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Parliament committee adopts new consumer protection rules as agreed with the Hungarian Presidency

Today the Internal Market Committee of the European Parliament has adopted a compromise text negotiated by the Hungarian Presidency on the new Consumer Rights Directive. Minister Zoltán Cséfalvay, Chair of the Competitiveness Council responsible for the legislation, said: “I welcome the decision of the IMCO Committee and I hope the plenary will adopt the directive in first reading soon. This legislation will put consumers more in control of their purchases, protect consumers from unfair practices, enhance consumer choice and increase competition. In times when we are looking for sources of economic growth and job creation, helping to unlock cross border trade and distance selling can provide a critical contribution to our goals.”

The compromise developed by the Hungarian Presidency will increase consumer protection across the European Union when it comes to off premises contracts and distance selling – including online transactions which are becoming increasingly prevalent nowadays. It provides for common rules on the withdrawal from a contract (with an increase in the withdrawal period) and on certain aspects of delivery. It also prescribes new rules to protect consumers against cost traps and specifically addresses some of the challenges of the digital era with new rules on contracts concluded electronically. Finally, it provides harmonised rules on pre-contractual information to be given to the consumer, even in the case of on-premises contracts.

The European Parliament is expected to vote in the plenary on 23 June 2011. Member states will have to implement the new rules within a period of two years, at the latest, after the entry into force of the directive.

Background:

Following a proposal by the Commission in October 2008, Member States in the Council reached a General Approach in January 2011. After 14 meetings in the Council and 6 trilogues with the European Parliament, Member States have finally accepted the Hungarian Presidency compromise text on 15 June, with the Parliament’s IMCO committee following suit a day later.

The new directive provides harmonised rules on pre-contractual information to be given to the consumer, even in the case of on-premises contracts and raises the withdrawal period from 7 days to 14 days while providing detailed rules for the application of the right of withdrawal.

In contrast to the directives currently in force, Member States may not deviate, as a rule, from the new directive in the areas of distance and off premises contracts, thus making the legal framework more transparent and predictable for merchants engaging in cross border trade.

Among others, the new directive sets out

- the need for merchants to ensure that consumers are aware and give their express consent when entering into binding agreements (Article 11. (1a)),
- the prohibition for merchants from charging consumers fees exceeding the cost borne by the merchant for the use of payment means. (Article 22b),
- the requirement that consumers are able to contact merchants following a sale with a standard rate phone call (Article 28a),
- an extended withdrawal period of 14 days (from a minimum of 7 days)
- full harmonisation for distance and off-premises contracts

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