sustainable consumption, financial services and enforcement. Undoubtedly, the enforcement of existing legislation and the completion of the adoption process of the two instruments under the New Deal for Consumers remain as key prior areas of action. The Commission, moreover, has started a reflection with the CPN members on how to steer politically and administratively the implementation of consumer policies. Furthermore, next year the Commission will organise a big Consumer summit.

In the meantime, the main EU political process saw on 9 May in Sibiu, Romania an Informal meeting hosted by the Romanian Presidency where the 27 EU leaders outlined the priorities for an EU Strategic Agenda 2020-2024. The Commission had previously published its political contribution to the Meeting. The Strategic Agenda was adopted with the four following priorities:

*Europe of convergence*

*A safer Europe*

*Europe, as a stronger global actor*

*Europe of common values.*

Although consumer policy is not considered as an objective *per se,* consumer and consumer protection are mentioned under almost all priorities as an enabler or a receiver of the expected benefits.

Concerning the role of consumer organisations, due to both this intense preparatory work along the upcoming institutional developments, and constraints due to Commission’ mandatory rules on expert groups - which would not fit the current ECCG format – the Commission has decided for the moment not to renew the mandate of the ECCG.

The ECCG members acknowledged the complex political and institutional context and the postponement of any decision about a new mandate for the ECCG until the new framework will be set up. However, while praising the improved collaboration in the ECCG during the last 3 years and Consumer policy unit’s efforts in this regard, they regret for the lack of renewal of the group. Many ECCG members, including Sweden, Germany, Slovenia, United Kingdom, ANEC, and BEUC stressed the importance of involving consumer organisations in the setting up of the new Consumer Agenda.

They highlighted the important role played by ECCG for the fruitful exchanges of information among their members as well as with the Commission, its advisory role to the Commission, and the dissemination of information on Brussels’ developments among their national consumer organisations. Therefore, it would be crucial that also in the future, consumer movement’s views will continue to be systematically represented in all key working groups and fora.

M.P. Benassi took note of the views expressed by the ECCG members by agreeing on the unreplaceable role played by the consumer organisations, including for instance under the implementation of the CPC regulation (regarding their possible designation among the authorities able to send alerts). At the same time, she reminded that the deserved enhancement of the consumer organisations should start at national level, and that the Commission surely will continue to support them through legislative, policy and capacity building measures.

Upon request of Swedish member of the ECCG the following statement is included in the minutes of this meeting. **Sweden opposes the ending of ECCG as a sounding board for the national consumer movement in the EU member states. The termination was not communicated before the meeting and no effort has been made to evaluate the work at this last ECCG meeting. The ECCG should not be dropped until the Commission has established a new group for effective consultation with national consumer organisations. This can be done by a prolongation of the existing ECCG term.**

**A future consumer consultative group should be a forum for general discussion and input to the entire Commission on problems relating to consumer interest. A place to advise, guide and inform the Commission on the development of consumer issues in member states and a forum to establish opinions on important common positions for national consumer representatives, in all member states, on consumer relevant priorities.**

**Results of the dual quality product testing**

JRC presented the results of the pilot dual quality testing campaign it carried out from May until October 2018. The initiative focused on identification of differences in the composition of EU food products by categorising them according to their nutrition declaration, ingredient list and quantitative ingredient declaration and front-of-pack appearance. A colour code helped separate products based on similarities, i.e. *identical, similar, and different products*.

19 EU Member States submitted information (all of them had been invited to participate) in a EU-wide testing campaign: in total, information for 1380 products formed the basis of the comparison; 113 branded and 15 private label products were selected.

The main conclusion of the study is that there is no consistent geographical pattern in the use of the same or similar packaging for products with different compositions.

Some ECCG requested clarifications on the study, including on why of sensorial testing was not included and affirming that differences actually would often exist between EU and Wester Member States both for food and no-food products.

JRC replied that sensorial testing had not been considered as reliable criterion as being too subjective, and that the differences in the composition of the products tested did not necessarily constitute a difference in product quality. Further steps and research are necessary to make the assessment more representative and to better understand the link between composition and quality. Moreover, the criteria on what is illegal and what is/can be considered as misleading for the consumers in light of applicable rules, notably art. 6 of the Unfair Commercial Practices Directive (UCPD) can be different.

**Consumer organisations related projects**

The Commission gave an overview of ongoing or planned projects. **ECCG members were invited to take note of the activities below and to widely disseminate them in their own countries, in order to allow the highest possible participation of grassroot organisations**.

Dual quality

The “*Call for proposals for action grants on limiting dual product quality and strengthening consumer organisations in the EU*” aims at enhancing the role of the consumer organisations in relation to testing and comparing basic consumption products both in the national and cross-border context, and at identifying potentially misleading branding. The call was opened on 24 June 2016 and will close on 6 November 2019. The total available budget of 1.260.000 EUR should allow selecting at least 5–6 projects (which should be transnational, involve at least 2 organisations and have a maximum duration of 12 months). As the lead applicant should always be a consumer organisation, **the present consumer organisations were invited to consider close look at this call.**

Capacity building

The call for tender “*Organisation and implementation of training and other capacity building activities in the EU, Iceland and Norway for the consumer organisations and other actors and stakeholders in the consumer policy - Chafea/2018/CP/04*” was published on 15 November 2008 and the assessment of the received offers has been finalised. After a needs analysis, training sessions will be offered to the consumer organisations and stakeholders. The contract has a duration of 2 years (can be renewed once for 2 years) and has a total value of 3.000.000 EUR.

Videos

The Commission is preparing a contract for the production of four educational projects, two videos targeting young consumers (aged 18-28) and two videos targeting the general consumer public. The videos will be disseminated in all the Member States. The Commission will organise a “call for ideas” to gather input from consumer organisations and youth organisations on the possible storyboards for the four videos. **The consumer organisations will, thus, be asked to lay an active role in such call for ideas**.

**The Commission also asked the ECCG members if their organisations would be interested in re-using and/or hosting educational materials produced under the “Consumer Classroom” project which will for several reasons be discontinued**. **Interested consumer organisations should get in touch with unit E1 of DG JUST.**

1. I.e. efficiency, effectiveness, relevance, coherence and EU added value. [↑](#footnote-ref-1)
2. <https://ec.europa.eu/consumers/consumers_safety/safety_products/rapex/alerts/repository/content/pages/rapex/index_en.htm> [↑](#footnote-ref-2)