

New Rules on Collective Redress welcome, but are a mixed bag

Today's European Parliament vote on collective redress obliges all member states to introduce systems to remedy mass harm situations. While welcoming efforts to ensure effective redress possibilities for consumers, EUROCHAMBRES expresses concerns about certain aspects of the adopted directive.

The final text approved by MEPs today differs significantly from the proposal made by the European Commission in the framework of its New Deal for Consumers. While a number of safeguards against abusive litigation were included, such as the loser pays principle, the ambiguous distinction made between "domestic" and "cross-border" representative actions creates the risk of forum shopping.

Given that member states will be able to continue applying their own criteria on top of the Directive's provisions, leading to legal uncertainty, the directive will sustain the current fragmentation rather than bring about harmonization.

Ben Butters, CEO of EUROCHAMBRES, added: *"The text as decided by the Council and European Parliament may well lead to the emergence of parallel cases and forum shopping. We cannot gauge if this will benefit consumers or lawyers and their litigation funders, but it risks undermining traders' confidence and sense of legal certainty. We therefore urge to European Commission to monitor closely how the Member States transpose the rules and to review them in due time."*

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