

## **ECC-Net report finds EU shoppers still face unjustified discrimination due to nationality and place of residence**

- **Some traders use business practices such as geo-blocking to create artificial barriers and restrict consumers' access to services**

The European Consumer Centre (ECC) Ireland, in conjunction with the Consumer Council for Northern Ireland, has today launched a new report which found that despite EU legislation prohibiting discrimination based on nationality and place of residence, business practices such as geo-blocking are still preventing consumers from accessing services when shopping online.

The European Consumer Centre Network's (ECC-Net) report, titled *Do Invisible Borders Still Restrict Consumer Access to Services in the EU?*, was officially launched at the European Commission Representation for Northern Ireland in Belfast, Northern Ireland. The report is an analysis of cases of different treatment of customers across Europe, potentially relevant pursuant to Article 20.2 of the Services Directive, which outlines the principle of non-discrimination on the basis of nationality and place of residence.

The report found that consumers continue to face restrictions and are regularly confronted with refusal to deliver or higher prices based on their nationality or place of residence. The complaints show that some traders have created artificial barriers and the reasons given for the restrictions applied are often unjustified. The largest number of Article 20.2 related complaints came from consumers based in Austria, Italy, and Ireland.

ECC-Net is now calling for greater clarity on what constitutes discrimination under Article 20.2 and for stronger enforcement when breaches by service providers occur.

Bernd Krieger, Director of the ECC Germany said: "The Services Directive has been an important step in improving the functioning of the Single Market for services. However, complaints received by ECC-Net confirmed that the principle of non-discrimination of Article 20.2 has not been effective in combatting unjustified service differentiation and it has not reduced legal uncertainty. Consumers too often face restrictions with no justification while the reasons invoked by traders are unconvincing and lack objective criteria.

ECC-Net welcomes the European Commission's acknowledgement that further action is necessary to give effect to the principle of non-discrimination and develop rules against discrimination based on the nationality or place of residence of consumers. We also welcome the Digital Single Market and the Single Market Strategy initiatives, as well as the Commission's adoption of the e-commerce package which is a major step forward in tackling geo-blocking, making cross-border parcel delivery more affordable and efficient, and promoting consumer trust through better protection and enforcement."

The report is the result of a joint project to investigate the work of ECC-Net under the Services Directive and the main problems encountered by consumers. ECC Ireland was the project leader, assisted by a working group made up of ECCs Austria, Netherlands, Norway, Sweden, and the UK.

### **Report key findings:**

- Between January 2013 and December 2015, ECC-Net received 532 Article 20.2 related complaints. This represents an increase of 140% in respect of the 222 complaints of this nature reported to ECC-Net between 2010 and 2012.
- The largest number of Article 20.2 related complaints originated from consumers based in Austria

- (138), Italy (68), and Ireland (66).
- More than 82% of cases reported related to consumers' residence rather than nationality and took place mostly in relation to online transactions.
  - Nearly 68% of complaints were where consumers faced price or service differentiation – mostly with the purchase of goods such as electronic, household appliances, vehicles, clothes, books, music, or data downloads.
  - Nearly 25% of cases were in relation to the provision of services in the field of tourism and leisure, including those provided by travel agencies, accommodation providers or amusement parks.
  - More than 5% of cases were in the rental and leasing services sector.
  - Traders that carried out service and price restrictions/differentiation based on consumers' nationality or place of residence did so by: Blocking access to websites, automatic re-routing to another website, refusing delivery or payment, or applying different prices or sales conditions.
  - Out of 243 cases which required ECC-Net's active intervention, 54 were reported to the relevant enforcement authorities. This was mainly due to traders' failure to cooperate with ECCs and the lack of satisfactory explanation in respect of business practices. In relation to 57% of cases referred, no further information about the outcome could be obtained.
  - In 19 Member States relevant enforcement authorities have powers to impose sanctions or penalties where the provisions of the Services Directive are contravened. In Cyprus, Lithuania and the Netherlands the competent enforcement bodies have no powers to impose sanctions on traders.

#### Case studies:

- An Italian consumer attempted to book a holiday in Italy via a website operated by a trader based in Germany. The consumer was required to provide an address in Germany and hence was unable to complete the online booking.
- An Irish consumer participated in a half marathon organised by a trader based in the United Kingdom. The consumer was charged more as an overseas participant, as opposed to the price available for residents from the UK.
- A Belgian consumer wanted to purchase an e-reader with a built-in French dictionary through the French version of a website of a multi-national company based in Luxembourg, but to no avail. The consumer was re-directed back to the international site, where the product with the requested features was not available.
- During the ordering process with a German web-trader, an Austrian consumer was asked to indicate his country of residence. Having entered an address in Austria, the consumer was advised that the order would need to be placed via an Austrian version of the website, where the price of the exact same shirt was more expensive.

#### Notes to editor:

The report, *Do Invisible Borders Still Restrict Consumer Access to Services in the EU?*, is available here to download.

ECC Germany is part of the [European Consumer Centres Network \(ECC-Net\)](#), which covers 30 countries (all EU countries plus Norway and Iceland), and offers a free and confidential information and advice service to the public on their rights as consumers, assisting consumers with cross-border disputes. ECC Germany is co-financed by the European Commission and (national funding body).

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