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DIRECTORATE-GENERAL FOR JUSTICE AND CONSUMERS

Directorate E – Consumers
Unit E.3 – Consumer enforcement and redress

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Mr Simon Little
Interactive Software Federation of
Europe (ISFE)
CEO
simon.little@isfe.eu

Mr Jari-Pekka Kaleva, European Games Developer Federation (EGDF) Managing director jari-pekka.kaleva@egdf.eu

Subject: Loot boxes in video games

Dear Mr Little, dear Mr Kaleva,

Online video games have seen a rapid increase in the use of loot boxes that raises concerns for many stakeholders and also the European Parliament¹. In this context, with this letter we would kindly ask you to remind the members of your associations of certain consumer protection laws and principles in this area. They have been defined within the common position of the Consumer Protection Cooperation Network on the marketing of online games² in December 2013 and July 2014 and explained in the updated Commission Guidance on the Unfair Commercial Practices Directive (UCPD) in December 2021³.

In terms of consumer protection, when **loot boxes or other forms of** paid random content (**e.g. card packs, prize wheels**) are offered for a price as in-app purchases, their presence should be clearly disclosed to the consumer when advertising the game and specific offers for loot boxes in the game should be accompanied by an explanation of the probabilities of receiving a random item. The sale of loot boxes in games must comply with all of the information obligations under the Consumer Rights Directive (CRD) and

Commission européenne/Europese Commissie, 1049 Bruxelles/Brussel, BELGIQUE/BELGIË - Tel. +32 22991111 Office: LX40 05/012 - Tel. direct line +32 229-63277

See the draft report of the European Parliament "Consumer protection in online video games: a European Single Market approach" published by the Committee on the Internal Market and Consumer Protection on 13 May 2022 (2022/2014(INI)) and the report "Insert coin - How the gaming industry exploits consumers using loot boxes" published by the Norwegian Consumer Council on 31 May 2022.

² Common positions of national authorities within the CPC of <u>2013</u> and <u>2014</u>, letters of 09/12/2013 (ref. Ares (2013)3673182) and 17/07/2014 (ref. Ares (2014)2390675).

Guidance on the interpretation and application of Directive 2005/29/EC concerning unfair business-toconsumer commercial practices in the internal market, see in particular section 4.2.9 on gaming.

UCPD concerning the price and main characteristics of the product. Consequently, the sales price should be the total one and the consumer should be able to open the purchased loot box without additional cost, such as keys the necessity of which the consumer would only discover later. Providers should not exploit behavioural biases or introduce manipulative elements relating to, e.g. the timing of offers within the gameplay (offering micro-transactions during critical moments in the game), pervasive nagging or the use of visual and acoustic effects to put undue pressure on the player.

Furthermore, providers should not promote games as 'free' unless they are free in their entirety, or consumer is clearly informed that they contain in-app items offered against payment. Presenting video games as free when the consumer can only access significant gameplay features or areas by buying paid add-ons, such as loot boxes, can breach point 20 of Annex I and Article 6 of the UCPD.

Games must not include direct exhortations to children to buy the paid add-ons such as loot boxes (UCPD Article 5 and of Annex I). This legal prohibition also applies to games that traders can reasonably foresee to likely appeal to children. Furthermore, parents should be able to deploy effective parental control tools to prevent unwanted purchases by children.

We are aware of the work carried out by your associations and members to ensure adequate protection of consumers and especially minors. We therefore hope that stressing again the above-mentioned laws and principles will assist in ensuring a fair marketing of video games and their in-app purchases including, in particular, loot boxes.

We would kindly ask that you disseminate this letter to your members.

Marie-Paule Benassi Head of Unit