

New rules allow EU consumers to defend their rights collectively

- Consumers to be better protected in “mass harm” situations
- Organisations or public bodies to launch actions on behalf of consumers
- “Loser pays principle” as safeguard against abusive lawsuits

Parliament and Council negotiators reached a deal on the first EU-wide rules on collective redress, on Monday.

The new rules introduce a harmonised model for representative action in all member states that guarantees consumers are well protected against mass harm, while at the same time ensuring appropriate safeguards from abusive lawsuits. The new law also aims to make the internal market function better by improving tools to stop illegal practices and facilitating access to justice for consumers.

“Europe must become a shield that protects the people”

Rapporteur [Geoffroy Didier \(EPP, FR\)](#) said, “We have sought to strike a balance between the legitimate protection of consumer interests and the need for legal certainty for businesses. Each member state has at least one entity qualified to exercise a remedy, while at the same time putting in place safeguards against abusive recourse. Europe must become a shield that protects the people. This new legislation offers new rights to consumers in their daily lives and shows that Europe is making a difference.”

Main elements of the agreement:

- **At least one representative action procedure for injunction and redress** measures should be available to consumers in every member state, allowing representative action at national and EU level;
- **Qualified entities** (organisations or a public bodies) will be empowered and financially supported to launch **actions for injunction and redress** on behalf of groups of consumers and will guarantee consumers’ access to justice;
- On **designation criteria** for qualified entities, the rules distinguish between cross-border cases and domestic ones. For the former, entities must comply with a set of

harmonised criteria. They have to demonstrate 12 months of activity in protecting consumers' interest prior to their request to be appointed as a qualified entity, have a non-profit character and ensure they are independent from third parties whose economic interests oppose the consumer interest;

- For **domestic actions**, member states will set out proper criteria consistent with the objectives of the directive, which could be the same as those set out for cross-border actions;
- The rules strike a balance between access to justice and protecting businesses from abusive lawsuits through the Parliament's introduction of the "**loser pays principle**", which ensures that the defeated party pays the costs of the proceedings of the successful party;
- To further avoid abusive lawsuits, Parliament negotiators also insisted that courts or administrative authorities may decide to **dismiss manifestly unfounded cases** at the earliest possible stage of the proceedings in accordance with national law;
- Negotiators agreed that the Commission should assess whether to establish a **European Ombudsman for collective redress** to deal with cross-border representative actions at Union level;
- The **scope** of collective action would include 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, in addition to general consumer law.

Next steps

Parliament as a whole and the Council will now have to approve the political agreement. The directive will enter into force 20 days following its publication in the Official Journal of the EU. Member states will then have 24 months to transpose the directive into their national laws, and an additional six months to apply it.

Background

The Representative Action Directive is a part of the [New Deal for Consumers](#), launched in April 2018 by the European Commission, to ensure stronger consumer protection in the EU. It includes stronger consumer rights online, tools to enforce rights and compensation, penalties for violating EU consumer law and improved business conditions.

Further information

[Committee on Legal Affairs](#)

[Procedure file](#)

[Press release on Parliament's mandate following the plenary vote \(26.03.2019\)](#)

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