

Article – New rules to allow collective EU consumer action



The rules will also ensure protection from abusive lawsuits through the “loser pays” principle.

A more globalised and digitalised world has increased the risk of a large number of consumers being harmed by the same unlawful practices. Currently, it is only possible for consumers to join forces when fighting for their rights in a few EU member states and it is virtually impossible in cases spanning more than one country.

New rules on collective redress would give consumers in all member states the right to fight cases involving mass harm together, but also introduce safeguards to prevent the abuse of the procedure.

Following agreement by Parliament and Council negotiators at the end of June, Parliament’s legal affairs committee backed the deal on 7 July. Parliament is expected to vote on it later this year.

How it will work

- Qualified entities, designated by EU countries, will be able to represent groups of consumers in collective cases
- Collective redress will be possible in all EU countries: at least one representative action mechanism must exist in all member states, allowing organisations to represent citizens, with the power to seek sanctions and compensation for the harm caused

- They will have to meet specific eligibility criteria: for cross-border representative action criteria are set out in the new rules, while for domestic proceedings the criteria are set out in national law
- The defeated party will pay the costs of the proceedings (“loser pays principle”), which aims to protect businesses against baseless lawsuits
- In addition to general consumer law, collective action would be allowed in cases involving trader violations in areas such as data protection, financial services, travel and tourism, energy, telecommunications, environment and health, as well as air and train passenger rights.