

Current issues IN CONSUMER LAW

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[Editorial]

Work for the good of consumers continues

We have now been operating under a new organisation - The Finnish Competition and Consumer Authority - since the beginning of 2013. The Consumer Ombudsman is responsible for supervising consumer affairs and, correspondingly, competition supervision will be handled within its own purview. Although synergy benefits will be sought, operating approaches fine-tuned and working cultures integrated, supervision responsibilities will continue to focus on their own, respective areas. Indeed, over time expertise will expand to take broader entities into consideration from a market functionality standpoint, in both supervision sectors.

The Consumer Ombudsman is responsible for tackling problems on the market that affect large numbers of consumers. The position of consumers on financial markets and as users of communications services has been identified as a problem area in the consumer policy programme. The need for consumer protection, legislative influence and consumer information can also be seen in consumer enquiries made, thus affecting the orientation of our operations.

Our focus on financial services will remain a key area, with two applicable legislative reforms soon entering into force this year. We expect these reforms to have a significant impact on the lives of consumers. Instant credit legislation and amendments to the Debt Collection Act have been ratified in Parliament. The moderation of the interest ceiling on instant credit and debt collection fees will bring relief to the financial suffering of many consumers, which has been frequently reported on in the news through the winter, as the economic outlook remains bleak.

In digital environments and communications technologies, the world is still changing at an astonishing rate. We are participating in and closely monitoring the Ministry of Transport and Communications Information Society Code project, which is based on a Government programme. The purpose of the project is to compile legislation related to a single topic.

One way of influencing the consumer's position is to seek precedents through legal channels, which is something we will continue to do in the future. The most recent example of this is a ruling issued by the Finnish Supreme Court in January 2013 to prohibit the fastening of advertising notes on the front doors and letterboxes of consumers, in violation of good practices.

Our supervision also focuses on so-called weak consumer groups. Later this spring, we will be publishing a theme issue of our online newsletter that will examine one of these groups, i.e. the marketing and terms of agreement aimed at children and youths. We will also be publishing theme issues on the above-mentioned financial and communications services during the year.

There are also things happening on the international front. Nordic Consumer Ombudsmen meet regularly twice a year. Supervision co-operation is planned and implemented at the EU level in the form of Consumer Protection Co-operation (CPC), and at a broader level in the International Consumer Protection and Enforcement Network (ICPEN) and the Organisation for Economic Co-operation and Development (OECD).

With the merging of authorities, Current Issues in Consumer Law will continue to focus purely on matters falling within the purview of the Consumer Ombudsman.

Päivi Hentunen
Consumer Ombudsman

Our website: www.kkv.fi/en-GB/

[Supreme Court forbids the fastening of advertisements on front doors and letterboxes.](#) Finnish Competition and Consumer Authority Press release (31 Jan 2013).

ENFORCEMENT CASES

Customers reimbursed for overcharging

The Consumer Ombudsman has concluded a case involving an insurance provider's investment-linked pension insurance. The case has been in court for a long period of time. Over 4,400 customers were reimbursed for administrative costs, which had not been explained to them clearly enough in the marketing of the insurance.

Insurance provider Skandia Life charged a 1% administrative fee from savings earned on its unit-linked private pension insurance. The significance of the fee was misrepresented in an offer included with the insurance marketing.

The fee for administrative costs has a considerable impact on the pension savings of its customers. Depending on the amount of contributions, the saving period and value of investments, the fee could reduce the customer's accumulated savings by as much as tens of thousands of euros.

Long process concluded

The Finnish Insurance Complaints Board first addressed the matter in 2005, recommending that the company cease charging the administrative fee. However, the company did not comply with the Board recommendation. The Consumer Ombudsman felt that it was important for the court to set a precedent in the matter, assisting one client in bringing the case before the District Court in 2006. The District Court and then the Court of Appeal ruled that the company did not have the right to charge a 1% administrative fee, because the calculations in the offer would have misled the customer regarding the cost.

The case was brought before the Finnish Supreme Court, which confirmed in 2010 that the individual offer had been misleading and, therefore, no administrative fee could be charged. The company was ordered to repay the already collected fees to the customer's insurance policy.

Following the ruling, the Consumer Ombudsman entered into negotiations with Skandia Life on how the ruling would also be applied to its other policyholders in similar positions. The result of the negotiations was that the company would repay all policyholders who had received the offer specified in the Supreme Court ruling in connection with the sale of the policy and submit a copy of the offer to the company.

Considerable total reimbursement to consumers

The company sent a letter concerning the matter to all investment-linked pension insurance policyholders, of which there are tens of thousands. This ensured that all policyholders entitled to the reimbursement would also be given the opportunity to apply for it. Not all policyholders were presented with an offer in marketing. Based on the Supreme Court ruling, the company limited the entitlement to reimbursement to those who can present the offer given.

The company has processed the reimbursement applications it received and notified the Consumer Ombudsman that it has reimbursed the fees collected to the insurance policies of over 4,400 policyholders. The company is also paying a penalty interest for late payments. The Consumer Ombudsman is satisfied with the end result.

[Customers reimbursed for an administrative fee overcharged by Skandia Life](#). Finnish Competition and Consumer Authority Press release (8 Feb 2013).

Consumers must be able to trust marketing claims

Consumer trust in advertising and marketing claims is built upon clarity, credibility and comparability. The comparability of information helps the consumer to understand, for example, whether the business making the claim offers a better service or product than other businesses operating in the same industry. This also allows consumers to influence their purchasing decisions.

Nokian Tyres has marketed its tyres using a proprietary label, which gives a misleading impression of the tyre properties. The company developed its own tyre labels, whose purpose is to indicate each tyre's winter driving capabilities. The company has given its own Hakkapeliitta tyres a top A rating for performance on ice and snow in winter conditions.

The company's proprietary tyre label is very similar to the official EU tyre label, which has been mandatory since November 2012. Consumers are not necessarily able to distinguish one brand from another, but instead get a misleading impression from company advertising concerning how the tyre meets the tyre testing and classification requirements for EU tyre labelling.

EU tyre labelling does not apply to performance on ice and snow, because there are no standardised methods for its testing. The winter labelling given by the company to its own tyres therefore does not present a credible image of the type properties compared to EU Label tyres made by other tyre manufacturers.

Precedent sought from the Market Court

The Consumer Ombudsman deemed the company's marketing to be in violation of the Consumer Protection Act and brought the matter before the Finnish Market Court. A Nokian Tyres competitor has taken the company to Market Court under the Unfair Business Practices Act. The competitor demanded that the Market Court prohibit Nokian Tyres from using its own label.

Nokian Tyres stopped using its proprietary tyre label in November 2012. However, the Consumer Ombudsman still considers it important to set a precedent for potential future cases.

Compensation for flight delays also retroactively

The Finnish Consumer Agency and Finnish Transport Safety Agency Trafi reminded passengers of their rights regarding flight delays at the end of 2012. If a passenger has filed a claim with an airline for standard compensation for a flight delay during the past three years, but has not received it due to an on-going legal process, they should re-submit their claims now.

In March 2013, the European Commission announced a package of measures to ensure that air passengers have new and better rights to information, care and re-routing when they are stranded at the airport.

The situation involving compensation for flight delays has long been in dispute. In accordance with the EU regulation concerning passenger rights, the European Court of Justice has for the first time expanded the so-called Sturgeon ruling (2009) to include flight delays. The European Court of Justice, however, upheld its previous preliminary ruling in a ruling issued on 23 October 2012. The ruling is also applied retroactively.

If a passenger has claimed standard compensation for a flight delay during the period 19 November 2009-23 October 2012 and the airline has rejected the compensation claim, citing on-going legal processes, they are entitled to have their claim re-assessed. Passengers who have not yet filed a claim for a flight delay may also do so retroactively.

Consumers who are not satisfied with the airline's decision may bring their case to the Finnish Consumer Disputes Board for resolution. In cases involving a flight departing from another EU member state, the passenger may, if necessary, turn to the European Consumer Centre Finland.

Situation being monitored

Air passenger rights in flight delay situations will remain topical during the year under review and the Consumer Ombudsman will continue monitoring the standard compensation practices related to airline flight delays.

At the request of the Deputy Chancellor of Justice, the Finnish Competition and Consumer Agency and Trafi, have submitted a list of measures that they have taken as a result of the European Court of Justice ruling of 23 October 2012.

[Commission proposes new measures to strengthen air passenger rights](#). European Commission Press Release (13 March 2013).

[Air passengers entitled to standard compensation for delays also in arrears](#). Finnish Consumer Agency and Trafi Press release (20 Dec 2012).

[European Court of Justice Press release](#) (23 Oct 2012).

Credit marketing still has room for improvement

The Finnish Consumer Ombudsman has investigated the marketing practices of several credit companies. The companies did not, for example, specify the actual annual percentage rate or other information required under the Consumer Protection Act, in accordance with good practices. In addition to this, essential information was only found in the fine print.

Information presented in consumer credit advertising is regulated by the Consumer Protection Act. The consumer must be provided with sufficient information, which can be used to help them assess whether the credit is suitable for their own needs. Credit companies must also act responsibly and take the consumer's interests into consideration.

The law stipulates that consumer credit advertising must state the actual annual percentage rate of the credit being offered whenever an advertisement includes the percentage rate, other figures indicating credit fees or any other information concerning the terms of the credit agreement. Advertising must also state the credit percentage rate and other credit fees, the amount of credit, duration of the credit agreement, the combined total of the credit amount and credit fees, and the number of payment instalments.

This information must correspond precisely with the credit company's standard terms of credit. Simply mentioning that all this information can be found on the credit company website is unacceptable – this information must be clearly stated in the advertising.

First-time loan is not a separate credit product

Radio advertisements for 4finance Oy's Vivus instant loans lure consumers by offering a free first-time loan: "A first-time loan of up to 400 euros a month. The first loan without fees or interest. This loan is intended for persons over 20 years of age with a good credit history."

According to the Consumer Ombudsman, a first-time loan cannot be considered a separate credit product offered by the credit provider, nor can the terms of the offer applying to new customers—no interest and no fees—be considered a standard term of credit to be offered by the credit provider.

When an advertising campaign states, for example, information concerning a credit amount or credit limit, this information is considered by law to be a term of a credit agreement. Consequently, the advertisement should have also stated all other information concerning credit as specified by the Consumer Protection Act. The advertisement would then be in compliance with the Act.

Font size matters

Santander Consumer Finance Oy advertised a credit product on, for example, television. The advertisement voiceover said: "Take out a Santander loan from two to twenty thousand euros, with monthly payments that are just right for you. You'll get a one percent discount off your annual percentage rate."

Displayed in large characters on the screen was "Interest discount -1%", among other text. At the bottom of the screen, in very small print, read the following: "In accordance with the Consumer Protection Act, the actual annual percentage rate on a 20,000 € loan for a 10-year loan is 11.03% (3-month Euribor (365) 0.66 €) 2 July 2012." The television advertisement was approximately 15 seconds in length.

The television advertisement stated, among other things, the amount and price of the credit, which is considered information concerning the terms of the credit agreement. As a result, the advertisement must also legibly and clearly present all other information required by the Consumer Protection Act in such a way that it can be easily seen and read.

The Consumer Ombudsman found that the actual annual percentage rate was presented using an example at the bottom of the screen in such a small font size, that consumers would not be able to easily see and read the information in question. Consequently, the Consumer Ombudsman deemed the credit advertisement to be in violation of the Consumer Protection Act.

On the whole, the Consumer Ombudsman felt that the information concerning the 1% interest discount unduly dominated the consumer credit television advertisement, taking into consideration that the length of the advertisement and advertised product (i.e. credit) was not specified and the credit information required by the Consumer Protection Act was not specified in a clear or easily discernible manner. The credit marketing was in violation of responsible and good credit practices.

Carefree loan?

The Finnish affiliate of BIGBANK AS advertised credit on its website as follows: "Take out a holiday loan now and get more out of your summer. Carefree summer holiday", "Loans up to 10,000 euros" and "Loans for 6–72 months". Street-side advertisements used, for example, the following text: "Take out a holiday loan and get more out of summer!", "up to 10,000 euros" and "Now you can sign a loan agreement online". The image of a sunny beach was used as the background for both online and street-side advertisements.

In the street-side advertisements under review, information concerning the amount of credit was presented, while online advertisements presented information on the amount of credit and the loan period, both of which are considered the terms of a credit agreement under the Consumer Protection Act. However, the advertisements failed to mention, for example, the actual annual percentage rate and other credit fees as well as the combined total of these and the credit itself. The advertisements were therefore in violation of the Consumer Protection Act.

The marketing of credit as a risk-free or "carefree" solution to consumer financial problems is in violation of good credit practices. The Consumer Ombudsman felt that the message of the advertisements combined with the beach images were problematic. The advertising used this to

emphasise the carefree nature of taking out a loan, presenting credit in a very enticing light. As the advertisements also lacked the information required by the Consumer Protection Act, the advertising, on the whole, clearly compromised the consumer's ability to give careful consideration to taking out a loan and was therefore in violation of responsible and good credit practices.

Factual claims in advertising must be provable

In another 4finance Vivus radio advertisement, the following claim was made, stating that the credit product was the most affordable available: "The most responsible and affordable instant loans. This loan is intended for persons over 20 years of age with a good credit history."

The claim stating that the instant loan is the most affordable available is a factual claim, which must be provable by means of, for example, a comprehensive price comparison. The claim must be based on impartial and reliable reports, studies, statistics, tests or, for example, measurements. The veracity of the claim must be confirmed before it can be made and the claim must be factually accurate before any marketing is made public. The company has announced that it will only generally refer to the affordability of credit instead of claiming to be the most affordable.

All companies are committed to changing their marketing practices in the manner specified by the Consumer Ombudsman.

[Instant loans marketed to the young as a way to good life](#). Current Issues in Consumer Law (5/2012).
[Marketing credits with inadequate information](#). Current Issues in Consumer Law (5/2012).

Delivery charge not included in car price

The Consumer Ombudsman has examined car advertisements, in which the car price is listed in a way that misleads the consumer. The starting prices listed in the advertisements did not include the delivery charge, which amounted to several hundred euros. The advertisements are in violation of the Consumer Protection Act.

The Consumer Ombudsman has investigated an Oy BMW Suomi AB newspaper advertisement, in which the starting price of a car is listed at 38,993.74 euros. This price did not include the location-specific delivery charge of 600 euros. According to the Consumer Ombudsman, there was no reason that the precise amount of the delivery charge could not be included with the price of the car. Based on the above grounds, the advertisement was in violation of the Consumer Protection Act. The company had therefore acted in an inappropriate manner where consumers were concerned.

Total price should be the focus

Car sales prices must be listed as a total price, which includes all charges, taxes and fees. The price cannot be listed in parts, thus preventing consumers from being able to calculate the final sales price themselves. According to a Finnish Market Court ruling in 2001, the sales price cannot be given in such a manner that requires the calculation of "two or more figures constituting the total sales price". How easy or difficult it is for the customer to make the calculation is irrelevant.

In another car advertisement under examination, the total price was also listed in an inappropriate manner. In a Bilia Oy Ab newspaper advertisement, the primary focus was given to the car price of 26,988 euros. Because the listed price did not include the delivery charge, it cannot be considered a total price, as stated in the Consumer Protection Act.

The fact that a business formally meets the requirements for providing information is not enough to ensure that its marketing complies with the Consumer Protection Act. The main point is that the

mandatory information be presented clearly and with unquestionable accuracy. Consequently, the fact that the delivery charge is mentioned separately in the advertisement is not enough to ensure compliance - this information must be presented in direct connection with the total price.

Listing a price in such a manner, in which a contributing price factor becomes the focus over the total price, might mislead the consumer where the correct price information is concerned. The Consumer Ombudsman feels that the purpose of the price listing chosen by Bilja Oy Ab was to convey the impression that the final car price was lower than it actually was.

Both companies are obligated to list car prices in their marketing in such a manner that includes the delivery charges. The Consumer Ombudsman also emphasises that the total price with the delivery charge must be given greater focus in advertisements than as merely a contributing price factor.

Departing tenant must participate in final home inspection

According to right-of-occupancy company practices, departing tenants do not usually participate in the final home inspection, nor are they necessarily given an opportunity to verify deficiencies found in an inspection or rectify them. This can result in a situation where the consumer client is subjected to greater liability for damages claimed by the right-of-occupancy company than is mandated by law.

According to TA-Asumisoikeus Oy, the landlord must inspect the property being vacated after the company's customer (i.e. the holder of occupancy rights) has moved out. According to a company report, the inspection only requires the customer's participation if the customer so requests. The company states that departing customers are given an opportunity to rectify any deficiencies even after the inspection, wherever possible. As a rule, any repairs to be made must be done before returning the keys, as the property is usually turned over to the new tenants immediately after the previous tenants have moved out.

The Consumer Ombudsman considered this contractual practice—in which the consumer is not proactively afforded an opportunity to participate in the final home inspection—to be unreasonable and in violation of the Consumer Protection Act.

Ordinary wear and tear or tenant's fault?

In this case, the focus of the Consumer Ombudsman's examination involved situations, where the company and its customers held completely different perceptions of what constituted property damages and who was liable for them.

The company claims to have posted instructions for moving out to all tenants who have given notice relinquishing their occupancy rights, along with a repair price list for typical damages and deficiencies. Despite receiving a damage list from the company, the consumer clients might not have noticed all damages in such situations or intentionally did not repair damages that the clients felt were not their responsibility, as stipulated in the Right-of-Occupancy Housing Act.

The Consumer Ombudsman states that, in accordance with the general law of obligations, the creditor claiming damages must be able to prove the cause and extent of the damages as well as that the debtor is responsible for said damages.

Legal protection must be taken into consideration

The Consumer Ombudsman considers it a good practice to proactively offer the departing tenant an opportunity to participate in the final home inspection, so that the condition of the property and any damages for which the tenant is liable, as stipulated in the Right-of-Occupancy Housing Act, can be

verified together. This also affords an opportunity to discuss the departing tenant's willingness and ability to repair damages, within limits allowed by the conditions of the case in question.

The Consumer Ombudsman also states that, in cases where it is not justifiably possible to offer the consumer client an opportunity to rectify faults discovered in the inspection, the claimed damages must be documented and the charging principles for them must be properly explained to the client. The burden of proof in making damage claims for which the departing tenant is liable falls on the creditor, i.e. the right-of-occupancy company.

The Consumer Ombudsman has urged the company to, in the future, consult applicable aspects concerning the legal protection of persons relinquishing their occupancy rights, in accordance with the Consumer Protection Act.

Employee bound to the company at the expense of the consumer

According to the terms of agreement for a housekeeping company, consumer customers must pay a hefty contractual penalty if they hire a person who had been employed by the company within four months of the termination of the employment agreement. The Consumer ombudsman felt that the contractual penalty clause was unreasonable and in violation of the Consumer Protection Act.

According to the general terms of agreement for Kodinpalvelut.net, its customers are obligated to pay a contractual penalty of 6,333 euros, if they hire one of the company's employees or purchase equivalent services from this employee within four months of their termination of employment with the company.

The Consumer Ombudsman evaluated the reasonableness of the agreement clause from a consumer standpoint. The company explained to the Consumer Ombudsman that the amount and reasonableness of the contractual penalty was justified primarily due to the significant costs of acquiring a new employee and the impact of the clause.

Consumers are not liable for matters related to employer interests

According to the Consumer Ombudsman, the matter being addressed in the agreement clause has more to do with the legal relationship between the employer and employee than a service agreement between the company and consumer. Indeed, the Consumer Ombudsman feels that matters which clearly involve the interests of an employer should, in the first instance, be agreed upon in an employment agreement between the employer and employee.

It also seems that the consumer would, in practice, have limited access to confirm the end of the four-month time limit, among other things. Consequently, transferring this kind of responsibility to the consumer is questionable.

The Consumer Ombudsman also feels that the amount of the contractual penalty is very high, and is in no way specified in relation to the value of the service being purchased by the consumer.

The company is obligated to cease using the above-mentioned contractual penalty in consumer agreements and amend its terms of agreement so that they are no longer unreasonable for the consumer based on the grounds given above.

Restaurant chip card terms must be clearly stated

Upon arrival, the customers of an international chain restaurant receives a chip card, which customers use to place their orders. The customers pay the sum specified on the chip card when leaving the restaurant. From a consumer law standpoint, the problem is a contractual penalty-type clause for the chip card that requires the customer to pay a 75 euro fine if they lose the card.

The chip card used at the FIN-Piano Oy's Vapiano restaurant is given to customers upon arrival. The orders are saved on the card and the customer pays the sum accumulated on the card when leaving the restaurant. The card has a 75 euro limit. If the customer loses the card and cannot prove what they ordered in the restaurant, they will be required to pay the restaurant 75 euros, as stated in the company's terms of agreement. According to the company, the purpose of the penalty is to avoid any difficulties with proof and misuse of the card in cases involving its loss. The only notification of this penalty is found on a sign at the restaurant entrance.

According to a report made by a consumer, the sign explaining the card and its penalty charge is not easy to see. In addition to this, customers are not always told about the penalty charge for losing the card when receiving it, even though the restaurant staff is instructed to ask whether customers are familiar with the card system. As a result, the penalty clause is not explained to the customer clearly and comprehensibly enough.

The consumer's legal protection is threatened in cases where the card is accidentally lost at the restaurant and the consumer is forced to pay a sum specified in the terms of agreement for their restaurant visit, even if the actual value of their order is far below that sum.

The system administrator should ultimately be responsible for ensuring that problems related to shortcomings in the system are addressed in a manner that does not threaten the consumer's legal protection. The obligation to prove the value of the order cannot be shifted entirely to the consumer.

The Consumer Ombudsman has urged the company to re-assess the chip card terms and conditions, ensuring that they are reasonable and clearly defined for the consumer. The Consumer Ombudsman emphasised that the company must explain the card instructions and meaning clearly to the consumer.

Private parking control company to the Market Court

The Consumer Ombudsman has taken parking control company Parknet to Market Court over contractual terms that allow the company to increase a parking fine by a factor of 1.5.

Private parking enforcement company Parknet had a contractual term that allowed it to increase a late parking fine by a factor of 1.5, from 40 euros to 60 euros. Under the Debt Collection Act, however, Parknet does not have the right to charge more than 5 euros for a late parking fine.

The Consumer Ombudsman negotiated with Parknet regarding the matter and requested an account of how the company intends to repay the overcharged collections fees to consumers. Parknet notified the Consumer Ombudsman that it does not intend to take any action regarding the matter. In the company's own view, it has not charged consumers more for late parking fines than is permitted under the Debt Collection Act.

The Consumer Ombudsman has brought the matter before the Market Court for a ruling, and demands that Parknet be prohibited from using unreasonable and illegal contractual terms in agreements made with consumers. The matter was brought before the Market Court in December 2012.

INITIATIVES AND POSITION PAPERS

Key reforms in collection and instant loan legislation

The Finnish Consumer Ombudsman has been closely involved in the reform of collection and instant credit legislation. The Debt Collection Act, which entered into force in March 2013, contains an important new regulation. Under the new Act, debtors may be charged collection fees for no more than two demands for payment in the collection of consumer debts. An interest ceiling on instant loan is also expected.

The legislative reform concerning debt collection addresses the charging of unreasonable high collection fees. Under the new Act, the maximum amount of collection fees on consumer debts will be lowered, especially for small debts of no more than 100 euros, in which the debtor's total fee liability may be no higher than 60 euros. Fees on debts of no more than 1,000 euros may be no higher than 120 euros.

The Government proposal to amend the Debt Collection Act contains the finding that the total amount of collection fees is mostly affected by payment reminders and demands for payment. In a National Research Institute of Legal Policy study on collections fees, it was also found as early as 2009 that two fee-based demands for payment—the recommended maximum number for good debt collection practices—was frequently exceeded. The Consumer Ombudsman also noticed this.

A clearer framework for the accumulation of collection fees

In 2012, the Consumer Ombudsman filed a prohibition application with the Finnish Market Court related to the unnecessary increasing of collection fees for instant credit. The Consumer Ombudsman demanded that the Market Court prohibit the practices used by WestStar Oy, which collected instant credit from consumers, incurring unnecessary costs to the debtors by sending more than two written demands for payment for the same debt for no specific reason.

The Consumer Ombudsman filed the prohibition application to the Market Court before the Government submitted its proposal to the Finnish Parliament for amendment of the Debt Collection Act. The Market Court felt that the prohibition order filed by the Consumer Ombudsman was not clear and defined enough to demand compliance from the business. The Market Court rejected the application.

The Consumer Ombudsman was, however, satisfied with the result, wherein the same principle, regarding the number of demands for payment, on which the application was based, was retained in the amended Debt Collection Act regulation. Under the new Act, debtors may be charged collection fees for no more than two demands for payment. Furthermore, the amendment enhances the ability of the Consumer Ombudsman to effectively deal with businesses that do not comply with good debt collection practices.

Interest ceiling for instant loan

Another important legal reform concerns instant credit. The primary goal of this reform is to reduce the debt problems caused by instant credit. The Finnish Consumer Ombudsman representative participated in a working group, which discussed reforming legislation pertaining to instant credit, submitting its report to the Finnish Ministry of Justice in the spring of 2012. Amendments to instant credit legislation were approved in Parliament in February 2013, with the Act entering into force within three months of its ratification.

The Finnish Consumer Agency/Consumer Ombudsman representative was heard by both the Legal Affairs Committee and Commerce Committee at the end of 2012 and endorsed the amendments to instant credit legislation specified in the Government proposal. The Finnish Consumer Agency

endorsed the chosen interest ceiling based on an annual percentage rate specified in the Government proposal, and considered it vital to clarify and clamp down on the assessment of consumer credit ratings.

The Finnish Consumer Agency also endorsed prohibiting the use of text messaging and other equivalent communication services for a surcharge in credit transactions.

[Unnecessary debt collection costs resulted in a court case.](#) Current Issues in Consumer Law (5/2012).
[The Committee report on instant loans supported by the Finnish Consumer Agency.](#) Current Issues in Consumer Law (3/2012).

Guidelines for the marketing of financial services

The Financial Supervisory Authority statement on regulations and guidelines for the marketing of financial services and financial instruments was submitted to the Consumer Ombudsman for comment at the end of 2012. The marketing of financial services comprehends a parallel area of authority between the Consumer Ombudsman and Financial Supervisory Authority, where the Consumer Ombudsman oversees customers in the position of consumer.

In the Consumer Protection Act, the concept of marketing is expansive. Marketing involves all commercial communications, which are used to promote the sale of consumer goods. This basis is primarily seen in draft guidelines, states the Finnish Consumer Agency/Consumer Ombudsman in its statement to the Financial Supervisory Authority.

The Consumer Protection Act is also the central piece of regulatory legislation for all consumer-oriented marketing. Special provisions do not preclude the application of general regulations concerning marketing. On the contrary, Consumer Protection Act regulations supplement marketing regulations in special legislation. As the marketing regulations in Chapter 2 of the Consumer Protection Act apply to the marketing of all products and services, they also apply to the marketing of financial services.

The basis of Consumer Protection Act regulation is that the overall impression given by marketing and advertising or a marketing measure must not be misleading. Ideally, this basis should also be more effectively taken into consideration in guideline details.

More transparency to facilitate comparison

The goal of regulations and guidelines is to promote the quality of financial service marketing materials and information for the customer as well as the development of proper marketing practices. It is also to foster a sense of trust in financial markets and promote their functionality.

In its statement, the Finnish Consumer Agency felt that another goal should be to increase transparency on the market. The information presented in marketing should be easily comparable between products and services.

Credit is also addressed in regulations and guidelines. The Consumer Ombudsman drafted a Guideline for Consumer Protection "Consumer credit in the marketing of goods and services", which deals more comprehensively with issues related to the marketing of credit.

The Finnish Consumer Agency also issued a statement to the Financial Supervisory Authority in 2011, concerning regulations and guidelines for procedures to be observed in the offering of financial services. According to the Finnish Competition and Consumer Agency, distinguishing between procedural and marketing regulations and guidelines requires thought as to what issues should be included in a draft concerning marketing.

EU gender equality ruling affects insurance pricing

At the end of 2012, the Finnish Parliament ratified an amendment to the Insurance Companies Act. Insurance companies are, in practice, responsible for making changes to premiums. From a consumer standpoint, it is important that these changes be explained to the consumer clearly and in a timely manner.

According to a European Court of Justice ruling, gender can no longer be taken into consideration as a risk factor in insurance premiums or benefits. Previously, women's insurance premiums were, on average, lower in life insurance policies and voluntary accident insurance policies. Conversely, men paid less for health insurance and voluntary pension insurance.

In its legislative proposal, the Finnish Government stated that it was difficult to assess the precise impact of the law on insurance premiums. However, it is likely that insurance premiums will rise. The Commerce Committee required that the impacts of the amendment on insurance premium levels be monitored. The Finnish Consumer Agency/Consumer Ombudsman representative was also heard by the Commerce Committee in the autumn of 2012.

The law entered into force in December 2012. Insurance policies made prior to this may still use gender-based risk assessment until July 2013 or the beginning of the insurance period following it. The amendment does not apply to life insurance policies made prior to ratification.

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The responsibilities of the Finnish Competition and Consumer Authority relate to implementing competition and consumer policy, ensuring good market performance, implementing competition legislation and EU competition rules, and securing the financial and legal position of the consumer. The agency also handles the supervision responsibilities of the Consumer Ombudsman.

The most essential responsibility of the Consumer Ombudsman is to supervise that the Consumer Protection Act and other laws passed to protect consumers are observed. Particular attention is paid to ensuring that marketing activities, contractual terms, and collection activities conform to the laws. The goal of the supervisory activities is to have the company cease or alter its marketing activities or unreasonable contractual terms so that they conform to current legislation.

According to law, the Consumer Ombudsman must be particularly active in areas that are of substantial importance to consumers or where problems can be presumed common to consumers. The focuses of the supervisory activities are to vary between different industries.

Further information: www.kkv.fi/en-GB/