

# Current issues IN CONSUMER LAW

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## [top banner:

Up-to-date information for those interested in consumer policy and trends in consumer law.  
Current Issues in CONSUMER LAW]

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### Online newsletter gets a makeover

The Current Issues in Consumer Law online newsletter has been given a makeover in conjunction with a system update. The goal was to improve the newsletter's readability and to clarify its production process. Previous issues of the online newsletter are still available in the archives, which can now be browsed with the help of a new search function. Along with the changes, the "Consumer Affairs in the Courts" column moves to the Consumer Agency's website. The practical implementation of the changes was done by Sininen Meteoriiitti Ltd.

Let us know your thoughts on the changes by sending us feedback at [utiskirje@kuluttajavirasto.fi](mailto:utiskirje@kuluttajavirasto.fi)

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[From the Editor]

## Customer service up to a basic level and from there towards competitive advantage

Helsinki City Transport HKL made a great move by promising consumers compensation when buses run over 20 minutes late. The policy will take effect from the beginning of 2011. The use of public transport is certain to increase once consumers feel they can expect the service provider to do the best job it can. Everyone understands that delays sometimes happen, but at least efforts are made to minimise their effects and provide compensation to the consumer where appropriate.

This is what good customer service is all about: the company believes in the quality of its operations, actively monitors it and strives to improve, but also admits the fact that the highest standards can't be met every single time. When the company does fall short of promises, appropriate action is taken to rectify the situation. Respecting the customer - respecting human beings - is a solid starting point for profitable business operations. Perceiving negative consumer feedback for less than stellar performances as insulting is taking the wrong kind of pride in one's work. Feedback gives the business the opportunity to improve their performance, eliminate practices that cause problems and often even reduce its costs.

Consumers generally have no interest in spending their time making noise on a frivolous basis and filing complaints just to be mean. Consumers want effective routines. They want transactions to go smoothly and, when problems do occur, they want them to be appropriately dealt with. Many products and services are simply necessities of everyday life rather than sources of particularly significant experiences. Nevertheless, consumers too often find themselves spending their time queuing for customer service and repeatedly explaining the problem to one staff member after another without having the issue rectified or even being compensated for telephone costs. The consumer pays a price for the products and services he buys. They are not free benefits handed out by the business, for which the consumer should be humbly grateful regardless of their content. Unfortunately, positive moves like the one announced by HKL are few and far between. It appears that service commitments are not, in reality, perceived as source of competitive advantage. Could this be the result of a lack of genuine competition, of underestimating consumers, of perceiving consumers more as objects than people?

The amount of legislation has often been a source of amazement. It's peculiar that, in practice, customer service is not always implemented as one might naturally expect it to be done: communicating contact information, receiving complaints and then handling them. When businesses fail to even manage these obvious steps, which really should be common sense, legislative provisions are needed to cover even the simplest of obligations such as that of responding to complaints. The world is not ideal. People, whether in the role of entrepreneurs or consumers, do not always act in a rational manner or with good intentions. In the absence of legislation to govern what they can and can't do, these restrictions would not simply come out of nothing. However, when jointly agreed regulations are known to all, mutual trust increases and business is brisk. Furthermore, competition means that somewhere out there, a smart entrepreneur will seek competitive advantage by offering customer service that exceeds the basic statutory requirements.

*The time has come to appreciate that what allows capitalism to function is the regulations which assure Josepha that when she puts her money into the market, when she takes out a mortgage, or when she buys a car, she is getting a product with some guarantees.*

(Animal spirits – How human psychology drives the economy, and what it matters for global capitalism George. A. Akerlof and Robert J. Schiller. 2009)

**Anja Peltonen**  
**Director**

[Column]

## **Plea to businesses: do not outsource your customer service to us!**

In recent years the Consumer Agency has seen a sharp increase in the number of consumer complaints regarding customer service problems. The pile in my office grows every week with tens of new reports. While the majority of the complaints concern telephone operators, other industries are also well represented - online stores and home appliance stores to mention but two.

At the same time the gurus of the corporate world keep repeating that customer feedback is worth its weight in gold as a tool for improving customer satisfaction. The focus must be on the customer, not the product. Every company is a service company. Customers must feel that they are cared for. These thoughts must permeate the entire organisation, from the cleaning staff to the managing director. Despite these accepted facts of business life, some companies seem to be happy to outsource their customer service to the Consumer Agency.

The largest problem with telecom operators, for instance, seems to be simply reaching the company. Getting through to a customer service person on the telephone within a reasonable time is starting to appear about as likely as winning the lottery - at least for customers on "cheap subscriptions". A slightly lower-priced service suddenly becomes surprisingly expensive once you spend minutes on end queuing to get a customer service representative on the line.

The Consumer Agency has repeatedly brought up the issue of customer service in negotiations with operators and demanded practical measures to improve the situation. The matter has also been addressed by The Ministry of Transport and Communications. And what action have the operators taken? They have made their customer service numbers subject to charges! Customers have been dismayed by this. The cost of resolving problems caused by the operators' actions is now being shifted to the customers.

Unfortunately, things don't look much better in other industries either. Customer complaints regarding online stores, for instance, repeatedly highlight the fact that the customer service capacity is insufficient in proportion to demand. There may be no answer at the telephone number given, nor will e-mails get replies despite repeated attempts. The customer generally pays for online purchases in advance and naturally has cause for concern if the delivery of the product is excessively late in relation to what was agreed. Is it too much to ask that companies notify the customer of any delivery problems?

We all surely know what good customer service is: the customer is able to easily reach the company, his concerns or complaints are received in a positive manner and the matter is processed within a reasonable time frame. Customer service should start from the moment the product or service is sold, not end at that moment.

Studies indicate that acquiring a new customer is significantly more costly to a company than retaining an existing one. Dissatisfied customers, for their part, are highly inclined to tell their friends and others of their bad experiences and change to a different provider. Companies being dismissive of the significance of customer dissatisfaction and failing to process complaints effectively face losses in market share and deterioration in reputation. On the other hand, if customers perceive that their complaints are handled fairly and efficiently, some 80 % of them will continue their patronage.

Effective consumer service is not simply a question of what a company should do to achieve a competitive advantage, but first and foremost of what rights do consumers have in their customer relationships. Customer service is part of the product or service purchased by the consumer. It is an integral part of good consumer protection. If customer service fails to function properly, the consumer is prevented from exercising his rights such as rectifying billing mistakes or having warranty repairs

done on a defective product. The company is, in every aspect of its operations, responsible for ensuring that consumers are able to exercise their basic rights effectively.

We now also have regulations governing the matter: a year ago customer service became a statutory requirement as the marketing provisions of the Consumer Protection Act were amended in line with the EU Directive. The scope of the provisions was extended to cover e.g. how the customer relationship must be managed. By law, unfair practices are not allowed in customer relationships. The preparative work on the law gives a broad definition for the concept of customer relationship, including the provision of information regarding customer rights in the event of defects as well as complaint handling.

We have been pleased to note that some businesses have a genuine desire to take responsibility in the matter and, as a result, they have managed to make customer service a source of competitive advantage. Nevertheless, we still seem to be a long way from seeing a significant decrease in the number of consumer reports received by the Consumer Agency. It is obvious that businesses should not let customer feedback pass them by and end up in the mailboxes of authorities, on Internet discussion forums or in talks between parents beside sandboxes. Feedback is free and companies would do well to try and gather it on as broad a front as possible. The Finnish consumer is reserved about giving praise but tends to reward deserving businesses with loyalty. Consumer behaviour is rational only up to a certain point; most purchase decisions involve a significant emotional element. The same goes for most decisions to boycott a certain product or business.

Unsatisfactory experiences with customer service erode trust. When this occurs, it is unlikely that a customer loyalty program card in the consumer's wallet will help. Customer loyalty in the consumer's heart is far more significant than a force-fed piece of plastic. A trustworthy business, a familiar salesperson, a handy feedback form or even just a friendly smile at the cash register are valuable intangible assets to a company. Businesses should not rely on chance in creating positive feelings in customers, but rather take a long-term approach to building customer service processes based on feedback signals.

We at the Consumer Agency are pleased to give businesses information on what aspects of customer service are important to consumers and provide guidance on the legal requirements. At the same time, businesses must themselves be motivated to make a clear change in course. Preparing templates for complaints and handling customer complaints on behalf of businesses can no longer be the Consumer Agency's job.

**Katri Väänänen**  
Legal adviser

## **Filling for telecom operators' empty service promises**

**The customer service aspects of communications services such as mobile phone and broadband Internet subscriptions are sometimes handled rather sloppily. At times, service quality also fails to meet the promises given in marketing and sales pitches. These problems are set to be alleviated by a Finnish Communications Regulatory Authority decree on the quality of communication networks and services, which is currently being prepared.**

The basic precondition for service provision is that the business assumes responsibility for service quality and is thoroughly familiar with the functionality of the service it offers. In communications services, however, this condition is often not met. Service providers don't necessarily have adequate information on the functionality of the subscriptions they offer. An unrealistic understanding of a company's own services may lead to excessive service promises being made to customers. The situation will hopefully change for the better with the implementation of a decree on the quality of communication networks and services being prepared by the Finnish Communications Regulatory Authority. The starting point of the decree is that telecom operators have an obligation to fulfil all promises they make to their customers regarding both the service itself as well as the customer service that goes with it.

The Consumer Agency is pleased to note that the decree considers customer service an integral part of service quality. Inadequate customer service also erodes consumer protection: it prevents the customer from exercising his statutory rights such as filing complaints regarding service defects or billing.

### **Customer service and charging fees: a poor fit**

The intention is to make telecom operators' customer service more consistent by defining a set of metrics for it. Of the various customer service problems, the one that has received the most public attention is the issue of long queuing times. However, response time alone is not a sufficient measure of service quality. It is of little comfort to the customer to have his call taken within one minute if the customer service representative on the line is unable to help him or, despite promises to the contrary, fails to rectify the situation.

In addition to response times, consumers should be informed of whether the service and queuing time are free of charge or involve a fee. The Consumer Agency has often highlighted the fact that service phone lines involving fees and queuing time subject to charges are a very poor fit with the requirements of customer service. It is unreasonable to have the consumer pay to receive basic instructions on how to use a subscription or to report defects that result from the service provider's actions. If a service provider does not offer a free-of-charge channel for reporting complaints, it must compensate customers for the costs of filing a justified complaint afterwards.

As customer service is increasingly moved to electronic channels, the quality and response times associated with these channels must also be monitored and improved. A customer-focused company also takes care to give customers an estimate of the expected processing time when they acknowledge receipt of a complaint or other customer contact.

Ultimately, good customer service can be recognised by it being as clear and easy to use as possible from the customer's viewpoint. Information pertaining to customer service must also be easily found on the company's website without unnecessary inconvenience.

### **Information for businesses on customer service ([link](#))**

## Protecting children from surreptitious advertising now in the hands of Parliament

**The Consumer Agency hopes to have product placement prohibited entirely from programming broadcasted during the hours when children watch television. In addition, advertising for television programming should finally be covered by supervision.**

The Government has handed the Parliament its proposal on legislative changes to implement the EU Television Directive. The Consumer Agency has participated in the preparatory work for the new legislation and issued several statements on the matter. Nevertheless, the legislative proposal recently submitted for parliamentary proceedings still fails to adequately take children's position into consideration.

According to the proposal, product placement would only be prohibited in children's programming. This approach would fail to consider the fact that children also watch other than children's programming on television. With that in mind, the Consumer Agency is calling for the adoption of broadcast times rather than programming categories as the criterion for when product placement is allowed and when it is not.

In the legislative proposal, protecting minors from inappropriate and harmful content is treated simply by making a reference to the Act on Inspecting Audiovisual Programming. However, actually taking decisive action against harmful programming content is more important than the question of which Act covers the provisions governing the matter. This calls for industry actors to finally implement effective systems for identifying minors in their services. This concerns a statutory obligation for industry actors, the supervision of which would call for additional resources to be allocated to the relevant authorities.

There is also a clear gap in the supervision of programming: advertising for television programmes in e.g. print media, the Internet or radio is currently outside the supervisory powers of all authorities. Advertising for programming should be made subject to supervision by the consumer authorities and the legislation should be worded in such a way as to cover all media.

In order to ensure effective supervision in the face of broadening legislation, more resources should be allocated to the authorities and the supervisory methods at their disposal should be made more powerful.

### **More information:**

[More determination needed in protecting young media users](#) (Current Issues in Consumer Law, online newsletter 3/2009)

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### **Background to the legislative proposal**

The Directive on Audiovisual Media Services (the so-called Television Directive) is implemented through amendments to the Act on Television and Radio Operations. The Consumer Agency has participated in the work of a ministerial working group on the matter. The government proposal was submitted to the Parliament in June 2009 and it is presently being circulated for comment by Parliamentary Committees. The Agency has issued a statement voicing its concerns regarding the contents of the legislative proposal, particularly from the viewpoint of protecting children.

## **Euros earned from market disturbances remain in companies' pockets**

**According to a recently published study, consumers in England lose an estimated 3,300 million pounds as a result of unfair commercial practices. The problem lies in the citizens' inability to seek compensation due to inflexible legislation.**

Scams, inappropriate and aggressive marketing and other unfair practices easily end up costing consumers fairly small sums of money at a time. The total amount, however, is considerable. Typical situations include pressuring consumers to make supposedly inexpensive purchases in a rushed manner, offering free wins or gifts that, when claimed, are not free after all and cases where the consumer ends up buying something just to get rid of a persistent salesperson.

The consumer rarely makes efforts to claim compensation for his losses through the courts. Unfair marketing methods are prohibited throughout the EU, but consumers often perceive their losses to be so minor or theoretical and their opportunities to actually receive compensation through the courts so nonexistent that they end up not claiming compensation at all. The study was commissioned by Consumer Focus, a newly established consumer organisation in Britain, which calls for amendments to national legislation to give consumers a better chance of seeking justice independently in these types of situations. Another suggested method is to give supervisory authorities the power to force businesses employing unfair practices to terminate inappropriate contracts and compensate consumers for their losses. The organisation takes the view that businesses are aware of the fact that regulatory breaches tend to go unpunished, and as a result, knowingly exploit these situations.

The situation in Finland is similar. The means at authorities' disposal for intervening in market disturbances are focused on preventing breaches from reoccurring in the future. The consumer who has already suffered losses is in a position where being compensated for euros lost through unfair marketing is all but impossible. In many cases the magnitude of the losses is difficult to assess. For example, if a business misleadingly advertises a clearance sale, the consumer may be conveyed an idea of particularly inexpensive purchases. However, consumers may later notice that the business has one "clearance sale" after another and the price level is actually the same as elsewhere. The business has thereby attracted customers on a misleading basis and benefited from unlawful advertising. But what exactly should the business compensate the consumer for in this type of case?

The question is perhaps easier approached from the perspective of fair competition: by acting in a manner that is in breach of legislative provisions, the business may have gained an unfair advantage relative to its law-abiding competitors. Despite the fact that moves are being made to improve consumers' right to compensation in cases of breach of competition regulations, it doesn't appear likely that marketing-related aspects will be included in the list of practices that are considered to restrict competition.

### **Market disturbance charge - no compensation to consumers, but at least some form of punishment**

Sweden and Norway have adopted a market disturbance charge, which can be imposed by the consumer authorities on businesses which act unlawfully to gain an unfair advantage over their competitors. The adoption of this type of fine would serve to improve the general protection of consumers in Finland considerably, as the methods currently available to the authorities - such as bringing matters to the Market Court - are time-consuming and require a lot of resources. Having the option of imposing a market disturbance charge might help rein in unfair marketing practices, but its adoption would certainly take some time.

The British consumer advocacy body Consumer Focus is just one of many organisations making an effort to assess the total amount of money siphoned out of consumers' pockets through dishonest marketing practices and the proportions between these losses and judicial outcomes. Regulations whose breach does not result in the guilty business being made accountable and compensation being paid to the party that suffers damages must be deemed weak. British consumer advocates hope that as

legislation is simplified, these problems are rectified and the individual consumer gets a genuine opportunity to receive compensation in these types of matters.

Link to Consumer Focus website

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### **What are unfair commercial practices?**

Unfair commercial practices are listed in a Government decree based on the EU Directive that entered into force in autumn 2008. The list includes e.g. the use of various marketing claims without basis, falsely creating the impression of free offers, deceptively designing an advertisement to look like an invoice as well as the use of pyramid schemes.

## Marketing lotteries for F1 scratch cards and snacks failed at the basics

**Marketing lotteries must be open to enter even without purchase. This basic rule seems to be forgotten by businesses quite regularly. Recently this was the case with Rautakirja Oy and Pouttu Oy, the latter having already been issued a marketing injunction over a similar offence earlier this decade.**

R-kioski came out with a TV advert urging consumers to "race to R-kioski" to receive a free F1 scratch card. Pouttu Oy's "Uudet välipalat" campaign advertising a new line-up of snacks invited consumers to enter a raffle for a scooter or toaster by returning six stickers from product packaging.

According to the Consumer Protection Act, any lottery that offers prizes based on chance must include an option for entering without making a purchase. This key piece of information had, however, been left out of both R-kioski's TV advert and Pouttu's product packaging and print ads.

This failure was not remedied by the fact that R-kioski's website informed consumers that they could enter the lottery even without making a purchase or the fact that Pouttu's online advertising mentioned that the raffle could also be entered by sending in a post card.

### A price discount is not a prize

The terms of participation of marketing lotteries must be disclosed in a clear and understandable manner and they must be easily available. R-kioski's television advert did not satisfy that principle. The advert stated that the lottery features 15 million tickets and over 3 million prizes. In reality, however, the number of actual lottery prizes was a little over 120,000. The other 3.2 million "prizes" were actually merely offers to buy certain products at discounted prices. This fact was only divulged on R-kioski's website, which meant that most consumers only found out about it once they had their hands on the scratch ticket.

The Consumer Agency pointed out to Rautakirja Oy that its marketing of the F1 lottery was unfair. The Agency called on the company to refrain from using the term "prize" for price discounts and from conveying a misleading idea concerning prizes. If the company organises marketing lotteries in the future, each advert must clearly indicate that entering the lottery does not require purchase.

Pouttu, for its part, was reminded that it had been issued a marketing injunction in 2001 for the very reason that one of its campaigns failed to mention that consumers could enter the lottery without purchasing the products in question. Having read Pouttu's response in the matter, the Consumer Agency ended up issuing a stern warning to the company. The Agency also urged the company to refresh its memory regarding the contents of the marketing injunction it received in 2001, the Agency's guidelines concerning marketing lotteries as well as the Market Court's relevant case law.

The Agency's warning to Pouttu emphasised the company's responsibility for the legality of its marketing. The company must also put in place adequate systems to ensure that future marketing campaigns do not go against the injunction. If the company is found to engage in unlawful marketing in the future, the Consumer Agency will petition the Market Court for collection of the conditional fine imposed on the company in conjunction with the 2001 injunction as well as the imposition of a new, higher conditional fine. *5144/41/2009, 1265/41/2009*

Legislation applied in the cases:

Consumer Protection Act, Chapter 2, Section 1§

Consumer Protection Act, Chapter 2, Section 6§

Consumer Protection Act, Chapter 2, Section 14§

## **Amendments to electricity contracts call for attention to detail**

**As electricity contracts often involve a long-term duration, occasionally there is a need to make amendments to them. Amendments to prices or other contract terms must, however, be made with great care and attention to detail. Amendments to contracts with both Fortum and Helsingin Energia resulted in reports to the Consumer Agency.**

Last spring, Fortum Oyj informed consumers that it had amended the pricing of its "Tarkka" agreements. The company indicated that the basis for the amendment was the need to modernise outdated contract and pricing systems. However, that basis is not considered legal justification for amendment of electricity contracts not covered by the duty to deliver, which is what the Tarkka agreement is.

The justification for the amendment, which was a change in the vendor's own costs of electricity acquisition, was left out of the company's letter to customers due to human error. After being reprimanded by the Consumer Agency over the matter, the company stated it will cancel the price amendment slated for June 1st and send new price amendment notifications to customers in July before implementing the pricing change in September 2009. This meant that customers continued to pay the old rates for their electricity usage through the summer.

The Consumer Agency considered the decision to cancel the price amendment to be in line with the provisions of the Electricity Market Act. Nevertheless, the company was reminded that price amendment notifications must clearly explain the justification for the amendment to consumers in order to provide them with sufficient detail for understanding what the basis of the vendor's price amendment is. *5086/41/2009*

### **Previously linked prices amended**

Helsingin Energia changed its contract terms for steered night-time electricity through amendments that entered into force in June 2008. The amendment concerned agreements for steered night-time electricity concluded in the early 1990s. The old terms of contract had specified that the rate for night-time electricity and basic charges in proportion to wattage were linked to the price of hot water district heating. In practice, this price link constituted a ceiling for the rate of steered night-time electricity based on the rate for district heating. This price link was eliminated in conjunction with the amendment of contract terms.

The Electricity Market Act states that as agreements for electricity supply are often long-term in nature, a justified need for contract amendment may arise during the term of agreement. Unilateral amendment of an agreement is, however, always considered an exceptional circumstance and it must be supported with adequate justification. The more substantial the amendment, and the greater its effect on the user of electricity, the higher the threshold should be for making amendments to agreements.

The vendor may amend terms of agreement if special justification exists for making amendments due to the modernisation of outdated contract and pricing arrangements. In this case, the night-time electricity product was based on circumstances that prevailed prior to the liberalisation of electricity markets. Nevertheless, it is problematic from the consumer's standpoint when unilateral amendments to agreements, however justified they may be, have the practical implication of resulting in substantial price changes for the user of electricity. If a user of electricity considers deviation from the agreed price to be unreasonable, he may pursue arbitration of the agreement e.g. through the Consumer Disputes Board. *6646/41/2008*

## **Not picking up delivered packages may not lead to penalties**

**The contract terms of an online retailer selling horse supplies included an unlawful hit in the wallets of consumers who exercised their right of return.**

The contract terms of Horze Oy specified that failure to pick up an ordered and delivered product results in the customer's account being closed and the customer being charged a fee of 20 euros in conjunction with their next order. Under the distance selling provisions in the Consumer Protection Act, the customer may withdraw from a sale at no expense within 14 days. The customer declining to pick up ordered goods from the post office is also considered a valid form of withdrawing from the sale. The expenses incurred by the vendor from the customer's withdrawal from sale, such as postal expenses, must be considered normal risks of doing business.

After the Consumer Agency contacted the company, it amended its contract terms and removed the provision concerning the fee charged for opening a customer account. The company was told that they are entitled to decline future purchases by a consumer who repeatedly fails to pick up ordered goods. However, the existence of such a provision must be clearly disclosed on the online store's web pages.  
*4069/41/2009*

Legislation applied in the case:

Consumer Protection Act, Chapter 6, Sections 15, 14, 17

Consumer Protection Act, Chapter 3, Section, 1

## Everyman's right not seen as implying a free service

**A consumer was aghast at Helsinki City Transport HKL's advert for the city bus route branded "Jouko". The advert characterised Jouko as "everyman's right", which is a Finnish concept normally used in reference to the public right to free access to land, forests and waterways. The consumer felt that the use of this expression implied that the service was free of charge for all. The Consumer Agency deemed that the nature of the service, in that it involves a fee, was not left unclear.**

Based on the report received from a consumer, the Consumer Agency evaluated the marketing campaign for HKL's city bus route. The advert features the text "Jouko is an everyman's right" in large font, an image depicting Jouko and text in smaller yet easily discernible font stating that the service can be paid for by travel card and cash, just like other public transport in Helsinki. The phrase "Jouko is an everyman's right" can be understood to mean either that using the Jouko service is free of charge, or that the Jouko service is targeted to all.

Even if information provided in marketing is, as such, correct, it may be construed as misleading if it conveys a misleading overall impression. The headline of an advert may be misleading even if its body contains accurate information.

Nevertheless, in evaluating the advert as a whole, the Agency felt that the message conveyed focused on the availability and ease of use of the Jouko service and the fact that everyone is welcome to use it regardless of age. The advert clearly expresses the fact that the service involves a fee. Furthermore, as it is commonly understood that public transportation services entail a fee, the Agency found that the phrase "Jouko is an everyman's right" did not convey the impression that the service is free of charge. Based on these criteria, the advert was not deemed misleading in the sense referred to in the Consumer Protection Act. *4537/41/2009*

Legislation applied in the case:  
Consumer Protection Act, Chapter 2, Section 6

## **New consumer law guidelines**

**The Consumer Agency has recently issued guidelines concerning price expressions and environmental claims used in marketing new cars as well as a set of guidelines for the marketing of prefabricated houses.**

The car industry and the Consumer Agency joined forces in early autumn to draft guidelines on how environmental claims can be used in marketing new cars. The objective has been to have advertising convey a truthful overall impression to the customer regarding technological changes aimed at environmental protection as well as the effects of those changes.

The Consumer Agency, the Association of Automobile Importers in Finland and the Finnish Central Organisation for Motor Trades and Repairs jointly agreed on principles to govern the future use of environmental references in the marketing of cars. The objective is to prevent a situation where customers are given excessively lofty promises regarding the green characteristics of a vehicle.

### **Complex Car Tax Act**

The beginning of April saw the introduction of a Car Tax Act amendment that affects the determination of tax levied on both cars and vans. The applicable tax rate depends on the carbon dioxide emissions caused by the vehicle's fuel consumption. The total price of a new car ordered from a manufacturer or intermediary is composed of the tax-free price and the estimated car tax. The final amount of tax is only determined once the car has been manufactured and its fuel consumption and level of carbon dioxide emissions are known.

The Consumer Agency and car industry associations jointly issued guidelines to car sellers concerning the principles governing price expressions. The key consideration in assessing car advertising under the new guidelines is whether the advert refers to a particular model or simply aims to build the car manufacturer's broader brand image.

### **Clearer rules for the market for prefabricated houses**

On another front this past autumn, the Consumer Agency and the Association of House Suppliers (Pientaloteollisuus PTT ry) tackled problems observed in the marketing of prefabricated house packages by drafting guidelines for more consistent marketing and terminology in the industry. Before the guidelines were drafted, the delivery contents for prefabricated house packages advertised as "Ready to move in" varied considerably between vendors. The companies in the industry have now made a commitment to use terms related to delivery contents in a consistent manner across the board.

The guidelines also aim to reduce ambiguity concerning the prices of prefabricated house packages. Several vendors of prefabricated houses have not disclosed the prices of house packages in their marketing materials and have instead directed customers to contact a sales representative for an offer. The marketing guidelines emphasise the legal requirement to always state the price of a prefabricated house when marketing pertains to a particular, identifiable product such as a specific house package, house model or house type. Image marketing aimed strictly at building corporate image, on the other hand, does not need to include price information.

### **Guidelines explain how legal provisions are applied**

Consumer law guidelines contain information and practices concerning the application of legal provisions. They take into consideration the special characteristics and problems of their respective field or industry. The issuing of guidelines makes it easier for businesses to anticipate and understand the nature of supervision and plan their operations.

Where necessary, guidelines are drafted jointly with domestic or international actors. Guidelines are the supervisory authority's take on how legislation is applied. The guidelines are based on legal provisions and decisions handed down by the Market Court and supervisory authorities. The

guidelines do not impose requirements on businesses that go beyond the legal provisions, but rather serve to explain how the supervisory bodies apply the legislation.

The full archive of consumer law guidelines: <http://www.kuluttajavirasto.fi/en-GB/guidelines/>



The task of the Finnish Consumer Agency is to safeguard and strengthen consumers' position in society. The Director General of the Consumer Agency also acts as the Consumer Ombudsman, and the Ombudsman's tasks are included in the activities of the Agency.

The Ombudsman's responsibilities are to monitor and enhance the legal position of consumers, and to ensure that marketing and contractual terms comply with the rules. Matters concerning warranties and collections from consumers are also within the Ombudsman's jurisdiction. The Ombudsman may also assist consumers in court.

Additional information: [www.kuluttajavirasto.fi](http://www.kuluttajavirasto.fi)

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