

CALL FOR EVIDENCE FOR AN IMPACT ASSESSMENT

This document aims to inform the public and stakeholders on the Commission's future legislative work so they can provide feedback on the Commission's understanding of the problem and possible solutions and provide any relevant information that they may have, including on possible impacts of the different options.

TITLE OF THE INITIATIVE	Digital Fairness Act
LEAD DG (RESPONSIBLE UNIT)	DG JUST B2
LIKELY TYPE OF INITIATIVE	Directive or Regulation
INDICATIVE TIMETABLE	Q3-2026
ADDITIONAL INFORMATION	Consumer protection law

This document is for information purposes only. It does not prejudge the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described, including its timing, are subject to change.

A. Political context, problem definition and subsidiarity check

Political context

The <u>2025 Commission work programme</u> acknowledges the key role of consumers in the social market economy contributing to sustainable growth and a more competitive single market. Recent adopted laws such as the Digital Services Act and the Digital Markets Act are expected to have a positive impact on consumer protection. However, work needs to continue to address remaining shortcomings, protecting vulnerable consumers and ensuring effective enforcement.

In response to growing concerns about the lack of fairness for consumers in the digital world, the 2020-2025 <u>New</u> <u>Consumer Agenda</u> announced that the Commission would investigate whether existing EU consumer laws were still providing a sufficiently high level of consumer protection in the digital environment. To this end, the Commission undertook a <u>Fitness Check of EU consumer law</u> on digital fairness¹, published on 3 October 2024.

Following the results of this Fitness Check, President von der Leyen asked Commissioner McGrath to develop a Digital Fairness Act to tackle unethical techniques and commercial practices related to manipulative interface design (dark patterns), misleading marketing by social media influencers, addictive design of digital products and online profiling, especially where consumer vulnerabilities are exploited for commercial purposes. These considerations will also be reflected in a forthcoming Consumer Agenda 2025-2030 and action plan on consumers in the single market.

Problem the initiative aims to tackle

As a result of the development of EU consumer law over the last 50 years, EU consumers are among the most protected in the world, online and offline. Recent digital legislation has brought significant improvements in the area of consumer protection. However, the Fitness Check of EU consumer law on digital fairness concluded that while existing consumer protection rules remain relevant and necessary to ensure a high level of consumer protection and effective functioning of the digital single market, they are not adapted to fully address the specific harmful practices and challenges that consumers face online. The Fitness Check findings point to certain gaps in consumer protection and areas of legal uncertainty. In particular, consumers are too often exposed to practices such as deceptive or manipulative interface design (dark patterns), addictive features, unfair personalisation practices that exploit consumers' vulnerabilities, misleading marketing by online influencers, as well as difficulties in managing digital contracts. The existing largely principle-based rules also do not provide sufficient legal certainty for businesses or authorities.

In recent years, the EU has adopted several new laws significantly reinforcing its digital rulebook, such as the Digital Services Act, the Digital Markets Act and the Artificial Intelligence Act, in addition to the Data Act and the Audiovisual Media Services Directive, amongst others. These instruments complement EU consumer protection

¹ It was included in the <u>2024 Commission Work Programme.</u>

laws and reduce the risks and harms associated with specific problems online. In particular, the DSA introduced new restrictions to several unfair practices occurring on online platforms. All in all, however, the application of consumer protection rules in the digital area in conjunction with other digital legislation, which provided rules on certain types of traders (e.g. online platforms) or technologies (e.g. Al systems), is complex and specific gaps remain.

The main problems that the initiative aims to tackle are the following:

- Lack of digital fairness for consumers, including vulnerable consumers such as minors, leading to suboptimal consumer choices that result in financial detriment, time loss, adverse health effects and indirect effects such as environmental costs, and
- Unclear rules for businesses and market fragmentation leading to higher business costs, obstacles to cross-border trade/missed business opportunities and unfair competition, especially from non-EU traders.

The Fitness Check estimated the financial harm to consumers as a result to problems online to be at least EUR 7.9 billion per year, which likely underestimates the severity of the problem as it covers neither their time loss nor non-financial detriment, such as mental harm. Without EU intervention, the situation is likely to worsen given the increasing financial consumer detriment over the years, the fast growth of e-commerce and technological developments.

Moreover, the Commission's objective of increasing the EU's competitiveness includes a focus on simplification and measures to remove barriers in the Single Market. In the area of consumer protection, the Fitness Check underlined the current lack of clarity and legal certainty regarding unfair commercial practices, pointing at the lack of enforcement, the existing regulatory gaps and market fragmentation as Member States are regulating or looking into regulating in these areas. These problems have a negative impact on the Single Market and the level playing field for EU businesses.

Basis for EU action (legal basis and subsidiarity check)

Legal basis

Article 114 of the Treaty on the Functioning of the European Union.

Practical need for EU action

Compared with individual action by Member States, EU intervention is likely to have much stronger influence on the development of policy and regulatory approaches to improve consumer protection in the digital environment. The provision of digital services, digital content and e-commerce is often cross-border in nature, and consumers are increasingly buying online. National action is therefore not sufficient to effectively regulate consumer protection in this context. In addition, several Member States have already started regulating certain problem areas. This leads to higher market fragmentation, increased regulatory complexity and more compliance costs for traders offering their products cross-border in the absence of EU-level action.

B. Objectives and policy options

The Digital Fairness Act will focus on addressing the identified gaps and areas of legal uncertainty concerning consumer protection online, in full complementarity with existing legislation referred to above. To this end, an Impact Assessment would explore options on how to improve consumer protection in the online environment and increase their trust, including by assessing the need for targeted prohibitions, for example with respect to:

- preventing traders from using dark patterns and other unfair techniques that pressure, deceive and manipulate consumers online;
- giving consumers greater control of their online experience by addressing addictive design features that lead consumers, particularly minors, to spend excessive time and money on online goods and services;
- addressing problematic features of digital products such as in video games, in particular as concerns their impact on minors;
- addressing problematic personalisation practices, including situations where consumer vulnerabilities are targeted for the purposes of personalised advertising and pricing;
- preventing harmful practices by influencers (e.g. the lack of disclosure of commercial communications, the promotion of harmful products to their followers and clarifying the responsibilities of the companies that collaborate with them);
- addressing unfair practices related to the price (e.g. "drip" pricing, "starting from" prices if the trader applies

dynamic pricing, percentage/value discounts that mislead the consumer as to the nature of the promotion);

• addressing problems with digital contracts (e.g. difficult cancellations of subscriptions, auto-renewals or free trials converted into paid subscriptions, use of chatbots for customer service).

Young people are an important consumer segment with specific consumption patterns and often act as early adopters of new technologies and digital products. The protection of minors will be a key and transversal priority when assessing possible options to ensure adequate and enhanced protection from harmful practices related to the issues above.

In addition, the Digital Fairness Act will provide an opportunity for streamlining and simplification. An Impact Assessment could investigate how to ensure a level playing field for businesses, reduce market fragmentation and legal uncertainty and make enforcement easier. It could also assess simplification measures, such as regarding certain consumer information requirements in repetitive transactions with the same trader (e.g. in-app purchases) and the consumer's right of withdrawal in respect of certain subscription services.

An Impact Assessment will also consider how digital tools such as the EU Digital Identity and European Business Wallets that support secure and transparent digital interactions could facilitate implementation.

C. Likely impacts

The initiative is likely to improve the protection of consumers in the digital sector and have an impact on the following aspects:

- Economic impact: by curbing unfair digital market practices, the initiative is expected to reduce consumer harm and increase consumer trust. It will also create a more predictable legal framework and reduce compliance costs in particular for traders offering their products cross-border, reduce market fragmentation and boost cross-border trade, contributing to increased competitiveness.
- **Social impact**: improved consumer protection, particularly for vulnerable groups such as minors, is likely to improve well-being and promote a fairer digital environment, reducing consumer uncertainty.
- Environmental impact: providing consumers with more effective protection and the means to control their online experience also contributes to the EU's green transition goals.
- **Impact on fundamental rights and equality**, in particular with respect to the protection of vulnerable consumers and minors.
- **Contribution to the UN's Sustainable Development Goals (SDGs)**: the initiative aligns in particular with SDG 12 (Responsible consumption and production) by promoting ethical business conduct.

D. Better regulation instruments

Impact assessment

An impact assessment will be conducted to support the preparation of the Digital Fairness Act initiative and inform the Commission's decision-making process. It will assess the economic, social, environmental and regulatory implications of the proposed measures, as well as the impact on competitiveness, fundamental rights and on SDGs.

A study will be launched to provide the Commission with evidence and analyses in support of its impact assessment work.

Consultation strategy

The consultation seeks input from consumers, Member State authorities and all interested stakeholders such as citizens/consumers, associations representing minors and other groups of vulnerable consumers; national consumer associations and their EU umbrella organisations; businesses, including various types of small businesses; influencers; organisations representing businesses involved in the provision of digital services, digital content, e-commerce and retail trade at European and national level, as well as those representing businesses in specific sectors (e.g. social media, video games); consumer networks, Safer Internet Centres, non-governmental organisations or academia.

Consultation activities include a call for evidence, a public consultation (Q3-2025 – via the '<u>Have Your Say' portal</u>), targeted surveys and interviews (by the contractor of a supporting study), bilateral and multilateral meetings with interested stakeholders and public events (e.g. the European Consumer Summit 2025).

The public consultation will be open for 12 weeks and be accompanied by further targeted consultations, including an Implementation Dialogue. The public consultation will be available in all 24 official EU languages, ensuring broad accessibility.

A summary report of the public consultation will be published within 8 weeks of its closure, and a final synopsis

report covering all the consultation activities will be included in the impact assessment report.

Why we are consulting?

This consultation aims to collect the views of all relevant stakeholders on how to ensure fairness for consumers and businesses in business-to-consumer transactions in the digital single market, improve legal certainty, ensure effective enforcement and prevent market fragmentation. The feedback collected will contribute to the impact assessment and inform the legislative proposal, ensuring that the initiative reflects real-world challenges/trends and stakeholder concerns.

Target audience

The consultation targets a broad range of stakeholders to ensure a comprehensive assessment of how to strengthen consumer protection online.