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Consumer rights: time for a class action mechanism in the EU

Lately we have heard of many scandals where companies massively violated consumers' rights. From the 2015 "Dieselgate" emissions scandal, to the Cambridge Analytica scandal where personal data of Facebook users were misused or the case where Ryanair cancelled 40-50 flights a day over a six weeks period in September 2017. These situations affected hundreds of thousands of people across the EU. In all of these cases, companies benefited illegally profit at the expense of consumers. Today we did a major set to ensure this changes!

The European Parliament today adopted its position on new legislation regarding a collective redress mechanism to be used by consumers throughout the EU. Unfortunately, Member States in the Council are slacking in moving forward on this, thereby not recognising the need for such a tool for the protection of consumers.

The lack of collective redress mechanisms (comparable to the American "class action") has benefited for too long companies making illegal profit at the expense of consumers. When consumers are suffering massive harm or loss, the battle against big companies is still full of obstacles.

Why do we need a collective redress mechanism?

In most Member States, consumers are poorly equipped to obtain compensation in the case where they were massively victim of company's illegal or unfair practices. For consumers, procedures are mostly expensive and burdensome. Some Member States already have collective redress mechanisms in place, but these can be very different and their effectiveness varies greatly. On top of this, the majority of them are not adapted to solve cross-borders cases, while such cases are increasing with the development of the single market. The situation clearly demonstrates that there are major gaps of enforcement of consumer rights and their access to justice throughout the EU.

The Dieselgate case is a striking example that shows the deficiencies of the internal market in the case of mass harm situations. Volkswagen has persistently refused to compensate European consumers affected by the emission scandals despite many attempts from consumer as well as environmental organisations and even the European Commission. This is in high contrast to the US, where the system of class actions is well developed. Here, consumers did receive compensation, being given the choice between getting compensation for their car value or getting their vehicles repaired. In any case, US consumers received between $5.000 to $10.000 compensation payments.

A first step towards victory for consumers in Europe

The Greens/EFA Group has been calling on the European Commission to put forward a European initiative on collective redress for several years. Today, the European Parliament voted on the European Commission's proposal for a binding EU legislation on collective redress. This is a major step towards ensuring that consumers have the possibility to join forces and go to court when their rights have been violated by a company.

Our MEPs Heidi Hautala and Julia Reda fought hard against right-wing opposition lobbied by businesses and car industry. An important achievement forour Group was opening the door to an application of collective redress against companies for violations of privacy for people who are not "consumers" of a company but who may have been affected by their actions. In practice this would mean that also persons whose personal data are being collected, held or processed, but are not actual consumers, can use this mechanism, for example to take Facebook to court.

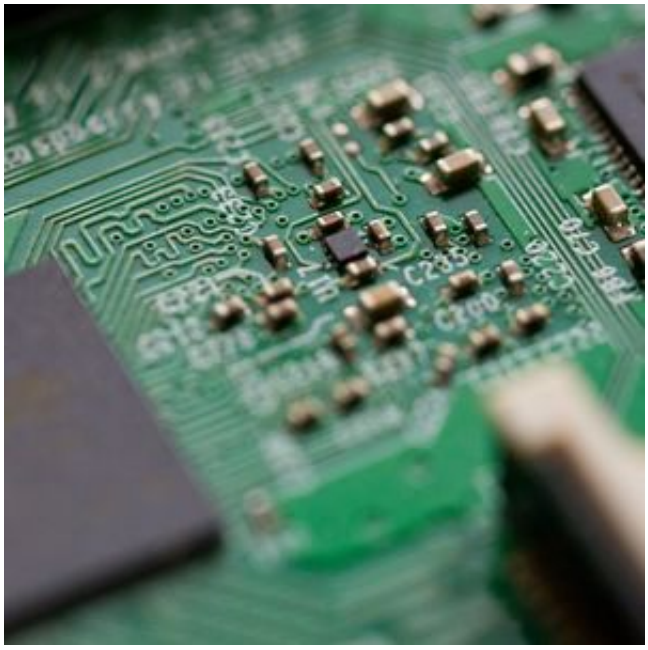
We will continue to push for an even further extension of collective redress mechanisms so collective action can be taken against businesses by all victims of corporate harm, including in the context of environmental damage, health, labour rights and discrimination.

But first things first. Now for collective redress to be available in every Member States, the Council finally needs to reach an agreement and start working with the European Parliament to make this into a fully-fledged victory for consumers. We will continue to put pressure to make this happen, we hope you will join us!

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