

## **Consumers: EU clamp-down on cross border fraudsters**

*Traders breaking the law on a cross border basis face an EU wide crackdown, as a powerful new enforcement network is officially launched in Brussels tomorrow. The network will target cross-border scams such as phoney lotteries and bogus holiday clubs. It will also clamp down on systematic abuses of EU consumer protection rules, from a company's refusal to give refunds on airline delays to pressure selling of timeshare holidays to sending misleading holiday brochures to consumers in other EU countries. The Enforcement Cooperation Regulation sets up an EU wide network between enforcement bodies to tackle crooks who rip off victims in one country but operate in another. It also establishes minimum standards for national enforcement authorities. This will include the ability to conduct on-site inspections, impose fines and to order companies to cease illegal practices. These powers could result, for instance, in freezing the assets of scamsters and preventing them causing more harm to consumers and honest traders. The EU Commissioner for Consumer Affairs, Meglena Kuneva will officially launch the new network on Wednesday with representatives of the National Enforcement Authorities after their first meeting tomorrow. The launch will take place at the VIP corner in the Commission's Headquarters, Berlaymont Building, at 13:30.*

"Con artists are using mass e-mails or false promises of big earnings to trap vulnerable people," Mrs Kuneva said. "The fraudsters are clever – taking advantage of different legal systems across the EU to target vulnerable people. Their crafty schemes, such as personalising letters and making them look professional, are costing EU consumers millions of euros. In the UK alone, over 3 million adults fall victim to scams each year, costing each one an average of €1,500. This kind of malicious practice has to stop. The new EU-wide network of national watchdogs will help to stop unscrupulous traders in their tracks, by ensuring that they can no longer evade consumer protection authorities."

### **What the network will tackle**

#### **1. Scams**

Rogue traders tend to be mobile and migrate across borders to escape detection. The types of scams that will be targeted by the new rules include:

- Bogus holiday clubs – Consumer A is on holiday in another EU country and receives a scratch-card saying she has 'won' a free holiday. She is invited to a presentation to collect the prize and pressurised into joining an exclusive holiday club which does not deliver any free holiday and moreover, it turns out to have plenty of hidden costs.
- Prize draw, international lottery and sweepstake scams – Consumer B receives a letter saying that he has won a lottery prize. Not only must he phone an

expensive number to find out how to claim the prize, he is then told that he can only get his 'winning ticket' in return for a registration or administration fee. This fee must be sent by money transfer to a different country and the prize never arrives.

## **2. Abuses of consumer protection laws**

The new EU wide regulation (Cross Border Co-operation Regulation) covers breaches of 16 EU legal acts including issues such as misleading advertising, package holidays, timeshares and distance selling. The network could crack down on abuses such as:

- Misleading holiday brochures – A company advertises a coach tour to consumers in another country for a fixed price, but with 'optional' trips for an additional fee. During the trip, the holidaymakers discover that if they don't take these 'optional' trips, the coach company leaves them stranded in hotels far from any tourist centres. The authorities in the consumer's home country could ask the authorities in the destination country to investigate the company on the grounds that the consumers were misled.  
'No refund' clause – A company selling concert tickets to consumers in other EU countries has a clause in its terms and conditions saying that consumers are not entitled to refunds, even if the concert is cancelled. This denial of the right to refund could be considered unfair and cross-border action against the company could now be possible.

### **What do I do if I have a problem with a trader in another EU country**

If you have a problem with a cross-border trader, your first port of call should be the European Consumer Centre in your country. The ECC will look at the details of your case and may assist with dispute resolution and other measures such as compensation. The ECCs feed information about the companies and their practices they receive complaints on to their national enforcement bodies, who may then act to tackle the general bad practices of these companies.

### **What next?**

The CPC regulation was adopted on 27 October 2004, and came fully into force in January 2007. At the meeting today in Brussels the Commissioner for Consumer Affairs, with the representatives of the national enforcement authorities will formally launch the operation of the network with its new powers. This will be the first of regular meetings between EU enforcement agencies in Brussels which go to the heart of the new system of co-operation.