



Current Issues in Consumer Law

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From the Editor

I just can't do it!

The consumer's lot is not easy. The economic crisis has sparked discussions of how consumers should be educated to better understand the nuances and risks associated with financial products. What seems to be implied is that consumers should know better than to buy high-risk financial products. It never ceases to surprise us how corporate social responsibility and responsible lending can be primarily seen as a need to improve consumer education, monitoring and registration rather than a requirement for companies to engage in some introspection.

Questions of what types of products should be made available to non-professional investors, how financial products are advertised to consumers and how the clarity of contract terms could be improved tend to receive much less attention. In this regard, credit must be given to the Norwegian Banking Complaints Board, which in a recent statement found that the nature of certain products was not clearly understandable to consumers and they should therefore not be offered to them.

The discussion surrounding SMS loans is a poignant example of how complicated these questions of responsibility can be. Firstly, there is the operating environment where a credit institution can be easily established without the need for registration or a licence. The precondition for commercial success of the product is also evident - and always has been: how to get money quickly when you need to buy something and there isn't enough money on the bank account. New technology comes to the rescue and suddenly, without as much as a hello, the funds are in your account in a matter of minutes. It doesn't matter whether it's night or day.

Anyone with a bit of common sense and life experience understands that the customer base for such products also includes helpless consumers. After a few years, when the consequences of such borrowing become evident to the greater public and not just the consumer authorities, good ideas are suddenly needed. And wouldn't you know it, certain actors in the business sector will suggest registration of all consumer debt and credit histories as the primary solution to the problem. Those who have witnessed the distress of SMS borrowers first hand have also clutched the idea of credit registration as a first line of defence. I can understand that, a responsible lending appears too often to be far beyond reach. Could it be possible that not all products for which there is demand should be offered? Could it be possible that an entrepreneur who has taken a calculated risk would be liable for the consequences of his actions and the consequences would not have to be borne by us all?

Then again, these times are said to call for more collective thinking. In the name of collectivity, we should not adjust our existing consumption patterns, because only through continued spending, together we can work our way out of this predicament as quickly as possible. The advertising messages clearly support buying and consumption, but that aspect of collectivity tends to get overlooked. At Christmas time, the message was "buy for yourself what you would want others to buy for you". You should go out today and buy yourself some of that new chocolate - who else would you buy it for? But if you have to put yourself and your own welfare first, is it really such a good idea to keep on spending as you wait to find out whether you are next to get laid off? On the other hand, if I keep on buying and spending, will I be able to prevent others from getting laid off as well? The life of a consumer is far from easy: we need education!

Anja Peltonen
Director

Electronic personal identification in the works

The preparatory work on new legislation concerning reliable electronic identification is well under way. In addition to fine-tuning the legal provisions, this preparatory work should devote serious attention to establishing a level of costs which consumers would bear at their own risk in cases of expenses arising from the unauthorised use of means of identification.

The Ministry of Transport and Communications is currently preparing a legislative proposal on reliable electronic identification and electronic signatures. The proposed law is intended to increase the supply of identification services and create a framework for this activity by establishing basic provisions for it. Reliable identification is required for all electronic transactions where protection of the consumer's legal rights is crucial. For example, identification systems are currently under development for mobile devices such as phones.

Progress on the legislative front is a welcome step forward from the consumer's viewpoint. Secure identification of customers is in the interest of both the business and the consumer, and the use of electronic services can be expected to grow as systems become increasingly reliable. The Consumer Agency has, however, noted that the preamble of the legislative proposal does not take into consideration a company's responsibility to establish systems for reliable identification of the parties to an agreement even before they commence their activities. In business activities such as online retailing it must be possible, for example, to ensure that minors are not able to make purchases that would otherwise be illegal for them to make.

The regulations pertaining to the provision of information are also still somewhat unclear. The legislative proposal states that businesses offering identification services must take active steps to ensure that the consumer is provided the necessary information regarding the terms of use and any possible limitations of the means of identification in question. These active steps are not given any practical definition, however.

The reliability of initial identification is essential - a fact that is fortunately also recognised in the legislative proposal. According to the proposal, businesses offering identification services should ensure that their personnel have sufficient knowledge and expertise regarding the technical aspects of electronic identification and related data security issues. As this juristic act is significant from the viewpoint of the consumer's legal protection, businesses must truly recognise their accountability and responsibility in the matter.

Own risk set at 150 euros for improper use of electronic ID?

While work continues on the law on identification, the Ministry of Justice is engaged with the implementation of the Payment Services Directive. In the Directive, the consumer's liability for unauthorised use of a means of payment is, in most cases, limited to a maximum of 150 euros. The point of departure is that the consumer's liability for unauthorised use of e.g. a stolen payment card would only exceed that amount if the consumer has acted wilfully or with gross negligence. At present, the consumer's liability for unauthorised use of a payment or credit instrument has no set maximum in cases where the consumer is found to have acted negligently. This new limitation of liability is a significant improvement in consumer protection.

Such limitation of liability is not, however, mentioned in the legislative proposal on identification - despite the fact that unauthorised use of means of identification involves an equally significant risk of financial losses. The consumer's own risk in such circumstances could easily be limited to 150 euros by law. Further preparatory work on the matter should take the approach that regulations on the consumer's liability would fully correspond with the principles evident in the Payment Services Directive and the provisions proposed for the Act on Payment Services. Consumer protection should

be at the same level regardless of whether the unauthorised use pertains to a payment card, credit card, communications device or a means of electronic identification.

Problems with credit must be tackled on a broad front

The consultation document by the Ministry of Justice working group regarding ways to solve problems in the provision of quick credit hits the mark when it comes to quick credit, but offers little in terms of credit markets on the whole. Fortunately the working group on consumer credit, which was appointed in October, is expected to suggest ways to promote responsible lending.

The Ministry of Justice working group has prepared a consultation document on its work to provide remedies for problems and flaws in the provision of quick credit. As a result, Chapter 7 of the Consumer Protection Act would be amended to require that the actual annual interest be specified when marketing small and short-term credit. The amended chapter would also include a provision on the creditor's obligation to reliably verify the identity of the credit applicant as well as a provision to ban the practice of having credit applied for at night at the consumer's immediate disposal.

Minor amendments are also proposed to the Penal Code and the Debt Collection Act. A significant change that would have a practical effect on debtors' position is the working group's proposal to amend the Interest Act in such a way as to impose a time limit on the creditor's right to charge interest higher than the statutory penalty interest.

Requiring more responsibility would also reduce costs to society

The working group does not suggest ways to reduce the costs to society from quick credit. Quick credits amounting to just a few hundred euros in any given instance create a tremendous burden on the authorities (local welfare, social crediting, social assistance, debt counselling, arrangement of debts, processes related to the courts, etc.). Businesses tend to push the responsibility for such problems on the consumer and the costs of the side effects are borne by society. Quick loans have become an expensive product for society. For this reason alone, actual ways to promote more responsible lending are desperately needed and the expectations have now turned toward the consumer credit working group.

We could ask whether there is a need to accelerate or feed the credit markets endlessly. The primary focus should not be on the ready availability of credit, but rather on measures to prevent losses and grievances.

More responsible lending to safeguard against future financial crises?

In December, the OECD prepared a strategic response to the global financial crisis. Their suggestions for crisis management highlight the importance of environment-friendly solutions and warn nations against resorting to protectionism to combat recession. The strategy includes a variety of ways to promote the economy, competition, corporate governance and sustainable long-term growth - from recommendations to supervision. Strengthening the consumer's position is one way to guide the economy towards clearer waters.

At the consumer level, what is needed is more information: consumers must, in the future, be offered more and better-quality information on things such as loans to help them make sensible decisions regarding their finances. Financial institutions and intermediate authorities are seen to have a central role in consumer protection and this role will come under closer scrutiny, amongst other things, regarding conflicts of interest in the provision of information.

According to the OECD, improved economic education must be complemented by regulation and more solid and widely accepted practices pertaining to marketing. As one of the first measures under the strategic response, the organisation plans to prepare a report on matters which consumer authorities should consider in developing ways to improve consumer awareness and knowledge of financial affairs and loans. Increasing consumer knowledge is seen as one safeguard against future recurrences of the economic events witnessed in the past months. For instance, the perspective of behavioural sciences and the complex nature of financial products should be emphasised in the search for ways to facilitate better decision-making by consumers.

Consumer-friendly solutions to copyright questions

Copyright issues have recently sparked discussion in several areas. From the consumer's viewpoint, the current outlook is positive: The Council of State decided not to expand the scope of and raise the charges collected to compensate copyright holders for private copying and Apple announced that it would begin to offer music on its online iTunes store without copying restrictions.

Early last year, the Consumer Agency expressed its concern over the fact that the consumer's voice does not seem to be heard in the process to reform copyright legislation and administration. The collection of compensation charges specified in the Copyright Act (formerly known as cassette charges) is based on compensating copyright holders for loss of income resulting from legal private copying. Last December these charges were, for the first time, set by the Council of State instead of the Ministry of Education. With the amendments to the Copyright Act, the Consumer Agency also participated in the negotiations regarding the compensation charges. The Council of State decided against raising the charges and expanding their scope to new forms of storage media. Expanding the scope of the charges, for example to thumb drives and music phones, would have had a heavy toll on consumers' wallets. Such expansion of scope suggested by copyright holders did not, however, receive support from the Council of State.

In the future, the justification for the existence of the system of compensation charges will likely need to be re-examined as consumers' actual ability to make copies for private use is continuously curtailed through the use of technological copy protection methods. The Finnish Copyright Act forbids circumventing technological copy protection methods and the creation of private copies of works whose copy protection has been circumvented. If private copying is against the law, there is no justification for paying compensation for it. The justification for systems of compensation charges is also debated on the international stage. The Court of Justice of the European Communities will issue a ruling on compensation charges for private copying. This was put in motion by a Spanish court requesting the Court of Justice of the European Communities for a preliminary ruling on the interpretation of the Directive on Copyright and Related Rights in the Information Society. The Consumer Agency will monitor developments in the matter.

Rooting out online piracy should not be the consumer's responsibility alone

Last spring, the Ministry of Education put together a broad-based working group to contemplate the problems and potential need for legislative amendment related to illegal online downloads and the illegal sharing of online material. The Consumer Agency was called in to participate in the discussions. The Consumer Agency brought forward its view that the emphasis on fighting online piracy should be on soft measures such as educating and instructing consumers.

The discussions featured suggestions from the representatives of copyright holders for some rather heavy-handed methods of intervention such as disconnecting broadband services to homes whose subscriptions are used to share and distribute copyrighted materials illegally. The Finnish Consumer Agency does not support these types of measures. In particular, the suggestion to restrict broadband services is in conflict with several projects designed to promote the information society and fails to take into consideration the fact that consumers use their broadband connections for numerous legal services - such as online banking.

The consumer's role in copyright issues has also been raised by the National IPR Strategy Steering Group. In its recent report, the working group led by the Ministry of Employment and the Economy finds that whereas in the past questions of intellectual property rights used to mainly concern businesses, technological development has made them important issues to consumers as well. The continued development of digital technology has given consumers their own system of producing and

distributing music, literature and audiovisual works. In addition, private individuals create their own content - also for public distribution.

The iTunes case

An issue that was seen as problematic from the perspective of competition and the customer's right to choose was the fact that the music sold at Apple's iTunes Store was protected by technical methods which made it impossible to use with any player other than Apple's own iPod line. Consumers could not, for example, create legal back-up copies of the songs purchased from iTunes due to the type of technical copy protection employed. The Consumer Agency engaged Apple/iTunes in negotiations over the matter and also worked together on the matter with other European authorities. In Norway the matter was about to be taken to the Market Court when, in late 2008, Apple announced that songs sold on iTunes would become free of copy protection. The case was thus resolved in a manner that is positive from the perspective of the consumer's right to choose, serving as a signal that consumers should be offered material whose legal use is not unnecessarily restricted.

Further reading:

Working group report (Make effective use of IPR! Elements for a strategy on intellectual property rights, Ministry of Employment and the Economy publications 37/2008) available on the website of the Ministry of Employment and the Economy at: www.tem.fi/julkaisut [<http://www.tem.fi>]

Read also previous articles in Current Issues in Consumer Law (see Archive)

”At the consumer's request” – who requests and what?

Can a telephone salesperson pitching insurance suggest that the consumer request concluding an agreement without seeing the terms of contract? As a rule, contract terms must be supplied before concluding an agreement, but a special provision pertaining to financial services became something of a headache for the Insurance Supervisory Authority.

Insurance was sold to consumers over the phone. The consumer was told that, should he so request, the insurance could be put made effective immediately and contract terms would be mailed to his home afterwards. The company felt that they could do this subject to the consumer's approval. The Consumer Agency found this practice to be not in line with the legislation on the distance selling of financial services. The justification for this exceptional practice was not based on the consumer's needs and wants, but rather the company's marketing purposes.

The distance selling of financial services such as insurance, credit and securities is governed by a dedicated chapter in the Consumer Protection Act. As the products are often abstract services, the point of departure of the legal provisions is that advance information and contract terms must be supplied to the consumer in good time before concluding an agreement. However, there is a special provision granting an exception to this basic rule, based on which information and contract terms may be supplied afterwards ”if the agreement is concluded at the consumer's request”, for example over the phone or via another medium which does not allow for contract terms to be supplied in advance. The Insurance Supervisory Authority requested the Consumer Agency's view on whether marketing can be based on this special provision by asking the consumer to make such a request.

A request is made at the requester's initiative

The special provision in the legislation is intended only for special circumstances. Such special circumstances could include, for instance, a customer needing insurance that becomes effective immediately and requesting this service over the phone. In other words, the special provision applies to situations where the consumer has a personal and acute need, based on which he - at his own initiative - requests that the agreement be concluded based on the information provided over the phone. This type of approach may not, however, be standard procedure in offering services to consumers. If the intention were to allow market-based acts subject to the consumer's approval, the special provision would have been worded differently. As the law stands, it specifically grants consumers the opportunity to conclude an agreement under exceptional circumstances, which does not mean that companies are granted the right to deviate from the basic rule.

Financial Supervisory Authority and Insurance and Financial Ombudsman Bureau established

The Insurance Supervisory Authority and the Financial Supervision Authority were combined on 1 January 2009 as the new Financial Supervisory Authority (Fi-va). The new authority supervises, amongst others, banks, insurance companies, pension companies, other companies in the field of insurance, investment services companies, fund management companies and the stock exchange. At the same time, the Finnish Financial Ombudsman Bureau (FINE) was established, combining the Consumers' Insurance Bureau, the Advisory Office for Bank Customers and the Finnish Securities Complaint Board. The new authority provides advice and guidance to customers in matters related to banks, insurance and securities.

Marketing of waste water systems caused a stink

Consumers residing outside the range of public utility services found information in their mailboxes regarding amendments to the law governing waste water systems. The brochure looked like a notice from the authorities, but upon closer inspection, it turned out to be an advertisement sent by Ecolator Oy. In conjunction with home visits for waste water surveys advertised as "required by law" the consumers were also offered the company's products without an appropriate doorstep selling document.

The letter from Ecolator Oy, titled "Important notice to residents of this area" was liable to give recipients the impression that it was an official announcement to home owners in the area, perhaps sent by municipal environmental officers. This impression was further supported by mentions of "waste water experts making their rounds in the area" and references to amended regulations. The name of the company was only visible at the bottom of the page.

The Government Decree on Treating Domestic Waste Water in Areas Outside Sewer Networks states that home owners must ensure that the property has a survey of the existing waste water system and instructions for its use and maintenance. The survey is used to assess whether the new legislative requirements are met. The survey may, for example, be made on a form provided free of charge by municipalities or Finland's environmental administration.

Making references in marketing to legislative amendments is not, in itself, against the law. However, the survey offered by Ecolator Oy and stating the fact that it is "required by law" conveyed an ambiguous impression to consumers regarding their obligations under the amended legal provisions. The marketing materials did not clearly indicate the fact that they were an advertisement for a commercial service provider. An advertisement must always be recognised as such, even at a glance. The marketing practices of the company were therefore deemed inappropriate.

The missing doorstep selling document

Once the consumer invited the company's representative to undertake a waste water survey, he was also offered the company's waste water system. As this effectively turned the visit into doorstep selling, the company should have provided the consumer with a doorstep selling document in conjunction with signing a sales agreement for the waste water system. The doorstep selling document specifies the right of cancellation and contains other important information that the consumer should be aware of when making a purchase. Should he wish to terminate the agreement, the consumer can appeal to the lack of a doorstep selling document for a period of one year.

The company was also reprimanded for the use of non-fact-based superlatives and claims such as "proven to be the best" in their marketing. Advertisers must base their claims on facts. The more assertive the claim, the clearer the supporting evidence must be. The company informed the Consumer Agency that they would correct the defects in their marketing and adopt a doorstep selling document.
KUV/7389/41/2008

Consumers to have the right to seek compensation for damages in cases of antitrust violations

In a recent report, the Competition Law 2010 working group appointed by the Ministry of Employment and the Economy proposes that the Act on Competition Restrictions should be reformed. In the future, compensation for damages resulting from antitrust violations could be sought not only by businesses, but also by consumers.

The proposed amendments would expand the scope of the provision on compensation for damages in such a way as to give any party who has suffered damages as a result of antitrust violations the right to compensation. If, for example, several companies have formed a price cartel, current legislation grants the right to seek compensation for damages resulting from high prices only to businesses that have purchased goods or services from the cartel companies. The working group proposes that, in the future, compensation could also be sought by parties other than businesses, for instance consumers.

From the consumer perspective this would be a welcomed reform. In the EC, competition law already grants natural persons the right to seek compensation for damages in cases of antitrust violations. In the spring of 2008 the European Commission published a white paper on damages actions for breach of the EC antitrust rules. The white paper includes a range of measures to improve the resources granted by legislation to give those who have suffered damages the opportunity to exercise their right - as stipulated in the EC Treaty - to receive compensation for all damages resulting from breaches of EC antitrust rules.

The first step: the right to take legal action

The damage to consumers caused by imperfect competition is usually indirect. It is therefore difficult for a consumer to trace the root cause of damages and prove that unfair competition was the true cause. The right to take legal action is not, in itself, sufficient either. Legal action offers little benefit if consumers lack a real opportunity to receive fair compensation. Amongst others, the Nordic Council of Ministers has advocated efforts to minimise the costs to consumers from taking legal action to ensure that sufficient resources are in place. In Sweden, consumers' ability to exercise their rights in cases of antitrust violations has been improved by allowing class actions. The proposed legislative amendments would make seeking compensation easier by clarifying the provisions regarding the commencement of the limitation period and by extending the statutory limitation period from five years to ten.

The current Act on Competition Restrictions is proposed to be repealed and superseded by new legislation. The new legislation would be called the Competition Act. In the view of the working group, the name Competition Act would be a more accurate reflection of what the legal provisions aim to achieve. The goal is to protect healthy and effective economic competition from detrimental competition restrictions. In addition to amendments to the provisions on compensation for damages, the working group proposes amendments to the provisions on the supervision of corporate acquisitions, the procedures followed in cases of competition restrictions and the provisions pertaining to the system of legal sanctions.

More information:

Breaching antitrust rules erodes consumers' rights (Current Issues in Consumer Law 9/2006)

<http://www.kuluttajavirasto.fi/Page/75acf3f0-ab2f-40fb-93e9-3473bec1ca51.aspx>

Act on Competition Restrictions Should Allow Compensation Also for Consumers (Current Issues in Consumer Law 1/2006)

<http://www.kuluttajavirasto.fi/Page/d335af80-2dc2-4c59-95cc-8ac38be7b418.aspx>

http://ec.europa.eu/competition/antitrust/actionsdamages/files_white_paper/whitepaper_fi.pdf

White Paper on **damages actions for breach of the EC antitrust rules**

Quick loans giving rise to curious costs

Blunders occasionally happen in doing business. The costs incurred from them should be borne by the company in question, but sometimes the customer ends up having to pay for mistakes or problems in interpreting legal provisions. The Consumer Agency has intervened in the actions of two businesses offering quick loans.

A consumer's application for quick credit was rejected by Netford Capital due to the fact that the mailing address he provided did not match the register information used by the company. The applicant had, however, reported his address to the population register, which the credit company indicated as their source of information. The blunder was caused by the company using outdated register data. Rejection of the credit application was due to the company's own error, but the customer had to pay for the text message sent to apply for the loan. The company paid the customer appropriate compensation for his costs after being contacted by the Consumer Agency.

Double punishment for delayed payment

Another consumer had a previous case of late repayment of a quick loan from Tammirahoitus Oy. He was appropriately charged penalty interest and a fee for a payment reminder at the time. The company also closed his client account. Later, when the consumer applied for a new loan from the same company, the company notified him that due to the previous instance of late payment, they would charge him ten euros for opening the client account and four euros for checking his credit history.

In the view of the Consumer Agency, checking an applicant's credit history is part of normal financial business operations and, therefore, the costs arising from it must be included in business expenses rather than charged to the customer separately. Business expenses are deducted from earnings. Opening a client account is also a normal business operation, the costs of which should be included in general business expenses.

The case involved a one-time credit agreement, which can be characterised as one of the most typical types of agreements. Hence, the consequences of late payment should be linked to the loan agreement which involved the instance of late payment. The client account, on the other hand, is linked to the new loan agreement. If a fee is charged for opening a client account due to neglect in repaying a previous loan, the fee collection is linked to the late payment of the previous loan. A penalty is thereby imposed on the consumer not only in the form of statutory consequences of late payment, but also in the form of a collateral sanction based on delayed payment of a previous loan. The practice was found to be in breach of consumer law as well as the provisions of the Interest Act and the Debt Collection Act. The company agreed not to collect charges for opening a client account. KUV/1951/41/2008, KUV/8099/42/2007

Online sales with shoddy basic information

E-commerce is increasing and consumers are already quite comfortable with buying a variety of products and services online. However, sometimes they get disappointed when websites with flashy marketing fail to get certain basic things right.

Homeenter Oy invited Internet users to join entertainment clubs: musicclub, filmclub or, for instance, a movie club for kids. However, many consumers found themselves wanting more detailed information and wondering about the company's ways of doing business. The Consumer Agency received numerous reports regarding the company. Closer inspection of the company's website revealed several issues, including missing company contact information, unclearly presented contract terms, missing information regarding the minimum value of purchases and a right-of-return period that was shorter than the legal requirement. Furthermore, prices were inappropriately indicated not as a total price, but as several smaller parts. For example, standard delivery costs should always be included in the indicated price.

The use of the words "satisfaction guaranteed" was also criticised, as consumers were simply offered their standard statutory rights. The list of problems also included misleading direct marketing, the lack of a no-cost option for participating in marketing sweepstakes, and a failure to give proper consideration to the position of minors as parties to an agreement. On top of all this, the choice to accept electronic direct marketing was marked "Yes" by default on the web form.

The Consumer Agency contacted the company. The website's failings were worked on and, for the most part, corrected.

Getting these types of basic aspects right from the start makes sense for a business. Failure to uphold consumers' rights will not make a business come across as responsible and reliable. The Consumer Agency provides a guide on e-commerce to help businesses check that their virtual store meets construction standards. The Agency's website also has information on the rules governing marketing sweepstakes and lotteries and other basic aspects of consumer marketing. KUV/3341/41/2007

Poor investment product entitles consumers to compensation for damages in Norway

A complex investment product had such a poor expected yield at the time of sale that the Norwegian Banking Complaints Board deemed its marketing to consumers to have been contrary to good banking practice. DnB Norway had to compensate consumers for their losses.

The Norwegian Banking Complaints Board (Banklagenemnda) has settled a dispute over the marketing of loan-backed index bond investments in favour of the consumer. The consumer contacted the Complaints Board after losing nearly 300,000 kroner invested in DnB NOR's structured savings products. DnB Norway is one of the leading banking, finance and insurance groups in the Nordic countries.

The Complaints Board found that the company was in breach of good banking practice in marketing to consumers' products whose expected yield could, at the time of sale, be presumed to be poor. The majority of the Complaints Board therefore decided that the savings agreement and the loan linked to the investment were not binding on the consumer and that he should be compensated for funds lost in the form of interest and expenses.

Despite the fact that the Banking Complaints Board only issues recommendations, the Norwegian Consumer Ombudsman considers the decision a significant precedent. DnB NOR discontinued the sale of structured savings products last spring and has compensated consumers for their losses. The Consumer Ombudsman now expects other Norwegian banks to start paying compensation to consumers who have lost their money in similar investment products. It is estimated that Norwegian bank customers have lost a total of 14 billion kroner in such investments.

More information:

http://forbrukerportalen.no/Artikler/2009/bankene_ma_betale_tilbake_milliardbelop

Pitfalls of discount campaigns can be avoided

When a consumer contacts a business that has advertised an attractive discount campaign and finds that the product is no longer available, the situation is hardly flattering to the company. To err is human, however, and by dealing with such cases in the right way businesses can usually get the consumer to understand the situation.

The Consumer Agency received two reports regarding the discount campaigns of the airline Blue1. Both reports stemmed from similar claims that the company did not actually have the discounted flights promised in the campaign for sale.

The first case involved a consumer residing in Switzerland being mistakenly sent an offer for discounted Helsinki – Zürich flights intended for the Finnish market. When the consumer attempted to book the flight from Switzerland, the discounted price was not available. The consumer then contacted airline's customer service, at which point the company's mistake became evident and they offered the consumer the option of booking the flight at the advertised price.

Businesses must exercise diligence in their marketing, and in this case their mistake was sending the advertisement to a customer who was not part of the intended target audience. The marketing was therefore misleading. However, this was not so much a question of unfair practices as a case of human error, to which the business responded in a sufficient manner. The Consumer Agency did not deem it necessary to reprimand the company.

In the other case a consumer was upset about being unable to book a discounted flight on the first day of the campaign. The consumer filed a report with the Consumer Agency suspecting that the advertised flights were not, in fact, available to begin with. The Consumer Agency contacted the airline, which was able to provide evidence of having sold nearly 80 discounted flights on the first day of the campaign. This proved that the flights in question had indeed been on sale on the first day of the campaign and, as a result, the report filed by the consumer was deemed groundless.

KUV/9688/41/2008, KUV/9749/41/2008

A tool to help businesses plan discount campaigns

The Consumer Agency has created a tool to help businesses in the planning of discount campaigns directed at consumers. The Discount Campaign Assistant gives the business the chance to analyse their campaign from the consumer's perspective and be better prepared to deal with problems. A successful discount campaign increases sales and customer satisfaction.

Try out the Discount Campaign Assistant

http://www.kuluttajavirasto.fi/en-GB/discount_campaigns/

More information:

Consumer Ombudsman's guidelines: Marketing Error Situations

<http://www.kuluttajavirasto.fi/File/f26e6ae8-5945-4a3c-940d-409bb6e2c688/Marketing+Error+Situations.pdf>

E-invoicing to become part of daily life

A working group on electronic invoicing has contemplated ways to promote the adoption of e-invoices. For consumers, the key aspects are reliability and ease of use.

Consumers' willingness to adopt e-invoicing solutions depends on how easy and reliable paying invoices online is perceived to be. The administrators of an e-invoicing system must ensure that the system functions in a reliable manner. Businesses must also have appropriate procedures for dealing with error situations.

Furthermore, consumers must perceive e-invoicing as having a real benefit for them. Businesses that want to highlight these benefits through pricing should do so by granting discounts to those using e-invoicing, not by raising the fees charged for paper invoices. Paper invoices are still an accepted invoicing method, and as such, businesses may not charge extra for sending them.

An e-invoicing working group appointed by the Minister of Communications was tasked with assessing the central problems associated with the adoption of electronic invoicing and the roles of various actors and to prepare the necessary proposals for how to solve the problems. The working group was also assigned to propose measures to ensure the adoption of e-invoicing, including potential legislative measures. The working group was also charged with monitoring international developments in the field. The Consumer Agency participated in the working group to highlight consumers' perspective.

More information:

Consumers need a reliable and easy-to-use electronic invoice (Consumer Agency press release, 30 January 2009)



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



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