

The second issue of this year's newsletter focuses on World Consumer Rights Day 2023. On the 15th of March, we celebrated World Consumer Rights Day; for this occasion, the European Consumer Centre Malta issued a press release with five smart tips for the next time you buy online. We will also report on the National Conference organised by the Malta Competition and Consumer Affairs Authority (MCCAA). We will also highlight a recent case we have solved amicably, together with the latest news from the European Commission on consumer rights.



## World Consumer Rights Day 2023 Five smart tips for your online purchase

### 1. Why BNPL 'buy now, pay later' is not always a good idea

More and more online shops offer "buy now, pay later" (BNPL) schemes as a payment option. Besides, apps like Klarna offer consumers a way of buying a product and paying for it over time; consumers receive the product. Instead of paying for it at the time of purchase, payment is made later in instalments,

usually without any interest or fees. The main disadvantage of such plans is that they may encourage impulse spending, and consumers will be spending money they may not have.

BNPL often takes the form of a loan agreement, which bears risks. If this is the only way to afford a specific product, you better keep your distance and avoid unintentional debt accumulation.

Moreover, you must pay on time to avoid paying late payment fees.

### 2. Do not let dark patterns manipulate you

Dark patterns are marketing tricks that manipulate consumers into buying a particular product. These deceptive adverts or designs take work to spot.

## 5 tips

## for your online payments

#WorldConsumerRightsDay



Therefore, it is best to be aware of these sales techniques to avoid falling for them. These dark patterns include statements such as: 'limited time offer – Order soon' or 'only five left in stock – order soon'. Other dark patterns are unverified positive testimonies, such as fake reviews.

Our advice is to take your time and scour the internet for genuine adverts. Compare prices on different websites and look for alternative products. Always contact a consumer centre like our centre (ECC Net Malta) before buying if in doubt.

### 3. Double-lock your mobile wallet

The Covid-19 pandemic has led to people trying to touch as few surfaces as possible, and contactless payments have boomed. More and more consumers are even using digital wallets. In other words, smartphone apps allow storing our credit cards, travel tickets and membership data on one device. However, besides being very convenient to have everything accessible on one device, this could

also be very dangerous to have such sensitive data altogether. The worst-case scenario is, for example, if someone hacks the smartphone or the smartphone is lost. Generally, mobile wallets are considered secure since data is encrypted and cannot be seen by traders or other unauthorised persons. Nevertheless, to add peace of mind, our advice is always to set a two-factor authentication process so that you will protect your mobile wallet with an additional verification method. It is also advisable to change passwords frequently and use strong passwords.

### 4. Additional protection when paying with a credit card

Online shops offer different payment methods, each with pros and cons. Payment services like PayPal provide additional protection to the buyer. However, sometimes in case of a problem, communication can be more complicated since a different party is involved. On the other hand, credit cards are not only considered a secure means of payment but have another advantage: if there is a problem with non-delivery or even fraud, for example, the payment can, in many cases, be cancelled thanks to a chargeback procedure. To do this, consumers are to contact their bank. It is imperative to know that consumers must prove that they have tried to clarify the situation with the trader.

### 5. How to save extra money with price drop alert tools?

Before promotional periods such as January sales or Black Friday, some shops set prices higher, only to lower them again and market them as special discounts during such sales. This technique violates European law. Nevertheless, how can consumers spot such misleading practices? We advise monitoring prices throughout the year and comparing prices on different websites. Another option is to use free online tools or apps that track product prices, and these tools will notify consumers when the price of a specific product changes.



# Raising awareness about the importance of consumer protection and strengthening consumers' rights in today's dynamic markets.

The MCCA A organised a half-day conference on World Consumer Rights Day, themed "Strengthening consumers' rights in today's dynamic markets." The conference discussed how the new legal framework, *The Modernisation Directive*, better equips consumers to face the challenges they encounter in today's evolving markets. The impact of the new

rules on consumers and businesses was debated in a panel discussion involving representatives of the Malta Chamber of Commerce, the Malta Chamber of SMEs, the MCCA A and a legal expert on consumer affairs. The panel also discussed the adequacy of the new legislation and the challenges it presents to regulators from a legal enforcement perspective.

In her address, Hon. Julia Farrugia Portelli highlighted how important it is that consumer protection legislation evolves in sync with consumers' buying behaviour and needs. Minister Farrugia Portelli emphasised the importance of education and awareness when new regulations come into force.



*"Consumers need to be aware that the new consumer protection rules impose new additional information requirements on online markets, enhance their rights when subscribing to 'free' digital services, enact new requirements for ranking and search results, and regulate online consumer reviews that expressly prohibit fake reviews or any form of manipulation of consumer reviews."*

- Hon. Julia Farrugia Portelli



*"As the world moves towards an increasingly digital future, the traditional way of discussing consumer rights is quickly becoming outdated. By combining strong legislation with effective education, we can create a safer and more equitable environment for all consumers."*

- Hon. Rebekah Borg



*"The 15th of March had become an annual international event where global awareness is raised about the rights and needs of consumers. Eng. Pizzuto explained that the conference brought together stakeholders to discuss the recent legislative changes in consumer law and how the new rules better safeguard consumers' interests."*

-The MCCA A Chairperson, Eng. Helga Pizzuto

## Success Story

John purchased a laptop from an online platform (Amazon) for more than €600, but after a year of use, the computer stopped working. The consumer contacted the trader about this matter, and he was informed that they would issue a full refund. The consumer returned the laptop at his

expense with a local courier since the trader could not organise transport to recover the faulty laptop. The package was received and signed by the trader's return centre; however, he refused to issue a refund since the consumer did not use the trader's return label to ship back the item, and therefore, he was unable to track the

item. The consumer then turned to us for our help. We have shared John's case with ECC Luxembourg, and following their intervention, the trader agreed to refund the consumer the laptop price amounting to €637 and the shipping cost of €112 for a total amount of €750.



**Tip: Always follow the trader's instructions when returning a faulty item. If the trader provides you with a return label, remember to place this label visible on the package you are sending.**



# News

## Subscription Traps

Subscription traps are standard on the internet. About 10% of European consumers have been tricked into an unwanted subscription. Consumers are misled into believing that they agree to a free trial or low-cost offer when they are subscribing to a membership for which they must pay monthly. Information about recurring payments must be included. However, it is usually found in small print.

Due to these circumstances, the Consumer Protection Cooperation (CPC) Network requested that Mastercard, Visa, and American Express modify their regulations to guarantee that traders offer customers precise information on recurring payments before entering a subscription. This request was issued after CPC Authorities observed a common fraudulent online trap consisting of providing products for a free trial or at low prices whilst hiding in the fine print that once the consumer accepts such an offer will result in membership with recurring payments.

Such tactics deceive consumers who are prompted to enter their card information, with the presented information pertaining solely to the price of the initial product tried or purchased and not the recurring charges. Mastercard, Visa, and American Express have



agreed to the CPC Authorities' recommendations regarding the obligation of traders to always disclose recurring subscription fees in the window where consumers enter their credit card information for their first purchase or trial that leads to a subscription.

As a result, American Express imposed harsher rules on traders, including the requirement to send a reminder of the first subscription

charge. Mastercard and VISA took a step further by telling traders which window they should display information on subscription payments to prevent rule circumvention. More specifically, all companies have agreed **to provide information on the recurring subscription fees in the window where the consumers enter their credit card information for their first purchase or trial that leads to a subscription.**



**European Consumer Centre Malta**

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