Consumer market study on the functioning of legal and commercial guarantees for consumers in the EU

Final report

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Directorate-General for Justice and Consumers
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Abstract

This study about legal and commercial guarantees, funded by the European Union in the frame of the EU Consumer Programme (2014-2020), looks at the extent to which sellers are aware of, and comply with, relevant EU legislation[1]; the way in which legal and commercial guarantees are communicated to consumers; and the extent to which consumers are aware of their rights and are willing to make use of them. The study also seeks to provide a better understanding of the way consumers perceive commercial guarantees and their impact on purchasing decisions.

The study covers all EU Member States, Iceland and Norway. Between September 2014 and August 2015, the following activities were carried out: a regulatory review of the implementation of the Consumer Sales Directive; consultations with retailers, manufacturers, consumer bodies, ECC-net, ADR bodies and enforcement authorities; an online consumer survey measuring consumers' experience with legal and commercial guarantees; an online behavioural experiment consisting of a choice and willingness-to-pay experiment as well as a comprehension test; a mystery shopping exercise replicating consumers' experiences when it comes to seeking information regarding legal and commercial guarantees, and executing their rights; and a price collection exercise recording commercial guarantee prices for four different consumer good categories.[2]

[1] Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees, O.J. L 171/12; Directive 2011/83/EU of the European Parliament and of the Council on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council, OJ L 304/64; Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts, OJ L 95/29; Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council.

[2] The four good categories were brown, white, grey goods and cars. Brown goods are defined as in-home consumer electronics including non-mobile home audio and cinema products, televisions and projectors, and video players. White goods are defined as major built-in and free-standing kitchen appliances including large cooking appliances, dishwashers, home laundry appliances and refrigeration appliances. Grey goods are defined as desktop computers and computer peripherals such as non-mobile games consoles, printers and scanners.

1. Introduction and background

1.1 Objectives and scope of the study

In September 2014, Ipsos, London Economics and Deloitte were commissioned to conduct a study on legal and commercial guarantees in order to:

- Explore to what extent sellers are aware of, and comply with, the requirements of relevant EU and national legislation in the field of legal and commercial guarantees;
- Study the way in which legal and commercial guarantees are communicated to consumers;
- Examine the extent to which consumers are aware of their rights and are willing to make use of them;
- Study the prevalence and nature of problems that consumers encounter when seeking redress;
- Provide a better understanding of the way consumers perceive legal and commercial guarantees and their impact on purchasing decisions.

1.2 Main tasks and methodology used

1.2.1 Main task 1: Regulatory review and stakeholder consultation

Main task 1 consisted of a literature review covering various aspects of guarantees, including the commercial motivations to offer them as well as the behavioural reactions of consumers to guarantees, and an overview of the European Directives.

The regulatory review conducted as part of Main task 1 included a description of the state of play of the implementation of the Consumer Sales Directive[3] in the 28 EU Member States, and identification and description of any extensions of scope of the Directive under national rules. The regulatory review at EU level was conducted in late 2014, with the national regulatory review across 30 countries conducted from April 2015 to September 2015. Some countries were undergoing a period of transition (for example, France and the UK) with incoming legislation about to take effect either during that period or in the immediate future. To the extent that such new regimes had been elaborated, either the new regime is detailed, or the specific departure from the existing regime is noted. Supplementary legal expertise was received from a number of independent legal experts.

For the purposes of the stakeholder consultation in Main task 1, the following stakeholder groups were contacted: retailers, manufacturers, consumer bodies, ECC-net, ADR bodies and enforcement authorities.[4] The consultation activities relied on questionnaires that were distributed directly to stakeholder groups across each of the 30 countries included in the study; fieldwork took place between May and June 2015. The questionnaires were designed with a mixture of open and closed questions in order to standardise responses while at the same time offering respondents the ability to share their opinions.

[3] Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees, O.J. L 171/12.

[4] Insurance companies and insurance regulators were also contacted but no responses were received from these latter groups.

1.2.2 Main task 2: Consumer survey

The objectives of the consumer survey were to provide a better understanding of:

- Consumers' awareness and knowledge of the free of charge, two-year legal guarantee and its provisions;
- Consumers' experience with commercial guarantees, and reasons for buying or not buying such guarantees;
- Consumers' experiences with products, bought anywhere in the EU, that turned out to be faulty or did not look or work as advertised.

The survey was administered using an online methodology in 26 of the 28 Member States, Norway and Iceland. In Cyprus and Malta, the survey was conducted using a computer aided telephone interviewing (CATI) method. In total, 28,160 respondents completed the survey between 28 May and 25 June 2015.

1.2.3 Main task 3: Price collection

The price collection exercise recorded 2,796 commercial guarantee prices for four different consumer good categories: brown goods, grey goods, white goods and cars.[5] In addition to the price, various characteristics of the guarantees were recorded (such as, duration of the guarantee and remedies covered). The data collected as part of Main task 3 cannot be considered a statistically robust representation of pricing practices for guarantee products universally, as the data collection was restricted to online prices. For the most part, it should be viewed as an analysis of published prices. All data collection for Main task 3 was completed between April and September 2015.

1.2.4 Main task 4: Mystery shopping

The aim of the mystery shopping exercise was to replicate, as closely as possible, real consumers' experiences when it comes to:

- seeking and comparing information regarding legal and commercial guarantees (both for online and in-store shops), and
- executing their rights stemming from the provisions of the legal guarantee (in-store or by phone).

The mystery shopping exercise was completed in eight countries: the Czech Republic, France, Germany, Italy, Poland, Romania, Sweden and the UK. The eight countries were selected to represent a mix of geography, EU13 and EU15 countries, countries where knowledge of consumers' rights are higher and lower, where ease of dispute resolution out of court varies and where the incidence of complaints varies.[6] Across the eight countries, a total of 1,600 evaluations were completed between 28 May and 31 July 2015.

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[5] The four good categories were brown, white, grey goods and cars. Brown goods are defined as in-home consumer electronics including non-mobile home audio and cinema products, televisions and projectors, and video players. White goods are defined as major built-in and free-standing kitchen appliances including large cooking appliances, dishwashers, home laundry appliances and refrigeration appliances. Grey goods are defined as desktop computers and computer peripherals such as non-mobile games consoles, printers and scanners.

[6] Country grouping are based on responses to questions in Flash Eurobarometer "Consumer attitudes towards cross-border trade and consumer protection" (Flash N° 358); published at: http://ec.europa.eu/public_opinion/flash/fl_358_en.pdf.

1.2.5 Main task 5: Behavioural experiment

The behavioural experiment was conducted online in conjunction with the consumer survey in eight countries: the Czech Republic, France, Germany, Italy, Poland, Romania, Sweden and the UK. In total, 8,027 respondents completed the online experiment. The experiment was broken into four parts:

- Part A was a choice experiment where respondents chose to purchase a commercial guarantee or not;
- Part B was a willingness-to-pay experiment where respondents indicated how much (if at all) they would be willing to pay for a commercial guarantee;
- Part C was a comprehension test where respondents were required to correctly answer questions about the features of legal guarantees (comprehension) including burden of proof; and
- Part D included follow-up questions on the reasoning/motivations for the decisions made in the experiment and cognitive ability questions.

1.3 Terminology used in this study

Regarding the concept of guarantees, it was deemed necessary to introduce new definitions in this study to be able to distinguish between the legal guarantee (which is a regulatory framework that entails certain obligations from the seller to the consumer) and the commercial guarantee (which is a contractual matter between the seller and the consumer). The latter is complicated further by paid-for guarantees, which are stand-alone products in their own right as well as being contractual arrangements involving a seller, a guarantor and a consumer.

Table 1: Mapping of concepts

		Definition	Characteristics	Price to consumer	Also known as:
Integral guarantees	Legal guarantee	Legally established obligation for consumer goods to comply with conformity of product for two years	Resulting in a set of consumer remedies in cases of lack of conformity.	**Free** – it is a consumer right	"statutory guarantee"
	Integral commercial guarantee	Undertaking by a seller or producer to the consumer which is in addition to the basic legal guarantee	An obligation to reimburse the price paid or to replace, repair or handle consumer goods in any way if they do not meet the specifications set out in the guarantee statement or in the relevant advertising	**Free** – offered by manufacturer/ seller within product sales price.	"guarantee", "manufacturer's guarantee", "warranty"
Ancillary	Paid-for commercial guarantee	Undertaking by a seller or producer to the consumer which is in addition to the basic legal guarantee	It can resemble commercial guarantees in terms of repair, replace or refund services in case of quality or service lapse. It can either be insurance or non-insurance based.	**Paid-for** – offered separately to underlying product being covered.	"extended warranty", "service contract", "care plan", "service plan", "extended service contracts"

2. The legal guarantees regulatory environment in the EU

Within the 28 EU Member States, consumers who purchase goods and services are legally protected under a web of different Directives. These Directives offer an array of protection, ranging from mandating a minimum liability period of conformity for purchased goods (i.e. the "legal guarantee") to controlling how a sale is made to a consumer (via prohibition of unfair commercial practices). In addition, other guarantees are offered to consumers; these can be freely offered with a product, or purchased separately to provide wider or longer coverage.

2.1 The applicable EU legislation

The following table presents the main applicable Directives (displaying both the official and short titles); Annex A1.2 contains a short examination of these Directives, including a short review of consumer rights in the area of legal and commercial guarantees.

Table 2: Concerned Directives, short and official titles

Short name	Official title
The Consumer Sales Directive	Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees, O.J. L 171/12.
The Consumer Rights Directive	Directive 2011/83/EU of the European Parliament and of the Council on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council, OJ L 304/64.
The Unfair Contract Terms Directive	Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts, OJ L 95/29.
The Unfair Commercial Practices Directive	Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council.

2.2 Implementation of the Consumer Sales Directive in the EU28

While all examined Member States implemented the Consumer Sales Directive (CSD), there are quite significant differences between consumer rights and remedies across the examined Member States. They concern the rules implementing the Consumer Sales Directive (examined directly below), and their enforcement (examined in Section 2.3).

The differences in implementation concern the following matters:

Regulatory framework – where to find the laws on guarantees. This is a crucial issue from the point of view of consumers. The other dimension of the placement of the guarantee rules is that placement often affects scope. If inserted into wider consumer law codes or acts, or civil codes, the scope of some definitions is wider than the scope of the Consumer Sales Directive would indicate (for instance, see how consumer goods

are approached in Austria, Estonia, Lithuania, Malta and Slovenia[7] – see also below for further elaboration of differences in definitions of key elements of the Consumer Sales Directive).

The definitions and scope of coverage of the law on guarantees, in particular the definition of consumers, traders, producers, consumer goods, and guarantees. While there are a number of reasons for the discrepancies it would be worthwhile to consider guidelines concerning key definitions, as they affect the scope of application of guarantee laws. For example, the notion of "consumer" does not receive equal coverage in laws on guarantees. In Germany, Poland and the UK, for instance, the definition was changed after the implementation of the Consumer Rights Directive to include also those who acquire the goods for purposes predominantly outside their business, trade or profession (dual purpose contracts – this change follows the Consumer Rights Directive). There are differences in definitions of producer and who exactly should be treated as producer. Importers are not always covered[8]. Further, the scope of the notion "consumer goods" (whether electricity is or is not covered, whether other fuels are covered, whether immovable property is covered, to what extent second hand goods are covered, etc.) differs widely.

The notion of "conformity with the contract". Here regulatory responses range from direct implementation of the Consumer Sales Directive, through more detailed elaboration of various aspects of conformity (e.g. the UK), different definitions of conformity for second hand goods (the Netherlands), and replacing the notion with another requirement (lack of material defect in Croatia, lack of defect in Slovenia). While some of these differences are purely related to terminology, there are some countries where the spirit and letter of the Directive were not entirely reflected (for instance, in Norway the installation is not part of the definition of conformity, while in Malta the concept of the seller accepting the buyer's intended purpose for a good is not reflected). While the essence of the Consumer Sales Directive is conferring on consumers the right to expect goods that conform to the contract, this right has in some Member States been extended or further elaborated (e.g. in Denmark, where the buyer must also be given information on installing, using, keeping and maintaining the goods, while in Germany the seller is obliged to deliver the good to the buyer free from material and legal defects).

Whether consumers are in fact required to inspect goods when concluding the contract (art. 2.3 CSD). It is clear that there are differences in national approaches. In Denmark for instance, if the buyer has examined the goods prior to signing the contract, or without reason failed to examine the goods after being requested to do so by the seller, the buyer cannot rely on any lack of conformity later on, if he clearly should have noticed this non-conformity by examination. In Croatia, there appears to be no transposition of Art. 2.3 CSD. In Estonia, there is no lack of conformity if the consumer was advised of the defect. In Finland, France, Luxembourg, Iceland, Ireland, Italy, Latvia, Malta, Norway, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK, the Consumer Sales Directive provision was implemented. It was also implemented in the Netherlands, but the application appears to be limited to situations where the defect manifests itself within six months from delivery. In Germany, the use of the defence is limited by an additional requirement. Greek law, Polish law and

[7] For example, if consumer goods are considered to encompass moveable or immoveable property (i.e. real estate).

[8] For example, consider the differences between Austria and Croatia. In Austria, the producer is "Any persons responsible for the production of the final product, the raw material or of single components, any persons who present themselves as producers by affixing their name, trade mark or other distinguishing feature". In Croatia, the producer is "Any other natural or legal person in the supply chain, to the extent that his/her activities may affect the safety properties of the product."

Luxembourgish law do not require consumers to examine goods, but if their knowledge of the nonconformity is established, sellers can avoid liability.

Whether sellers can avoid liability for public statements (art. 2.4 CSD). Most Member States implemented this provision directly, but for instance in Iceland, Latvia, Lithuania, Norway, Portugal, Slovakia and Slovenia, it appears that the seller cannot avoid liability using this provision (it was not implemented, although in Iceland the seller can avoid liability upon showing that the statements did not affect the consumer's decision).

Features: Some Member States add additional remedies to those established by the Consumer Sales Directive. These additional remedies are:

- withholding payment (Finland, Iceland, Norway, Sweden),
- compensation (Iceland, Norway, Luxembourg. Further, all Member States retained their contractual liability systems which are applicable in cases of nonconformity and allow claiming damages where they are due – see below);
- the right to ask the seller to change the contract so the product comes into conformity and to partially refund the consumer for the lack of conformity (Latvia); and
- the right to short-term rejection (the UK).

Hierarchy: Many Member States retain the hierarchy of remedies suggested by the Consumer Sales Directive (repair and replacement as the first-tier remedies, and price reduction and rescission of contract as second-tier remedies). Slovenia did not transpose the hierarchy, and gives consumers full choice of remedy. Latvia gives them the full choice within six months from delivery. Some Member States added that repair or replacement could be omitted if defect is major and prevents the consumer from using the goods (Belgium and France). In Poland, Spain and the UK, repair or replacement can be done only once, further complaints concerning the same goods and the same defects enabling consumers to rescind the contract or demand price reduction from the outset. In Bulgaria, consumers may rescind the contract and demand refund if during the lifetime of the guarantee (two years) repair was done three times.

Liability for minor defects: In most Member States, there is no possibility of rescission if non-conformity is minor (Lithuanian and Portuguese law did not introduce this exemption; Swedish law provides that if lack of conformity is significant for the consumer, rescission is possible, the UK law, while it does not provide the exclusion directly, includes a test of reasonableness which may be relevant here). Another aspect of minor defects is what constitutes a minor defect.

Time frame for completing repair and replacement: Most Member States require remedies to be completed by the seller in reasonable time (for example, Finland and the Netherlands). However, some Member States fixed the time for completing the remedies: Bulgaria (1 month from the day when the non-conformity was brought to the seller's attention), the Czech Republic (30 days), France (1 month), Lithuania (14 days), Portugal (30 days), Romania (15 days from notification of defect), Slovenia (45 days). In the UK, traders have 14 days to refund the money if the consumer used the remedy of asking for a price reduction.

Guidelines on calculating price reduction and whether product use should be taken into account: with the exception of a small number of Member States (Belgium, Iceland, Italy and the UK), there are no guidelines on this matter. The UK law is the most comprehensive and could be adopted as a general guideline on price reduction. Here, the trader must refund the consumer to bridge any discrepancy between the

discounted price and the original price paid. In the case of the right for final rejection, if this is exercised within six months from the delivery of the good, the trader must give the consumer a full refund (this does not apply in the case of motor vehicles, for which a deduction may apply). For cases where the right of final rejection was exercised after the six month period has elapsed, the trader has the right to deduct a portion of the refund to account for the use the consumer made of the good over this time period.

Burden of proof of non-conformity: the majority of Member States followed the Consumer Sales Directive and reversed the burden of proof for nonconformity that became apparent within six months from delivery. In France and Poland, for example, the reversal lasts for longer than six months (two years for France, but only for new goods, and one year for Poland).

Time limits for claims[9]: Most Member States introduced the two-year limitation periods for claims, with some also enabling shortening it for second hand goods (Austria, Belgium, Bulgaria, Croatia, Germany, Hungary, Italy, Poland, Slovenia and Spain). Differences in limitation periods concern:

- the fact that some Member States lengthened them for immovable goods (in Austria it is three years for immovable goods; in Poland, Greece and Portugal it is five years).
- extension of time periods if the goods in question are meant to last longer, or if the seller guarantees that they would last longer (Iceland and Italy). In the Netherlands, for instance, if a washing machine is expected to have an average 10-year life span, the statutory rights are available to the consumer for the same amount of time. In Norway, it is up to five years if the goods should last considerably longer. In Romania, the two-year period can be extended in cases of a latent (hidden) defect. The burden of proof is on the consumer but they can demand repair or replacement even after two years have passed.
- shortening of the two-year period if the average period of use for the goods in question is shorter (Romania).
- while introducing a two-year period, some Member States also specify that consumers can claim for non-conformity for maximum three years (Spain and Sweden).
- some Member States did not introduce any specific time limits for guarantee claims. They use the general time limits for contractual liability claims. It is six years in Ireland (with some exceptions for motor vehicles). In England, Wales and Northern Ireland there is a six-year period from the date of delivery, whereas in Scotland it is five years. It is important to remember that the test of reasonableness may apply, which means that in practice, if, for example, a very cheap household appliance ceased to work as expected after four years of use by the consumer that might not be considered a statutory breach.

Suspension of time limits for executing guarantee rights for the time when repair is carried out, when consumers are waiting for a replacement, or when negotiations are taking place[10]. Most Member States introduced this suspension: Belgium, Bulgaria, Estonia, France, Germany, Greece, Hungary, Iceland, Ireland, Latvia, Lithuania, Luxembourg, Malta (here only for negotiations), the Netherlands

[9] Being the practical time length for claims, i.e. the guarantee period plus any additional time give to claim after the usual minimum two-year period.

[10] Recital 18 of Preamble to Consumer Sales Directive.

(only for repair), Norway, Poland, Portugal, Romania, Spain and Sweden. In Finland, this issue is not regulated. In some Member States once a remedy is given, a new guarantee term starts: Croatia (here it is unclear whether all remedies are covered), Germany (after replacement, or repair – here only with regard to the new spare parts or other new items). In Slovakia, the period starts running again for new/replaced goods or spare parts.

Notification of nonconformity within two months. A number of Member States did not implement this requirement: France, Germany, Luxembourg, Poland and the UK. Some Member States introduced this requirement directly: Bulgaria (where it is two months for goods and 14 days for services), Denmark, Estonia, Finland, Croatia, Cyprus, Greece, Hungary, Ireland, Latvia, Lithuania, Malta, the Netherlands, Norway, Portugal (where it is two months for movables and six months for immovable), Romania, Slovenia and Sweden. In Belgium, the limitation can be introduced by contract (not less than 2 months). Czech law introduced a 30-day period (possible breach of the Consumer Sales Directive). Some Member States that introduced the requirement, also limited its application: in Finland, for instance, "from the amendment 1994/16, paragraph 16 of the Consumer Law Act says that the consumer may, without being limited by the (…) two month timeline, refer to a non-conformity of the good if: the seller has acted recklessly or contrary to good faith and fair dealing; the fault pertains to attributes regulated by (certain laws regulating) health or property protection; or if the (defect) is (…) hazardous to health or property." In Italy, the notification is not necessary if the seller recognised the existence of the non-conformity or if the seller maliciously concealed the fault.

The right of redress and the direct liability of producers: Most Member States maintain their contractual liability rules applicable to relations between the ultimate seller who satisfied the consumer's claims and traders (including the producer) higher in the distribution chain[11]. Only a small number of Member States regulate these claims specifically in the context of guarantees (in most of these the general contractual liability rules are applicable, with their own burden of proof rules and limitation periods, all subject to freedom of contract rules). In Greece, under the Civil Code the right of replacement of the good under Article 540 has the same terms with the seller in their corresponding claim to the manufacturer. If the seller demonstrates lack of conformity, the seller is entitled to set a reasonable deadline to require replacement of the good or withdrawal from the manufacturer. In Italy, the final seller enjoys the right of redress only after satisfying a consumer's claim, and within the timeframe of one year. The Spanish law introduced producer liability: after receiving the consumer claim, the seller in turn has a one-year period to claim from the person responsible for the lack of conformity. This issue requires further examination. It is crucial because in practice the rules governing claims further up the distribution chain are often less favourable for the claimant (seller) than the rules fostered by the Consumer Sales Directive.

Direct liability of producers: only a minority of Member States allow consumers to directly claim against the traders who are higher in the distribution chain, including producers (Belgium and France through their systems of guarantee for hidden defects, Germany for manufactured goods only).

Remedies beyond the law on guarantees (contract and tort): Member States maintain their general contractual and tortious liability systems (including product liability laws), where in addition to other remedies for poor quality goods compensation may be claimed if, in addition to non-conformity of goods with the contract, loss or

[11] As indicated by Art. 4 of the Consumer Sales Directive.

injury was suffered by consumers. The guarantee against hidden defects is a good example of contractual norms dealing with poor quality goods in Belgian and French law, as well as the law of Luxembourg and Hungarian law. Normally the general contractual liability rules, including the rules on guarantee for hidden defect, are less favourable for consumers – they may have shorter limitation periods, and they do not reverse the burden of proof.

Exclusion of second hand goods obtained through administrative auctions where consumer could be present has not been introduced in Austrian law, Bulgarian law, Cyprian law, Finnish law, Hungarian law, Italian law, Latvian law, Maltese law, Norwegian law, Portuguese law, Slovakian law, Slovenian law and Swedish law. It was introduced in the Dutch law, German law, Irish law, Polish law, Romanian law, Spanish law and the UK law. The UK law makes very specific exceptions to this general exclusion. In Belgium, all second hand goods sold at public auctions are excluded, whether the consumer was present or not (this may contravene Art. 1.3 CSD). In Estonia and Iceland, in cases of second hand goods sold at public auctions, the consumer cannot use the remedy of price reduction.

General treatment of second hand goods: While all Member States include second hand goods in the scope of definition of "consumer goods", some Member States allow shorter periods for realising guarantee remedies but not less than one year (for instance, in Cyprus and Luxembourg, there must be a written agreement).

2.3 Enforcement issues

In most Member States the first suggested response to a problem with a guarantee is making a complaint directly to the trader concerned. In some Member States the manner in which such complaints are to be dealt with is regulated by law: for example in Hungary it is extensively legislated.[12]

Having received no response or an unsatisfactory response, the next step is referral of the claim to a public enforcement body (for instance, the Consumer Agency in Iceland). In this case, there are differences regarding nature of proceedings, types of cases dealt with, and the types of outcomes: binding decisions or recommendations, possibility of claiming damages. In other Member States an ADR body is suggested as an alternative to public enforcement or as a stand-alone option (example of the latter: the out-of-court settlement by the *Geschillencommissie*, the Foundation for Consumer Complaints Board in the Netherlands). Here differences between Member States are significant with regard to mandatory or voluntary jurisdiction of these bodies, the legal force of their decisions, their nature, and proceedings before them.

All Member States provide judicial avenues of redress for consumers. In many Member States (e.g. Belgium, Bulgaria, Italy, Malta and Portugal), class or group actions are possible, while in others only individual actions are possible.

[12] See for example in Ministerial Decree 19/2014 and 45/2014 and Chapter VI of the 1997 Yearly Consumer Protection Law.

3. Consumer information

Box 1: Summary of findings – Consumer information

Informing consumers about the free of charge, two-year legal guarantee

- 55% of online shoppers (in the Czech Republic, France, Germany, Italy, Poland, Romania, Sweden and the UK) reported that the website they visited contained information stating that the legal guarantee is a free of charge, two-year guarantee. Among in-store shoppers, 42% found information displayed with the product and/or were spontaneously informed by a sales person that the legal guarantee is both free of charge and for a minimum period of two years.
- Across the EU28, 50% of consumers agreed that sellers in their country informed consumers about the legal guarantee period for products; this figure varied from 35% in Ireland to 68% in Slovakia and Portugal.

Information provided about commercial guarantees

- When shopping online or in-store for a commercial guarantee, the price, length and coverage of the guarantee were the most commonly displayed features.
- When asked how much information consumers had received about the terms and conditions of the commercial guarantee they had bought, 42% said they had received a fair amount of information and 14% a great deal of information.
- 47% of consumers had been informed about the existence of a legal guarantee when purchasing a product with a commercial guarantee; this figure varied between 21% in Malta and 70% in Slovenia.
- Consumers who agreed that sellers in their country inform them about the legal guarantee, and give clear and transparent information about legal and commercial guarantees, were more likely to trust sellers, public authorities and consumer organisations when it comes to respecting and protecting their rights.

3.1 Informing consumers about the free of charge, two-year legal guarantee

To assess if sellers in the EU inform consumers about the existence of the free of charge, two-year legal guarantee[13], mystery shoppers (in the Czech Republic, France, Germany, Italy, Poland, Romania, Sweden and the UK) were instructed to:

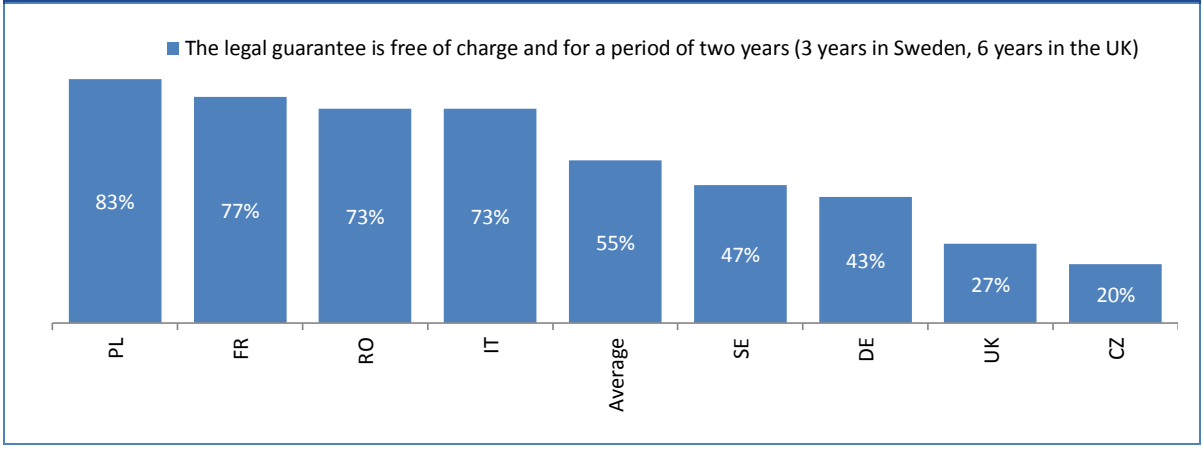
- Search online websites for information about the legal guarantee;
- Observe if information is displayed with products in-store;
- Find out if sales persons spontaneously mention the legal guarantee when enquiring about a product they would like to buy.

3.1.1 Information provided in online stores

A slim majority (55%) of shoppers reported that the online shop they visited contained information stating that the legal guarantee is free of charge and for a minimum period of two years.[14]

Poland appears to score the best; 83% of online shoppers in Poland found information on the seller's website that the legal guarantee is both free of charge and for a period of two years. In the Czech Republic, however, only 20% of shoppers found information on the seller's website that the legal guarantee is both free of charge and for a period of two years.

Figure 1: Percentage of shoppers who have found information on the seller's website that the legal guarantee is free of charge and for a period of two years, by country



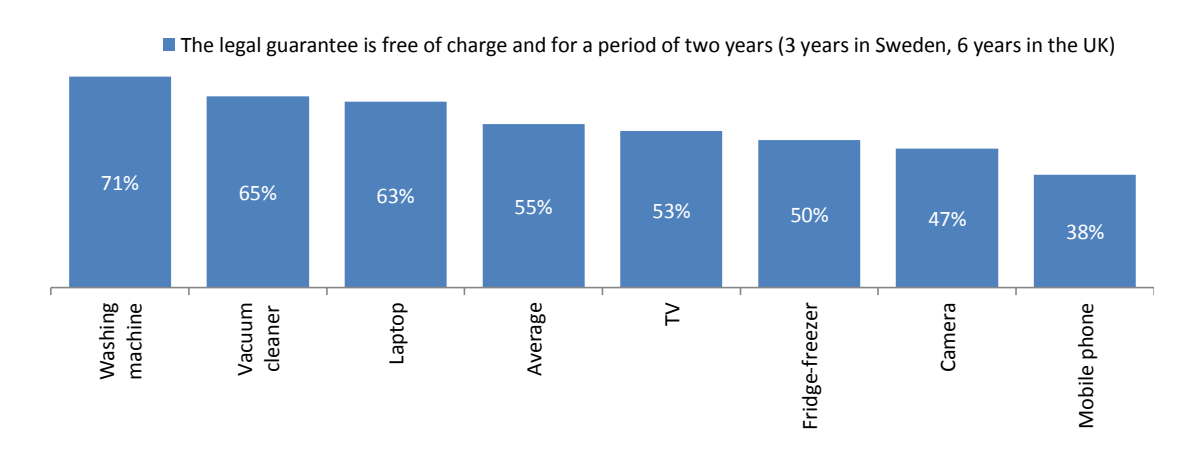
Q1a. What information was displayed about the legal guarantee? & Q2. Look on the website for information about the length and cost of the legal guarantee that comes with the product. Which information could you find?
Scenario A – Online; Base: All online shoppers (n=240)
Source: Mystery shopping exercise

[13] In the UK (England), shoppers were instructed that the legal guarantee in their country was valid for six years. In Sweden, shoppers were instructed that the duration of the legal guarantee was three years. This means that, respectively, six years and three years were counted as the correct answers in the UK and Sweden.

[14] Three years in Sweden, six in the UK.

When looking to buy a washing machine, 71% of online shoppers reported that the website they visited contained information that the legal guarantee was both free of charge and for a period of two years.[15] This in contrast to shoppers who were looking to buy a mobile phone; just 38% of these shoppers found this type of information on the website they visited.

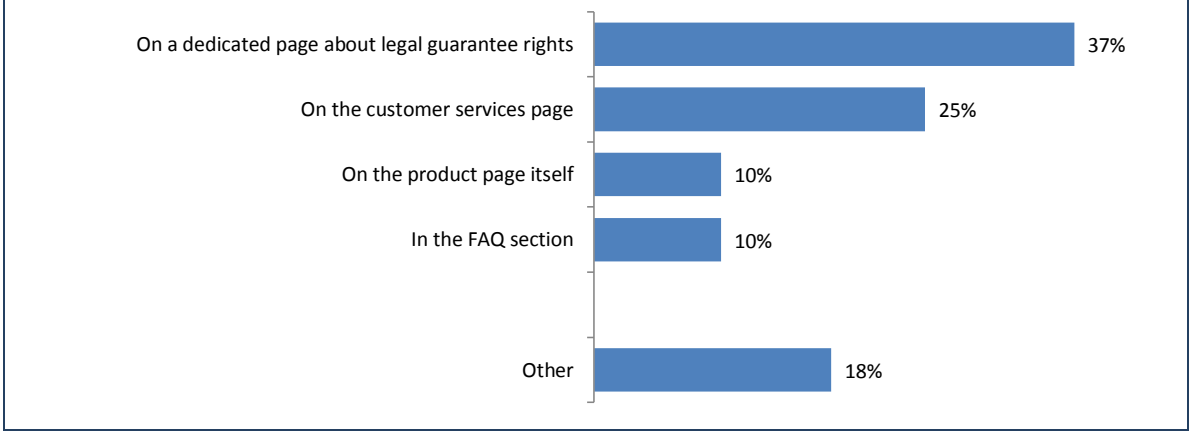
Figure 2: Percentage of shoppers who have found information on the seller's website that the legal guarantee is free of charge and for a period of two years, by product



Q1a. What information was displayed about the legal guarantee? & Q2. Look on the website for information about the length and cost of the legal guarantee that comes with the product. Which information could you find?
Scenario A – Online; Base: All online shoppers (n=240)
Source: Mystery shopping exercise

Online shoppers, who found information on the legal guarantee on the seller's website, were asked to note **on which section of the website they had found most of the information**. More than a third (37%) of online shoppers had found most information on the legal guarantee on a dedicated page, 25% answered that most information was displayed on the customer service page and 10% had found most information on the product page itself.

Figure 3: Where on the website was information about the legal guarantee found?



Q11. Where did you find most of the information about the legal guarantee?
Scenario A – Online; Base: Online shoppers who found information on the legal guarantee on the product page or elsewhere on the website of the seller (n=240)
Source: Mystery shopping exercise

[15] Three years in Sweden, six in the UK.

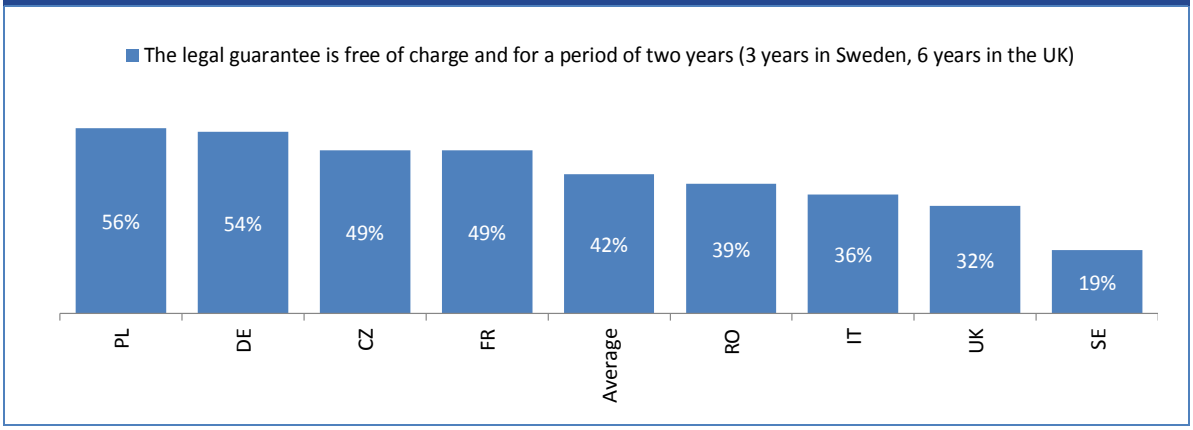
3.1.2 Information displayed in-store with the product or provided spontaneously by a sales person

The next figure presents the total proportion of in-store shoppers who were correctly informed – *without prompting for this information* – that the product they were looking to buy was covered by a free of charge, two-year legal guarantee.

On average, 42% of in-store shoppers confirmed that they were informed that the legal guarantee is both free of charge and for a minimum period of two years – i.e. they found the information displayed with the product and/or were spontaneously informed by a sales person about the legal guarantee.[16] In Germany and Poland, more than 50% of shoppers were correctly informed that the product they were looking to buy was covered by a free of charge, two-year legal guarantee; this compared to 32% of shoppers in the UK and just 19% of shoppers in Sweden.

Although online shoppers in the Czech Republic were the least likely to report that the website they visited contained information stating that the legal guarantee is free of charge and for a period of two years (see Figure); in-store shoppers' evaluations were more positive: 49% of in-store shoppers confirmed that they were informed about the free of charge, two-year legal guarantee.

Figure 4: Percentage of in-store shoppers who have been informed that the legal guarantee is free of charge and for a period of two years (information displayed with the product and/or spontaneously provided by a sales person), by country

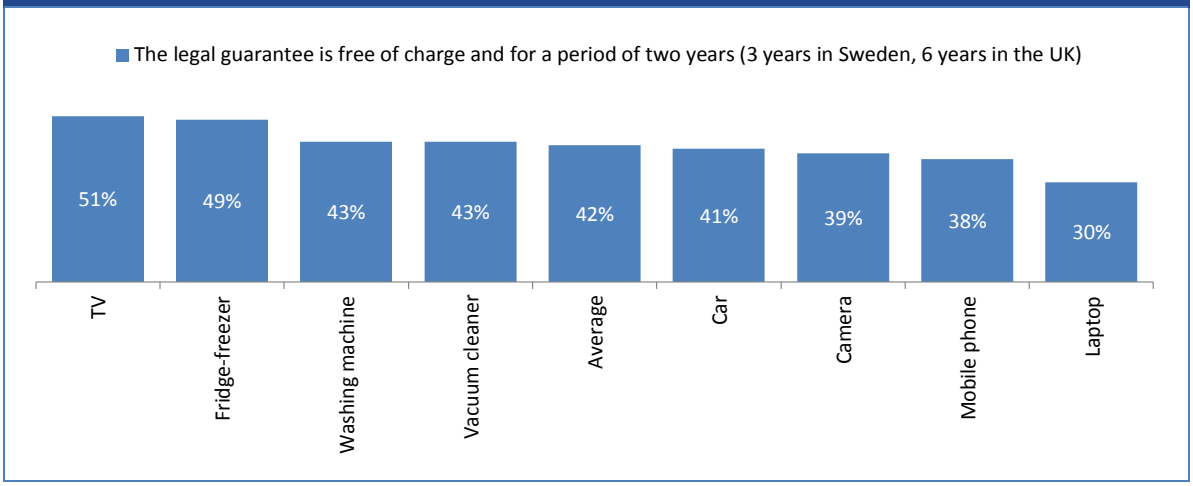


Combined results for: Q1a. What information was displayed about the legal guarantee? & Q2a. Did the sales person spontaneously explain that the legal guarantee is a two-year guarantee (free of charge) with the seller of the product?
Scenario A – In-store; Base: all shoppers (n=720)
Source: Mystery shopping exercise

[16] Three years in Sweden, six in the UK.

The proportion of in-store shoppers who were informed – *without prompting for this information* – about the existence of a free legal guarantee for a minimum period of two years varied between 30% for shoppers collecting information about a laptop to 51% for those looking to buy a television.

Figure 5: Percentage of in-store shoppers who have been informed that the legal guarantee is free of charge and for a period of two years (information displayed with the product and/or spontaneously provided by a sales person), by product

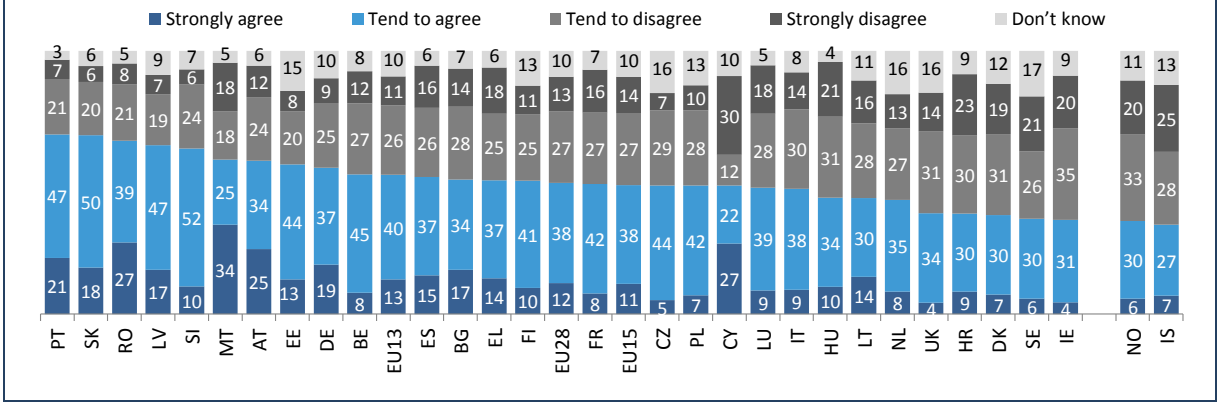


Combined results for: Q1a. What information was displayed about the legal guarantee? & Q2a. Did the sales person spontaneously explain that the legal guarantee is a two-year guarantee (free of charge) with the seller of the product?
Scenario A – In-store; Base: all shoppers (n=720)
Source: Mystery shopping exercise

3.1.3 Informing consumers about the legal guarantee period

Across the EU28, 12% of respondents *strongly agreed* that sellers in their country informed consumers about the legal guarantee period for products; a similar figure (13%) *strongly disagreed* with this statement. Moreover, 38% of respondents *tended to agree,* compared to 27% who *tended to disagree* that sellers in their country informed consumers about the legal guarantee period for products.

Figure 6: Agreement with the statement that sellers inform consumers about the legal guarantee period for products, by country



Q31. Please indicate how much you agree or disagree with each of the following statement: Sellers in your country inform consumers about the legal guarantee period for products.
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

The individual country results show that the level of agreement (i.e. sum of "strongly agree" and "tend to agree" responses) ranges from 34% in Iceland and 35% in Ireland to 68% in Portugal and Slovakia. The findings of the mystery shopping exercise (discussed above) are to a large extent in line with those of the consumer survey; in particular both tasks found that consumers in Sweden and the UK were less likely than consumers in many other countries to have been informed by sellers about the legal guarantee period.

3.2 Information provided with commercial guarantees

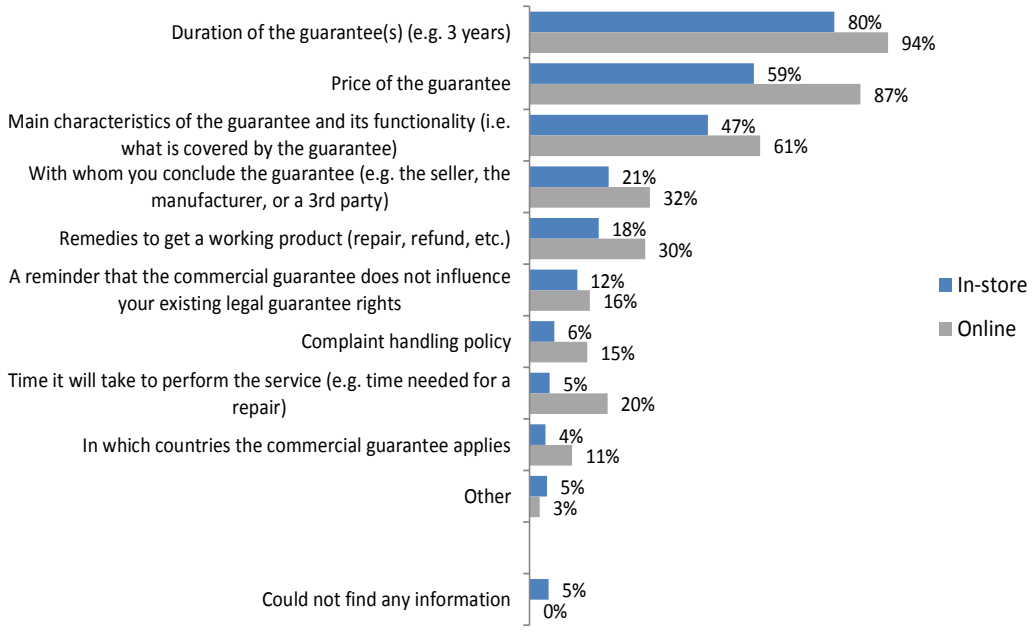
3.2.1 Information displayed with the commercial guarantee

The Consumer Sales Directive contains requirements concerning the way in which commercial guarantees should be communicated to consumers. The Directive stipulates, among others, that consumers buying a commercial guarantee should be informed about: the duration of the guarantee, the guarantee's geographical scope, coverage of the guarantee, how to make a claim under the guarantee, the name and address of the guarantor, as well as a reminder of the existence of a legal guarantee.

Information found when shopping in-store vs. online

When **shopping in-store for a commercial guarantee**, 80% of shoppers[17] reported that the length of the guarantee was displayed, 59% said the same about the price of the guarantee and 47% had found information relating to the main characteristics of the guarantee and its functionality (e.g. what is covered by the guarantee).

Figure 7: Information about the commercial guarantee displayed with the product, online shops and in-store



Q1b. What information was displayed about the commercial guarantee(s)/insurance(s)?
Scenario A - In-Store and Online; Base: in-store shoppers who reported that the availability of a commercial guarantee was displayed with the product (Online n=152, In-store n=265)
Source: Mystery shopping exercise

[17] The number of in-store shoppers answering this question was 265; only shoppers who reported that a commercial guarantee was offered with the product were presented with this question.

When **shopping online for a commercial guarantee**, the length, price and main characteristics of the guarantee were also the most commonly displayed features (94%, 87% and 61%, respectively).[18]

Comparing information displayed in-store and online, it appears that online shoppers were able to find more information about the commercial guarantee than in-store shoppers; for each piece of information, the proportion of shoppers having found the information was higher for online shoppers than in-store shoppers.

A reminder of the existence of a legal guarantee

Somewhat more than a tenth (12%) of in-store shoppers answered that a reminder of the fact that the commercial guarantee does not influence a consumer's existing legal guarantee rights was displayed with the commercial guarantee. When also taking into account information displayed elsewhere and information provided by a sales person, however, this figure increases to 42%.

Almost one in six (16%) online shoppers reported that a reminder about the existence of a legal guarantee was found on the product page. Some online shoppers found information displayed elsewhere on the website; combining both figures, it was observed that 30% of online shoppers were reminded about their legal guarantee rights.

Information found when shopping in-store, by country

Table 3: Information about the commercial guarantee displayed with the product in-store, by country

Product	Average	CZ	FR	DE	IT	PL	RO	SE	UK
Base	*265*	*24*	*41*	*46*	*23*	*27*	*38*	*30*	*36*
Duration of the guarantee(s) (e.g. 3 years)	80%	71%	80%	76%	87%	89%	**92%**	**57%**	86%
Price of the guarantee	59%	**29%**	63%	**78%**	61%	70%	42%	60%	56%
Main characteristics of the guarantee and its functionality (i.e. what is covered by the guarantee)	47%	42%	39%	59%	61%	**63%**	53%	**20%**	39%
With whom you conclude the guarantee (e.g. the seller, the manufacturer, or a 3rd party)	21%	**0%**	17%	**33%**	30%	15%	21%	13%	28%
Remedies to get a working product (repair, refund, etc.)	18%	0%	20%	**37%**	**0%**	26%	13%	7%	25%
A reminder that the commercial guarantee does not influence your existing legal guarantee rights	12%	21%	**2%**	17%	13%	4%	11%	10%	**22%**
Complaint handling policy	6%	**0%**	5%	7%	13%	**15%**	3%	7%	6%
Time it will take to perform the service (e.g. time needed for a repair)	5%	**0%**	7%	2%	9%	**15%**	3%	0%	8%
In which countries the commercial guarantee applies	4%	**0%**	2%	2%	4%	7%	3%	**10%**	6%
Other	5%	**17%**	7%	**0%**	4%	11%	3%	0%	0%
Could not find any information	5%	**0%**	0%	2%	4%	11%	5%	**20%**	0%

Q1b. What information was displayed about the commercial guarantee(s)/insurance(s)?
Scenario A - In-Store
Base: in-store shoppers who reported that the availability of a commercial guarantee was displayed with the product (n=265)
Source: Mystery shopping exercise

[18] The number of online shoppers answering this question was 152; only shoppers who reported that a commercial guarantee was offered with the product were presented with this question.

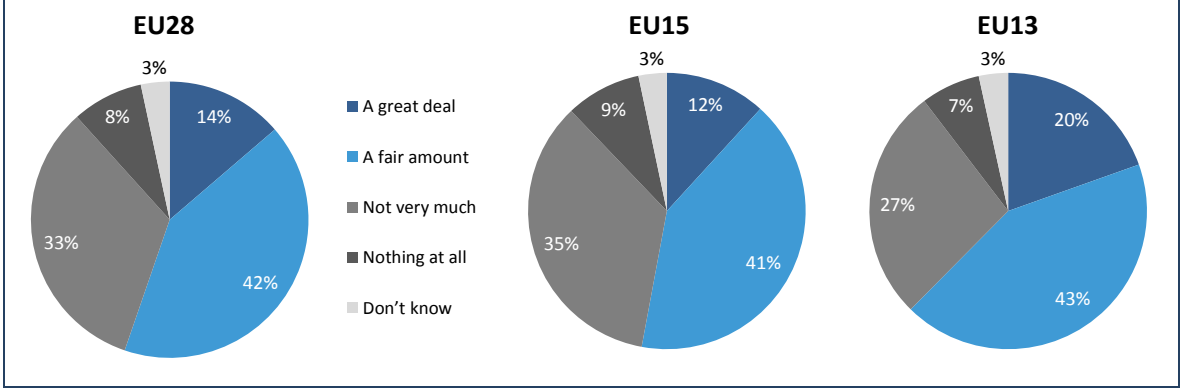
In Sweden, 20% of in-store shoppers, who reported that a commercial guarantee was available with the product they were looking to buy, could not find any information displayed in the store about the characteristics of this commercial guarantee[19]; in the remaining countries, this figure varied between 0% and 11%.

In the Czech Republic and the UK, slightly more than a fifth (21%-22%) of in-store shoppers reported that a reminder was displayed with the commercial guarantee that this guarantee does not influence the existing legal guarantee rights; in the remaining countries, this proportion ranged from 2% to 17%.

3.2.2 Information provided about terms and conditions of the commercial guarantee

Respondents in the consumer survey who had bought a product with a commercial guarantee in the past three years were asked how much information they had received about the terms and conditions of the commercial guarantee. Roughly 4 in 10 (42%) of these respondents indicated that they had received *a fair amount* of information about the terms and conditions, and 14% said they had received *a great deal* of information. Somewhat less than a tenth (8%) answered that they had *not received any information* about the terms and conditions of the legal guarantee.[20]

Figure 8: Information received when buying a product with a commercial guarantee



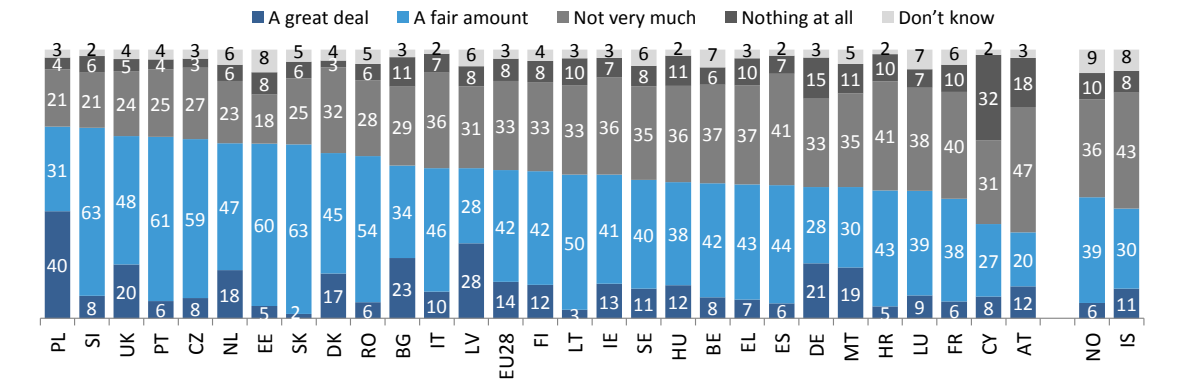
Q12. Thinking of the last time you purchased a product with a commercial guarantee, how much information did you receive about the terms & conditions of the commercial guarantee?
%, EU28, Base: respondents who bought a commercial guarantee sold against extra cost or a guarantee included in the product price (EU28: n=9,376; EU15: n=4,895; EU13: n=4,481)
Source: Consumer survey

[19] Shoppers were instructed to look for the following information: duration of the guarantee, price, main characteristics and functionality (i.e. what is covered by the guarantee), with whom they would conclude the guarantee (e.g. the seller, the manufacturer), remedies to get a working product (repair/refund), a reminder that the commercial guarantee does not influence legal guarantee rights, complaint handling policy, time it will take to perform the service, and in which countries the commercial guarantee applies. Overall, 5% of shoppers reported that none of these items were displayed in the store.

[20] The EU15 and EU13 averages are not discussed in detail; in Figure 9, the individual country results are presented. Looking at these results, the reader can observe that five of the EU13 countries scored below the EU28 average; these are mostly small countries (Cyprus, Lithuania and Malta) that do not have a large impact on the EU13 average results. It would thus be misleading to conclude that "EU13 countries" score better than "EU15 countries", since almost half of the EU13 countries scored below average. The higher average result for the EU13 groups is mainly driven by the results of Poland, while the lower EU15 average can be explained by the lower positions on the country ranking of France and Germany.

Across all countries, at least a fifth of respondents (who had bought a product with a commercial guarantee in the past three years) reported that they had received *a fair amount* of information about the terms and conditions of the commercial guarantee they had purchased (between 20% in Austria and 63% in Slovakia and Slovenia). The proportion of respondents who answered that they had received *a great deal* of information, however, remained below a fifth in most countries. The most important exception was Poland where 40% of respondents, who had bought a commercial guarantee, answered that they had received a great deal of information about the terms of conditions of this guarantee.

Figure 9: Information received when buying a product with a commercial guarantee, by country

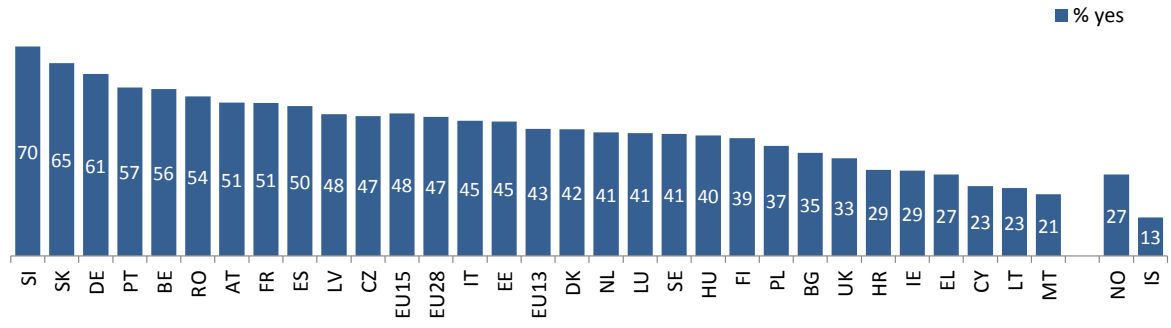


Q12. Thinking of the last time you purchased a product with a commercial guarantee, how much information did you receive about the terms & conditions of the commercial guarantee?
%, by country, Base: respondents who bought a commercial guarantee sold against extra cost or a guarantee included in the product price (EU28: n=9,376; IS: n=150; NO: n=260)
Source: Consumer survey

3.2.3 Reminding consumers about the legal guarantee

Respondents in the consumer survey, who had bought a product with a commercial guarantee in the past three years, were also asked whether they had received any information about the existence of a legal guarantee.

Figure 10: Proportion that was informed about the legal guarantee when buying a product with a commercial guarantee, by country



Q13. Thinking of the last time you purchased a product with a commercial guarantee, was any information provided to you about the existence of a legal guarantee?
%, by country, Base: respondents who bought a commercial guarantee sold against extra cost or a guarantee included in the product price (EU28: n=9,376; IS: n=150; NO: n=260)
Source: Consumer survey

The proportion of respondents who recalled having been informed about the existence of a legal guarantee when purchasing a product with a commercial guarantee varied between 21% in Malta and 70% in Slovenia. Other countries where more than 60% of respondents had been informed about the legal guarantee when buying a product with a commercial guarantee were Germany (61%) and Slovakia (65%).

Lithuania, Cyprus, Greece, Ireland and Croatia joined Malta at the lower end of the country ranking, with between 23% and 29% of respondents who recalled having been informed about the existence of a legal guarantee when they had purchased a product with a commercial guarantee. In Iceland and Norway, respectively, 13% and 27% of respondents had been informed about the existence of a legal guarantee.

It was noted in Section 3.2.1 that 42% of in-store shoppers had either found a reminder about the legal guarantee displayed with the commercial guarantee or were reminded about this fact by a sales person. Across the eight countries selected for the mystery shopping exercise, 47% of survey respondents recalled having been informed about the existence of a legal guarantee when they had purchased a product with a commercial guarantee. Respondents in the consumer survey were more likely than mystery shoppers to report having been reminded about the legal guarantee; however, it is worth pointing out that: (1) the proportion observed in the mystery shopper exercise is based on an actual observation made by the shoppers, while the figure in the consumer survey is a result of what respondents recall about the last time they purchased a product with a commercial guarantee (in the past two years).

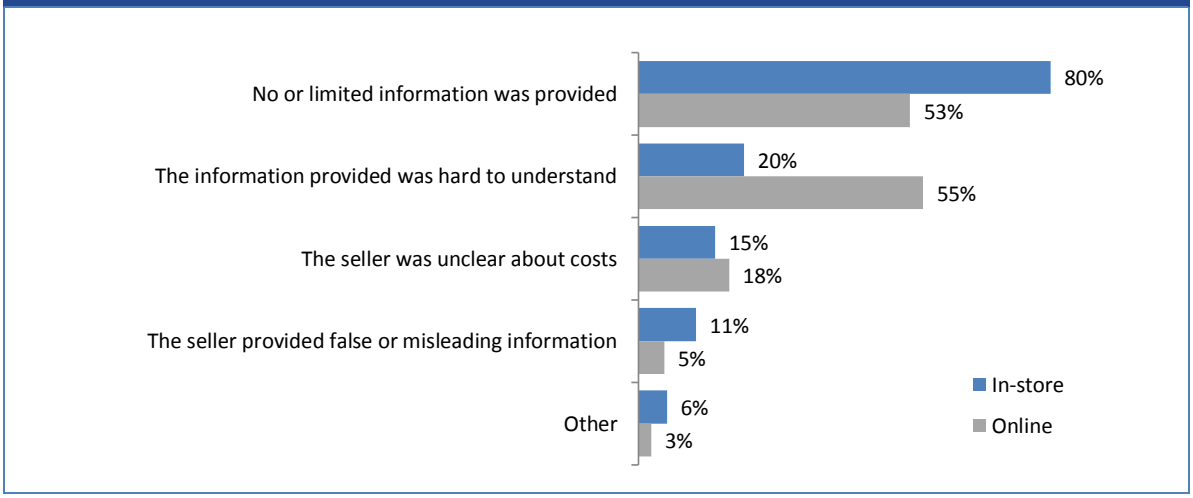
A difference was also observed between the proportion of online mystery shoppers who reported to have found a reminder about the legal guarantee on the seller's website and the corresponding figure observed in the price collection exercise. While 30% of mystery shoppers had found such a reminder; in the price collection, the consumer's legal guarantee rights were stated alongside the offer for 76% of the observations; when only looking at the countries selected for the mystery shopping exercise, however, this figure decreased to 56%.

3.2.4 Communicating price information to consumers

In Section 3.2.1, it was noted that 87% of in-store shoppers and 59% of online shoppers reported that the price of the commercial guarantee was displayed with the guarantee. A majority of mystery shoppers were also satisfied with the information they had found about the commercial guarantee (for more details, see Section 5.1.2).

Nonetheless, among shoppers who were not satisfied with the information provided about the commercial guarantee[21], more than a tenth mentioned that the seller had been **unclear about the cost of the guarantee** (15% among in-store shoppers and 18% among online shoppers).

Figure 11: Shoppers' reason for disagreeing that information provided by sellers about the commercial guarantee was clear and easy to understand



Q24a. Why didn't you find the information of the seller about the commercial guarantee that comes with the product clear and understandable?
Scenario A – Online
Base: online shoppers who disagreed that the seller provided clear and understandable information about the commercial guarantee (n=101)
Q22a. Why didn't you find the information of the seller about the commercial guarantee that comes with the product clear and understandable?
Scenario A - In-store
Base: shoppers who disagreed that the seller provided clear and understandable information about the commercial guarantee (n=88)
Source: Mystery shopping exercise

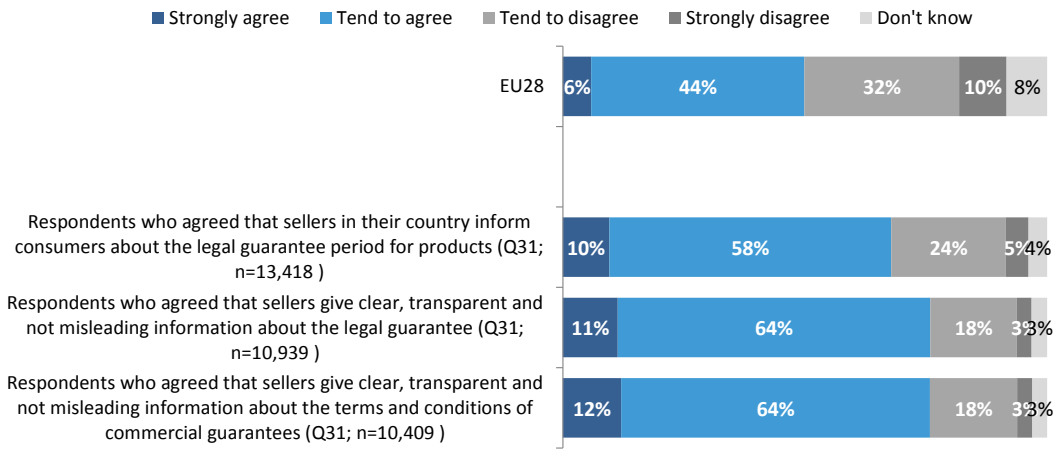
[21] 10% of in-store shoppers and 22% of online shoppers disagreed that information provided by the seller about the commercial guarantee was clear and understandable (see Figure 54 and Figure 53).

3.3 The importance of providing information to increase consumers' trust in sellers and authorities

Respondents who agreed that sellers in their country inform them about the legal guarantee, and give clear, transparent and not misleading information about the legal guarantee or the terms and conditions of commercial guarantees, were more likely to express trust in sellers and authorities.

For example, 68% of respondents who agreed that sellers in their country inform them about the legal guarantee, 75% of respondents who agreed that sellers in their country give clear, transparent and not misleading information about the legal guarantee and 76% of respondents who agreed that sellers in their country give clear, transparent and not misleading information about the terms and conditions of commercial guarantees also *strongly agreed* or *tended to agree* that **sellers respect their rights as a consumer**; the corresponding EU28 average was 50%.

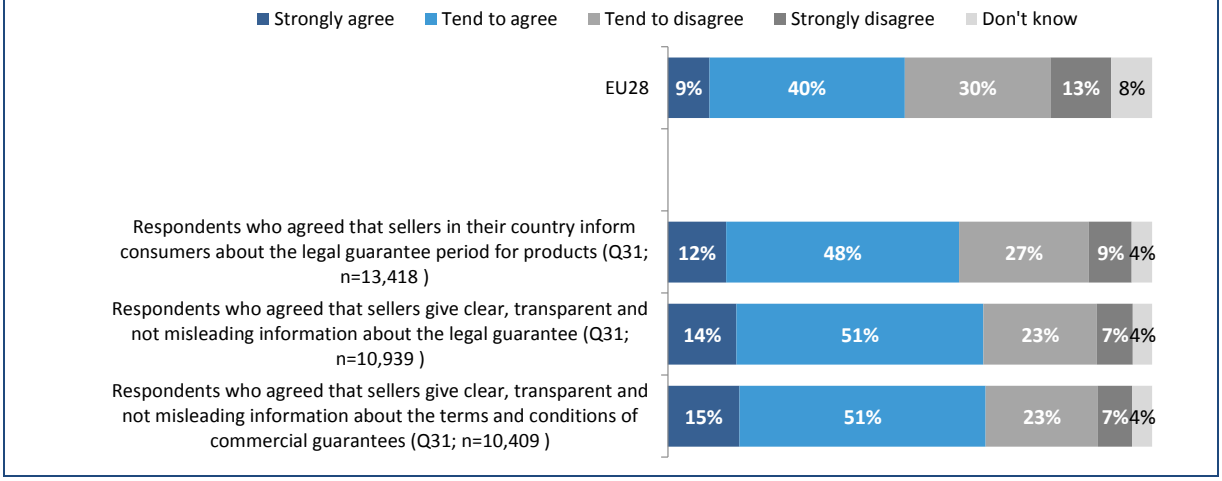
Figure 12: Agreement with the statement "In general, sellers respect your rights as a consumer", by experiences with problems and other perceptions questions



Q32. Please indicate how much you agree or disagree with each of the following statements. In your country: In general, sellers respect your rights as a consumer
%, EU28, Base: all respondents
Source: Consumer survey

Similarly, 60% of respondents who agreed that sellers in their country inform them about the legal guarantee also *strongly agreed* or *tended to agree* that **they trust public authorities to protect their rights as a consumer** (compared to an EU28 average of 49%); the corresponding figures for respondents who agreed that sellers in their country give clear and transparent information about the legal guarantee or about the terms and conditions of commercial guarantees were 65% and 66%, respectively.

Figure 13: Agreement with the statement "You trust public authorities to protect your rights as a consumer", by experiences with problems and other perceptions questions

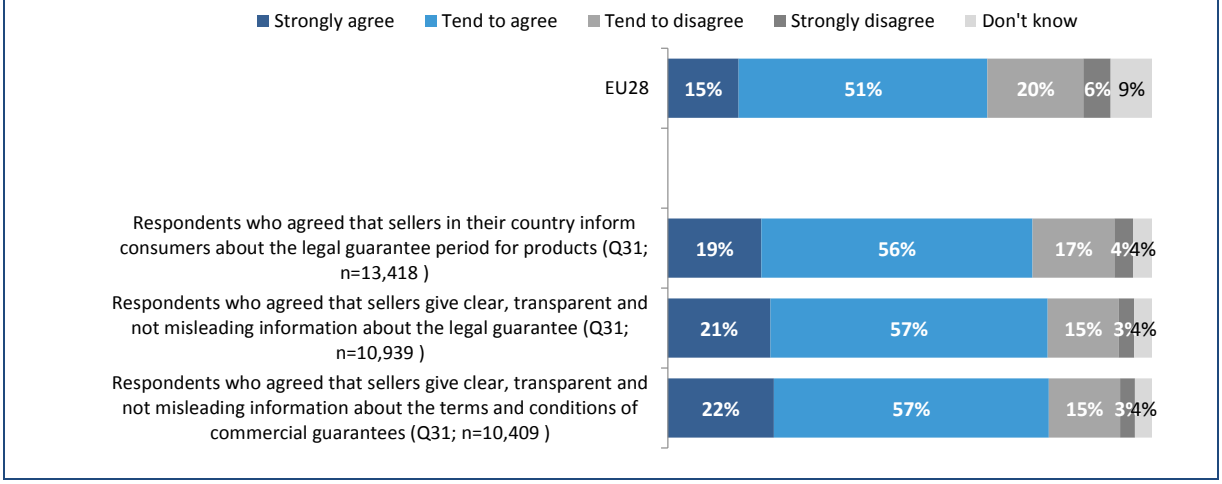


Q32. Please indicate how much you agree or disagree with each of the following statements. In your country: You trust public authorities to protect your rights as a consumer - %, EU28, Base: all respondents

Source: Consumer survey

Across the EU28, 66% of respondents *strongly agreed* or *tended to agree* that **they trust consumer organisations to protect their rights as a consumer**; among respondents who agreed that sellers in their country inform them about the legal guarantee, 75% of respondents agreed with this statement. The level of agreement for respondents who agreed that sellers in their country give clear and transparent information about the legal guarantee and for respondents who said the same about the terms and conditions of commercial guarantees were 78% and 79%, respectively.

Figure 14: Agreement with the statement "You trust consumer organisations to protect your rights as a consumer", by experiences with problems and other perceptions questions



Q32. Please indicate how much you agree or disagree with each of the following statements. In your country: You trust consumer organisations to protect your rights as a consumer - %, EU28, Base: all respondents

Source: Consumer survey

4. Consumer understanding and decision making

Box 2: Summary of findings – Consumer understanding and decision making

Understanding of the legal guarantee

- Across all countries, consumers had a good understanding of the legal guarantee coverage; between 72% of survey respondents in Cyprus and 97% in Slovenia answered that the legal guarantee period covers breakdown or failure to operate because of a material or manufacturing fault.
- When respondents in the behavioural experiment were asked to read a short legal guarantee and answer two questions in regard its scope: whether the legal guarantee covered damage to the appliance in case of accident; and, within what time period repairs would be undertaken, respondents also performed well. Overall, 61% of respondents answered these two questions correctly.

Knowledge of the legal guarantee duration

- 35% of consumers across the EU were aware of the legal guarantee period applied in their country (six years in Ireland and most of the UK, five years in Scotland, three years in Sweden and two years in the remaining countries).
- Consumers in the Czech Republic and Slovakia were the most likely to know that the length of the legal guarantee period is two years (72%-73% provided a correct response). In about half of the Member States, consumers who thought that the legal guarantee period was one year outnumbered those who knew it was two years.
- Given that many consumers were unaware of two-year legal guarantee period, only a slim majority (56%) knew that they have the right to a free repair or replacement when their refrigerator breaks down 20 months after the purchase date.
- Even among consumers who were aware of the two-year legal guarantee period, only 40% was aware that when their laptop bought with a 12-month manufacturer's guarantee breaks down after 18 months, they still have the right to a free repair or replacement.

Knowledge about legal guarantee provisions

- Consumers in the Czech Republic and Slovakia were the most knowledgeable about the legal guarantee provisions, while consumers in Bulgaria, France and the UK were among the least knowledgeable.
- Consumers were most knowledgeable about legal guarantee provisions with regards to the coverage of spare parts and requirements about original packaging: 69% answered correctly when asked whether the seller has to repair or replace the battery of a new mobile phone because the legal guarantee also covers spare parts and 59% correctly indicated that, when a newly bought camera breaks down, the seller cannot refuse to repair it for free when they no longer have the original packaging.
- The mystery shopping exercise confirmed that a majority of sellers informed consumers correctly about the coverage of spare parts and the fact that it is not necessary to keep the original packaging. This is in contrast to the information provided about freezing or reset of guarantee duration for repairs and replacements, for which the majority of sellers appeared to be unaware of the applicable legislation.

Box 2: Summary of findings – Consumer understanding and decision making

Knowledge of the burden of proof

- Although there is a reversal of the burden of proof after six months (in all but three Member States), it is unlikely that many consumers were aware of this fact. The consumer survey and the mystery shopping exercise found that a considerable proportion of sellers (1) did not take the purchase date into account when asking consumers to prove that the good was defective or non-conforming, (2) provided consumers with incorrect information about the burden of proof or (3) were unable to provide any information at all. For example:
  - For problems that had occurred within the first six months after purchasing, 15% of survey respondents were asked by the seller to prove that the problem was not due to their own fault, the corresponding figure for problems that had occurred after six months was 16%.
  - Among mystery shoppers who informed a seller about a problem with a product, 55% reported that the seller could not give them any information about the burden of proof.
- When respondents in the behavioural experiment were presented with two legal guarantees that differed in terms of when the burden of proof transferred from the seller to the buyer in case of manufacturer and/or material fault, just 37% of respondents were able to correctly answer the question. The proportion of respondents that answered correctly ranged from 27% in France to 42% in Germany.

4.1 Understanding of the legal guarantee

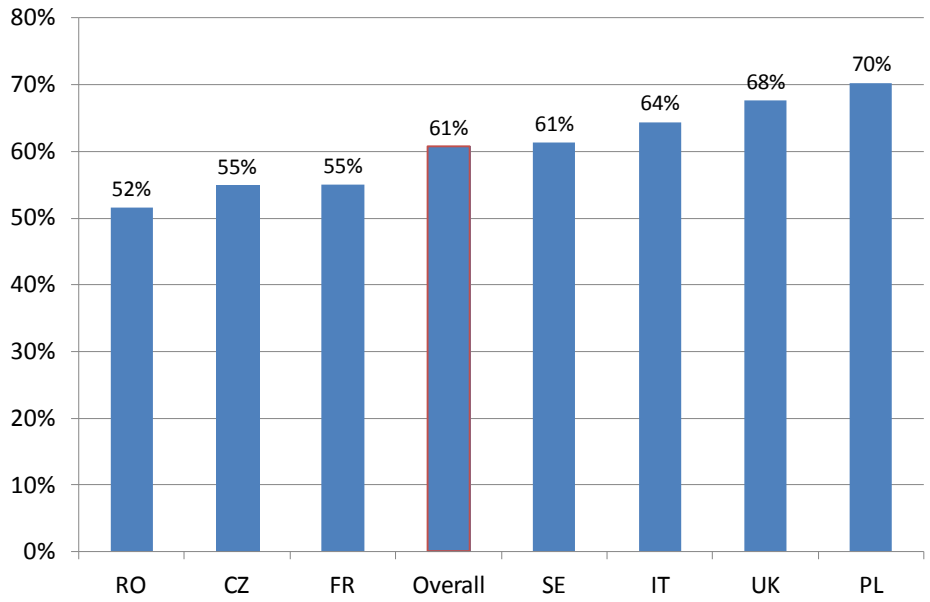
In order to contribute to the assessment of consumers' understanding of the legal guarantee, a comprehension exercise was included in the behavioural experiment in the Czech Republic, France, Germany, Italy, Poland, Romania, Sweden and the UK.

The exercise was designed to assess consumers' understanding of their rights presented in two hypothetical guarantees.[22] Respondents were asked to read the legal guarantees and then answered two questions. These questions covered the scope of the legal guarantee – that is, whether the legal guarantee covered damage to the appliance in the case of accident – and within what period of time repairs would be undertaken.

[22] The legal guarantees used in the comprehension ability test were based on actual legal guarantees for washing machines in the EU. The legal guarantees are presented in Annex A6.5.

Figure 15 presents the average score for the comprehension questions.[23] Overall, respondents' comprehension of the scope of the guarantee was good, with 61% of respondents correctly answering the questions.

Figure 15: Respondent average score in the comprehesion exercise – understanding of legal guarantee scope



Note: The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.
Source: Behavioural experiment

Performance in the comprehension exercise is not affected substantially by the age of the respondent.[24] Similarly, economic activity status does not have a large impact on performance in the comprehension exercise.[25]

Average performance in the comprehension exercise increases with the educational level of the respondent, but, on average, is lower than 2 out of 3 at all levels of education: low-educated respondents had the lowest score on average (1.6 out of 3) in the comprehension exercise, and high-educated respondents had the highest score (1.9 out of 3).

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[23] Germany is removed from these figures as there was some ambiguity in translation for the first question in the comprehension exercise, which led to only 7% of respondents in Germany correctly answering this question. The original question is as follows:

Q4. Repairs will be undertaken in the event of material or manufacturing defects, if reported within 24 months of the _____
a) Date the fault was identified; b) Date of purchase; c) Date of delivery from the manufacturer to the retailer; d) Don't know
Correct response: Date of purchase (option b)
The German translation may have been as follows:
Repairs will be undertaken in the event of material or manufacturing defects, if reported within 24 months or when else?
In this case, German respondents may have believed the correct response to be option a), which most (75%) of respondents in Germany did. This translation ambiguity did not affect the remainder of the comprehension exercise, or other parts of the experiment.

[24] Average score in the comprehension exercise is 1.68 for respondents over 65 years to 1.8 for respondents aged between 18 and 24 years.

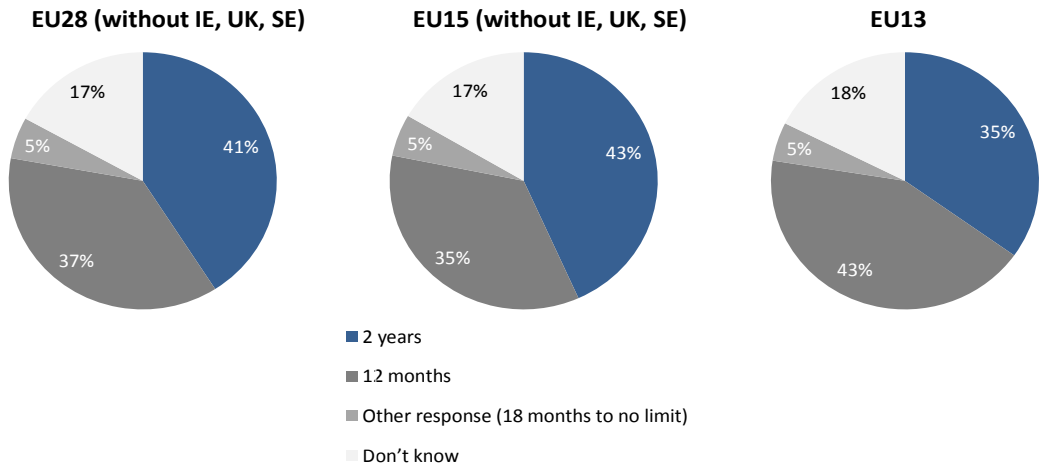
[25] Average score in the comprehension exercise is 1.7 for economically inactive respondents and 1.8 for economically active respondents.

4.2 Knowledge of legal guarantee provisions

4.2.1 Knowledge about the length of the legal guarantee period

At the end of the consumer questionnaire, respondents were explained that, within the EU, consumers always have the right to a minimum legal guarantee period at no cost. Next, they were asked if they could tell the length of the legal guarantee period. When not considering Ireland, the UK and Sweden (where national provisions have extended the legal guarantee's duration)[26], 41% of respondents[27] across the remaining countries correctly answered that the length of the legal guarantee period is two years; however, an equally large number (37%) thought this period was only one year.

Figure 16: Knowledge of the length of the legal guarantee period



Q35a. Whether you buy products in a shop or online, within the European Union you always have the right to a minimum legal guarantee period at no cost. What is the length of this minimum legal guarantee period?
%, Base: all respondents (EU28 minus IE, UK and SE: n=23,648; EU15 minus IE, UK and SE: n=11,542; EU13: n=12,106)
Source: Consumer survey

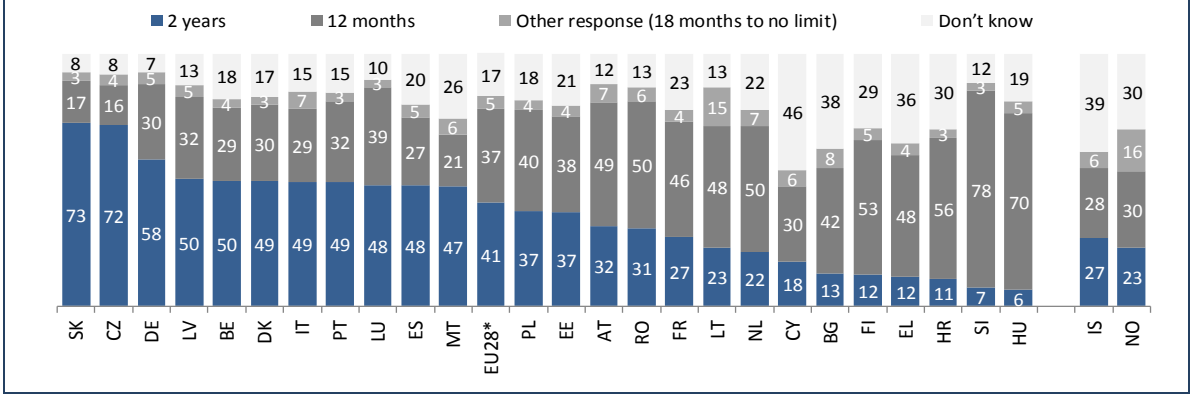
Knowledge about the two-year legal guarantee period appears to be lower in the EU13 than in the EU15 (35% vs. 43%). Although it is true that, in a majority of EU13 countries, a minority of respondents provided the correct response; there are two important exceptions (see Figure 17 on the next page). Of all the EU countries where the duration of the legal guarantee is two years, the Czech Republic and Slovakia had the highest proportions of respondents providing the correct response (72% and 73%, respectively). Germany was the closest to these two countries with 58% of correct responses.

In about half of the EU15 countries, roughly one in two respondents knew that the length of the legal guarantee period is two years (between 48% in Spain and 50% in Belgium); this was also the case in Malta and Latvia (47% and 50%, respectively).

[26] See Annex A1.3.3 for more details about the national provisions with regards to the length of the legal guarantee period. Note: in Finland, Iceland, the Netherlands and Norway, the legal guarantee period also exceeds the minimum two-year period, however, this extension is linked to the expected lifespan of the product.

[27] Taking into account the proportion of correct responses in Sweden (3 years), Ireland and the UK (6 years) when calculating the EU average reduces this average with 6 percentage points, from 41% to 35%.

Figure 17: Knowledge of the length of the legal guarantee period, by country (min. IE, UK, SE)

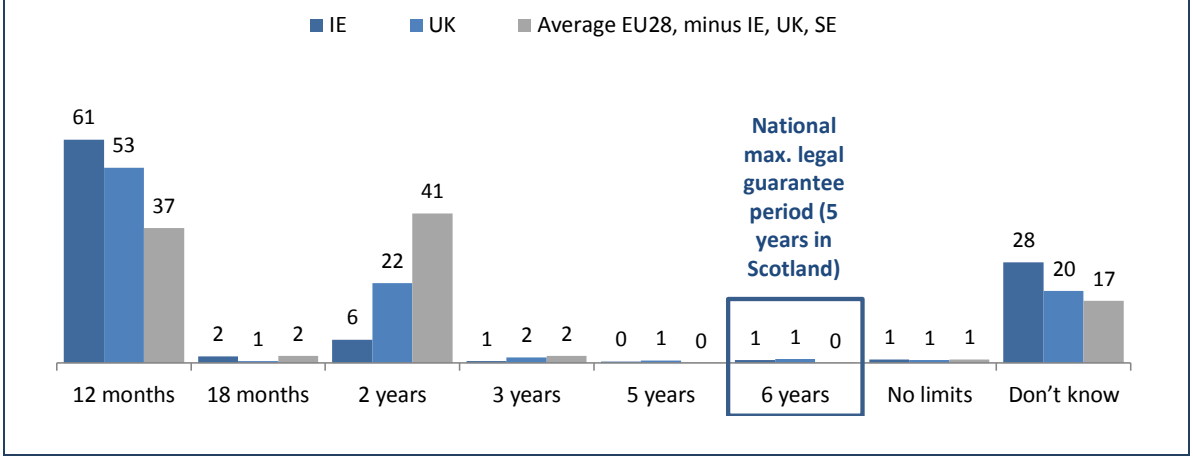


Q35a. Whether you buy products in a shop or online, within the European Union you always have the right to a minimum legal guarantee period at no cost. What is the length of this minimum legal guarantee period?
* EU28, minus IE, SE & UK
%, by country, except IE, SE & UK. Base: all respondents; (EU28 minus IE, UK and SE: n=23,648; IS=505; NO=1,004)
Source: Consumer survey

It is also worth pointing out that, in about half of the Member States, respondents who thought that the legal guarantee period was one year outnumbered those knowing that the length of the legal guarantee period is two years; for example, in Finland, only 12% of respondents correctly answered that the length of the legal guarantee period is two years, compared to 53% of respondents who thought that the legal guarantee period was only one year.

Ireland has a legal guarantee period of six years and the UK has two different limitation periods: six years in England, Wales and Northern Ireland, five years in Scotland. Virtually none of the respondents in these two countries were aware of this fact (about 1%). A majority of respondents in Ireland (61%) thought that the legal guarantee period was 12 months; the corresponding figure for the UK was 53%.

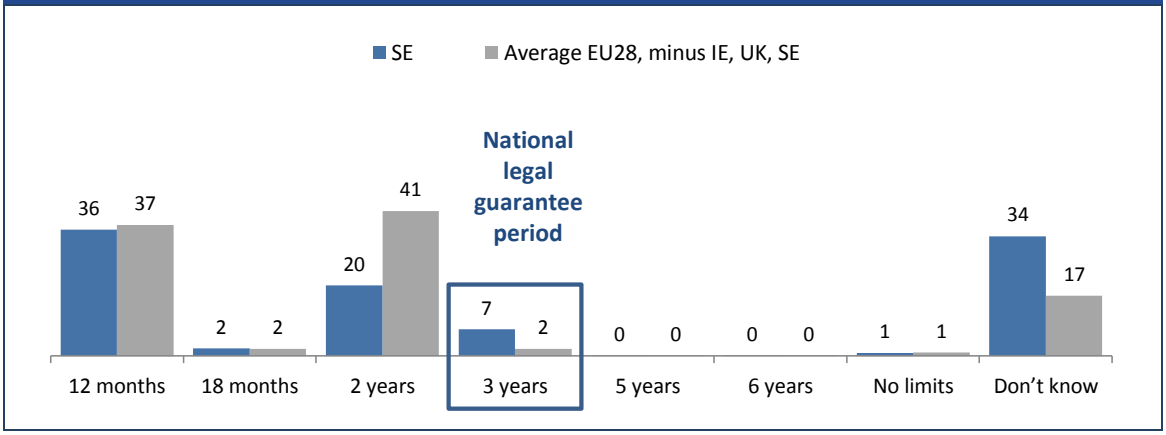
Figure 18: Knowledge of the length of the legal guarantee period, Ireland and the UK



Q35a. Whether you buy products in a shop or online, within the European Union you always have the right to a minimum legal guarantee period at no cost. What is the length of this minimum legal guarantee period?
%, Ireland (n=1,004) & the UK (n=1,003), Base: all respondents
Source: Consumer survey

In Sweden, the duration of the legal guarantee is three years; however, just 7% of respondents were aware of this longer duration; compared to 36% of respondents who thought that the legal guarantee period was one year. Remarkable is the high number of "don't know" responses in Sweden (34%, compared to an EU28 average[28] of 17%.

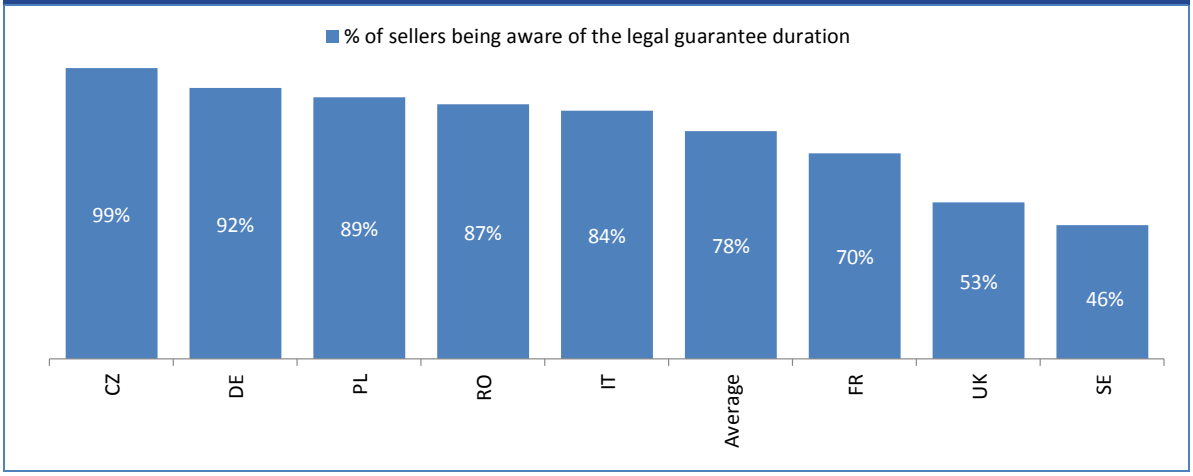
Figure 19: Knowledge of the length of the legal guarantee period, Sweden



Q35a. Whether you buy products in a shop or online, within the European Union you always have the right to a minimum legal guarantee period at no cost. What is the length of this minimum legal guarantee period?
%, Sweden (n=1,004), Base: all respondents
Source: Consumer survey

Respondents in Sweden and the UK were among the least likely to be aware of the length of the legal guarantee period. The results of the mystery shopping exercise showed that it were not only consumers, but also sellers in Sweden and the UK that were unaware of the extended legal guarantee period.

Figure 20: Percentage of in-store sellers who were aware of the legal guarantee duration, by country



Combined results for: Q1a. What information was displayed about the legal guarantee? & Q2a. Did the sales person spontaneously explain that the legal guarantee is a two-year guarantee (free of charge) with the seller of the product? & Q3. Ask the sales person for information about the length and cost of the legal guarantee that comes with the product. Which information did you receive?
Scenario A – In-store; Base: all shoppers (n=720)
Source: Mystery shopping exercise

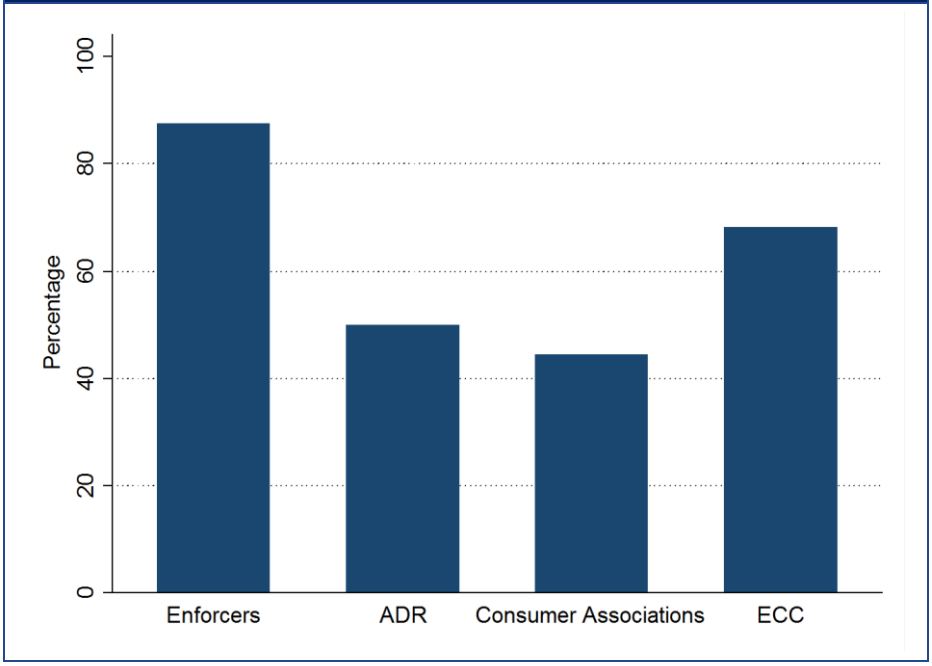
[28] Not considering Ireland, the UK and Sweden.

Figure 20 (on the previous page) presents the proportion of sellers who spontaneously informed in-store shoppers, or confirmed when being prompted, that the legal guarantee is for a period of three years in Sweden, six years in the UK, and two years in the remaining countries. In Sweden and the UK, the proportion of in-store shoppers that was informed correctly about the length of the legal guarantee in their country was below average; 46% of in-store shoppers in Sweden was informed that the legal guarantee is valid for a minimum of three years and 53% of in-store shoppers in the UK was informed that the legal guarantee has a duration of six years (compared to 78% of "correct" responses overall).

Adequacy of the duration of the legal guarantee

Various stakeholders were asked for their opinions about the adequacy of the length of the legal guarantee. A majority of respondents in the stakeholder consultation from the enforcer and ECC-net organisations were of the opinion that the existing legal guarantee duration was adequate. Among stakeholders from ADR and consumer associations, however, fewer agreed with this proposition.

Figure 21: Stakeholder views about the length of the legal guarantee



Note: Answers to the question: 'Do you consider the time coverage of the legal guarantee adequate?'
% "yes" responses (n=67)
Source: Stakeholder consultation

Box 3: Stakeholder views about lengthening of the legal guarantee

Whilst two years may appear in principle to be an acceptable amount of time to seek remedies from the seller in the event of lack of conformity, there are instances, however, where two years is clearly insufficient, e.g. goods which typical lifespan exceeds two years and yet turn faulty as a result of a hidden lack of conformity after the expiration of the so-called legal guarantee and the commercial guarantee, if any. Examples obviously do not include consumables or perishable goods but durable items such as refrigerators, washing machines or photographic cameras. In …, at least, this problem is mitigated by relying on … which sets a six-year general limitation period for actions founded on contract and tort. The lack of clear liability of manufacturers and/or importers in these cases, which is generally reduced to the scope of their voluntary commercial guarantees, widens the difficulties consumers may face in the event of lack of conformity after the expiration of the so-called legal guarantee (or where the seller ceased trading or refuses to cooperate) if the commercial guarantee, if any, no longer covers the event.

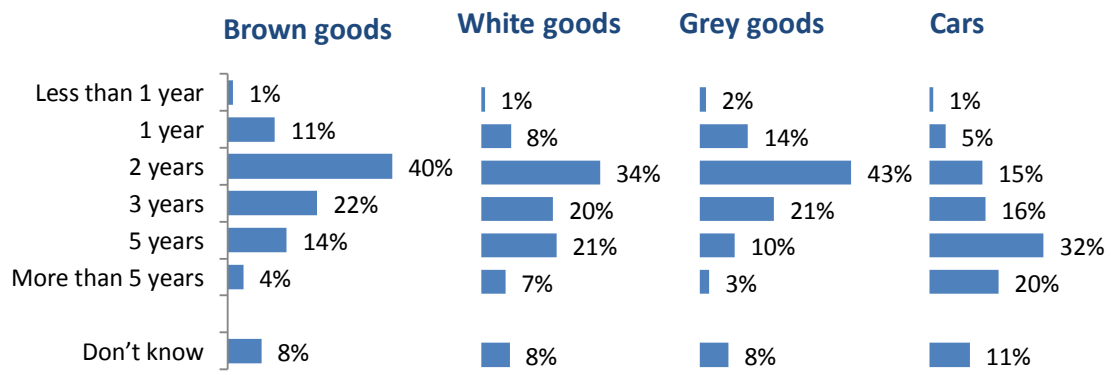
The time coverage should be more equal to the time where the consumer can expect a product to be fully functional. Non-conformity of a product basically means that the trader/manufacturer has not fulfilled his part of the contract. In other words, the consumer has paid full price for a defective product. Therefore, it is not reasonable that the consumer bear the risk (and cost) for non-conformity after only two years, as most products are meant to - and could be expected to - last much longer. In addition, and even though it is somehow difficult to find clear evidence, it seems to be obvious that so called "planned obsolescence" is taking place. A longer time coverage would have the positive side effect to counter this issue.

For durable items, the time coverage should five years. It is preferable both for the consumer's economy and for the environment that the goods last longer. Therefore, long lasting products should be encouraged through a five-year coverage for durable items in European legislation.

Source: Stakeholder consultation

For white, brown and grey goods, between 34% and 43% of respondents in the consumer survey answered that two years is a reasonable length for the legal guarantee. Roughly one in five respondents (20%-22%), on the other hand, were in favour of a longer guarantee period of three years. For cars, the largest share of respondents (32%) expressed a preference for a five-year guarantee period.

Figure 22: Consumers' views about a reasonable length for the legal guarantee



Q37. When thinking about your legal guarantee rights in the European Union, how long do you think the legal guarantee should reasonably last for durable goods such as: - %, EU28 (n=26,659), Base: all respondents

Source: Consumer survey

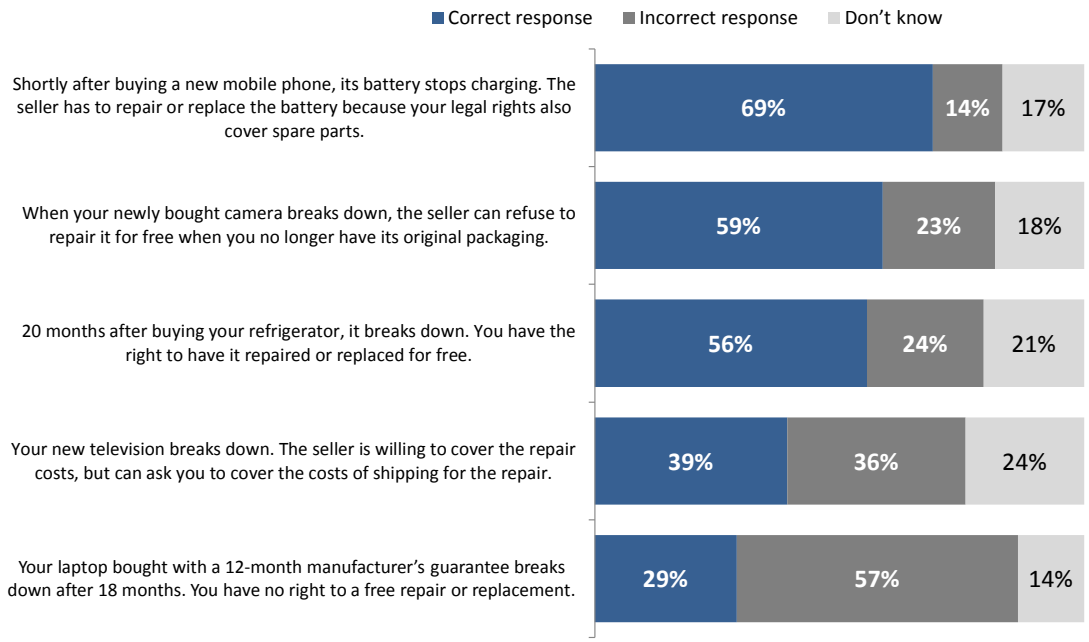
4.2.2 Legal guarantee provisions

True/false statements about legal guarantee provisions

Respondents in the consumer survey were presented with five scenarios (listed below), and were asked whether they thought the statement was true or not:

- Shortly after buying a new mobile phone, its battery stops charging. The seller has to repair or replace the battery because your legal rights also cover spare parts;
- When your newly bought camera breaks down, the seller can refuse to repair it for free when you no longer have its original packaging;
- 20 months after buying your refrigerator, it breaks down. You have the right to have it repaired or replaced for free;
- Your new television breaks down. The seller is willing to cover the repair costs, but can ask you to cover the costs of shipping for the repair; and
- Your laptop bought with a 12-month manufacturer's guarantee breaks down after 18 months. You have no right to a free repair or replacement.[29]

Figure 23: Knowledge of legal guarantee provisions



Q3a. We present several statements about guarantees and your rights as a consumer. In all statements, when referring to a product that breaks down, we refer to a situation in which the malfunction is not your fault. Please select whether each statement is true or false. Not everyone knows about this subject, so feel free to indicate that you don't know about the topic.
%, EU28, Base: all respondents (n=26,659)
Source: Consumer survey

[29] True statements: "20 months after buying your refrigerator, it breaks down. You have the right to have it repaired or replaced for free"; and "Shortly after buying a new mobile phone, its battery stops charging. The seller has to repair or replace the battery because your legal rights also cover spare parts". False statements: "Your new television breaks down. The seller is willing to cover the repair costs, but can ask you to cover the costs of shipping for the repair"; "When your newly bought camera breaks down, the seller can refuse to repair it for free when you no longer have its original packaging"; and "Your laptop bought with a 12-month manufacturer's guarantee breaks down after 18 months. You have no right to a free repair or replacement."

A large majority of consumers knew that spare parts are covered by the legal guarantee; 69% answered correctly that the seller has to repair or replace the battery of a new mobile phone because the legal guarantee also covers spare parts; 14% of respondents provided an incorrect answer and 17% said they did not know the answer.

Roughly 6 in 10 (59%) respondents correctly indicated that when a newly bought camera breaks down, the seller cannot refuse to repair it for free when they no longer have the original packaging, while 23% provided an incorrect response and 18% selected the "don't know" response.

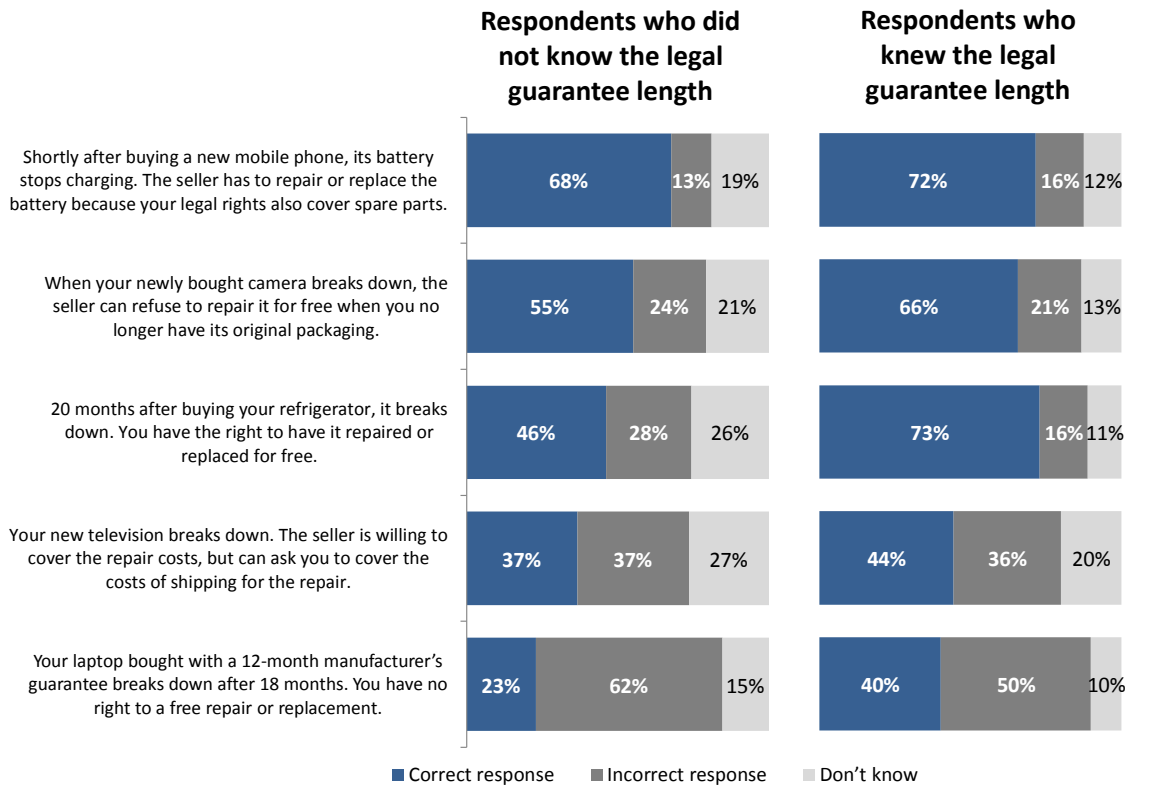
Respondents scored slightly worse when it comes to the statement that they have the right to a free repair or replacement when their refrigerator breaks down 20 months after the purchase date. For this statement, 56% provided the correct response, 24% selected the wrong response, and 21% answered that they did not know.

The next statement asked respondents if they thought that when their new television breaks down, sellers can ask them to cover the costs of shipping for the repair. It appears that many respondents found this reasonable, as 36% mistakenly thought this statement is correct; 39% correctly answered that this statement is not true. However, a high proportion (24%) chose the response option "don't know".

In sharp contrast, roughly 3 out of 10 (29%) respondents were aware that when their laptop bought with a 12-month manufacturer's guarantee breaks down after 18 months, they still have the right to a free repair or replacement, while 57% of respondents provided an incorrect answer and 14% said they did not know the answer.

When comparing the results of respondents who were aware of the correct legal guarantee period in their country and those who were not[30], it appears that the former were more likely to know that they have the right to a free repair or replacement when their refrigerator breaks down 20 months after the purchase date: 73% provided the correct response, compared to 46% of respondents who did not know the legal guarantee length. Respondents who were aware of the correct legal guarantee period in their country were also more likely to be aware that when their laptop bought with a 12-month manufacturer's guarantee breaks down after 18 months, they still have the right to a free repair or replacement (40% provided the correct response, compared to 23% of respondents who did not know the legal guarantee length).

Figure 24: Knowledge of legal guarantee provisions, by knowledge of the legal guarantee length



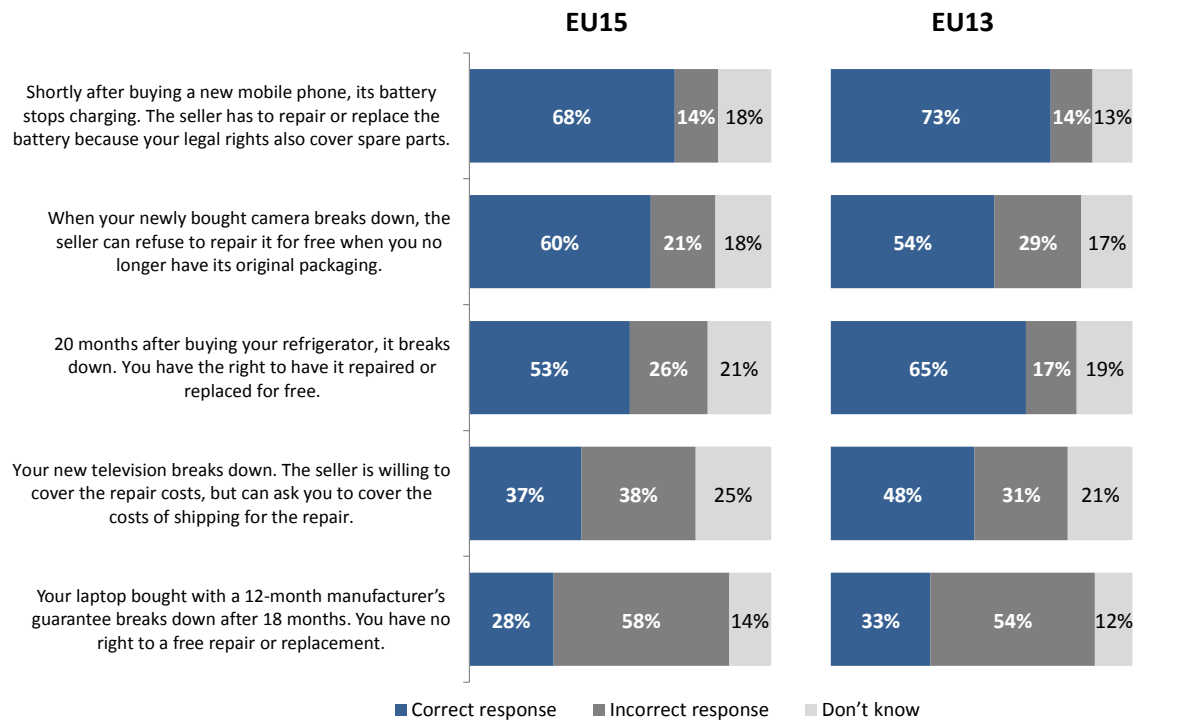
Q3a. We present several statements about guarantees and your rights as a consumer. In all statements, when referring to a product that breaks down, we refer to a situation in which the malfunction is not your fault. Please select whether each statement is true or false. Not everyone knows about this subject, so feel free to indicate that you don't know about the topic.
%, EU15/EU13, Base: respondents who did not know the legal guarantee length (n=18,224); respondents who knew the legal guarantee length* (n=8,435)
* Based on respondents' answer in Q35a (the correct response was three years in Sweden, six years in the UK and two years in the remaining countries)
Source: Consumer survey

[30] i.e. three years in Sweden, six years Ireland and most of the UK, and two years in the remaining countries.

EU13 vs. EU15 average results

When comparing knowledge levels for legal guarantee provisions, higher proportions of correct responses were observed in the EU13 group than in the EU15 group. For example, on average, across the EU13, 65% of respondents correctly answered that they have the right to a free repair or replacement when their refrigerator breaks down 20 months after the purchase date while in the EU15, the proportion of correct responses was 53%. Nonetheless, for one statement – whether it is necessary to keep the original packaging – the proportion of correct responses was higher in the EU15 than in the EU13 (60% vs. 54%, respectively).

Figure 25: Knowledge of legal guarantee provisions, EU15 vs. EU13



Q3a. We present several statements about guarantees and your rights as a consumer. In all statements, when referring to a product that breaks down, we refer to a situation in which the malfunction is not your fault. Please select whether each statement is true or false. Not everyone knows about this subject, so feel free to indicate that you don't know about the topic.
%, EU15/EU13, Base: all respondents (EU15: n=14,553; EU13: n=12,106)
Source: Consumer survey

Statements most likely to be answered correctly and incorrectly – variations across countries

Across the great majority of countries (22 out of 30), respondents were most likely to provide a correct answer for the statement about spare parts being covered by the legal guarantee; the proportion of correct responses varied between 61% in Bulgaria and 83% in Cyprus. The statement about the manufacturer's guarantee was the most difficult one in 23 countries. For this statement, the percentage of correct responses ranged from 8% in Slovenia to 72% in Romania.

Table 4: Knowledge of legal guarantee provisions (% of correct responses), by country					
	'Shortly after buying a new mobile phone, its battery stops charging. The seller has to repair or replace the battery because your legal rights also cover spare parts.'	'20 months after buying your refrigerator, it breaks down. You have the right to have it repaired or replaced for free.'	'When your newly bought camera breaks down, the seller can refuse to repair it for free when you no longer have its original packaging.'	'Your new television breaks down. The seller is willing to cover the repair costs, but can ask you to cover the costs of shipping for the repair.'	Your laptop bought with a 12-month manufacturer's guarantee breaks down after 18 months. You have no right to a free repair or replacement.
CZ	82%	82%	74%	53%	36%
SK	81%	**83%**	69%	**57%**	34%
MT	77%	74%	53%	43%	61%
DK	79%	65%	68%	42%	49%
DE	72%	65%	79%	44%	36%
EE	81%	57%	56%	43%	59%
CY	**83%**	74%	33%	45%	59%
FI	75%	50%	**83%**	56%	28%
RO	72%	64%	31%	45%	**72%**
NL	81%	51%	65%	50%	34%
AT	78%	58%	68%	37%	32%
PT	66%	68%	63%	43%	32%
PL	68%	64%	63%	50%	25%
LU	74%	63%	58%	36%	35%
BE	70%	65%	55%	38%	34%
LT	82%	59%	60%	44%	17%
EU28	**69%**	**56%**	**59%**	**39%**	**29%**
HU	82%	47%	55%	53%	14%
SE	72%	51%	61%	35%	32%
SI	81%	58%	54%	46%	**8%**
ES	68%	67%	46%	36%	28%
IE	75%	32%	70%	41%	24%
EL	79%	54%	54%	35%	14%
IT	62%	67%	44%	31%	32%
LV	69%	63%	49%	**29%**	26%
HR	75%	56%	49%	43%	10%
UK	65%	**25%**	66%	37%	23%
BG	**61%**	65%	**30%**	31%	11%
FR	62%	38%	51%	**29%**	14%
NO	79%	72%	71%	45%	53%
IS	67%	55%	67%	**27%**	26%

Q3a. We present several statements about guarantees and your rights as a consumer. In all statements, when referring to a product that breaks down, we refer to a situation in which the malfunction is not your fault. Please select whether each statement is true or false. Not everyone knows about this subject, so feel free to indicate that you don't know about the topic.
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

The statement about the costs of shipping for the repair was the most difficult one for respondents in five countries (Malta, Denmark, Estonia, Italy and Norway). Looking across all countries, a large variation was observed in the proportion of correct responses; for instance, in Slovakia, 57% of respondents answered this statement correctly, while in Latvia and France, this figure was 29% (Iceland was the country with the lowest proportion, with 27% of respondents giving the correct response).

In two countries, Cyprus and Romania, respondents scored lowest on the statement about original packaging. Bulgaria was characterised overall by the lowest proportion of correct responses (30%). On the other extreme of the distribution, 83% of respondents in Finland knew that consumers are not required to keep the original packaging to qualify for a free repair. In a majority of countries, between about half and two-thirds of the respondents answered this statement correctly.

Variation by country in the number of correct responses

An in-depth analysis of the average number of correct responses per country, shows that the Czech Republic and Slovakia have the highest average scores (3.27 and 3.24, respectively). In these two countries, 14% of respondents provided a correct response for each of the statements presented to them (five statements in total). In five other countries, at least 10% of respondents answered all statements correctly, namely, Denmark (15%), Finland (12%), the Netherlands (11%), Germany and Portugal (both 10%). The highest proportion of respondents who responded correctly to all statements, however, was observed in Norway (23%).

The lowest average scores were observed in France and Bulgaria (1.94 and 1.98, respectively). Moreover, in these countries, only a handful of respondents (1%-2%) provided a correct response for each of the statements presented to them. In Bulgaria, 9% of respondents were not able to provide a correct response to any of the five statements; in France, this figure was 16%.

Table 5: Knowledge of legal guarantee provisions (numberf of correct responses), by country								
	No correct responses	1 correct response	2 correct responses	3 correct responses	4 correct responses	5 correct responses		Average number of correct responses
CZ	3%	5%	16%	29%	33%	14%		**3.27**
SK	2%	6%	17%	28%	32%	14%		**3.24**
MT	1%	7%	23%	32%	31%	8%		**3.08**
DK	9%	6%	17%	22%	30%	15%		**3.03**
DE	6%	7%	19%	31%	28%	10%		**2.97**
EE	6%	8%	17%	33%	27%	9%		**2.95**
CY	1%	7%	27%	36%	21%	8%		**2.94**
FI	6%	8%	20%	30%	24%	12%		**2.93**
RO	5%	8%	25%	31%	22%	9%		**2.84**
NL	9%	10%	19%	28%	23%	11%		**2.81**
AT	4%	12%	25%	32%	21%	6%		**2.73**
PT	7%	12%	24%	29%	20%	10%		**2.73**
PL	6%	11%	23%	33%	22%	6%		**2.71**
LU	4%	15%	26%	27%	19%	9%		**2.67**
BE	9%	13%	23%	26%	21%	8%		**2.62**
LT	5%	12%	29%	32%	19%	4%		**2.62**
EU28	9%	13%	26%	27%	18%	6%		**2.52**
HU	6%	14%	29%	29%	19%	3%		**2.51**
SE	14%	10%	23%	24%	19%	9%		**2.51**
SI	5%	14%	30%	31%	17%	2%		**2.47**
ES	9%	15%	28%	26%	17%	6%		**2.45**
IE	8%	14%	30%	26%	17%	4%		**2.43**
EL	5%	17%	34%	27%	14%	3%		**2.36**
IT	10%	17%	28%	25%	17%	4%		**2.36**
LV	10%	16%	26%	28%	16%	4%		**2.35**
HR	6%	19%	31%	28%	14%	3%		**2.33**
UK	14%	17%	29%	26%	10%	5%		**2.16**
BG	9%	24%	37%	21%	8%	1%		**1.98**
FR	16%	21%	31%	23%	8%	2%		**1.94**
NO	9%	7%	13%	20%	27%	23%		**3.19**
IS	12%	15%	22%	24%	22%	5%		**2.41**

Q3a. We present several statements about guarantees and your rights as a consumer. In all statements, when referring to a product that breaks down, we refer to a situation in which the malfunction is not your fault. Please select whether each statement is true or false. Not everyone knows about this subject, so feel free to indicate that you don't know about the topic.
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

Knowledge of the legal guarantee, socio-demographic considerations[31]

The socio-demographic analysis shows that knowledge of the legal guarantee is higher for men. For example, the average number of correctly answered true/false statements was 2.62 for men, compared to 2.41 for women.

Knowledge of the legal guarantee increases with age.[32] The average number of correctly answered true/false statements gradually increases from 2.33 for the youngest respondents to 2.64 for the oldest respondents. Looking at awareness of the two-year guarantee period, the smallest proportion of correct answers is found for the 18-29 year-olds while no difference is observed among the older groups (32% for 18-29 year-olds vs. 38%-40% across all other age groups).

Interestingly, only one of the two variables – correctly answered true/false statements – varied by level of education; while the least-educated answered, on average, 2.45 true/false statements correctly; this average was 2.55 for the highest educated.

Looking at respondent's activity status, full-time self-employed were the most likely to know that the legal guarantee is for a period of two years (44%, compared to e.g. 39% for the full-time employed and 34% for students). They also scored well on the true/false statement variable; nonetheless, the highest averages for this variable were observed for the long-term sick and retirees (2.68 and 2.63, respectively).

The largest differences in Table 6, however, were observed when looking at household's financial situation; for both variables, knowledge of the legal guarantee gradually increases with household income. For example, among respondents who stated that making ends meet was "not easy at all" for their household, 33% knew that the legal guarantee is for a period of two years; this proportion increased to 41% for respondents who stated that it was "very or fairly easy" for their household to make ends meet. The figure for respondents who preferred not to answer the question about their household's financial situation was 31%.

Finally, some differences were also observed when looking at respondents' place of residence and their Internet use; however, no clear pattern emerged. For example, the average number of correctly answered true/false statements was somewhat higher for the most frequent Internet users (for example, 2.56 for respondents using the Internet every day compared to 2.35 for those using the Internet once a week or less frequently). Awareness of the two-year guarantee period, on the other hand, was somewhat higher for the less frequent Internet users (for example, 43% for respondents using the Internet several times a week compared to 37% for those using the Internet every day).

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[31] Throughout the report, all results discussed are statistically significant ones, unless specifically noted otherwise.

[32] Some caution should be exercised when extrapolating this age effect to the general population. The consumer survey was completed via an online methodology. Although quotas were used to guarantee that a large enough number of elderly was included in the sample, there are generally not many elderly people in online panels and their characteristics might be different from elderly that do not join online panels.

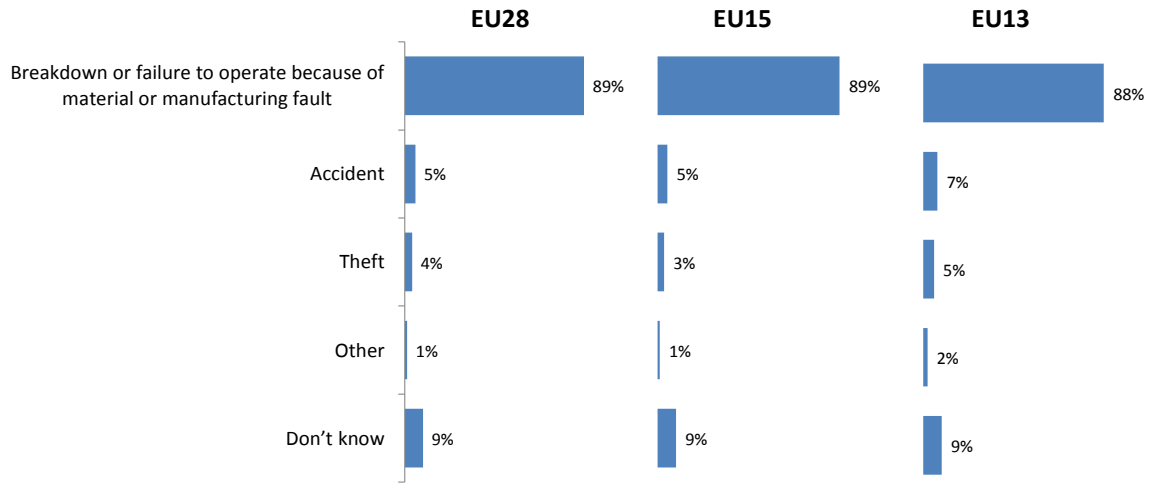
Table 6: Knowledge of the legal guarantee, by socio-demographic characteristics			
	Base (EU28)	% that knows that the legal guarantee period is 2 years (Q35a)	Average number of correct responses for statements about legal guarantee provisions (Q3a)
Gender			
Women	13,525	35%	2.41
Men	13,134	41%	2.62
Age category			
18-29 years	5,706	32%	2.33
30-44 years	9,235	40%	2.48
45-59 years	8,292	38%	2.62
60+ years	3,120	40%	2.64
Place of residence			
Densely-populated area	12,009	37%	2.53
Intermediate urbanised area	7,723	39%	2.53
Thinly populated area	6,927	40%	2.48
Level of education			
Low	2,658	38%	2.45
Medium	11,650	38%	2.51
High	12,351	38%	2.55
Activity/employment situation			
Employed full-time	13,377	39%	2.59
Employed part-time	2,301	37%	2.41
Self-employed full-time	1,335	44%	2.56
Self-employed part-time	519	38%	2.49
Unemployed but looking for a job	1,984	36%	2.42
Unemployed and not looking for a job	285	30%	2.29
Long-term sick or disabled	547	28%	2.68
Housewife / Homemaker	1,234	35%	2.25
Retired	2,906	40%	2.63
Pupil / Student / In full time education	2,171	34%	2.28
Household financial situation (making ends meet)			
Very easy	2,156	41%	2.69
Fairly easy	8,980	41%	2.63
Not easy	9,562	37%	2.48
Not easy at all	4,665	33%	2.40
Don't know/refusal	1,296	31%	2.04
Internet use (from anywhere)			
Several times a day	19,085	38%	2.52
Every day	6,293	37%	2.56
Several times a week	806	43%	2.45
Once a week or less frequently	456	41%	2.35

Various awareness and knowledge question by demographic variables (D1- D7)
% or mean, EU28 (n=26,659); Base: all respondents
Source: Consumer survey

4.2.3 Knowledge about what is covered by the legal guarantee

Roughly 9 out of 10 (89%) respondents in the consumer survey answered that the legal guarantee period covers breakdown or failure to operate because of a material or manufacturing fault. A minority of respondents mistakenly thought the legal guarantee covers accidents (5%) or theft (4%).

Figure 26: Knowledge about what is covered by the legal guarantee

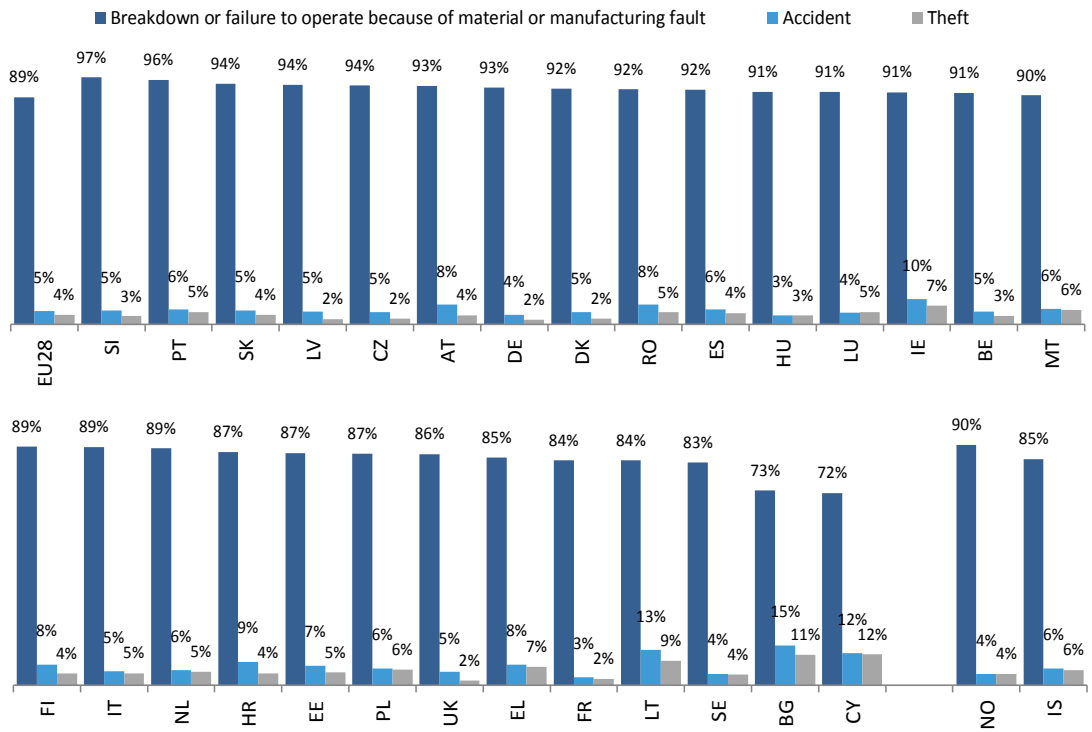


Q35b. And what do you think the minimum legal guarantee covers? You can select more than one response.
% (multiple response), EU28, Base: all respondents (EU28: n=26,659; EU15: n=14,553; EU13: n=12,106)
Source: Consumer survey

The proportion of respondents who answered that the legal guarantee period covers breakdown or failure to operate because of a material or manufacturing fault ranged from 72% in Cyprus to 97% in Slovenia.

In Bulgaria (15%), Lithuania (13%) and Cyprus (12%), more than a tenth of respondents thought that the legal guarantee covers accidents (compared to an EU average of 5%). Moreover, in these three countries, respondents were also somewhat more likely than their counterparts in other countries to think that the legal guarantee covers theft (between 9% and 12%, compared to an EU average of 4%).

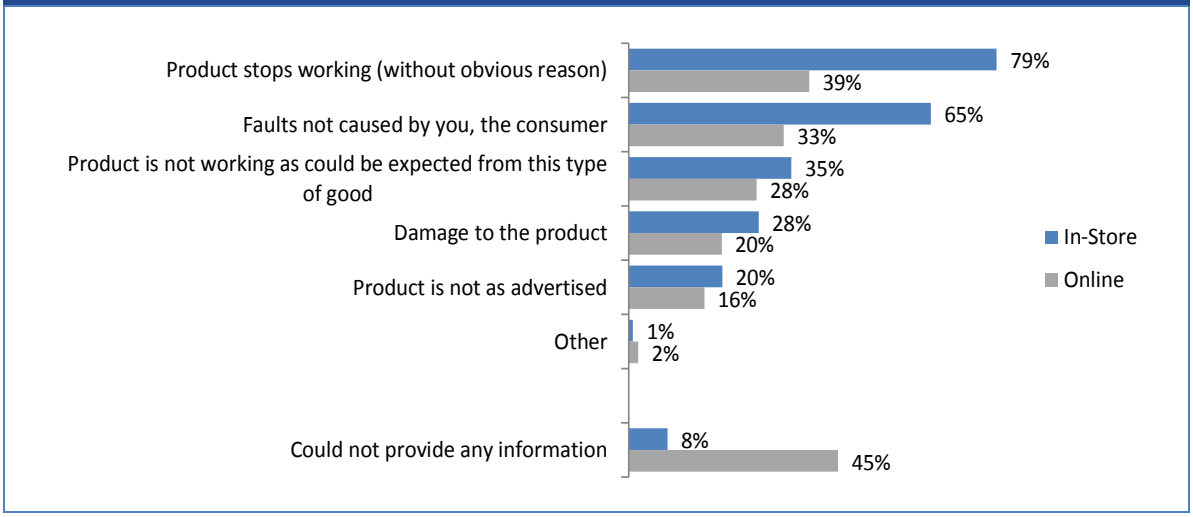
Figure 27: Knowledge about what is covered by the legal guarantee, by country



Q35b. And what do you think the minimum legal guarantee covers? You can select more than one response.
% (multiple response), by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

In-store mystery shoppers looking to buy a product obtained more information about the coverage of the legal guarantee than online shoppers; just 8% of in-store shoppers obtained no information at all on coverage, compared to 45% of online shoppers. Both online and in-store shoppers were informed most frequently that their product would be covered when it stops working without obvious reason (79% of in-store shoppers and 39% of online shoppers) or when the fault was not caused by them (65% and 33%, respectively).

Figure 28: Information obtained about the coverage of the legal guarantee (in-store and online shops)



Q3. What is covered by the legal guarantee?
Scenario A – Online
Base: all online shoppers (n=240)
Q4. What is covered by the legal guarantee?
Scenario A - In-store
Base: all in-store shoppers (n=720)
Source: Mystery shopping exercise

4.2.4 Burden of proof

The concept of the burden of proof with respect to the legal guarantee specifies who must prove that the good was defective or non-conforming. Regarding the state of play across the EU28, only three countries have deviated from the minimum six month burden of proof reversal (i.e. for the first six months the burden is on the seller, while thereafter the burden is on the consumer). These countries are:

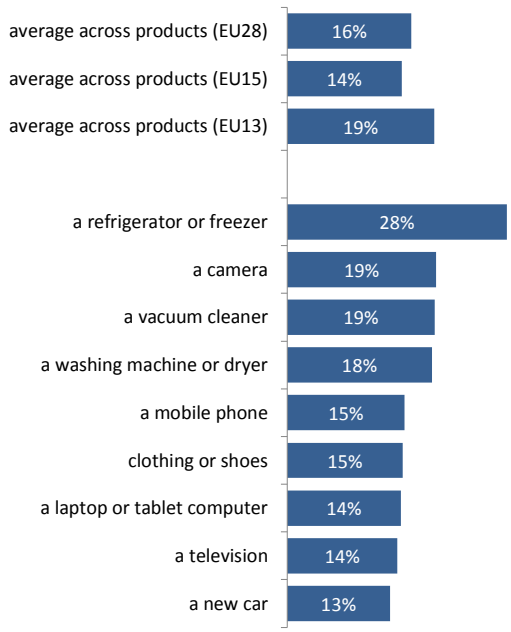
- Poland – which has a one year burden of proof;
- Portugal – which has a two-year burden of proof;
- France – which is introducing a two-year burden of proof as of March 2016.

Consumers' experiences with the burden of proof

Respondents in the consumer survey who had contacted a seller to report a problem with a product were asked whether the seller had asked them to prove that the problem was not due to their own fault.[33] Overall, for 16% of problems that were reported to the seller, respondents answered that they were asked to prove that the problem was not due to their own fault; the proportion measured in the EU13 was higher than the one observed in the EU15 (19% vs. 14%).

The proportion of problems for which the respondents were asked to prove that the problem was not due to their own fault varied between 13% (for new cars) and 28% (for refrigerators and freezers).

Figure 29: Proportion of problems for which respondents were asked by the seller to prove that the problem was not due to their own fault, by product



Q25. Did the seller or manufacturer ask you to prove that the problem with {product}[34] was not due to your own fault?
% (multiple response), EU28, Base: problems for which only the seller was contacted (only the seller: n=8,903)
Source: Consumer survey

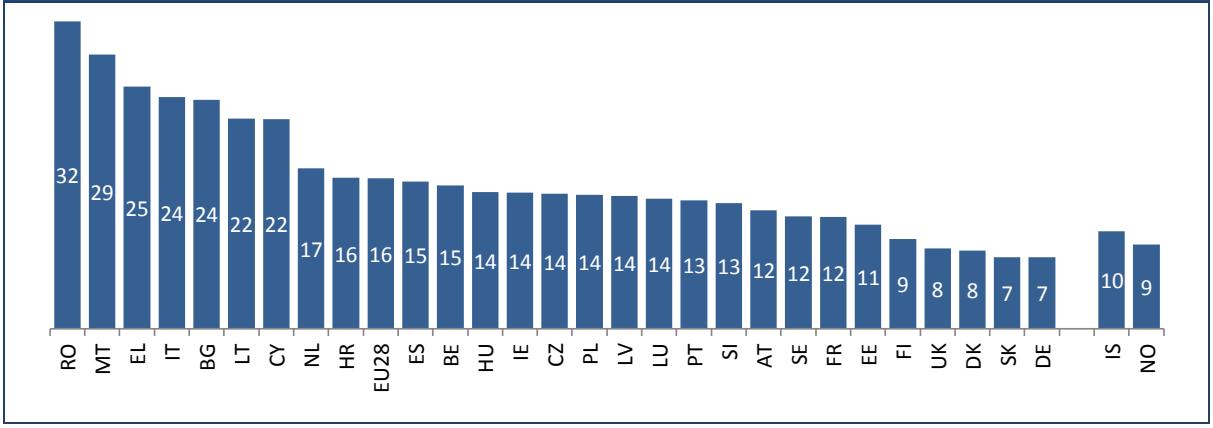
[33] The findings in this section only refer to respondents who had only contacted the seller. The question about the burden of proof was also asked for problems for which the manufacturer, or both the seller and manufacturer were contacted; however, these results are not reported.

[34] Respondents answered questions 18 to 28 for two products randomly selected from all products with a problem they had bought in the past two years.

As noted above, in the EU13, the proportion of problems for which the respondents were asked to prove that the problem was not due to their own fault was higher than in the EU15 (19% vs. 14%). Among EU13 countries the highest percentages were found in Cyprus (22%), Lithuania (22%), Bulgaria (24%), Malta (29%) and Romania (32%). On the contrary, in Slovakia, however, the proportion of problems for which the respondents were asked by the seller to prove that the problem was not due to their own fault was just 7%.

In the EU15, Germany, Denmark, the UK and Finland were the countries where respondents were the least likely to have been asked by the seller to prove that the problem was not due to their own fault (this applied to between 7% and 9% of problems). In Italy and Greece, however, some of the highest figures were observed; in these countries, for roughly a fifth of problems (24%-25%), respondents were asked by the seller to prove that the problem was not due to their own fault.

Figure 30: Proportion of problems for which respondents were asked by the seller to prove that the problem was not due to their own fault, by country

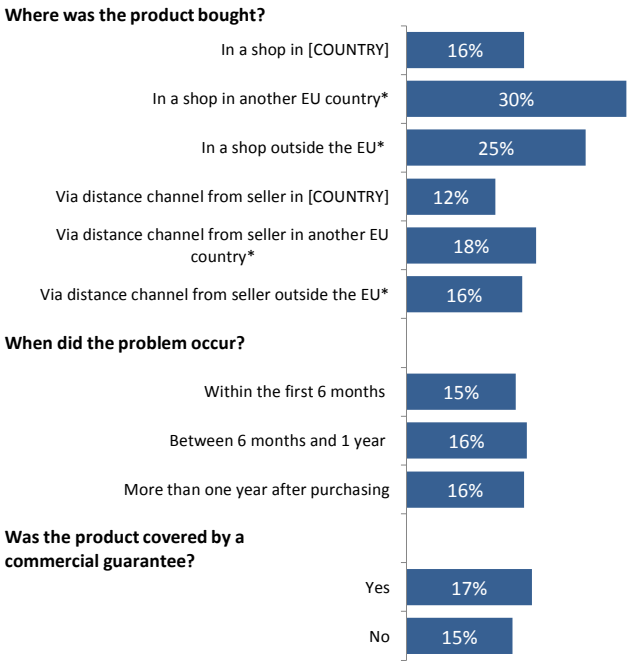


Q25. Did the seller or manufacturer ask you to prove that the problem with {product} was not due to your own fault?
% (multiple response), EU28, Base: problems for which problems for which only the seller was contacted (only the seller - EU28: n=8,903; IS: n=161; NO: n=357)
Source: Consumer survey

Although in most Member States there is a reversal of the burden of proof after six months, it is unlikely that many consumers were aware of this fact. The consumer survey and the mystery shopping exercise (see further) found that a considerable proportion of sellers did not take into account the purchase date when asking consumers to prove that the good was defective or non-conforming.

Figure 31 shows that, looking at the time that had passed since the product was purchased, no difference was observed in the proportion of products for which the survey respondents were asked to prove that the problem was not due to their own fault: 15% for products where the problem occurred within the first six months, 16% for product where the problem occurred between six months and one year after purchasing the product and 16% for products where the problem occurred after one year.

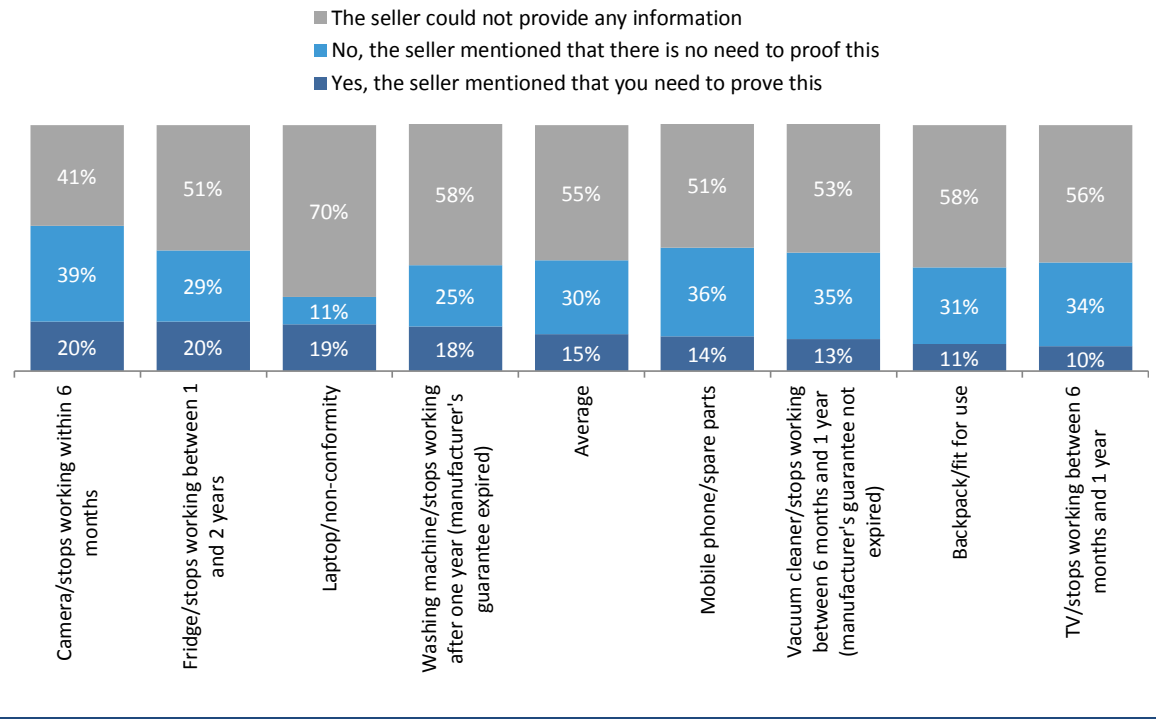
Figure 31: Proportion of problems for which respondents were asked by the seller to prove that the problem was not due to their own fault, by product characteristics



Q25. Did the seller or manufacturer ask you to prove that the problem with {product} was not due to your own fault?
Note: * % small sample size (between 64 and 189)
% (multiple response), EU28, Base: problems for which only the seller was contacted (only the seller: n=8,903)
Source: Consumer survey

Given that, across most Member States, for the first six months the burden is on the seller, while thereafter the burden is on the consumer, one would have expected that the proportion of mystery shoppers who were asked to prove non-conformity to be low for the sub-scenarios in which shoppers inform the seller about a problem that had occurred within six months after the purchase date and high for sub-scenarios in which a problem had occurred between six months and one year after the purchase date. However, this is not the pattern that emerges from the data: for example, among shoppers who role-played the sub-scenario in which a fridge/freezer stopped working more than one year after the purchase date, 20% were told that they would need to prove that the problem was not due to their own fault. The corresponding figure for shoppers who reported that their camera had stopped working within six months after the purchase date, however, was also 20%.

Figure 32: Sellers' response about the "burden of proof" after reporting a problem to the seller, by product

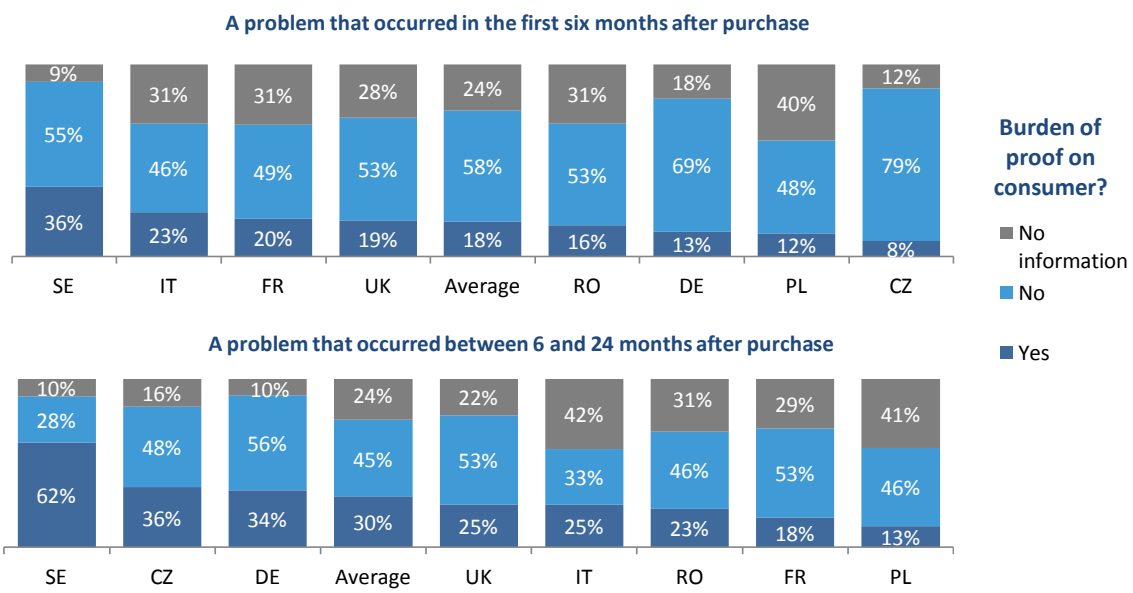


Q6. Did the seller mention spontaneously that you need to prove that the problem with the product was not your own fault or existed at the time of purchase?
Scenario B Calls+ Visits
Base: all shoppers (n=640)

The consumer survey and mystery shopping exercise show that, when sellers were being informed about a problem with a product, they seemed unlikely to take into account the purchase date when asking consumers to prove that the good was defective or non-conforming. However, when mystery shoppers were only enquiring about a product before purchasing, some sellers did appear to make the distinction.

In Figure 33, it can be seen that 30% of in-store shoppers (enquiring about a product before purchasing) were informed that, when a problem would occur with the product between six months and two years after the purchasing date, the burden of proof would be on the buyer. The proportion that was told that this would also be the case for problems that would occur in the first six months after the purchase date was 18%. Among online shoppers looking to buy a product, 38% found information that, when a problem would occur between six months and two years after the purchasing date, the burden of proof would be on the buyer, compared to 13% who found the same information for a problem that would occur in the first six months (see Figure 34).

Figure 33: Sellers' response about the "burden of proof" when enquiring about a product before purchasing, by country



Q8a. Would you need to prove that your product stopped working without you being to blame in order to benefit from the legal guarantee?
Q9a. Would you need to prove that your product stopped working without you being to blame in order to benefit from the legal guarantee?
Scenario A - In-store
Base: in-store shoppers that received information about remedies; n=475 (Q8a) & n=454 (Q9a)
Source: Mystery shopping exercise

Although there is a reversal of the burden of proof after six months (in all but three Member States), it is unlikely that many consumers were aware of this fact. The mystery shopping exercise found that a considerable proportion of sellers were unable to provide any information at all about the burden of proof to consumers.

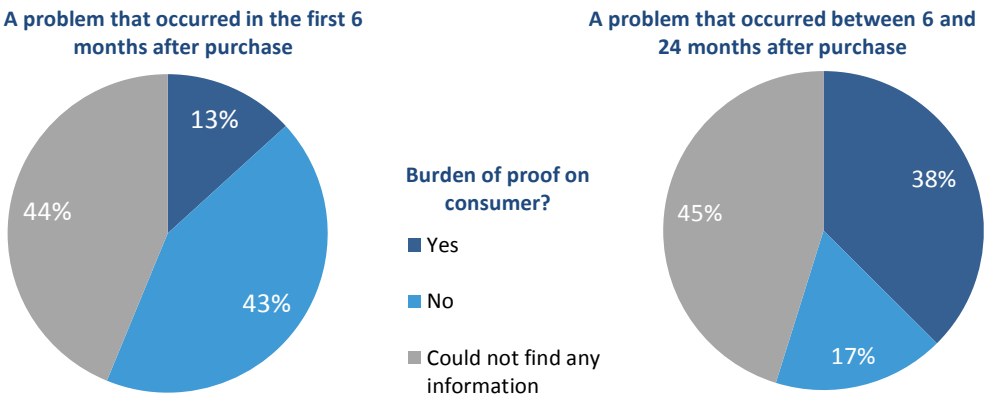
- Among mystery shoppers who informed a seller about a problem with a product, 55% reported that the seller could not give them any information about the burden of proof (see Figure 32).
- Among in-store mystery shoppers who enquired about a product before purchasing, a smaller proportion (24%) reported that, when asking a sales person whether they would need to prove that the good was defective or non-conforming in order to benefit from the legal guarantee, no information could be provided (see Figure 33).

- Among mystery shoppers visiting an online website, almost half (44%-45%) reported that they had not found any information about the burden of proof on the seller's website (see Figure 34).

Additionally, sellers were also likely to provide consumers with incorrect information about the burden of proof:

- Among mystery shoppers who informed a seller that their camera had stopped working within six months after the purchase date, 20% were told that they would need to prove that the problem was not due to their own fault (see Figure 32).
- Similarly, among in-store mystery shoppers who enquired about a product, 18% reported that the sales person informed them that, when a problem would occur with the product in the first six months, they would need to prove that the good was defective or non-conforming (see Figure 33); the corresponding figure for online shoppers was 13% (see Figure 34).

Figure 34: Information about the burden of proof found in online shops



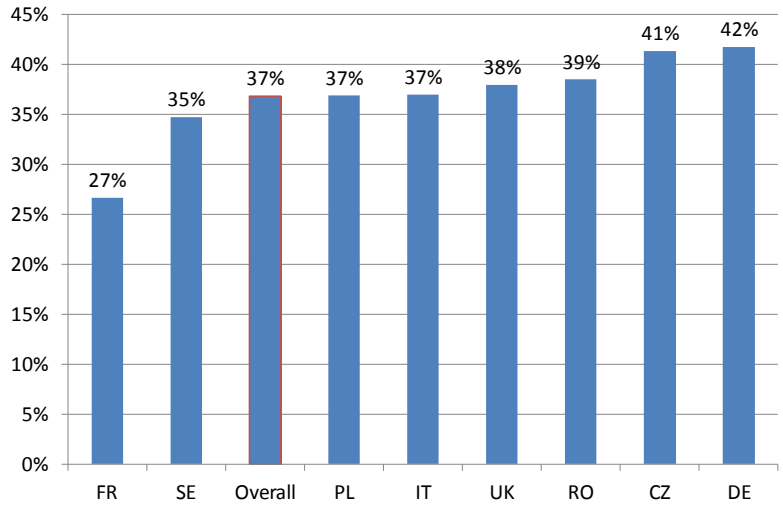
Q7a. Would you need to prove that your product stopped working without you being to blame in order to benefit from the legal guarantee?
Q8a. Would you need to prove that your product stopped working without you being to blame in order to benefit from the legal guarantee?
Scenario A – Online
Base: online shoppers that found information about remedies; n=121 (Q7a) & n=104 (Q8a)
Source: Mystery shopping exercise

Consumers' understanding of the burden of proof

As part of legal guarantee comprehension exercise in the behavioural experiment, respondents were asked a question to assess their understanding of the burden of proof between two legal guarantees.[35] Specifically, respondents were asked to identify under which legal guarantee the consumer would need to prove to the seller that the defect was not owing to extraordinary or negligent use, but manufacturer and/or material fault if the defect occurred eight months after purchase. One guarantee transferred the burden of proof to the consumer six months after purchase and the other transferred this requirement 12 months after purchase.

Figure 35 presents the proportion of respondents that answered the burden of proof question correctly. Understanding of the burden of proof is generally low. Across all countries included in the experiment, 37% answered this question correctly.

Figure 35: Proportion of respondents answering the burden of proof question correctly in the comprehension exercise

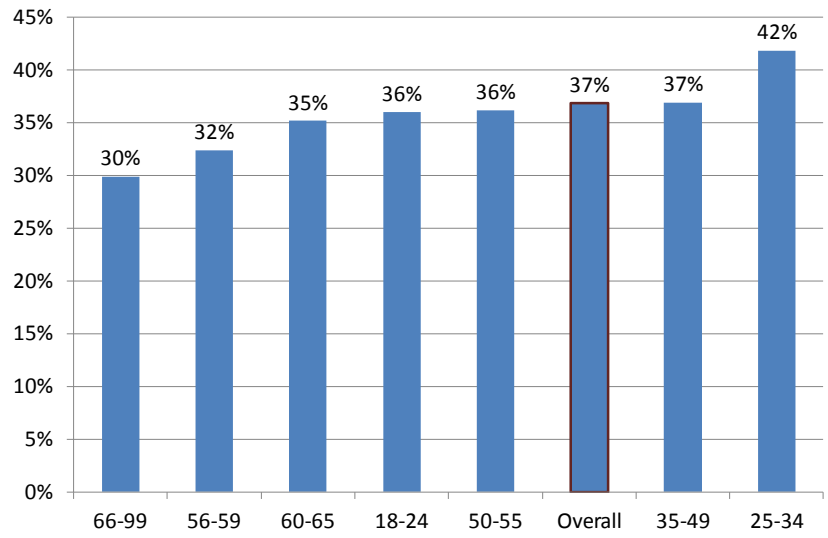


Note: The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.
Source: Behavioural experiment

[35] The guarantees are presented in Annex A6.5.

Figure 36 presents the proportion of respondents that correctly answered the burden of proof question by age group. Older respondents, aged 50 and above, and young respondents 18-24 performed worse on this test compared to respondents in the 25 to 49 age brackets.

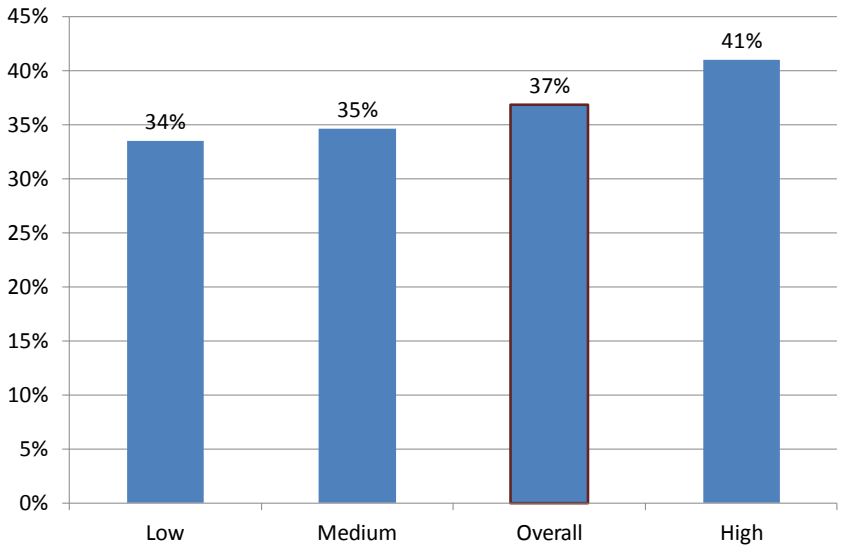
Figure 36: Proportion of respondents answering the burden of proof question correctly in the comprehension exercise, by age group



Note: The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.
Source: Behavioural experiment

Economic activity status of respondents did not have a substantial impact on understanding of burden of proof, 34% of economically inactive respondents chose correctly, compared to 39% of economically active respondents. However, lower educated respondents on average did worse than medium and high-educated respondents, as seen in Figure 37.

Figure 37: Proportion of respondents answering the burden of proof question correctly in the comprehension exercise, by educational level



Note: The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.
Source: Behavioural experiment

Stakeholders' views

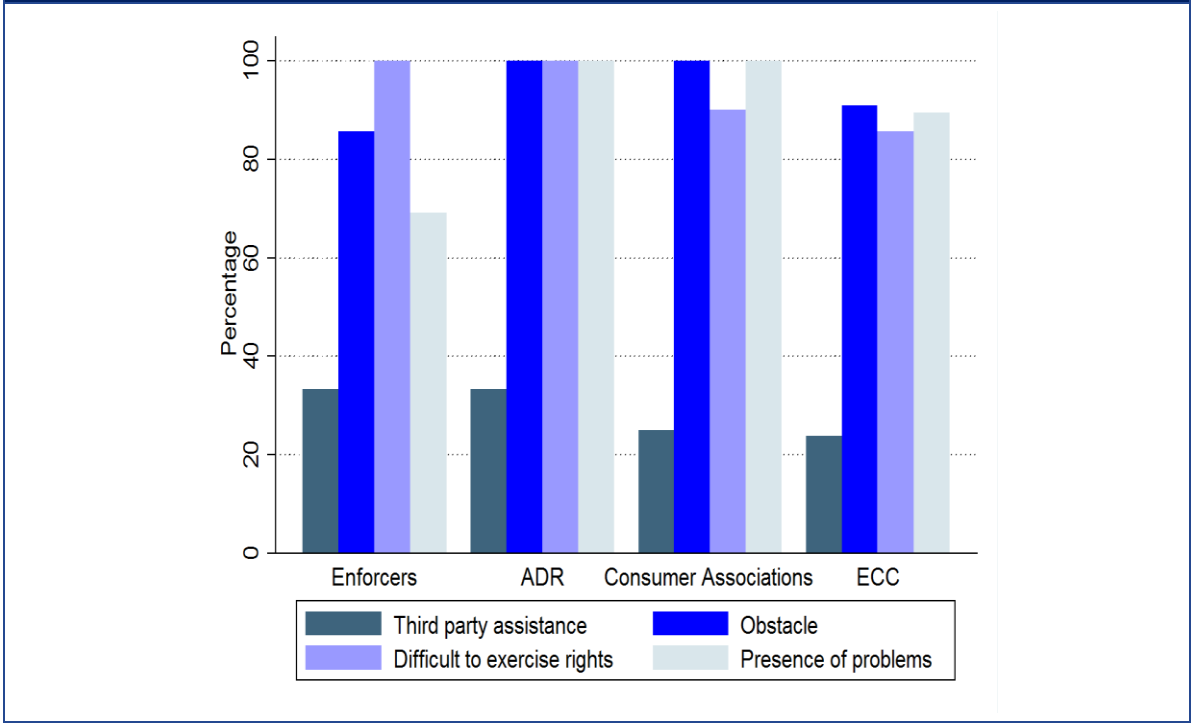
A vast majority of respondents in the stakeholder consultation agreed that the burden of proof was:

- an obstacle to consumers;
- a difficulty to the exercising of consumer rights; and
- problematic for consumers when the burden of proof reverses.

While the vast majority of respondents to the consultation were from institutions with a consumer protection mandate (i.e. such as ECC-net, Consumer Associations, ADR bodies etc.), and as such would be expected to give the consumer perspective in this regard, the obligation to provide the proof is generally an obstacle for any party in a dispute. Therefore it is natural to assume that, once consumers face this obligation, their ability to contest their rights becomes more difficult, given the need to (potentially) rely on third party advice to assist in establishing their claim. Examples could include hiring a lawyer to advise on the burden of proof, or a technician to establish how and when a fault occurred within a product.

This same logic can also apply to traders (particularly smaller traders who do not enjoy high volumes of sales or stronger bargaining positions with manufacturers), as it stands to reason that they will also find the burden of proof to be onerous and expensive if they wish to contest a claim. Such sentiments were expressed in meeting with retailers, where it was noted that the retailer's ability to lodge a subsequent claim to a manufacturer (i.e. to pass the consumer's claim back along the supply chain) could be limited to a period of one year by the contractual terms between the supplier and retailer, leaving a retailer with limited recourse.

Figure 38: Stakeholder views about the burden of proof



Note: Answers to the questions: 'Is there a third party organisation that can assist consumers in proving the presence of a defect?'; 'Is proving the presence of a defect an obstacle for consumers (e.g. due to lack of technical knowledge, etc.)?'; 'Is it harder for consumers to exercise their rights when the burden of proof shifts from traders to consumers (e.g. increase in complaints, etc.)?'; 'Are you aware of any problems that consumers experienced when the burden of proof is under their responsibility (i.e. burden of proof reversed)?'
% "yes" responses (n=67)
Source: Stakeholder consultation

The burden of proof has been raised by multiple stakeholders as an issue when seeking redress, particularly in terms of the technical difficulties the consumer may have in terms of establishing *bona fide* defects.

Box 4: Issues raised by stakeholders about the burden of proof

The consumer association assists consumers in their disputes with traders concerning legal issues, but to prove a technical defect you need to go to a specialist on "the free market" which may cost. This can be an obstacle as some defects are of a very technical nature and not always clear whether it is a defect falling under the scope of the law. Also this can be a problem after the "six months period" is over, as before that time the trader must prove the fault did not exist at the time of purchase - after that time limit the consumer must prove the existence of a fault and when it comes to electronics especially this may be difficult.

However, the burden of proof is especially a problem for the consumers when dealing with technical products, moisture in mobile phones, lifetime of batteries etc.

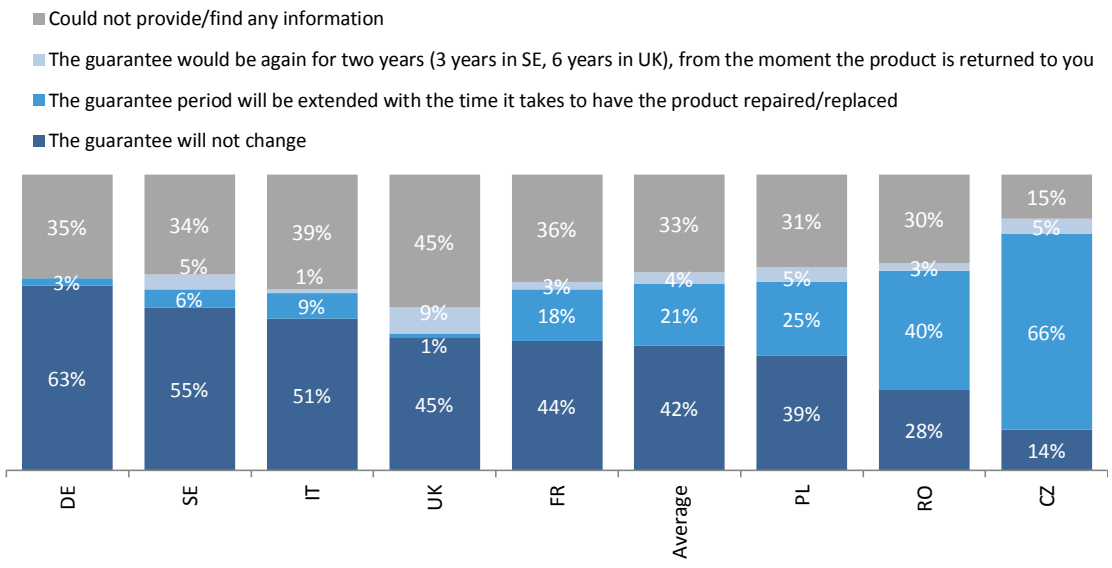
The problem is to prove the presence of a defect without expert statement which is usually quite expensive. Also even such expert statement is not binding for the trader (as only court can issue binding decision).

4.2.5 Freezing/reset of guarantee duration

Regarding the freezing or reset of guarantee duration, the practice across Member States appears to fall mainly into two approaches:

- Where the guarantee is renewed for either a repair, replacement or both.
- Where the guarantee is not renewed, but the time spent in the execution of the remedy or claim process is added to the legal guarantee period.

Figure 39: Guarantee extension in case of repair/replacement (information received when informing the seller about a problem), by country



Q9. Does the period of time that it will take before you will be able to use the product again will have an influence on the legal guarantee period?
Scenario B Calls+ Visits, Base: all shoppers (n=640)
Source: Mystery shopping exercise

Once again, finding information about the freezing or reset of guarantee duration proofed to be difficult for consumers. A vast majority (90%) of online mystery shoppers could not find any information on the seller's website whether the legal guarantee would be suspended or extended during the period that a product is not available (e.g. because it is being repaired). Among mystery shoppers enquiring about a product before purchasing, 28% reported that the seller was not able to answer their question about guarantee renewal. Among shoppers who informed a seller about a problem with a product, 33% answered that their question remained unanswered.

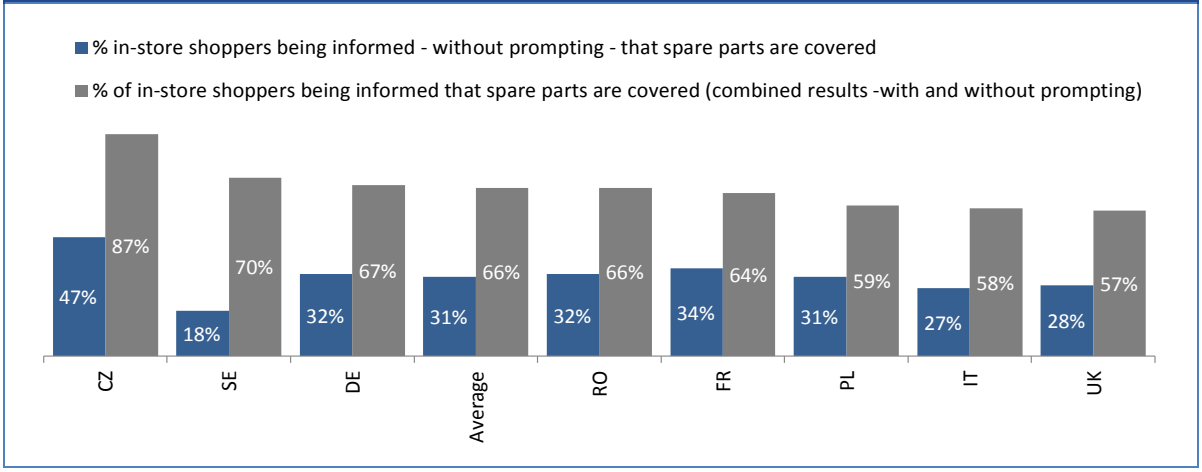
Among mystery shoppers who informed a seller about a problem with a product (see Figure 39), 42% reported that they were informed by the seller that the guarantee would not change in case of a repair (i.e. would not be suspended, extended or renewed), compared to 21% who were informed that the guarantee would be extended with the time it would take to repair or replace the product and 4% who were told that that guarantee would be renewed (i.e. start again for two years). The results for mystery shoppers looking to buy a product were in line with these results.

The individual country results presented in Figure 39 show a large variation across countries; the differences in sellers' response patterns, however, cannot be explained by differences in legislation. For example, in the Czech Republic, 66% of shoppers (who reported a problem with a product) were explained that the guarantee would be extended with the time it would take to repair or replace the product; the Czech Republic, however, belongs to the group of countries where the guarantee is renewed. Similarly, although Italy and the UK have enacted legislation stipulating that the time spent in the execution of the remedy is added to the legal guarantee period, this cannot be seen in the results; 1% of shoppers in the UK and 9% in Italy was correctly informed that the guarantee's duration would be extended.

4.2.6 Spare parts

In Section 4.2.2, it was noted that 69% of survey respondents knew that spare parts are covered by the legal guarantee. These respondents answered correctly when asked whether the seller has to repair or replace the battery of a new mobile phone because the legal guarantee also covers spare parts. Of all the true/false statements presented to them, this statement received the highest proportion of correct responses.

Figure 40: The legal guarantee and spare parts (information received before buying a product), by country

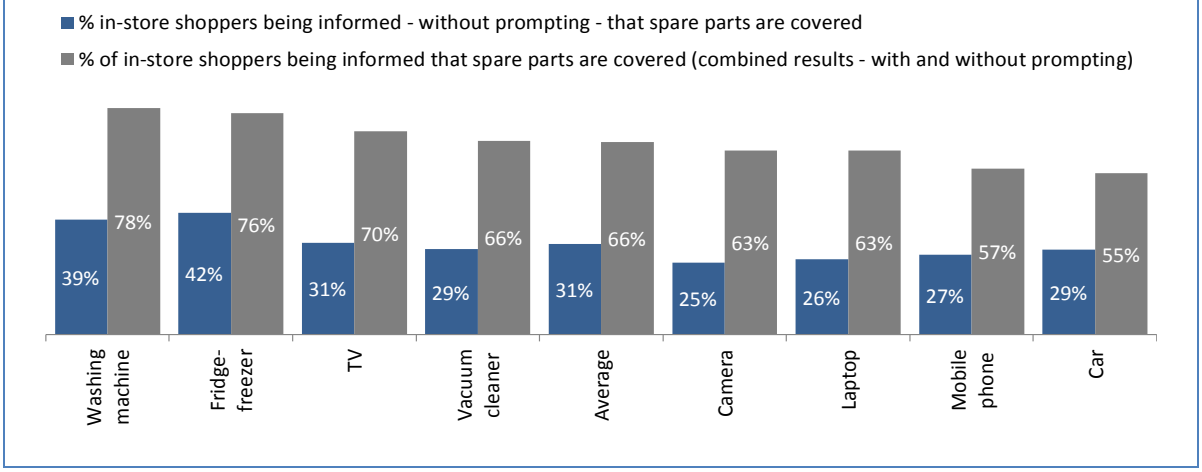


Combined results: Q1a. What information was displayed about the legal guarantee? & Q2b. Did the sales person spontaneously provide you any of the following correct information about the legal guarantee? & Q5. What information did you receive about the legal guarantee on spare parts?
Scenario A - In-store; Base: all in-store shoppers (n=720)
Source: Mystery shopping exercise

Although a majority (75%) of mystery shoppers looking online for products could not find any information whether spare parts are covered by the legal guarantee, a majority of in-store shoppers were correctly informed about spare parts: 66% reported that sellers spontaneously provided information, or confirmed when being prompted, that the legal guarantee covers spare parts. This figure varied between 57% in the UK and 87% in the Czech Republic.

In-store shoppers enquiring to buy a washing machine, most frequently obtained information specifying that all spare parts are covered by the legal guarantee, while those looking to buy a car were the least likely to have been informed about this fact (78% vs. 55%, respectively).

Figure 41: The legal guarantee and spare parts (information received before buying a product), by product



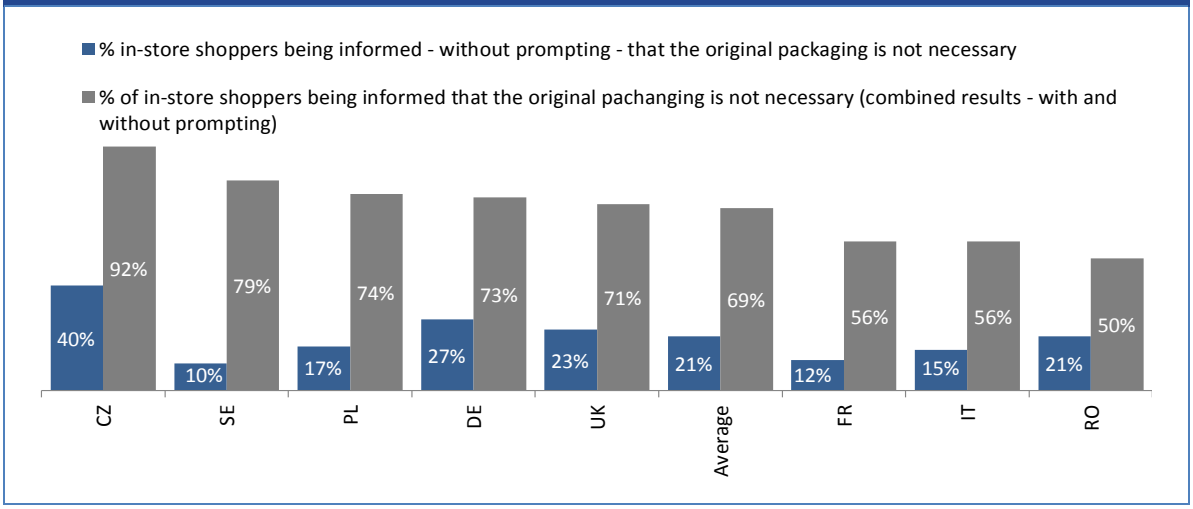
Combined results:
Q1a. What information was displayed about the legal guarantee?
Q2b. Did the sales person spontaneously provide you any of the following correct information about the legal guarantee?
Q5. What information did you receive about the legal guarantee on spare parts?
Scenario A - In-store
Base: all in-store shoppers (n=720)
* Cars were only part of Scenario A – in-store
Source: Mystery shopping exercise

4.2.7 Original packaging

In Section 4.2.2, it was noted that 59% of respondents across the EU28 correctly indicated that when a newly bought camera breaks down, the seller cannot refuse to repair it for free when they no longer have the original packaging. In Bulgaria, Romania and Cyprus, however, not more than a third of respondents provided a correct response (30%, 31% and 33%, respectively), while in the Czech Republic, Germany and Finland, roughly three-quarters – or more – of respondents answered the question correctly (74%, 79% and 83%, respectively).

In line with the findings from the consumer survey, the mystery shopping exercise found that in-store shoppers in Romania were the least likely, and those in the Czech Republic the most likely to have been correctly informed that it is not necessary to keep the original packaging (respectively, 50% and 92% of sellers spontaneously provided the information, or confirmed this when being prompted).

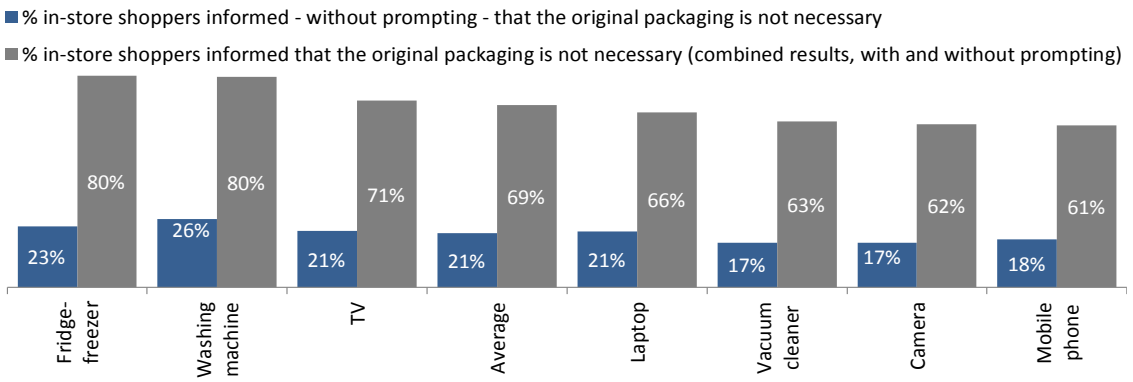
Figure 42: The legal guarantee and original packaging (information received before buying a product), by country



Combination: Q1a. What information was displayed about the legal guarantee? & Q2b. Did the sales person spontaneously provide you any of the following correct information about the legal guarantee? & Q6. Do you need to keep the original packaging to benefit from the legal guarantee? Which information did you get?
Scenario A - In-store; Base: all in-store shoppers (n=624, excl. cars)
Source: Mystery shopping exercise

The proportion of in-store shoppers who were informed that it is not necessary to keep the original packaging of a product in order to benefit from the legal guarantee ranged from 61% for mobile phones to 80% for washing machines. A large majority of online shoppers (82%) looking to buy various products – once again – could not find any information on this topic.

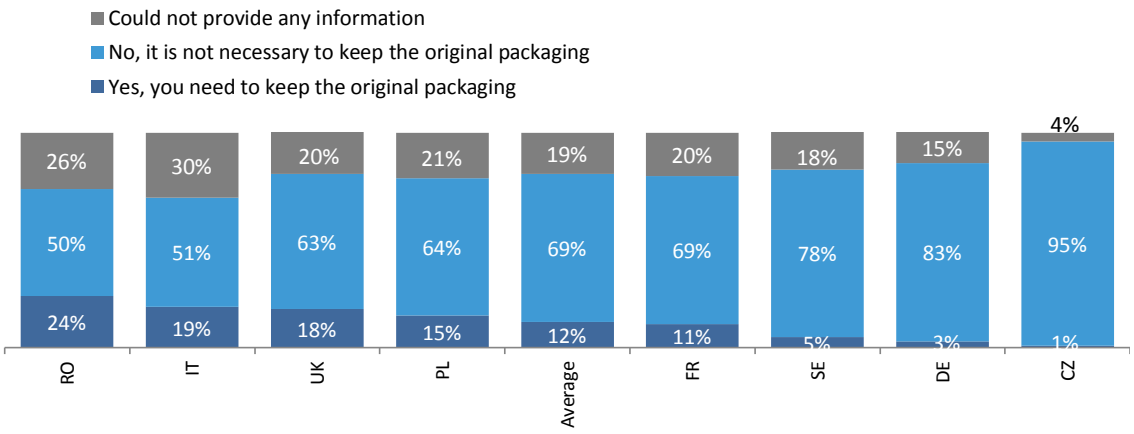
Figure 43: The legal guarantee and original packaging (information received before buying a product), by product



Combination: Q1a. What information was displayed about the legal guarantee? & Q2b. Did the sales person spontaneously provide you any of the following correct information about the legal guarantee? & Q6. Do you need to keep the original packaging to benefit from the legal guarantee? Which information did you get?
Scenario A - In-store; Base: all in-store shoppers (n=624, excl. cars)
Source: Mystery shopping exercise

When mystery shoppers informed a seller about a problem, and asked if they would need to bring the original packaging of the product to qualify for a repair, 12% of them were told that they indeed would need to show the packaging of the product. This percentage was the highest in Romania (24%), where respondents in the consumer survey were also among the least likely to provide a correct response for the true/false statement about original packaging, and the lowest in the Czech Republic (1%), where respondents were among the most likely to have provided a correct response.

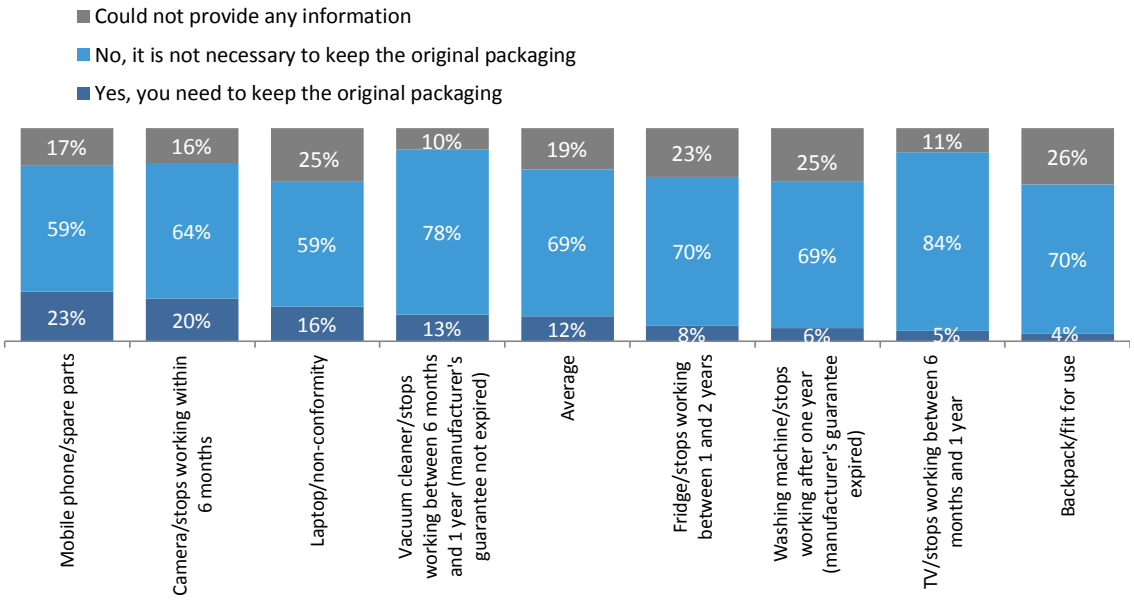
Figure 44: The legal guarantee and original packaging (information received after reporting a problem to the seller), by country



Q10. Do you need to have the original packaging of your product to qualify for a repair (replacement or refund)?
Scenario B Calls+ Visits; Base: all shoppers (n=640)
Source: Mystery shopping exercise

Shoppers informing the seller about a problem with a mobile phone were more frequently told that they would need to show the phone's original packaging to qualify for a free repair or replacement, while those reporting that the zipper of a backpack is broken were the least likely to be told that the original packaging should have been kept (23% vs. 4%).

Figure 45: The legal guarantee and original packaging (information received after reporting a problem to the seller), by product



Q10. Do you need to have the original packaging of your product to qualify for a repair (replacement or refund)?
Scenario B Calls+ Visits; Base: all shoppers (n=640)
Source: Mystery shopping exercise

5. Sellers' and consumers' awareness of legal and commercial guarantee provisions

Box 5: Summary of findings – Sellers' and consumers' awareness of legal and commercial guarantee provisions

Quality of information provided about legal and commercial guarantees

- When asked whether, *in general*, information provided by sellers about the legal guarantee was clear, transparent and not misleading, 40% of consumers in the EU agreed with this proposition; the level of agreement ranged from 29% in the UK to 59% in Slovakia.
- Similarly, 38% of consumers agreed that sellers, *in general*, provided clear and transparent information about commercial guarantees, with the level of agreement at country level ranging from 26% in Croatia to 53% in Latvia.
- Mystery shoppers (evaluating information provided *in a specific sales encounter*) tended to be more positive in their evaluations of the information received than survey respondents:
  - 71% of in-store shoppers, enquiring about a product before purchasing, agreed that the sales person had provided clear and understandable information about the legal guarantee; among mystery shoppers who reported a problem to a seller, 68% agreed with the statement.
  - 80% of in-store shoppers (who reported that a commercial guarantee was available with the product) agreed that the seller provided clear and understandable information about the commercial guarantee.
- Although in-store shoppers were very likely to agree that they had received clear and understandable information about the legal guarantee, online shoppers had more difficulties in finding information about the legal guarantee: 48% disagreed that the seller's website contained clear and understandable information about the legal guarantee.

Consumers' and sellers' awareness of the free of charge, two-year legal guarantee

- Across the EU28, 67% of consumers reported that, before participating in the survey, they were aware of the existence of a minimum legal guarantee.
- Self-reported awareness of the legal guarantee varied between 37% in Bulgaria and 89% in Germany. Other countries at the higher end of the country ranking included Austria (85%) and Portugal (82%). In eight countries, less than half of respondents said they were aware of the legal guarantee before starting the survey.
- When mystery shoppers enquired about a product before purchasing, 67% of sellers spontaneously provided information, or confirmed when being prompted, that the legal guarantee is both free of charge and for a minimum period of two years. A similar figure (66%) was observed when mystery shoppers informed a seller about a problem with a product.
- Some similarities could be seen between consumers' and sellers' awareness of the free of charge two-year legal guarantee; for example, both consumers and sellers in the UK were found among the lowest-scoring group in terms of awareness of the legal guarantee, while both consumers and sellers in Germany outperformed their counterparts in many other countries.

5.1 Consumers' views about information provided about legal and commercial guarantees

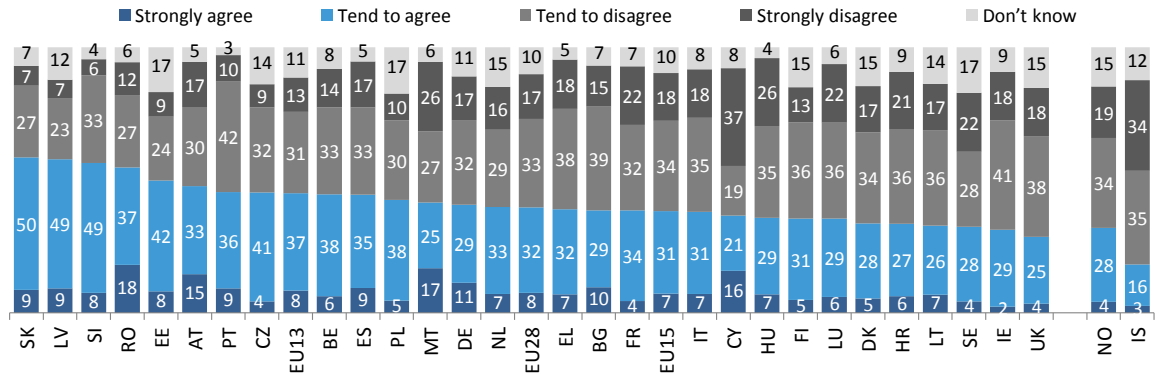
5.1.1 Consumers' evaluation of information received about the legal guarantee

Results of the consumer survey

When asked whether information provided by sellers about the legal guarantee was clear, transparent and not misleading, 8% of respondents in the EU28 *strongly agreed* and 32% *tended to agree,* compared to 17% who *strongly disagreed* and 33% who *tended to disagree*.

In Romania, Slovenia, Latvia and Slovakia, a slim majority of respondents agreed that sellers gave clear, transparent and not misleading information about the legal guarantee (between 55% and 59%). The UK was found at the bottom of the country ranking with 29% of respondents who agreed with this statement; a low level of agreement was also observed in Ireland, Sweden, Lithuania, Denmark and Croatia (31%-33%).

Figure 46: Agreement with the statement that sellers give clear, transparent and not misleading information about the legal guarantee, by country



Q31. Please indicate how much you agree or disagree with each of the following statement: In general, sellers give clear, transparent and not misleading information about the legal guarantee.
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

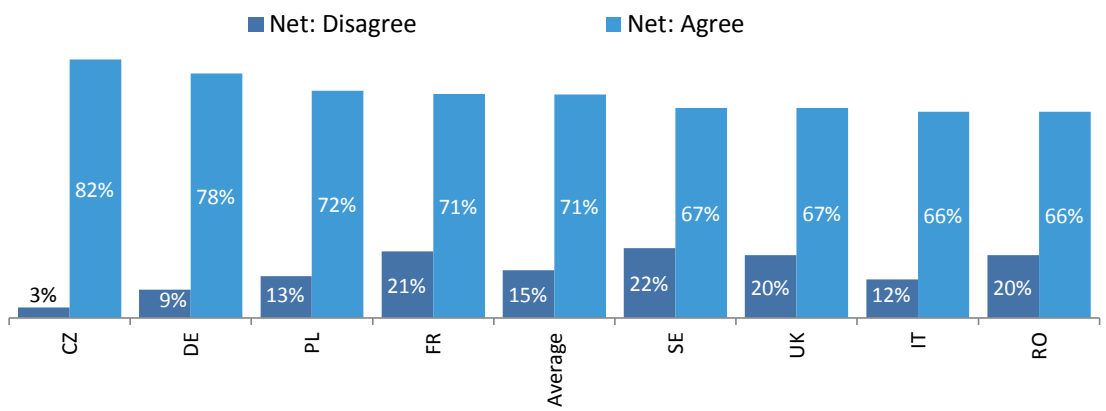
Mystery shoppers' evaluations

Mystery shoppers tended to be more positive in their evaluations of the information received about the legal guarantee than survey respondents; however, it should be noted that mystery shoppers reported about one specific experience with one seller, while consumers answered the question about sellers in general.

When enquiring about a product before purchasing, 71% of in-store shoppers agreed that the sales person had provided clear and understandable information about the legal guarantee.

In all countries, a large majority of in-store shoppers agreed with the statement that the seller provided clear and understandable information on the legal guarantee; in the Czech Republic, 82% of shoppers agreed with the statement; in Romania, this applied to 66% of shoppers.

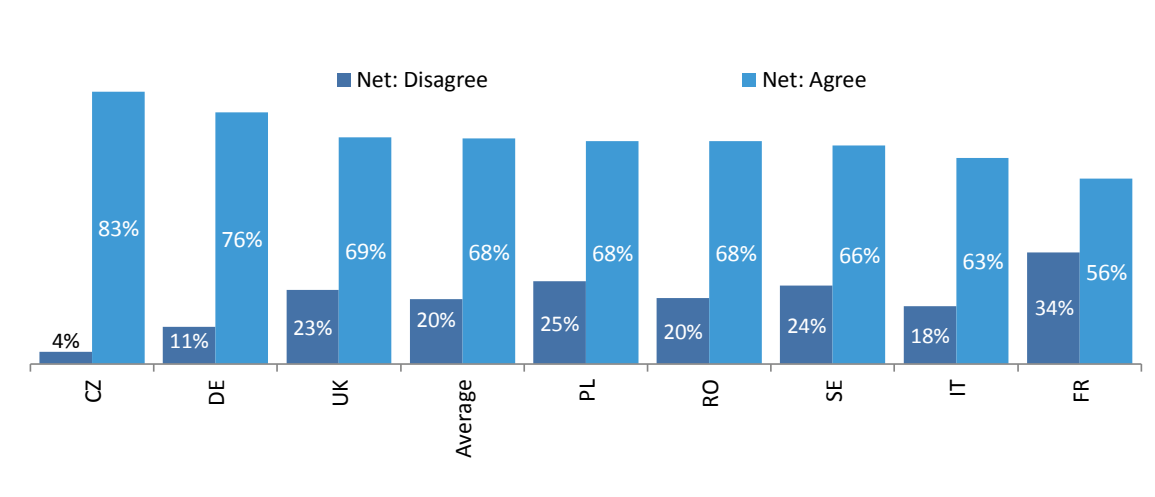
Figure 47: Agreement with the statement that the seller provided clear and understandable information on the legal guarantee (in-store, information received before buying a product), by country



Q21. To what extent do you agree with the following statement: "The seller provided clear and understandable information about the legal guarantee that comes with the product
Scenario A - In-store; Base: all in-store shoppers (n=720)
Source: Mystery shopping exercise

A similar observation also holds for mystery shoppers who reported a problem to a seller. Across all countries, a majority agreed with the statement that the seller provided clear and understandable information on the legal guarantee; in the Czech Republic, this applied to 83% of shoppers, while in France, 56% of shoppers agreed.

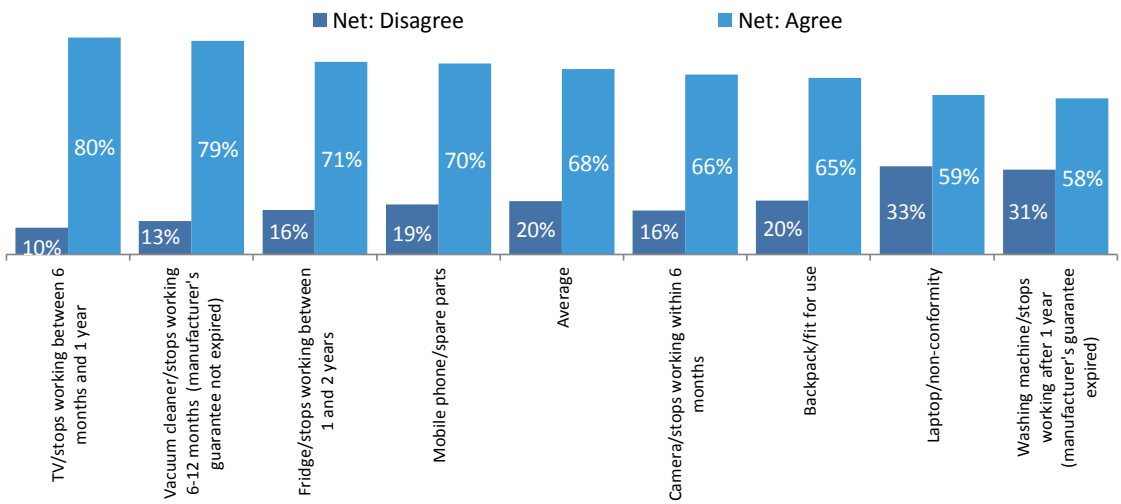
Figure 48: Agreement with the statement that the seller provided clear and understandable information on the legal guarantee (after reporting a problem to the seller), by country



Q11. To what extent do you agree with the following statement: "The seller provided clear and understandable information about the legal guarantee that comes with the product"?
Scenario B Calls+ Visits; Base :all shoppers (Scenario B) (n=640)
Source: Mystery shopping exercise

The proportion of shoppers who agreed that the seller provided clear and understandable information on the legal guarantee varied between 58% for shoppers who mentioned a problem with a washing machine (stopped working after one year, with a manufacturer's guarantee of one year) to 80% for those reporting a problem with a TV (stopped working between six months and one year after the purchase date).

Figure 49: Agreement with the statement that the seller provided clear and understandable information on the legal guarantee (after reporting a problem to the seller), by product

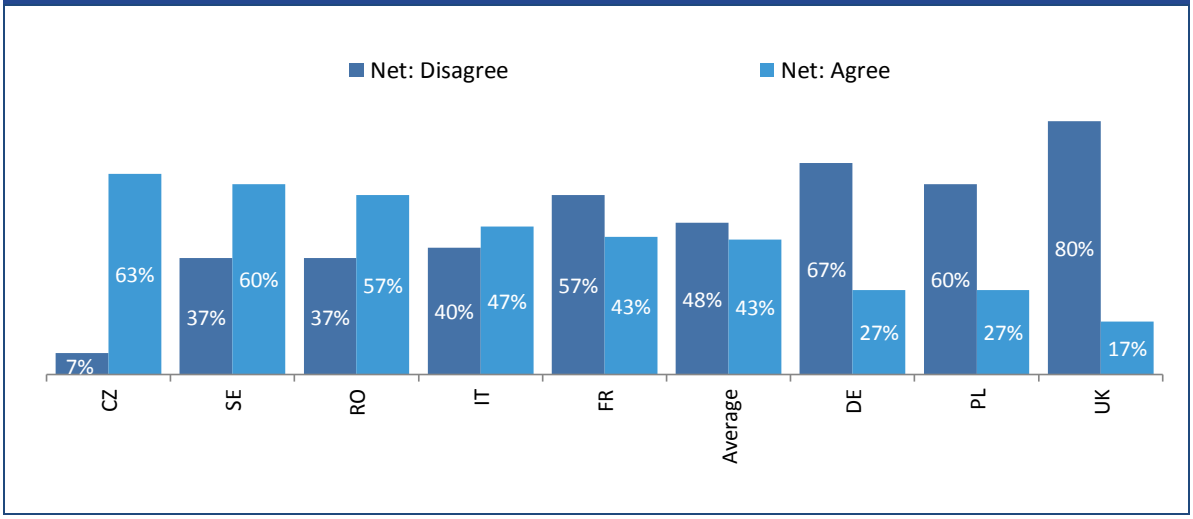


Q11. To what extent do you agree with the following statement: "The seller provided clear and understandable information about the legal guarantee that comes with the product"?
Scenario B Calls+ Visits; Base :all shoppers (Scenario B) (n=640)
Source: Mystery shopping exercise

Among online shoppers, only 43% agreed that the seller's website provided clear and understandable information on the legal guarantee compared to 71% of in-store shoppers (as shown in Figure 47).

In the Czech Republic (63%), Sweden (60%) and Romania (57%), a majority of online shoppers agreed that the seller provided clear and understandable information about the legal guarantee on their website, while in France (57%), Poland (60%), Germany (67%) and the UK (80%), on the other hand, a majority of online shoppers disagreed with this statement.

Figure 50: Agreement with the statement that the seller's website contained clear and understandable information about the legal guarantee, by country



Q23. To what extent do you agree with the following statement: "The seller provided clear and understandable information about the legal guarantee that comes with the product
Scenario A – Online
Base: all online shoppers (n=240)
Source: Mystery shopping exercise

5.1.2 Consumers' evaluation of information received about commercial guarantees

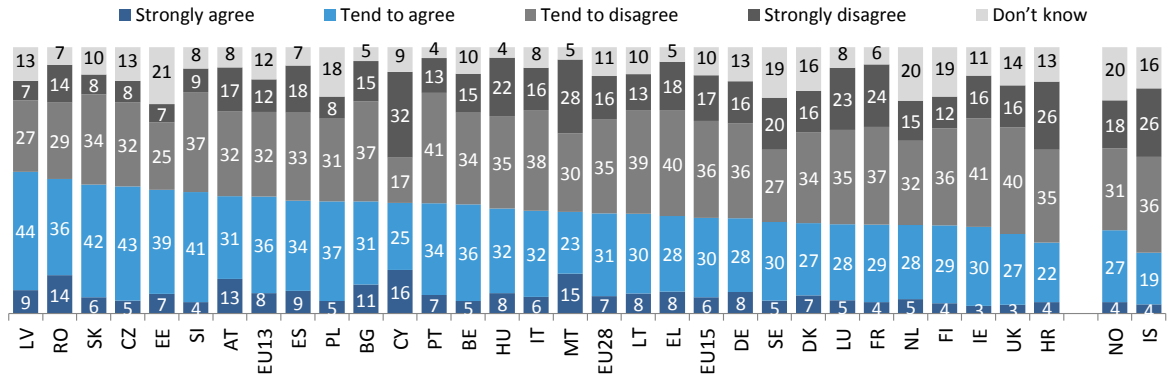
Results of the consumer survey

A minority (7%) of respondents across the EU28 *strongly agreed*, and 31% *tended to agree*, that sellers provided **clear, transparent and non-misleading information about commercial guarantees**. The proportion *strongly disagreeing* with this statement was 16%, while 35% *tended to disagree*.

A minority of respondents across the EU28 agreed that it was **easy to distinguish between legal and commercial guarantees** (10% *strongly agreed* and 30% *tended to agree*) while about one in two respondents disagreed with this statement (17% *strongly disagreed* and 31% *tended to disagree*).

Across most countries, less than half of respondents *strongly agreed* or *tended to agree* that sellers in their country tended to provide clear, transparent and non-misleading information about commercial guarantees. Across the EU28 countries, the level of agreement ranged from 26% in Croatia to 53% in Latvia. Comparing the results for the statement about information provided about legal guarantees and the current statement, similarities can be seen both at the higher and lower end of the country ranking.

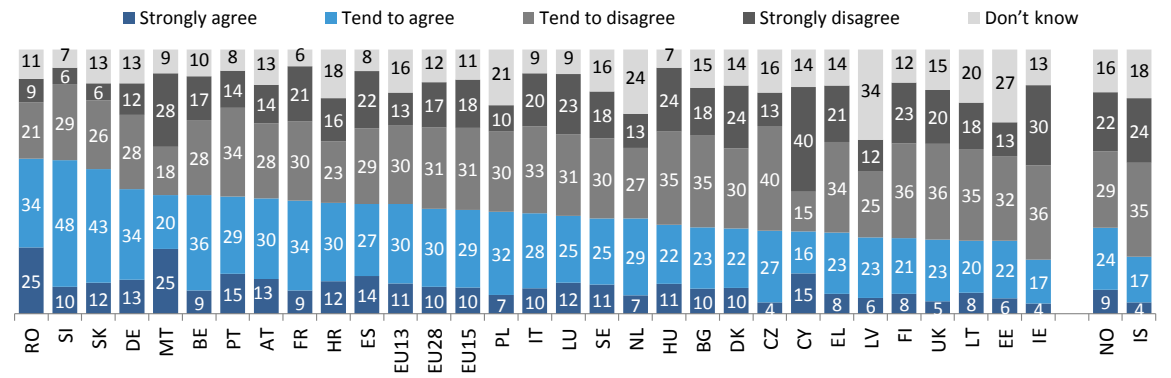
Figure 51: Agreement with the statement that sellers give clear, transparent and not misleading information about the terms and conditions of commercial guarantees, by country



Q31. Please indicate how much you agree or disagree with each of the following statement: In general, sellers give clear, transparent and not misleading information about the terms and conditions of commercial guarantees.
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

In Slovakia, Slovenia and Romania, a slim majority of respondents *strongly agreed* or *tended to agree* that it was easy to distinguish between legal and commercial guarantees (between 55% and 59%); in the remaining countries, however, the level of agreement varied between 21% in Iceland and Ireland and 47% in Germany.

Figure 52: Agreement with the statement that it is easy to distinguish between legal guarantees and commercial guarantees, by country



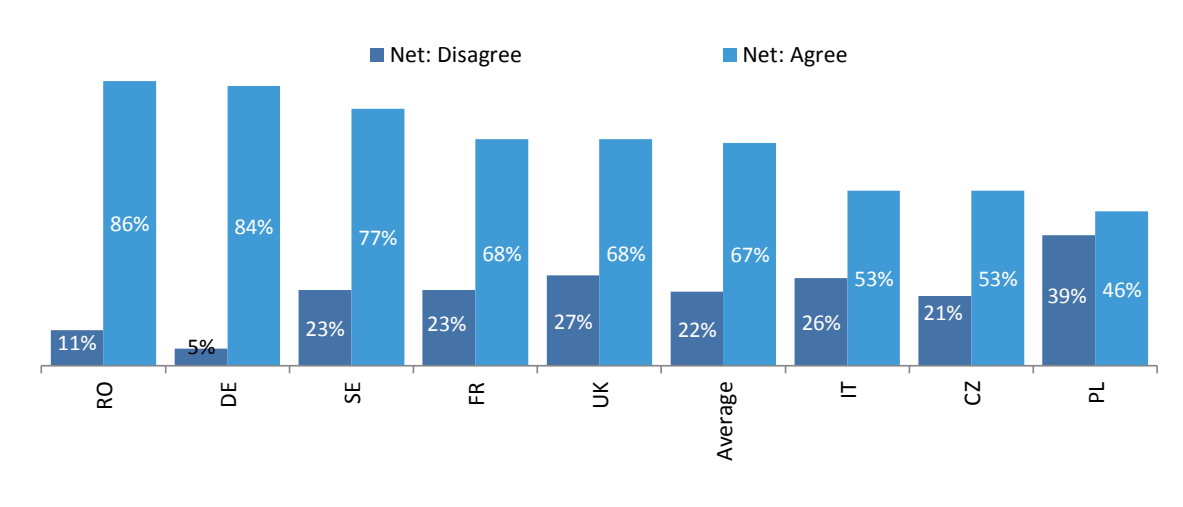
Q31. Please indicate how much you agree or disagree with each of the following statement: It is easy to distinguish between legal guarantees and commercial guarantees.
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

Mystery shoppers' evaluations

Online shoppers, who reported that a commercial guarantee was available for the product they were looking to purchase, were also asked to evaluate whether the information provided on the website about this commercial guarantee was clear and easy to understand.

While 43% of online shoppers agreed that the seller's website provided clear and understandable information about the legal guarantee (see Figure 50); this figure was 67% for information provided on the seller's website about the commercial guarantee (if available). In Poland, 46% of online shoppers agreed that information provided on the website about the commercial guarantee was clear and easy to understand; this figure increased to 86% in Romania.

Figure 53: Agreement with the statement that the seller's website contained clear and understandable information on the commercial guarantee, by country



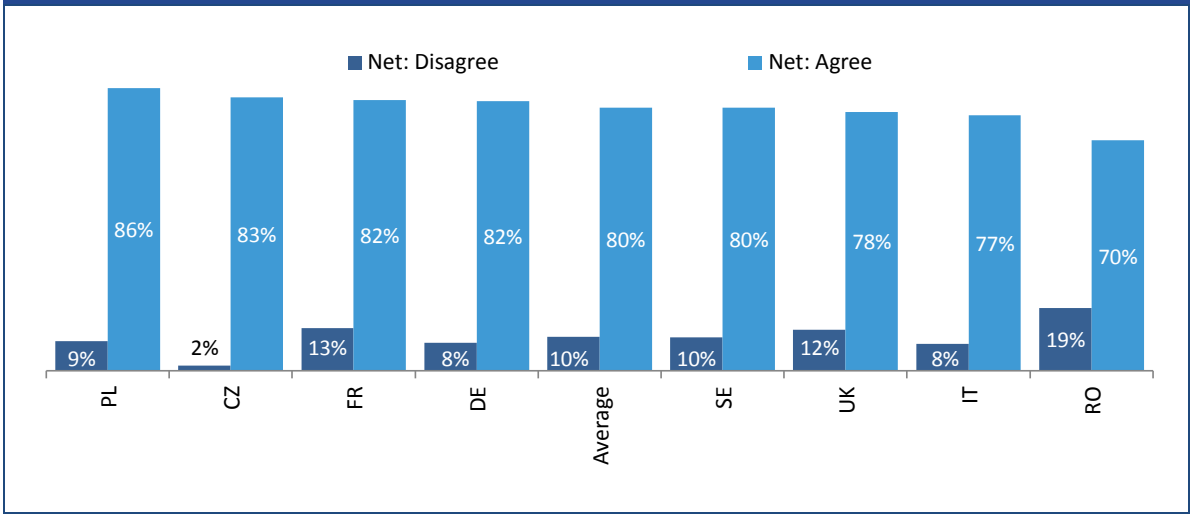
Q24. To what extent do you agree with the following statement: "The seller provided clear and understandable information about the commercial guarantee that comes with/can be purchased with the product?
Scenario A – Online
Base: all online shoppers who could find a commercial guarantee offered with the product (n=179)
Source: Mystery shopping exercise

Also among in-store shoppers a higher level of agreement was observed for the statement about information provided about commercial guarantees than for the statement about the legal guarantee. A large majority (80%) of in-store shoppers (who reported that a commercial guarantee was available with the product) agreed that the seller provided clear and understandable information about the commercial guarantee; just 10% of shoppers disagreed with this statement.

Across all countries, at least 70% of in-store shoppers (who reported that a commercial guarantee was available with the product) agreed that the seller provided clear and understandable information about the commercial guarantee offered with their product.

It was noted in the beginning of this chapter that mystery shoppers tended to be more positive in their evaluations of the information provided by sellers than survey respondents. Comparing the results in the survey respondents (Figure 51) and mystery shoppers (Figure 54), it can be seen that the country rankings also do not match; for example, while survey respondents in Romania were among the most likely to agree that sellers in their country provided clear and understandable information about commercial guarantees, mystery shoppers in Romania were the least likely to agree that they had received clear and understandable information.

Figure 54: Agreement with the statement that the seller provided clear and understandable information on the commercial guarantee (in-store, information received before buying a product), by country

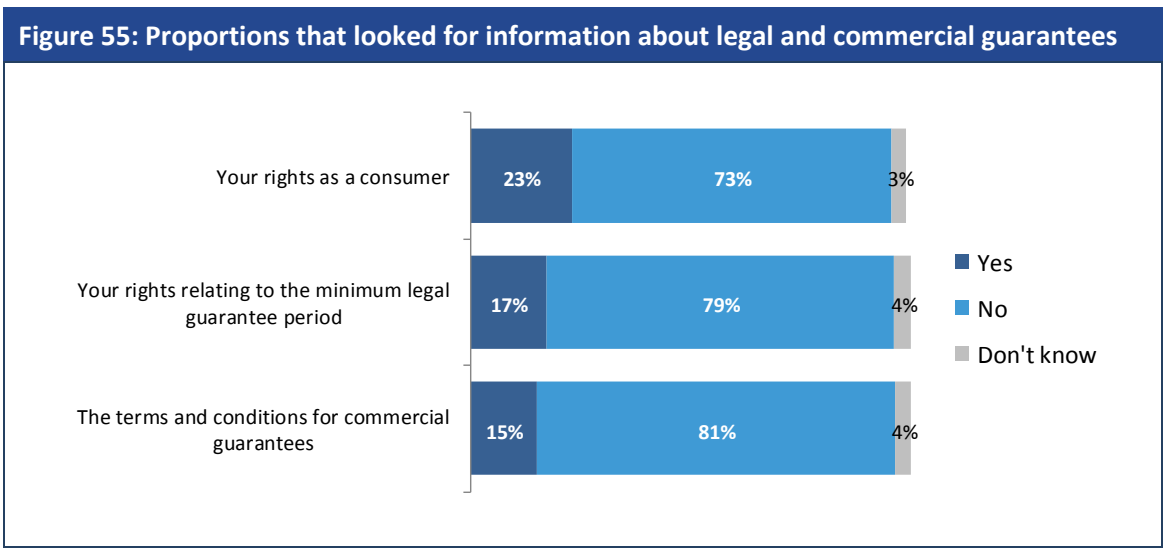


Q22. To what extent do you agree with the following statement: "The seller provided clear and understandable information about the commercial guarantee that comes with/can be purchased with the product?
Scenario A - In-store
Base: all In-store shoppers who were offered a commercial guarantee with the product (n=528)
Source: Mystery shopping exercise

5.1.3 Access to information about guarantees (actively searched by consumers)

About a quarter (23%) of respondents answered that they had searched for information about their rights as a consumer in the past 12 months. A sixth (17%) of respondents had searched for information relating to the minimum legal guarantee period and a similar figure (15%) had looked for information on the terms and conditions for commercial guarantees.

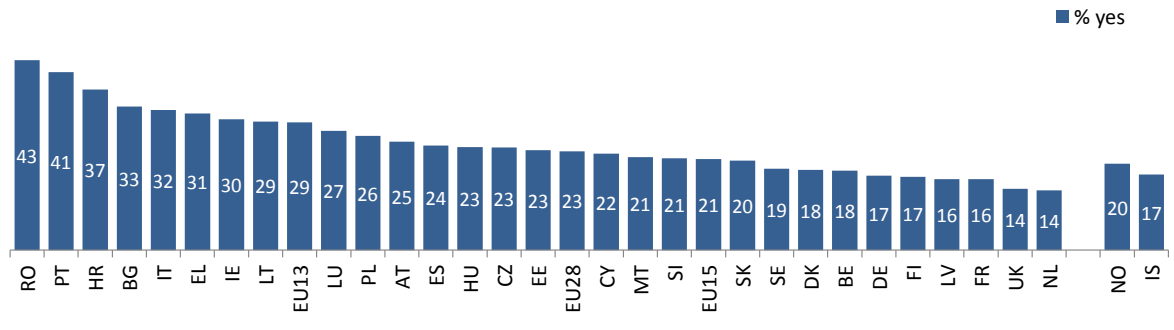
Figure 55: Proportions that looked for information about legal and commercial guarantees



Q33. In the past 12 months, have you searched for information about:
%, EU28 (n=26,659), Base: all respondents
Source: Consumer survey

In the Netherlands and the UK, 14% of respondents answered that they had searched for information about their rights as a consumer in the past 12 months; in Croatia, Portugal and Romania, on the other hand, roughly three times as many respondents reported the same (between 37% and 43%).

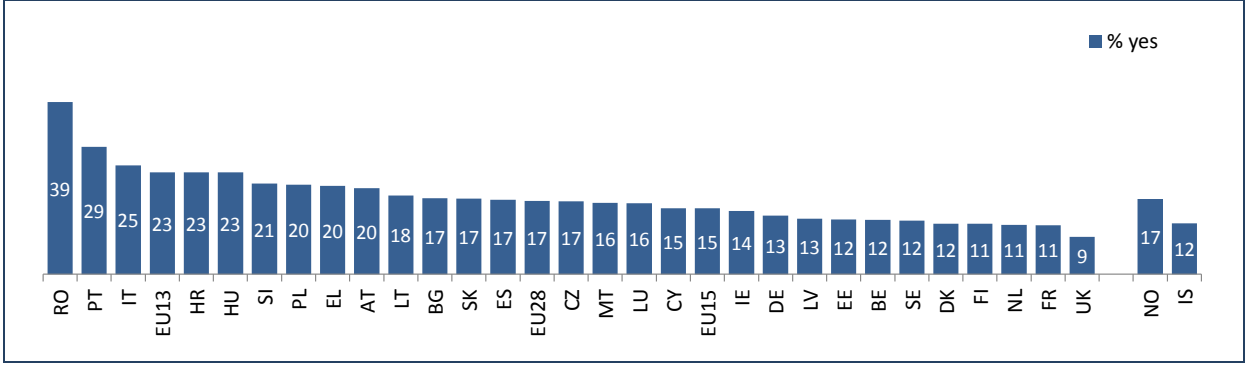
Figure 56: Proportions that looked for information about their rights as a consumer, by country



Q33. In the past 12 months, have you searched for information about: your rights as a consumer
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

Romania was also found at the higher end of the country ranking when looking at the proportion of respondents who had searched for information relating to the minimum legal guarantee period (39% had looked for information), while the UK was found again at the bottom (9% had looked for information).

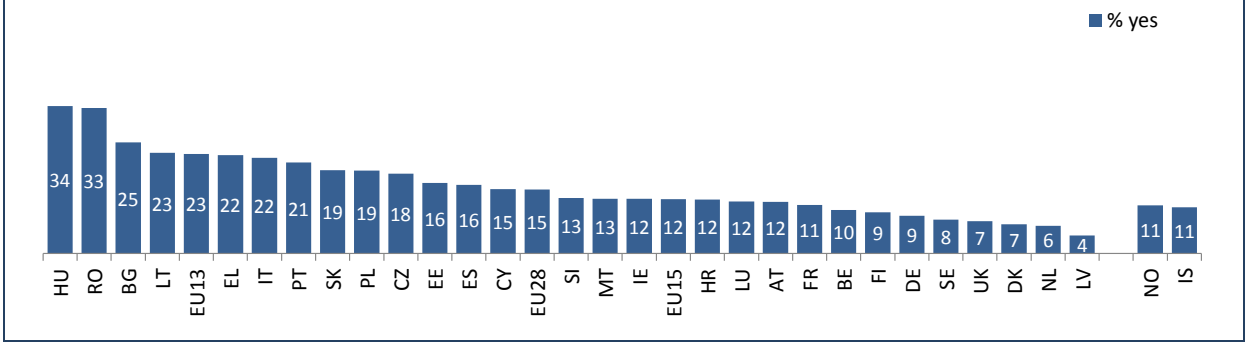
Figure 57: Proportions that looked for information about their rights related to the legal guarantee period, by country



Q33. In the past 12 months, have you searched for information about: your rights relating to the minimum legal guarantee period
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

Similarities were also seen in the country ranking for the proportion of respondents who had looked for information on the terms and conditions for commercial guarantees; this proportion varied between 4% in Latvia (7% in the UK which is still among the lowest results) and 33%-34% in Romania and Hungary.

Figure 58: Proportions that looked for information about the terms and conditions for commercial guarantees, by country



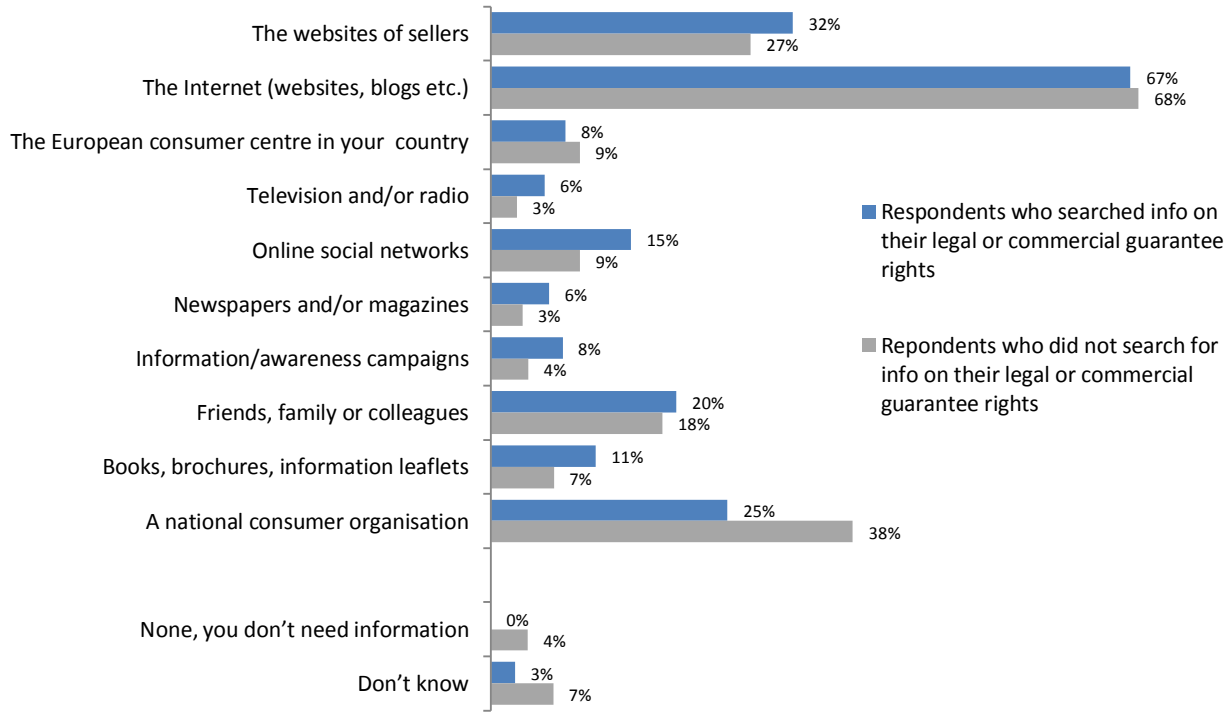
Q33. In the past 12 months, have you searched for information about: the terms and conditions for commercial guarantees
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

Source of information

Two-thirds (67%) of respondents who had searched for information about their legal or commercial guarantee rights had used the Internet to look for such information. A third (32%) of these respondents had searched sellers' websites and a quarter (25%) had contacted a national consumer organisation (compared to 8% who had contacted the European Consumer Centre Network in their country). A fifth (20%) had discussed the topic with friends, family or colleagues and 15% had used their online social network.

A similar picture emerged when respondents, *who had not searched for information about the guarantee rights*, were asked who they would turn to for information if they would want such information[36]; the most notable difference was that, among this group, a larger share of respondents mentioned a national consumer organisation (38% vs. 25% for respondents who had actually looked for information).

Figure 59: Sources for information about legal and commercial guarantees



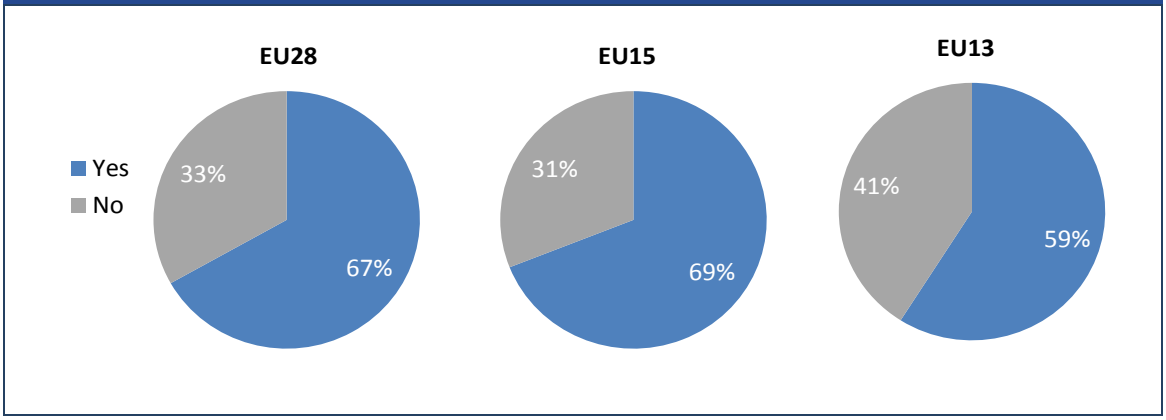
Q34a. Who did you turn to for information about legal or commercial guarantees? You can select up to three sources.
Q34b. If you wanted information about legal or commercial guarantees, which information sources would you use? You can select up to three sources.
% (multiple response), EU28, Base: respondents searched for information about their legal or commercial guarantee rights (n=6,185) (blue bars); respondents who did not search for information about their legal or commercial guarantee rights (n=20,474) (grey bars)
Source: Consumer survey

[36] This question was a hypothetical question; although the respondents presented with this question had not actually searched for information, they were asked which source they would use if they would want to find information.

5.2 Consumers' awareness of the existence of a legal guarantee

Across the EU28, 67% of respondents reported that, before starting the survey, they were aware of the existence of a minimum legal guarantee. Self-reported awareness of a minimum legal guarantee tended to be lower in EU13 countries than in EU15 countries (59% vs. 69%, respectively).

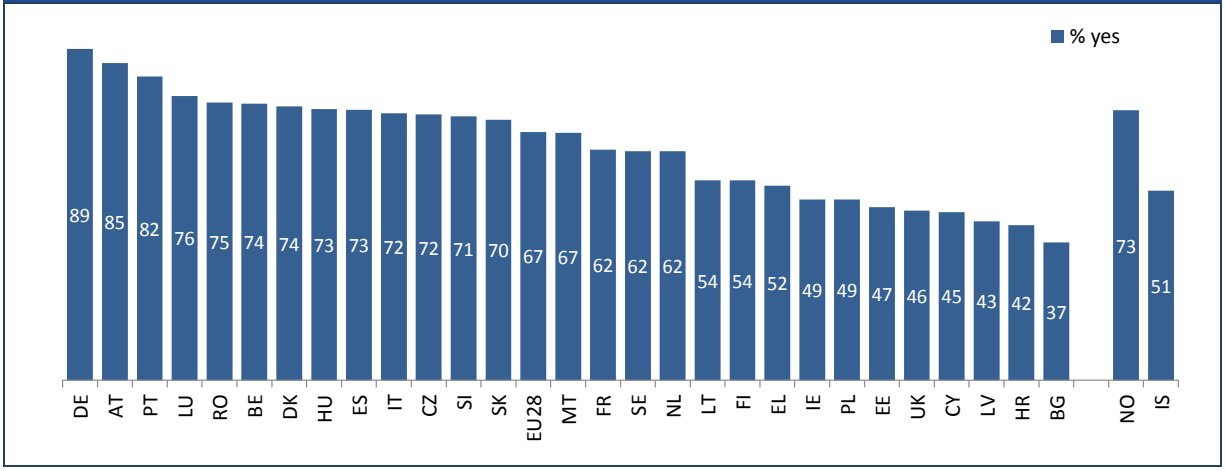
Figure 60: Self-reported awareness of a minimum legal guarantee



Q39. Before starting this survey, were you aware of the existence of a minimum legal guarantee when purchasing a product like for example a refrigerator?
%, EU28, Base: all respondents (EU28: n=26,659; EU15: n=14,553; EU13: n=12,106)
Source: Consumer survey

Self-reported awareness of a minimum legal guarantee varied between 37% in Bulgaria and 89% in Germany. Other countries at the higher end of the country ranking included Austria (85%) and Portugal (82%). In eight countries, less than half of respondents said they were aware of the legal guarantee before starting the survey; this was the case in countries such as Bulgaria (37%), Croatia (42%), Latvia (43%) Cyprus (45%) and the UK (46%).

Figure 61: Self-reported awareness of a minimum legal guarantee, by country



Q39. Before starting this survey, were you aware of the existence of a minimum legal guarantee when purchasing a product like for example a refrigerator?
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

Respondents who had looked for information in the past 12 months had a better knowledge of the legal guarantee and its provisions than respondents who had not looked for information. For example, the average number of correctly answered true/false statements was 2.79 for respondents who had looked for information related to the legal guarantee period; the average for those who had not looked for such information was 2.50. Moreover, after having looked for information related to the legal guarantee period, 44% of respondents stated correctly that the legal guarantee period lasts two years, while the corresponding figure for respondents who had not searched for this type of information was 38%.

Table 7: Having looked for information about legal and commercial guarantees and various knowledge questions about legal guarantees

	Looked for information about their rights as a consumer:			Looked for information about their rights related to the legal guarantee period:			Looked for information about the terms and conditions for commercial guarantees:		
	Yes	No	Don't know	Yes	No	Don't know	Yes	No	Don't know
% aware of the existence of a minimum legal guarantee, before starting the survey (Q39)	76%	65%	43%	79%	65%	43%	74%	67%	42%
Average number of correct responses for statements about legal guarantee provisions (Q3a)	2.73	2.49	1.79	2.79	2.50	1.78	2.69	2.52	1.80
% that knows that the legal guarantee period is two years (Q35a)	43%	38%	22%	44%	38%	20%	***40%***	***39%***	21%
Base	*6,560*	*19,210*	*889*	*4,672*	*20,953*	*1,034*	*4,161*	*21,522*	*976*

Q33. In the past 12 months, have you searched for information about:

Note: except for the difference in proportions between the two values in bold and italic, all pairwise differences in proportions and means are statistically significant at $p < 0.05$

% or mean, EU28 (n=26,659); Base: all respondents

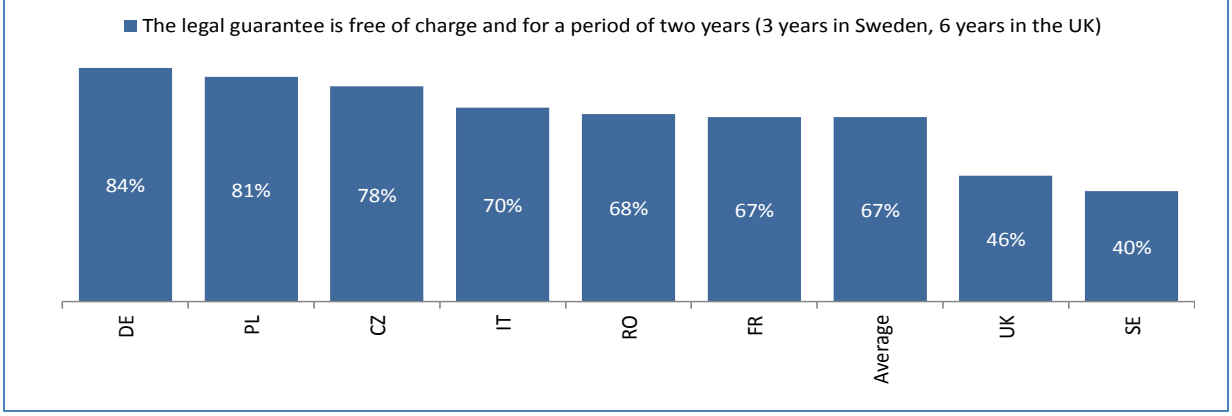
Source: Consumer survey

5.3 Sellers' awareness about the free-of-charge, two-year legal guarantee

In-store shoppers who were not spontaneously informed by the sales person about the free of charge, two-year legal guarantee, were instructed to specifically ask the sales person about the legal guarantee. By combining the results about information provided spontaneously by the sales person and the results about information provided by sellers when shoppers specifically requested information, sellers' overall awareness about the free of charge, two-year legal guarantee is assessed.

When mystery shoppers enquired about a product before purchasing, 67% of sellers spontaneously provided information, or confirmed when being prompted, that the legal guarantee is both free of charge and for a minimum period of two years.[37] In Germany and Poland, more than 80% of in-store sellers were aware of the free of charge, two-year legal guarantee; this compared to 46% of sellers in the UK and 40% in Sweden.

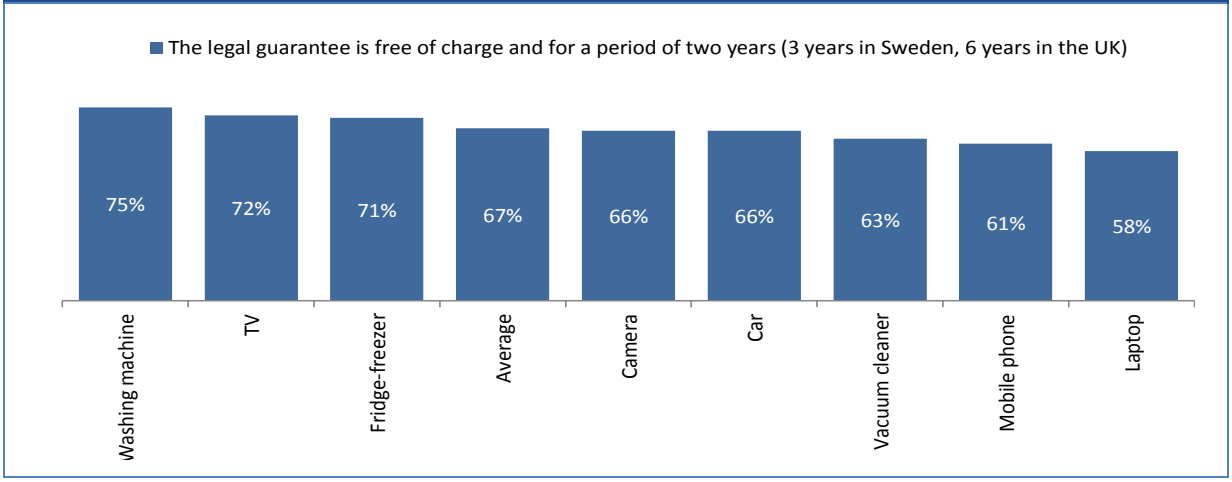
Figure 62: Percentage of sellers who were aware that the legal guarantee is for a minimum of two years and is free of charge (information received before buying a product), by country



Combined results for: Q1a. What information was displayed about the legal guarantee? & Q2a. Did the sales person spontaneously explain that the legal guarantee is a two-year guarantee (free of charge) with the seller of the product? & Q3. Ask the sales person for information about the length and cost of the legal guarantee that comes with the product. Which information did you receive?
Scenario A – In-store; Base: all shoppers (n=720)
Source: Mystery shopping exercise

While 58% of laptop sellers spontaneously provided information, or confirmed when being prompted, that the legal guarantee is both free of charge and for a minimum period of two years, this figure increased to 75% for sellers of washing machines.

Figure 63: Percentage of sellers who were aware that the legal guarantee is for a minimum of two years and is free of charge (information received before buying a product), by product



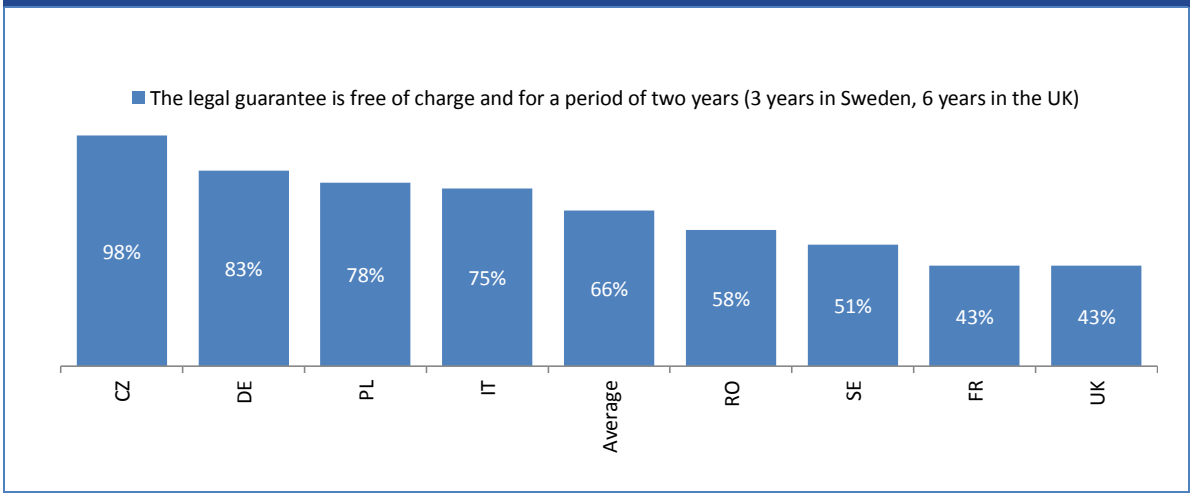
Combined results for: Q1a. What information was displayed about the legal guarantee? & Q2a. Did the sales person spontaneously explain that the legal guarantee is a two-year guarantee (free of charge) with the seller of the product? & Q3. Ask the sales person for information about the length and cost of the legal guarantee that comes with the product. Which information did you receive?
Scenario A – In-store; Base: all shoppers (n=720)
Source: Mystery shopping exercise

[37] Three years in Sweden, six in the UK.

When mystery shoppers informed a seller about a problem with a product, 66% of sellers spontaneously mentioned, or confirmed when being prompted, that the product is covered by the free of charge, two-year legal guarantee[38]; the Czech Republic, Germany and Poland were the best scoring countries, while Sweden, France and the UK scored worst.

Some similarities could be seen between consumers' and sellers' awareness of the free of charge two-year legal guarantee; for example, both consumers and sellers in the UK were found among the lowest-scoring group in terms of awareness of the legal guarantee, while both consumers and sellers in Germany outperformed their counterparts in many other European countries.

Figure 64: Percentage of sellers who were that the legal guarantee is for a minimum of two years and is free of charge (information received after reporting a problem to the seller), by country



Combined results for:
Q3. Ask what the seller can do about the problem. What was the response of the seller?
Q4. Point out that you have a guarantee free of charge under EU consumer protection law. This guarantee is with the seller (and e.g. not the manufacturer) and that your problem is covered by the legal guarantee. What did the seller reply?
Q4b. Point out that you have a guarantee free of charge under EU consumer protection law. This guarantee is with the seller (and e.g. not the manufacturer) and that your problem is covered by the legal guarantee. Ask for how long the legal guarantee is valid.
Scenario B Calls + Visits
Base: all shoppers (n=640)

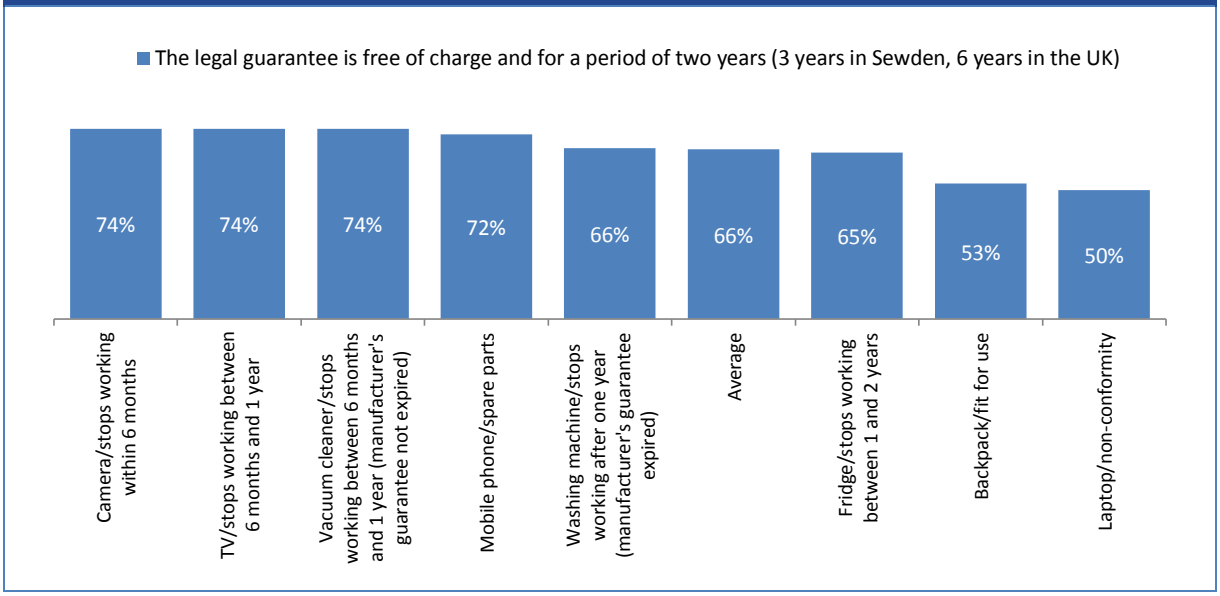
[38] Three years in Sweden, six in the UK.

Figure 65 shows that the laptop sub-scenario, in which 10 months after buying a new laptop, the shopper realised that it has less memory than the seller had described when he/she bought it, scored below average in terms of the number of shoppers who were correctly informed about the free of charge, two-year legal guarantee. It may be inferred from this that many sellers do not consider this to be a valid reason to claim non-conformity.

The other outlier in Figure 65 is the backpack sub-scenario, in which shoppers role-played that three months after buying a new backpack, the stitching came lose and the zipper no longer worked. Here one may see the influence of the nature of the product, as the other sub-scenarios in which the malfunction of the product occurred within six months after purchase (the camera and mobile phone/spare parts sub-scenarios) clearly scored better.

The results in Figure 65 also suggest that the time after which a problem with a product occurred had an impact on the sellers' response. The washing machine and the fridge sub-scenarios – in both of which the problem with the product occurred after one year – scored relatively low; especially when taking into account that the washing machine was the "best performing" product when shoppers were only looking for information and not reporting problems.

Figure 65: Percentage of in-store shoppers who were informed – with or without prompting - that the legal guarantee is for a minimum of two years and is free of charge (after reporting a problem to the seller,), by product



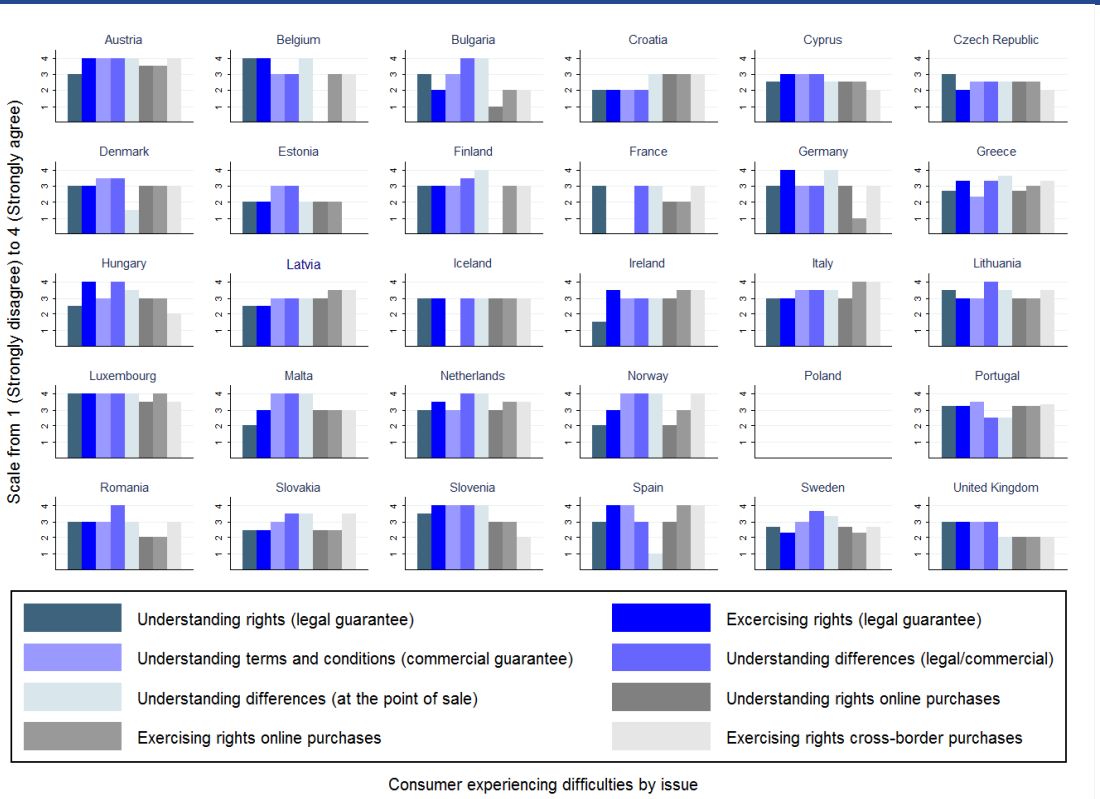
Combined results for:
Q3. Ask what the seller can do about the problem. What was the response of the seller?
Q4. Point out that you have a guarantee free of charge under EU consumer protection law. This guarantee is with the seller (and e.g. not the manufacturer) and that your problem is covered by the legal guarantee. What did the seller reply?
Q4b. Point out that you have a guarantee free of charge under EU consumer protection law. This guarantee is with the seller (and e.g. not the manufacturer) and that your problem is covered by the legal guarantee. Ask for how long the legal guarantee is valid.
Scenario B Calls + Visits
Base: all shoppers (n=640)
Source: Mystery shopping exercise

5.4 Stakeholders' opinions on consumers' awareness and access to information

Respondents in the stakeholder consultation were asked whether they agreed that consumers have difficulties in understanding or exercising their rights in various subject areas:

- Understanding their rights under the legal guarantee;
- Exercising their rights under the legal guarantee;
- Understanding terms and conditions of commercial guarantees;
- Understanding the differences between legal and commercial guarantees;
- Understanding differences at the point of sale;
- Understanding their rights in relation to online purchases;
- Exercising their rights in relation to online purchases; and
- Exercising their rights in relation to cross border purchases.

Figure 66: Stakeholder views on consumers' difficulties in understanding or exercising their rights



Note: Answers to the question, "In your opinion, to what extent have consumers experienced difficulties with the following issues?"

Note: no results are provided for Poland because none of the respondents in the country provided a response to this set of question.

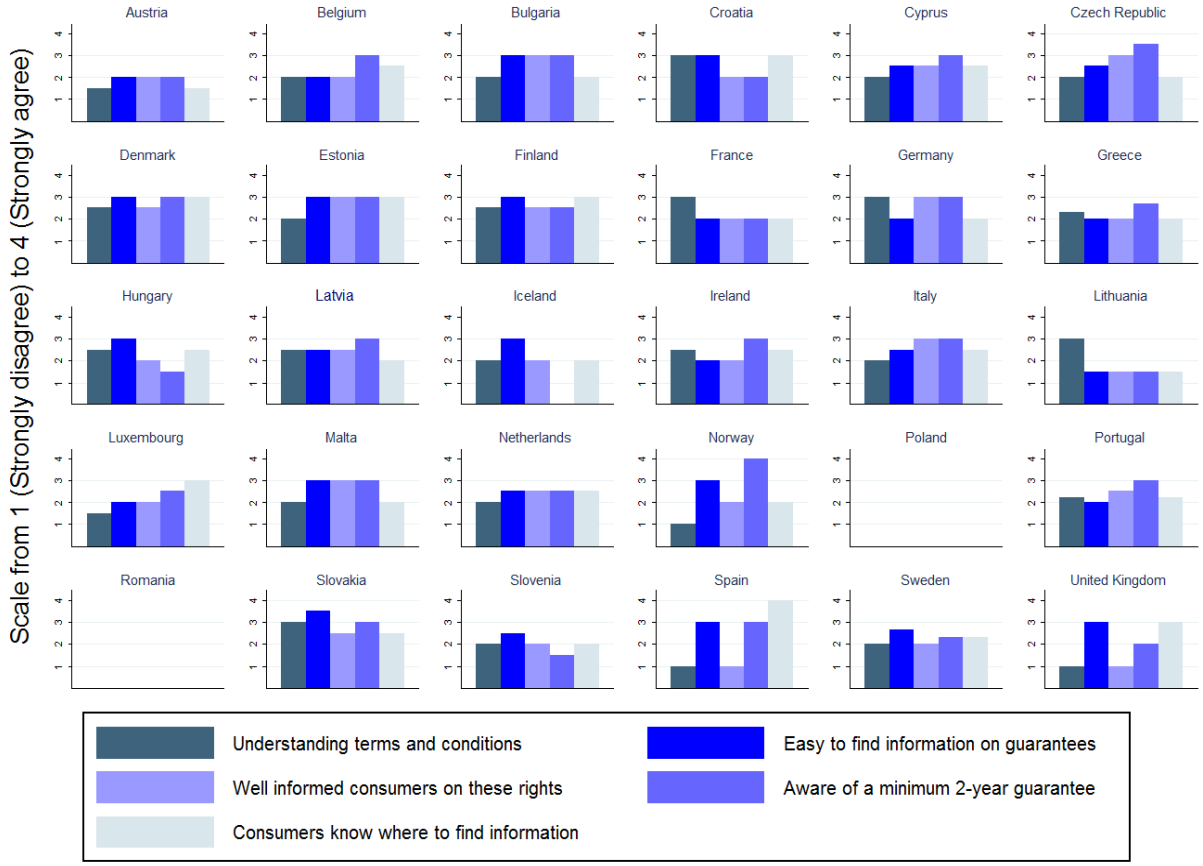
Source: Stakeholder survey

In the vast majority of cases, stakeholders tended to agree with the statements (they were asked whether they agreed or disagreed on a 4-point scale[39]), overall expressing the idea that the consumers are not particularly well aware of their rights or of prosecuting these rights in a given situation.

Nonetheless, a few countries stand out for having more confident consumers (in the opinion of participants in the stakeholder consultation); these are: Croatia, the Czech Republic, Estonia, Sweden and the UK. Although stakeholders in these countries did agree for some statements, overall they did not choose the value "strongly agree" (that consumers faced difficulties).

Countries where stakeholders had particularly low confidence in the abilities of consumers to navigate and prosecute their rights were: Austria, Belgium, Denmark, Luxembourg, Malta and Slovenia.

Figure 67: Stakeholder views on awareness of the consumer regarding guarantees



Note: Stakeholder agreement with the following statements, "Consumers understand the terms and conditions of commercial guarantee contracts"; "It is easy for consumers to find out information on legal and commercial guarantees"; "Consumers in your country are generally well informed on their rights regarding legal and commercial guarantees"; "Consumers are aware that they have the right to a minimum length of two-year legal guarantee"; "Consumers know where they can find information on their rights in relation to legal and commercial guarantees".
Note: no results are provided for Poland and Romania, because none of the respondents in these countries provided a response to this set of question.
Source: Stakeholder consultation

[39] A higher value of the 4-point scale means a higher level of difficulty, so "4" being the highest level of difficulty.

When stakeholders were asked questions in relation to consumers' awareness of their rights and their ability to find relevant information, results were largely negative. Countries whose stakeholders recorded overall disagreement with respect to consumers' awareness of their rights and where to find information about their rights were: Austria, Belgium, France, Greece, Lithuania and Luxembourg.

Stakeholders in three of the above counties (Austria, Belgium and Luxembourg) also had low confidence in their consumers' ability to understand and exercise their rights. By contrast, stakeholders in Bulgaria, Croatia, Estonia and Malta showed high levels of agreement with respect to consumer awareness.

6. Consumers' experience with commercial guarantees

Box 6: Summary of findings – Consumers' experience with commercial guarantees

The commercial guarantee market – guarantee price

- The product price, the number of remedies and the duration of the guarantee, are linked to a higher guarantee price. However, there is a stronger link between the duration of the guarantee and the guarantee price, than there is between the product price and the guarantee price.
- Going against the initial assumptions of the study, insurance-based paid-for guarantees seem to be associated with lower rather than higher guarantee costs.
- The price of the commercial guarantee does not appear to be influenced by the seller (i.e. being the retailer or the manufacturer).
- Paid-for commercial guarantees for white goods appear to be more expensive than guarantees for brown or grey goods.

Consumers' experience with commercial guarantees

- Across the EU28, 22% of consumers had bought a paid-for commercial guarantee in the past three years; among these consumers, 34% had to rely on this commercial guarantee because they had a problem with the product.
- While consumers in Latvia were the least likely to have purchased a paid-for commercial guarantee, consumers in Italy and Portugal were the most likely to have done so (7% vs. 32%-33%).
- Of the paid-for guarantees bought most frequently by consumers, 69% offered an extended guarantee period, 24% offered additional services (e.g. repair at home) and 30% were insurance-based (e.g. covering accidental damage).

Purchasing process for commercial guarantees

- 81% of consumers had purchased a paid-for guarantee at the point of sale when buying the product. Commercial guarantees bought at a later moment were more frequently bought online.
- Although only 17% of consumers had made a comparison of guarantees as part of their purchasing decision, among consumers who had not compared guarantees, the largest share were offered only one guarantee.
- Paid-for commercial guarantees were bought to have a longer guarantee coverage period (mentioned by 45% of consumers), because they give "peace of mind" (31%) or because the cost of repairing the product would be too high (26%).
- 27% of consumers – who had bought a commercial guarantee – had done so because it was offered at a reasonable price; 45% of consumers – who had not bough commercial guarantees – might buy a guarantee if it was offered at a lower price.
- 34% of consumers who had not bought commercial guarantees said that such guarantees are not worth the money and 32% thought that problems usually arise after the expiration of the commercial guarantee. Another 26% shared the view that commercial guarantees typically come with exclusions and exceptions and 22% said they did not like feeling pressured by a sales person to buy something.
- Respondents in EU13 countries more frequently reported that they had not bought a commercial guarantee because they were not offered one; this proportion was 40% – or more – in Bulgaria, Hungary, Latvia, Malta and Croatia.

Consumers' choice and understanding of commercial guarantees

- When asked to select a commercial guarantee in the behavioural experiment, on average, 44% of respondents selected the guarantee with the "fairest price" for washing machines and 48% for mobile phones.
- Explicit information provision about the length and coverage of the legal guarantee before "purchase" of a commercial guarantee in the behavioural experiment helped respondents to correctly assess when not to purchase a commercial guarantee. Furthermore, if respondents had correct prior knowledge of the length of the legal guarantee (as assessed in the consumer survey), they were less likely to purchase a commercial guarantee that was not needed (not optimal) in the experiment for mobile phones.
- Graphical versus textual presentation of key features of a commercial guarantee did not have a statistically significant impact on respondents' choices in the behavioural experiment. While an impact was not observed in the behavioural experiment, the presentation may still be of importance as can be seen from respondents' poor performance in understanding the burden proof in the legal guarantee comprehension exercise, in which the proportion of respondents that could correctly answer this question in relation two short legal guarantees was found to be low.
- When testing commercial guarantee complexity, respondents tended to improve their choices in the experiment (between round 1 and 2) when faced with a two-feature contract compared to a four-feature contract, particularly in the case of washing machines.

Willingness to pay

- Annual willingness to pay for a commercial guarantee, in the behavioural experiment, increases as the price of the primary product increases. Furthermore, the likelihood of accepting offers of a commercial guarantee increase as primary product price increases.
- Respondents in the behavioural experiment were willing to pay less per year for commercial guarantees of long duration compared to short duration, and they were less likely to accept commercial guarantee offers of longer duration. This is most likely linked to respondents' reporting that they "bought" a commercial guarantee in the willingness to pay exercise because they thought their appliance would be costly to repair. They may believe that this will happen earlier in the product life cycle and as such have a lower willingness to pay per year as the length of coverage increases.
- Prior knowledge of the coverage and length of the legal guarantee is associated with a lower willingness to pay for commercial guarantees, and a lower likelihood of accepting commercial guarantee offers in the willingness to pay exercise.

6.1 The commercial guarantee market

The following section presents an analysis of paid-for guarantee price data gathered across the 28 EU Member States, Norway and Iceland. The guarantee prices have been recorded for four different consumer good categories: brown goods, grey goods, white goods and cars, which are further sub-divided by the categories shown in Table 8.

Table 8: Products grouped under brown, white and grey goods, and cars

	Brown goods	White goods	Grey Goods	Cars
Definition	Brown goods are defined as in-home consumer electronics including non-mobile home audio and cinema products, televisions and projectors, and video players.	White goods are defined as major built-in and free-standing kitchen appliances including large cooking appliances, dishwashers, home laundry appliances and refrigeration appliances.	Grey goods are defined as desktop computers and computer peripherals such as non-mobile games consoles, printers and scanners.	
Products	Televisions Second hand TV Cameras	Dishwasher Vacuum cleaner Washing machine Fridge	Mobile (smartphones) Laptops, Notebooks	Cars

6.1.1 Examination of commercial guarantees offered online

Overall results of the price collection exercise

Overall, 2,796 prices[40] were gathered[41]. However, as the table on the following page shows, the distribution of these prices was highly uneven. In some markets, price data was simply not published very often, although it is known that such products are sold in the market due to references being made to these products on retailers' websites (generic description of guarantee details etc.). However, price data was not published alongside the guarantee description, with consumers requested to "ask in-store for details". Some other markets (the UK, for instance) had a lot of price data available online. The following table displays the number of prices gathered by country, for all good categories (brown, grey, white goods and cars).

A relatively low number of websites, 373 in total, yielded a high number of prices (just below 7.5 prices per website, on average). This was due to the effects of retailer guarantee products having multiple prices, and the extended warranty price comparison website from the UK, which concentrated hundreds of prices into one source. However, this low ratio of websites to prices was to be expected, given that paid-for guarantees are sold only by a few market players and within a relatively concentrated market.

[40] Equivalent to 2,485 price observations for brown, grey and white goods, and 311 for cars.

[41] See methodology in Annex A6.2.

Table 9: Total prices recorded online, by market agent and country					
	Total prices recorded	Non-car manufacturers w/prices	Car manufacturers w/prices	Retailers w/prices	Guarantee product providers[42]
Austria	131	5	0	5	5
Belgium	72	3	2	3	2
Bulgaria	82	2	1	4	2
Croatia	41	8	0	4	2
Cyprus	0	6	0	3	0
Czech Republic	50	3	1	7	3
Denmark	85	4	10	4	4
Estonia	52	1	5	2	0
Finland	59	4	4	2	2
France	64	4	3	4	5
Germany	152	6	2	6	5
Greece	82	4	2	3	0
Hungary	284	4	4	2	1
Ireland	8	11	2	6	0
Italy	72	18	4	9	7
Latvia	232	4	3	3	0
Lithuania	10	4	3	1	1
Luxembourg	3	4	1	4	1
Malta	0	4	0	3	0
Netherlands	133	4	9	2	2
Poland	128	6	8	4	4
Portugal	78	9	1	4	3
Romania	4	9	1	6	0
Slovakia	87	4	7	4	3
Slovenia	66	4	2	4	2
Spain	180	10	6	8	8
Sweden	106	4	4	4	3
United Kingdom	447	7	4	6	4
Iceland	16	4	0	4	0
Norway	72	4	2	4	2
Total	2,796	164	91	125	71

[42] Please note that, in this table, the 71 guarantee product providers (typically insurance companies) were identified from within the total number of 373 websites.

Data analysis[43] – Brown, white and grey goods[44]

Of the 2,796 prices collected, 2,485 price observations[45] were for guarantees sold for brown, white and grey goods. However, the following seven countries were excluded from the data analysis due to having little or no data: Cyprus, Iceland, Ireland, Lithuania, Luxembourg, Malta and Romania.[46] Therefore, the analysis of the data for brown, white and grey goods was limited to those countries were reasonable data sets could be produced (see table below). This has led to a final number of 2,456 price observations.

Table 10: Number of prices included in the data analysis of online prices, by good category and country

	Number of prices	Brown goods	Grey goods	White goods
1. Austria	**131**	34	47	50
2. Belgium	**70**	37	6	27
3. Bulgaria	**78**	36	24	18
4. Croatia	**41**	19	10	12
5. Czech Republic	**48**	25	13	10
6. Denmark	**58**	17	23	18
7. Estonia	**44**	20	10	14
8. Finland	**48**	12	16	20
9. France	**56**	23	23	10
10. Germany	**141**	51	53	37
11. Greece	**80**	33	31	16
12. Hungary	**267**	84	52	131
13. Italy	**60**	25	11	24
14. Latvia	**226**	77	77	72
15. Netherlands	**61**	18	29	14
16. Norway	**69**	18	31	20
17. Poland	**89**	25	41	23
18. Portugal	**76**	18	13	45
19. Slovakia	**52**	17	18	17
20. Slovenia	**62**	18	24	20
21. Spain	**162**	68	70	24
22. Sweden	**96**	17	41	38
23. United Kingdom	**441**	169	110	162
Total	**2,456**	**861**	**773**	**822**

[43] Very low data markets are excluded from the analysis, leading to the following countries for the current analysis: Austria; Belgium; Bulgaria; Czech Republic; Croatia; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Italy; Latvia; the Netherlands; Norway; Poland; Portugal; Slovakia; Slovenia; Spain; Sweden; the UK.

[44] The analysis of commercial guarantee prices for cars is presented in section 6.1.4.

[45] This number excludes the price data recorded for low data markets on brown, grey and white goods (see the country by country summary).

[46] The dataset for brown, grey and white goods originally had 2,485 price observations. For low data markets, there were no price observations found for Cyprus nor Malta, but 16 found for Iceland, 6 for Ireland, 4 for Lithuania, 1 for Luxembourg and 2 for Romania (29 prices in total): 2,485-29=2,456.

The quantitative data analysis for brown, grey and white goods covers:

- Price of the paid-for guarantee price relative to the underlying product price;
- Duration of the commercial guarantee;
- Coverage offered by paid-for guarantees; and
- Factors associated with the price of paid-for guarantee.

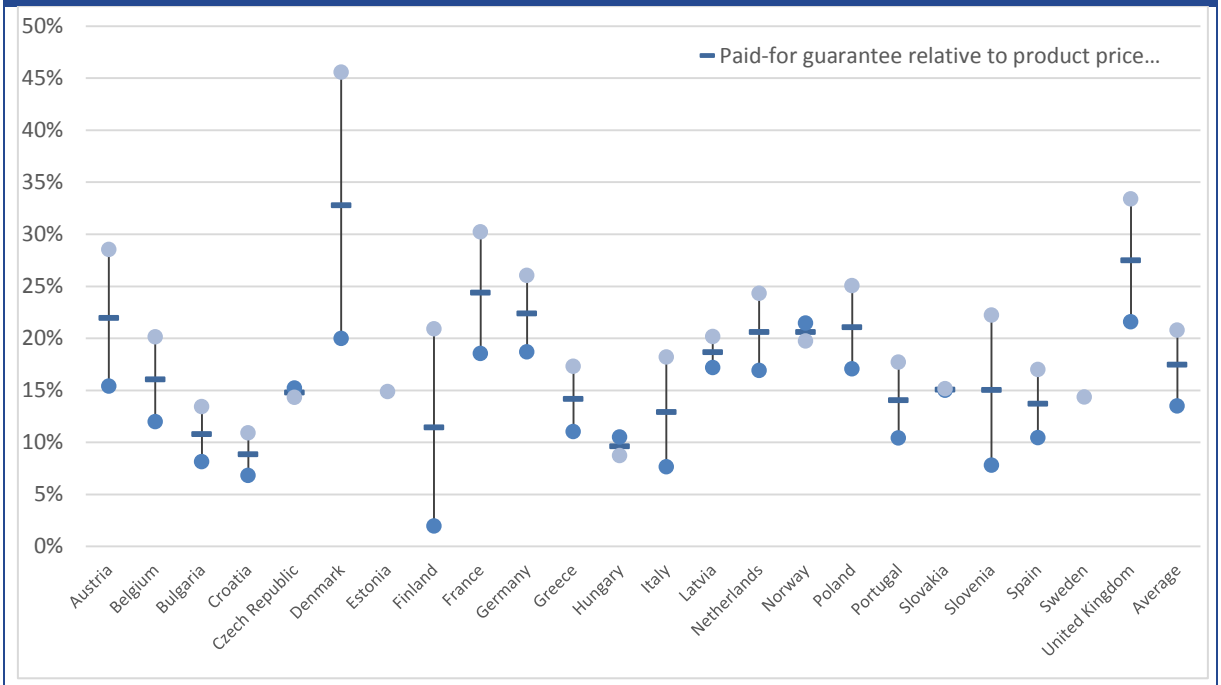
Paid-for guarantee prices relative to the underlying product price

As is normal when purchasing risk coverage of any type, the higher the value of the product at risk, the higher the total cost of the coverage to protect it. This is the same for paid-for guarantees, which should increase in total cost for higher value products. Whereas the scatter plots helped see the relationship between product prices and paid-for guarantee prices, another indicator of the value of the guarantee is its price relative to the underlying product:

$$\frac{\text{Paid-for guarantee price}}{\text{Product price}} * 100$$

In the visual exploration of this indicator, it can be seen that paid-for guarantees can be disproportionately expensive when purchased for lower value products by contrast to higher value products. This can be observed in the graph below.

Figure 68: Price of the guarantee relative to the underlying product price (commercial guarantees offered online)



Note: N=2,456. Figures display lower and upper average percentage price of the guarantee relative to the price of the underlying product. The dash illustrates the median value. Sweden and Estonia have only one data point, because all guarantee prices are specific to a product price (e.g. Laptop €400, but not "Computers from €550 to €1550").

Source: Price collection exercise

Figure 68 (on the previous page) shows that, on average:

- For products at the lower edge of each price range, the price of the guarantee could be as high as 45% of the retail price of the good. However, the average value is 21% (e.g. for a €200 TV, the extra guarantee on average costs €42);
- For products at the higher edge of each price range, the price of the guarantee could be as low as 8% of the product price, with the average being 14% (e.g. for a €500 TV, the extra guarantee on average costs around €70);
- With the exception of Danish and Finnish cases, the underlying paid-for guarantee price relative to the underlying product price does not display very large differences.

Aggregate analysis of the paid-for guarantee price relative to the product price

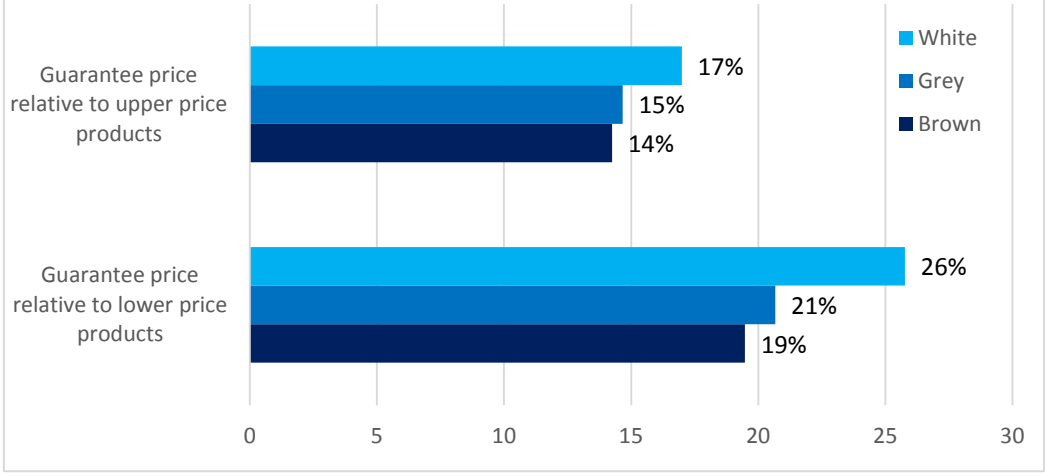
The guarantee price relative to the product price can be analysed at the aggregate level, by exploring its value under different guarantee characteristics. In this section, the price by good category is examined, by guarantee type and by distributor. This step allows checking whether, taking into account certain characteristics of the guarantee, the consumer will pay a greater price for the paid-for guarantee. To run these checks, Analysis of Variance (ANOVA) was used to test for statistical significance of the differences between paid-for guarantee price relative to the product price across guarantee characteristics categories.[47]

[47] The ANOVA compares means, but in cases in which the categorical variable has more than two categories, one cannot know across which groups the differences reside (if any). A further test by groups has been pursued to compare the means between good types. Please note that each sample size is different due to some records having missing values for the specific category.

By good category

The difference in the guarantee price relative to the underlying product price has been found statistically significant in the case of white goods against the other good categories (brown and grey), for both the upper and the lower relative price. However, between brown and grey goods, the average relative guarantee price does not differ significantly.[48]

Figure 69: Relative guarantee price, by good category (commercial guarantees offered online)



Note: N=1,845. Note that the number of cases is lower than the original 2,456 due to missing data on some countries (e.g. countries with only unique price data). Figures in percentage (%).

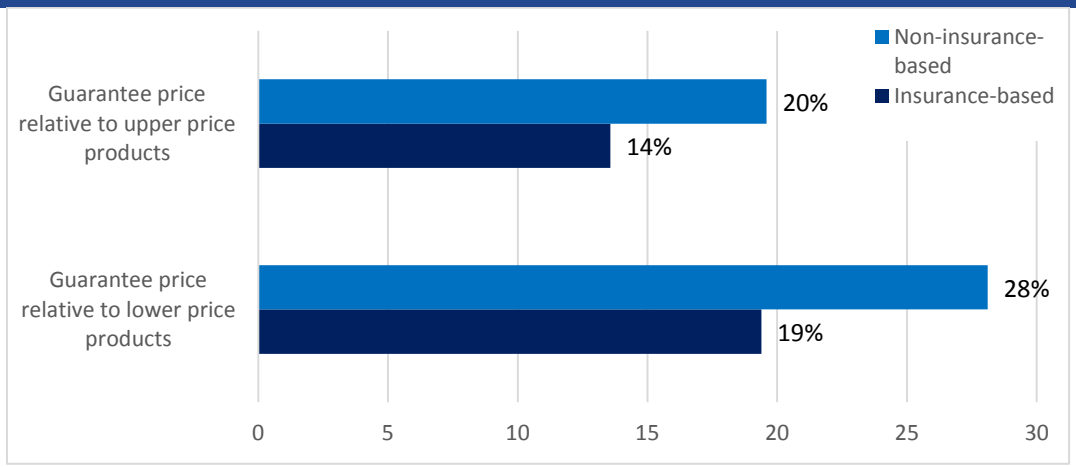
Source: Price collection exercise

[48] According to the test, there are statistically significant differences at the confidence level of 0.001 (F=24.49) in the case of lower relative guarantee price, as well as in the upper relative price. Further exploration with a regression with no constant comparing between good categories, displays that the differences reside between the relative guarantee price between brown vs. white goods (F=44.28, P=0.000) and between grey vs. white goods (F=27.32, P=0.000) but not between brown vs. grey goods, F=1.56, P=0.2123). The test performed to the upper relative guarantee price, also evidenced differences at the same level of confidence for brown vs. white goods (F=18.48, p=0.000) and grey vs. white (both at F=12.78, P=0.0004). Again, no significant differences were found between brown vs. grey goods (F=0.51, P=0.4740).

By insurance/non-insurance based guarantee products

The relative guarantee price by guarantee type (insurance/non-insurance based) displays significant differences.[49] Interestingly (and contrary to initial assumptions), guarantee products which are not insurance based have a greater price relative to the underlying product price.

Figure 70: Relative guarantee price, by guarantee type (commercial guarantees offered online)

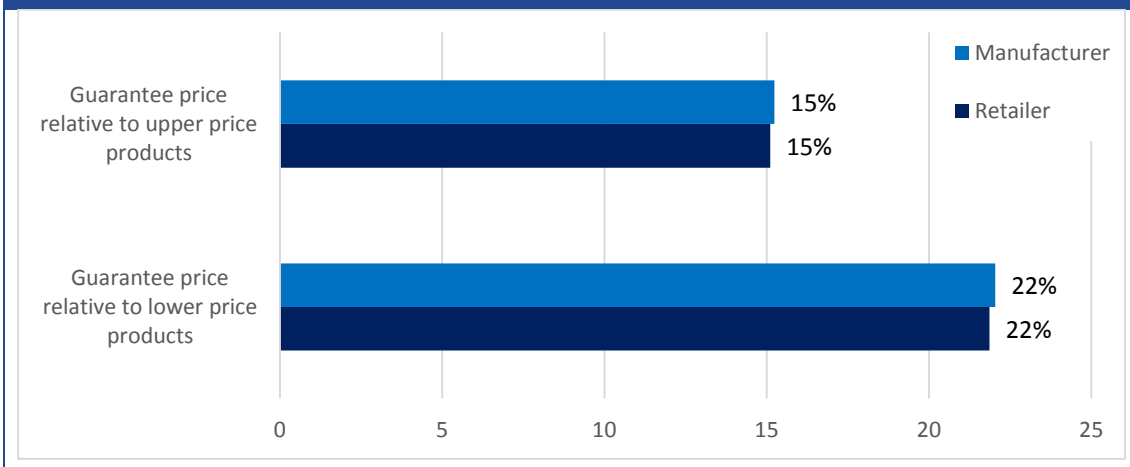


Note: N=1,740. Note that the number of cases is lower due to missing data on some countries.
Source: Price collection exercise

By guarantee distributor

Finally, considering the relative guarantee price by distributor (retailer or manufacturer) offering the guarantee, no significant differences are observed.[50]

Figure 71: Relative guarantee price, by guarantee distributor (commercial guarantees offered online)



Note: N=2,457 form which 698 offered by manufacturers and 1759 by retailers. Figures in percentage (%).
Source: Price collection exercise

[49] The ANOVA displays how these differences are significant for the upper relative guarantee price (F=108.00, p<0.01), as well as for the lower relative guarantee price (F=99.33, p<0.01).

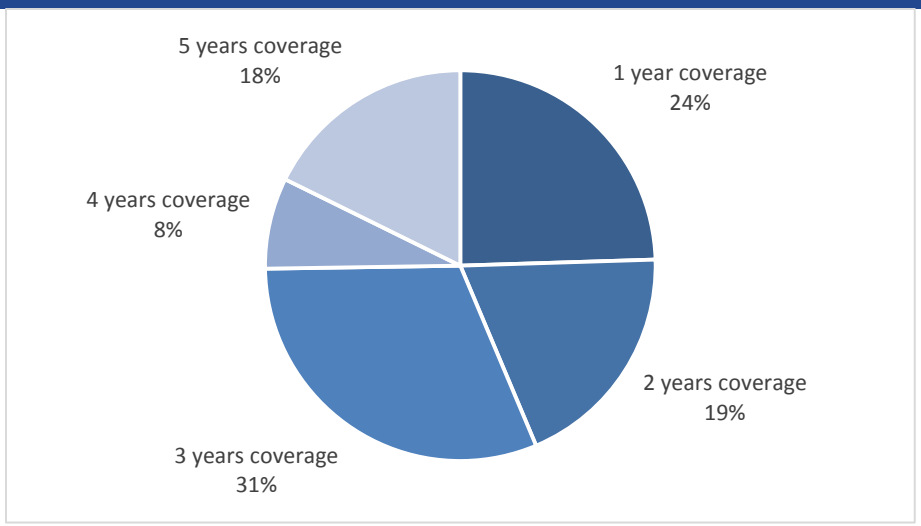
[50] As the results of the ANOVA test indicate (F=0.04 for lower and F=0.03 for upper, with P=0.8648).

Duration of the commercial guarantee

Virtually all (over 99%) paid-for guarantees found were of a duration of five years or less. Very few observations of the 2,456 prices collected for brown, white and grey goods, offered guarantees for more than a five-year period.[51]

The most common coverage duration for paid-for guarantees was three years, which was offered 31% of the time. One-, two- and five-year guarantees were offered 24%, 19% and 18% of the time, respectively. Four-year commercial guarantees were the least common, and were offered on 8% of the time.[52]

Figure 72: Duration of commercial guarantees offered online



Note: N=2,453. Please note that the 6-,8- and 10- year guarantee price observations have been excluded from the figure (these represent less than 1% of the total number of guarantees).
Source: Price collection exercise

Coverage offered by paid-for guarantees

The legal guarantee entitles consumers to three basic remedies in the case of non-conformity: repair, replacement or refund (full or partial). When paid-for guarantees were examined, it was noted that both repair and replacement were the most commonly offered benefits (and they are also the benefits that are received under a legal guarantee).

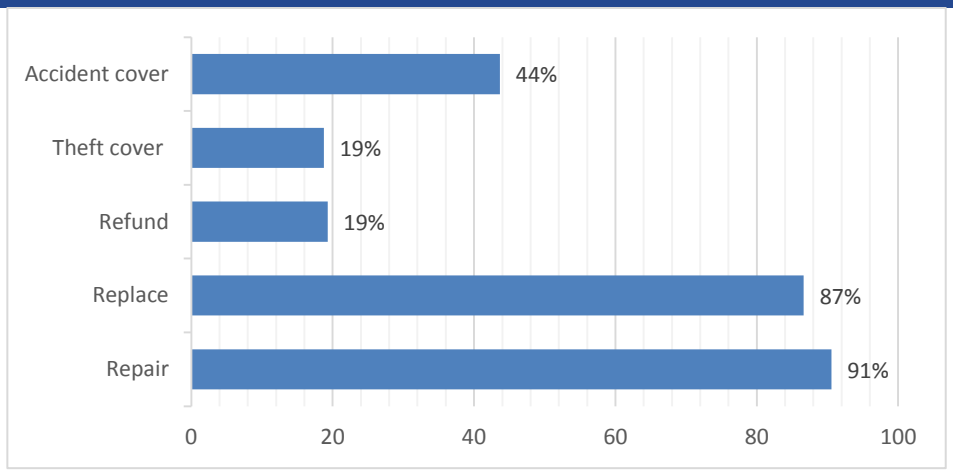
[51] These were one guarantee of ten years and one of six years in Italy and one extended guarantee of eight years in Germany.

[52] During the price collection exercise, information was also recorded as to whether the extended paid-for guarantee runs in parallel to the legal guarantee (vs. a paid-for guarantee that is additional to the minimum two-year coverage). In the case of our sample, 9% of the prices collected were from paid-for guarantees running in parallel to the legal guarantee. The observations (i.e. "Comments") made by our researchers during the data collection with regard these products seem to indicate that such extended paid-for guarantees offer their added-value through other coverage types, rather than the standard additional time coverage (e.g. coverage for certain spare parts of the product).

Of the paid-for guarantees included in this study, 87% offered replacement of the good, while repair was covered in 91% of instances. Generally, these two remedies were offered at the same time. Refunds were only offered by 19% of the paid-for guarantees that were part of this study.

Paid-for guarantees offered online often offered coverage associated with traditional insurance products, such as theft and accident cover. Theft cover was offered in 19% of the paid-for guarantee products, while accident cover was offered more often, in 44% of the paid-for guarantee products.

Figure 73: Type of remedy offered (commercial guarantees offered online)



Note: N=2,456.
Source: Price collection exercise

Factors associated with paid-for guarantee price

To examine the relationship between guarantee prices and guarantee characteristics, a multiple regression model was estimated.[53] The dependent variable is the price of the paid-for guarantee as recorded during the price collection exercise. The set of independent variables are the following guarantee characteristics:

- *Underlying product price*: the price collection exercise obtained unique prices and price ranges, as shown above. The guarantee price introduced in the regression builds on both the unique price and the average of the price ranges capped at €1000.[54] It is expected to have a positive influence on price: as the insured or "covered" value increases so should the coverage price.
- *Seller*: whether the guarantee is sold by a retailer or by a manufacturer, the reference category is a retailer.
- *Underlying product type*: product type (brown, grey or white). In this case, the reference category is brown goods.[55]

[53] A multiple regression is a statistical method, which measures many variables simultaneously and looks for cause-effect relationships.

[54] The threshold of €1000 was established to override the influence of outliers.

[55] In categorical variables, the regression output leaves one of the categories aside, in order to be the baseline with which to compare the rest of categories. By default, the first category is taken, which in this case is brown goods.

- *Duration*: length of the commercial guarantee in years. The risk of breakdown should increase as the product becomes older, therefore longer guarantees may be proportionately more expensive than shorter guarantees on a per annum cost.
- *Number of remedies:* in this value, coverage is considered as the number of remedies offered (not any given remedy per se, but its accumulation: 1, 2, 3, etc. remedies offered). The greater the coverage, the higher the cost is expected to be.
- *Insurance product:* if the product is insurance based or not. An insurance based product should charge an extra premium for the risks associated with theft and accident as opposed to only product breakdown (assuming that this greater coverage is offered).

The regression coefficients (see Table 11), can be interpreted in terms of their influence on the dependent variable (i.e. significance) and the direction of this relationship (positive, higher price; negative, lower prices) in influencing the outcome (i.e. the guarantee price).[56]

Table 11: Multiple regression model explaining the price of the paid-for guarantee (commercial guarantees offered online)

Explanatory variables	Paid-for guarantee price	Beta coefficients[57]
Product price	0.085 (27,65)**	0.502
Seller (retailer)	0.275 (-0.1)	-0.032
Product type		
Grey goods	39.059 (12.73)**	0.273
White goods	-1.68 (-0.59)	-0.016
Number of remedies	8.949 (7.33)**	0.128
Duration (in years)	16.443 (19,12)**	0.367
Insurance product	-37.546 (14.45)**	-0.265
Constant	-8.552 (-1.34)	
Observations (N)	1,392	
F(7 1384)	229.26 (0.000)	
R-squared	0.54	
Adj. R-squared	0.53	

Note: t statistics in parenthesis. *p<0.05, **p<0.01, ***p<0.0001. N is smaller due to missing values for some of the variables. Base category=brown goods.

Source: Price collection exercise

[56] The regression model has been computed over 1,392 data records, as indicated in the table, as the model only uses those data records which have no missing data on the variables included in the regression.

[57] Beta coefficients are the regression coefficients but standardised, which allow the asses their relative importance, and therefore, compare the independent variables between them (e.g. the relative influence of product price on guarantee price against the relative influence that guarantee duration has).

As can be seen in Table 11 (see previous page)[58], which presents the results of the multiple regression, the model displays a good fit (R^2 = 0.5369), which suggests that the variables explain more than 50% of the variation on the guarantee price.

- As expected, the product price, the number of remedies and the duration of the guarantee, are linked to a higher guarantee price. The coefficients for all these guarantee characteristics are statistically significant.
- Counterintuitively, insurance-based products have a negative relationship with the price of the guarantee: insurance-based guarantees seem to be associated with lower guarantee prices.
- The market agent (i.e. being the retailer or the manufacturer) selling the product also does not appear to have a significant effect on the guarantee price.
- On the product category[59], grey goods relative to brown goods, would create a price increase on the guarantee product price. However, in the case of white goods, the association has not been found to be statistically significant.
    - These results would point towards a strong difference between the influence on the guarantee price when purchasing a white good or a brown good. However, when comparing with the results of the product category and its relationship to the guarantee price relative to the product price, as seen in Figure 69, white goods were related to a higher relative guarantee price.
    - In fact, another specification of the regression model without the product price variable showed that white goods have a significant effect on the guarantee price. However, grey goods are not significant relative to a guarantee price for brown goods. This second model has a poor fit (R^2=0.0237)[60], but shows a confounding effect of product price and good categories, given the fact that good category is associated with slight differences on product prices.
- Finally, with regards to the beta coefficients, these statistics display the relative importance of each independent variable introduced in the model. As expected, the product price is the variable that is associated with the greatest increase in the dependent variable, followed by the duration of the paid-for guarantees. On the other hand, insurance-based guarantees have an important influence on price, but this relationship is negative.

6.1.2 Examination of commercial guarantees offered in-store

As part of the price collection data gathering, price data for paid-for guarantees was collected in-store through the mystery shopping exercise. The following countries are included in the dataset: the Czech Republic, France, Germany, Italy, Poland, Romania, Sweden and the UK. For each country, there were 30 product evaluations. For the

[58] The bullet points that comment the table do not specify the confidence level, but the relationships found between the guarantee price and the guarantee characteristics. These relationships are significant at $p<0.01$.

[59] Note that the regression model sets aside one of the three categories of product price, in this case, brown products. The coefficients that can be observed in the table for grey and white goods, therefore, are relative to the price variation when changing good category.

[60] Other further specifications of the regression model have been pursued: for instance, the UK has been taken out of the sample, to detect country driven results due to its number of observations relative to the rests of the countries. However, there were no significant differences between both models. A second approach was to use as dependent variable the annual guarantee product price (guarantee price/ duration in years of the guarantee). However, again, no meaningful differences were found.

same product, some mystery shoppers were offered different guarantee products (which differed by coverage duration): for the same product, there were between one and three guarantee prices recorded. In the following table, the number of products and guarantee product prices recorded by product category is displayed.

Table 12: Number of product and prices collected in-store, by good category and country

	Number of products	Number of guarantee prices	Brown goods	Grey goods	White goods
Czech Republic	**30**	**180**	12	80	88
France	**30**	**100**	16	52	32
Germany	**30**	**132**	20	52	60
Italy	**30**	**120**	20	44	56
Poland	**30**	**256**	40	120	96
Romania	**30**	**212**	44	88	80
Sweden	**30**	**52**	4	32	16
United Kingdom	**30**	**92**	24	32	36
Total	**240**	**1,144**	**180**	**500**	**464**

The following quantitative analysis[61] was conducted:

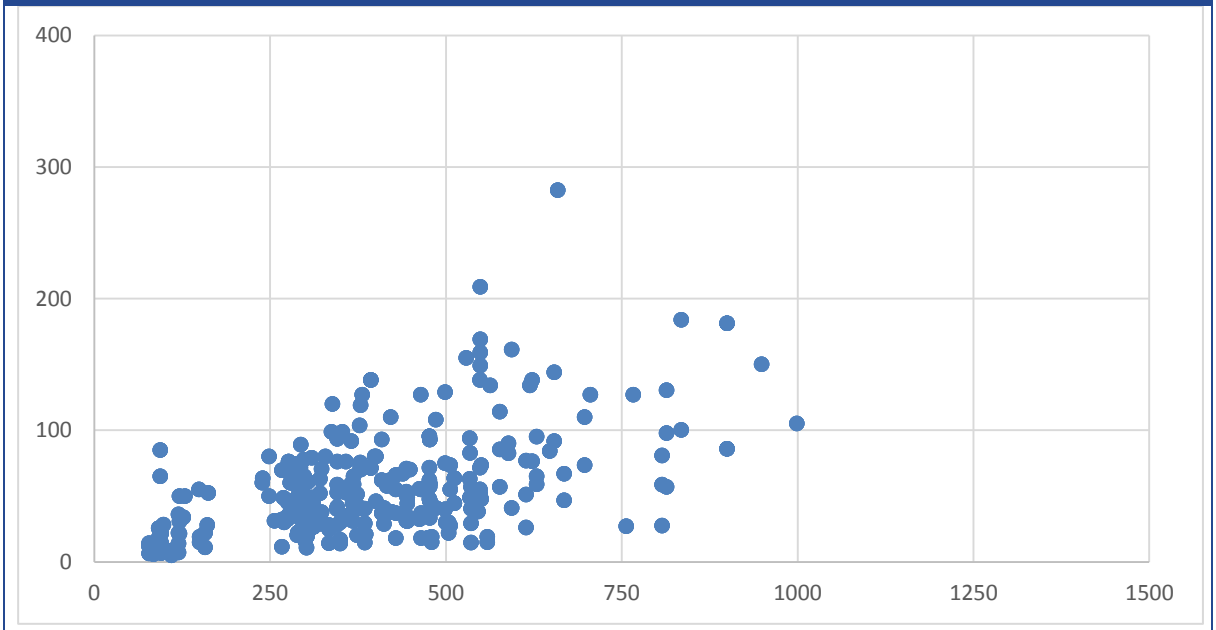
- Scatter plot of prices; and
- Price of the paid-for guarantee relative to the price of the underlying product.

[61] The characteristics of the paid-for guarantee which were recorded were the price and time duration: these would allow to cover three out of the seven topics which have been covered in the previous section. However, the on-premise price data cannot be specifically examined for time duration of the paid-for guarantee: the split of the data prices indicate a 25% presence of 1 year, 2 year, 3 year and 4 year coverage. This split followed the agreed methodology for this exercise, therefore, the sample is not representative of the amount of duration coverage available in the market

Scatter plot of guarantee prices collected in-store

Figure 74 displays a scatter plot of all the prices collected in-store, without distinguishing between the countries of the observation. The scatter plot shows that guarantee prices vary more when the product price is larger.

Figure 74: Paid-for guarantee price relative to the average product price (commercial guarantees offered in-store)



Note: N=1,144. In this scatterplot, one can see the distribution of all the prices, without distinguishing the country of origin of the observation. The range 0-1500 of the product price, and 0-400 of the guarantee price has been maintained to be comparable with the online price data.

Source: Price collection exercise

Relationship between the product price and the paid-for guarantee price

Continuing with the examination of guarantee prices, the following figure displays the guarantee price relative to the price of the underlying product for the data gathered in-store.[62] The relative price displays similar percentages as observed with the data set gathered online for brown and white goods. However, in the case of grey goods, the percentages are slightly lower.

The range for each country is similar across good categories, with the exception of the Czech Republic, which is characterised by a markedly larger variation between brown goods at one end, and grey and white goods at the other end.

Figure 75: Price of the guarantee relative to the underlying product price (commercial guarantees offered in-store)

Note: N=1,144. Figures display the average percentage price of the guarantee relative to the price of the underlying product (expressed as a percentage of the product price).
Source: Mystery shopping exercise

[62] Please, note that the prices were gathered for one unique product price in mystery shopping therefore there is only one data point.

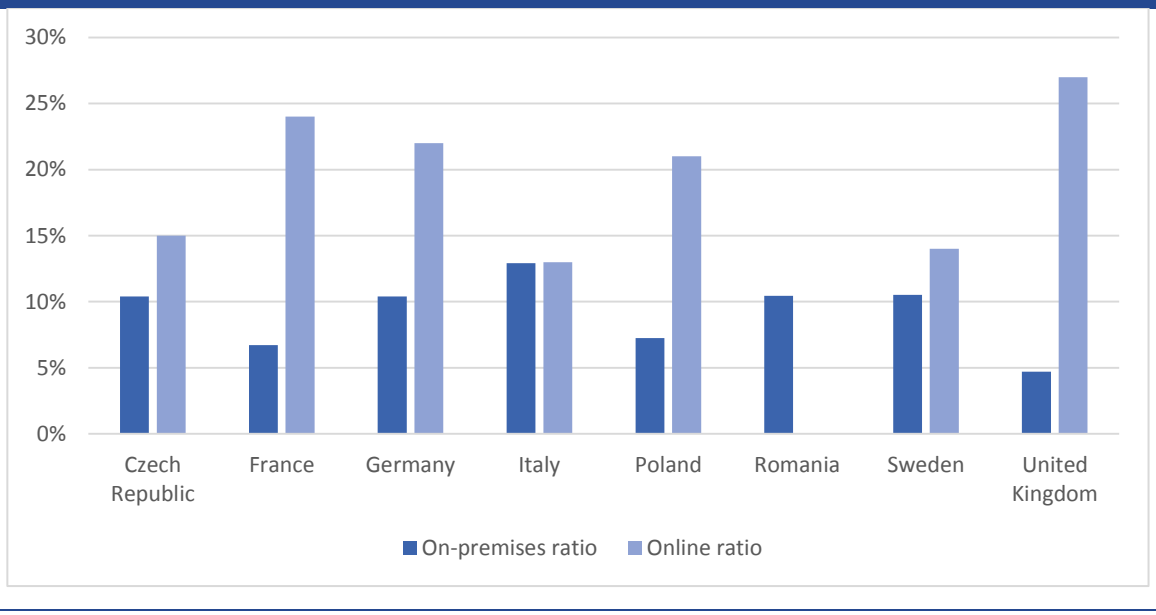
In-store versus online data

A comparison can also be made in the differences in the paid-for guarantee price (relative to the underlying product) between the prices gathered in-store and the prices gathered through online retailers and manufacturers' websites. The next figure displays the average relative prices obtained across product category and by country.

The Czech Republic, Italy and Sweden show roughly similar average values for the prices gathered online and those found in-store.[63] However, there is a large variation between the prices gathered online and those found in-store in France, Germany, Poland and the UK. There are a number of reasons which can account for at least some of these differences:

- The online data often used a range (lower to higher range of product price and lower to higher guarantee price), while in store data was based on single product. This naturally impacts on the range and the average values.
- For the UK, a lot of data for guarantees sold online was taken from various retailers who had provided prices to a specific comparison tool.

Figure 76: Price of the guarantee relative to the underlying product price, comparison between in-store and online collected prices



Note: N=1,144 for in-store and 2,456 for online data. Figures display the average percentage price of the guarantee relative to the price of the underlying product (expressed in as a percentage of the product price).
Source: Price collection

[63] Please note that no comparison is possible in Romania, as in the online price collection exercise this country was excluded from the analysis due to low number of collected guarantee prices.

6.1.3 Examination of commercial guarantees offered with cars

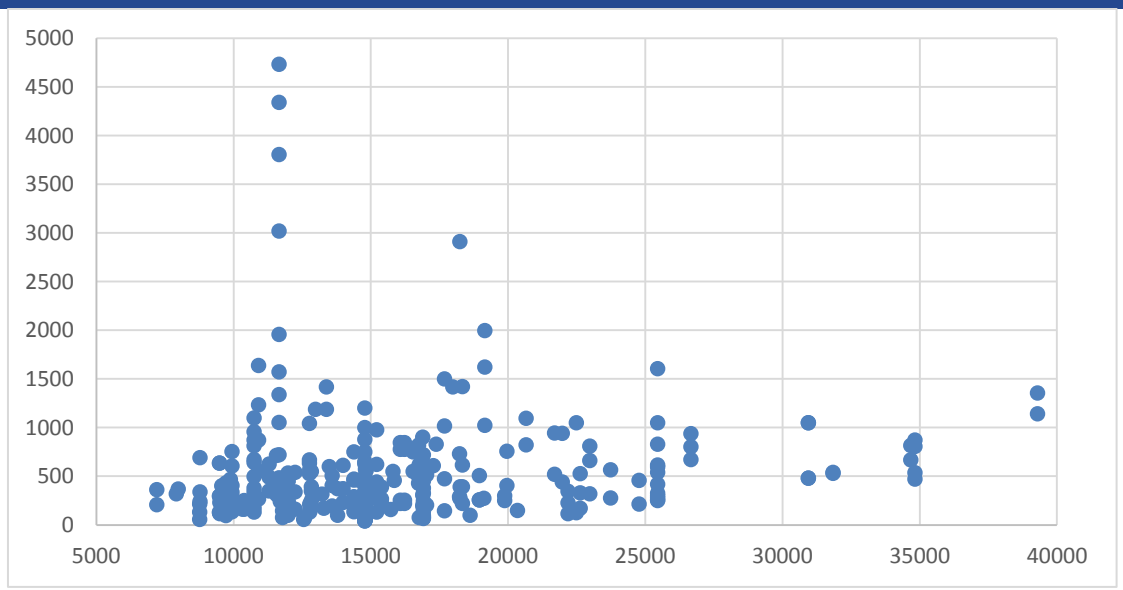
Within the car market, 311 prices were found across the 30 countries included in the study; the data was – once again – unevenly distributed across different countries. The Netherlands (72), Poland (39), Slovakia (35) and Denmark (27) had the highest number of price data records; however, 10 countries had less than five price records.

Scatter plot representation of prices

The scatter plot representation of prices displays the following:

- The majority of countries cluster in the range of car prices between €10,000-25,000, and guarantee prices which do not exceed €2,000.
- A set of countries (e.g. the Nordic countries, France, etc.), show a higher level of prices for both cars (€15,000-25,000) and the average price for guarantee products (€600-900).
- Poland is an outlier: specifically, this country has expensive paid-for guarantees, due to the fact that these products are linked to higher mileages and years of coverage.

Figure 77: Paid-for guarantee price relative to the average car price



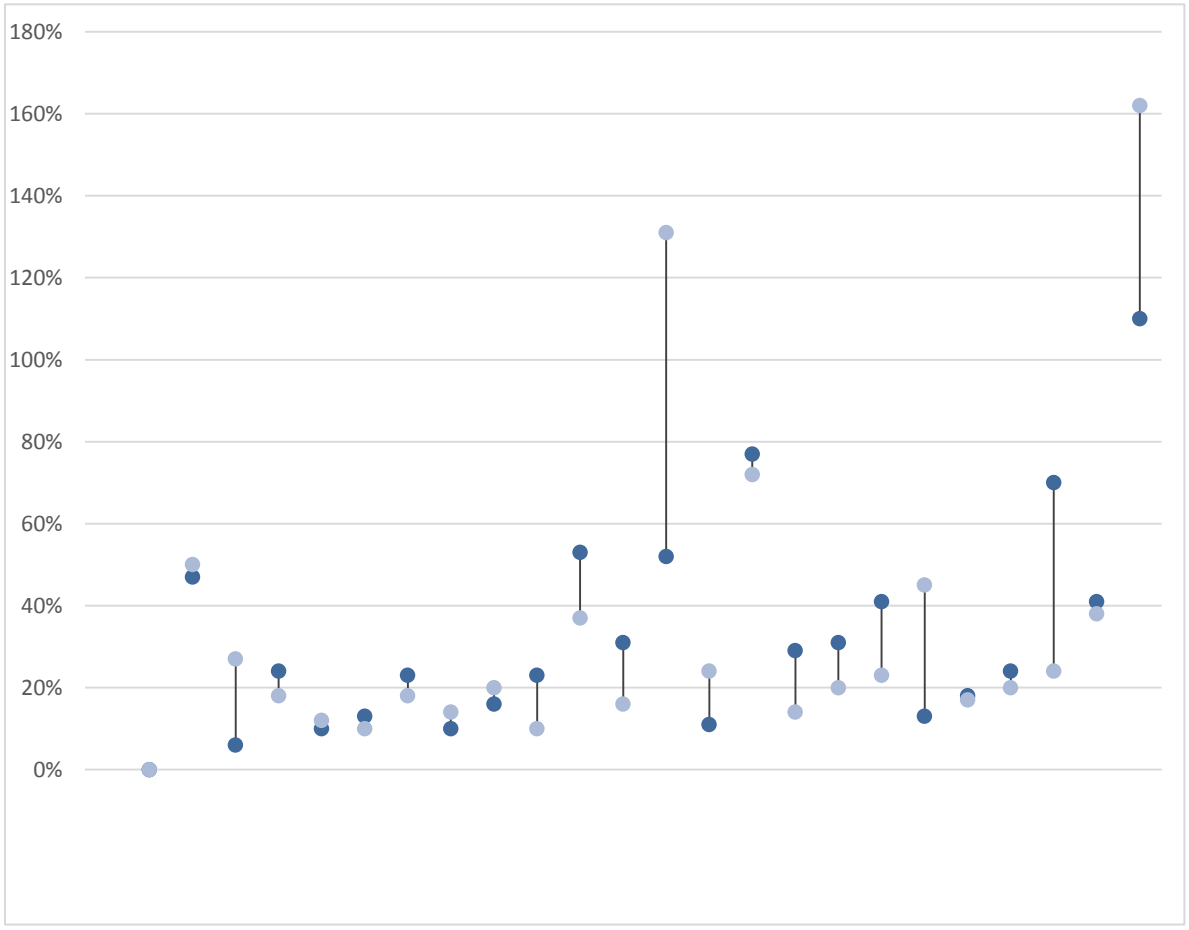
Note: N=311
Source: Price collection exercise

Relationship between the product price and the paid-for guarantee price

The clustering of prices observed above is already indicative of the price level of the guarantee product compared to the underlying covered product. However, a better indicator is the range of the guarantee prices. With respect to the car guarantee market, this range is smaller. This is due to the fact that some retailers displayed a range of prices for different configurations of the same car model (i.e. with optional extras), while others did not.

As observed in Figure 78, overall the paid-for guarantee relative to the price of the underlying product (with the exception of Poland[64]), does not exceed 6% of the product price. This differs greatly from the brown, grey and white goods market, where this percentage ranged between 10%-30% of the underlying product price.

Figure 78: Paid-for guarantee price relative to the average car price, by country and in %



Note: N=311. The figure displays the percentage value of the paid-for guarantee price relative to the car price (expressed in as a percentage of the product price). Note that the majority of prices for cars were recorded in the "lower" price cell. Therefore, only one point data is observed in the graph.
Source: Price collection exercise

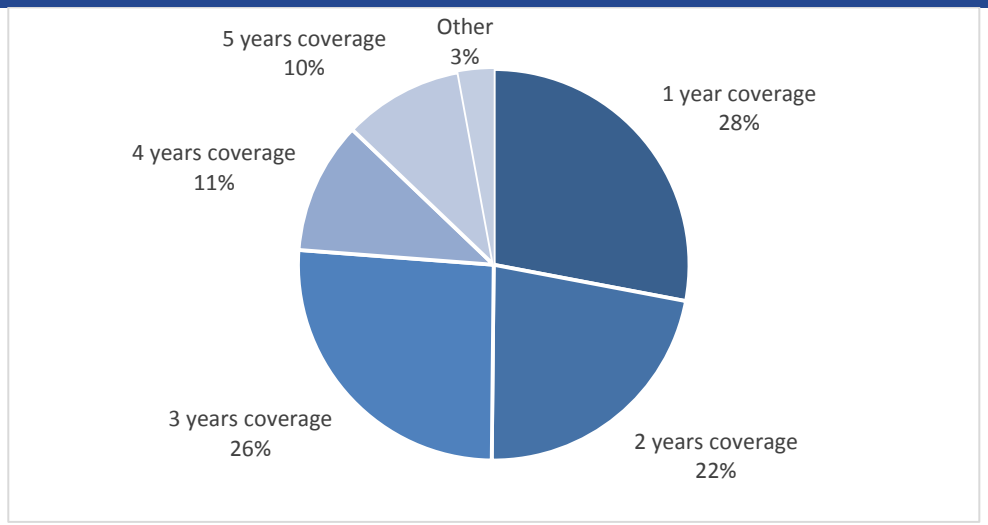
[64] Poland is in this case an outlier because of the type of price observations that were recorded: the manufacturers tend to offer guarantees with different combinations, and above all taking into account the mileage: for instance, for a car price and a given time duration, there were different guarantee product prices associated, which corresponded to different mileage coverages.

Duration of the commercial guarantee

The duration of the paid-for guarantees offered with cars seems to be distributed fairly evenly across guarantee products which offer one-year (28%), two-year (22%) and three-year (26%) coverage. Less common in the market are those guarantees which cover a greater time span, such as guarantees with a four-year (11%) and five-year (10%) duration.

In fact, some of the guarantee products are not based on duration but mileage. For instance, a one-year guarantee can be associated with two different prices, based on the mileage offered with it (e.g. 100,000km – 150,000km).

Figure 79: Duration of commercial guarantees offered with cars, %



Note: N=311.
Source: Price collection exercise

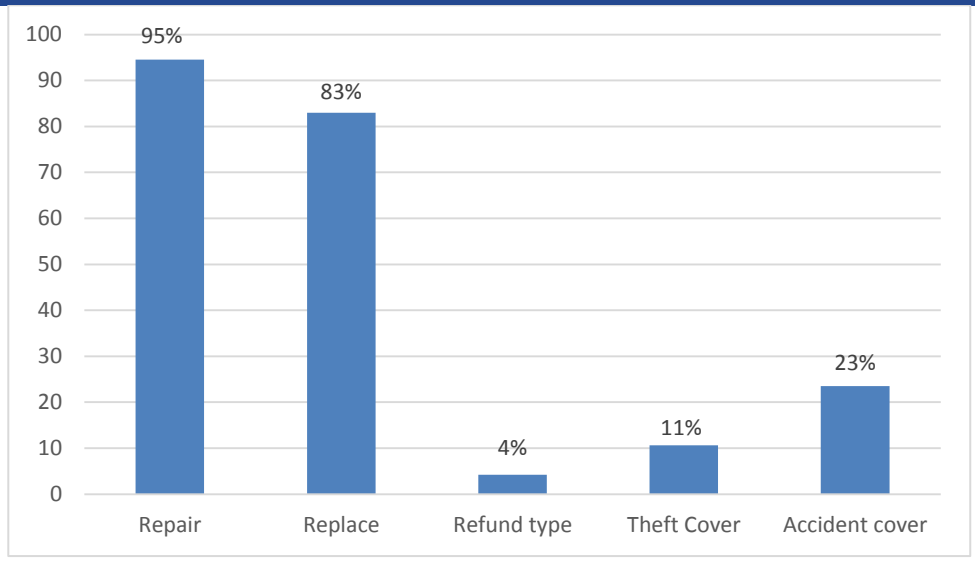
Coverage offered by paid-for guarantees

It is also important to refer to the services that the paid-for guarantee offers, given that this is an indication of the "value" of a guarantee. In the majority of cases, the paid-for guarantee offers replacement of components (83%) or repair (95%) for a longer time period. Only exceptionally is a refund available (only for 4%).

In the case of guarantee products which offer a price refund, these benefits were only observed in Denmark and Finland. The manufacturer in these instances offers the consumer the possibility to opt for a price refund (for example, partial or full refund, depending on the age of the purchased car).

Within the overall car guarantee market, theft cover and accident cover were offered in a much lower number of cases (i.e. 11% and 23% of the time, respectively), compared to the market for brown, white and grey goods (i.e. 19% and 44% of the time, respectively).

Figure 80: Type of remedy offered (commercial guarantees offered with cars)

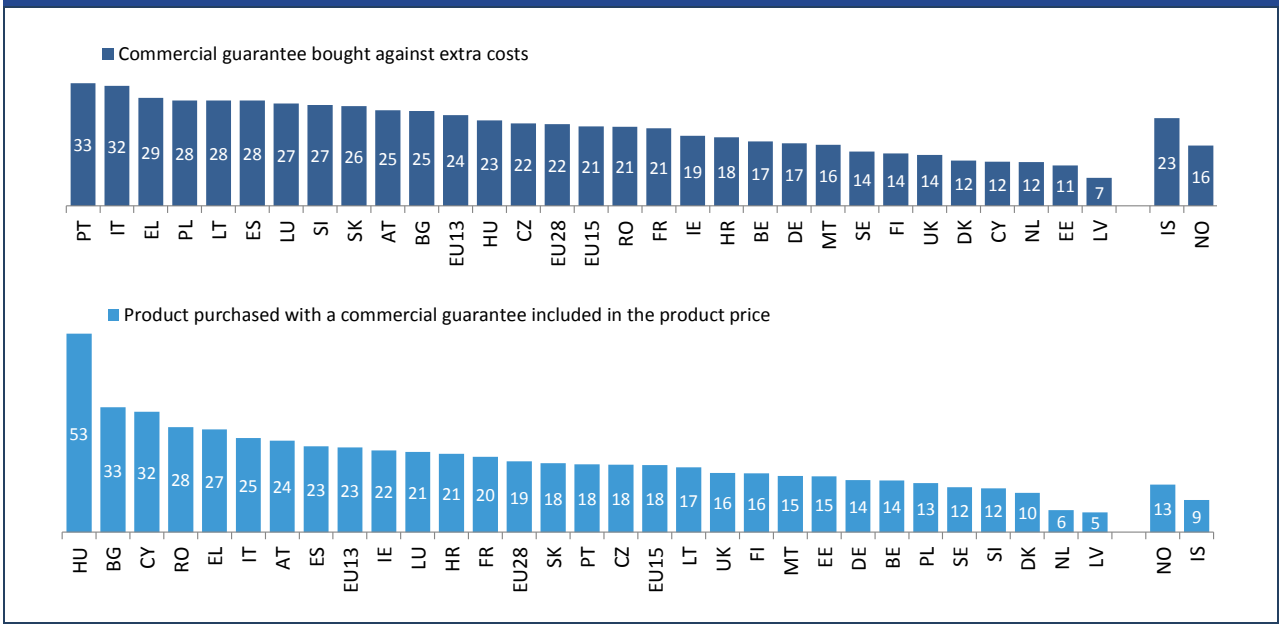


Note: N=311.
Source: Price collection exercise

6.1.4 Buying products with a commercial guarantee

Frequency of buying commercial guarantees

Figure 81: Proportion that bought a commercial guarantee against extra costs or a product with a commercial guarantee included in the product price in the past three years, by country



Q4a. Did you purchase any commercial guarantees sold against extra costs for the products you bought over the last 3 years?
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Q4b. During the last 3 years, did you purchase any product with a commercial guarantee included in the product price?
%, by country, Base: respondents who have NOT bought a commercial guarantee sold against extra cost (EU28: n=19,762; NO: n=797; IS: n=371)
Source: Consumer survey

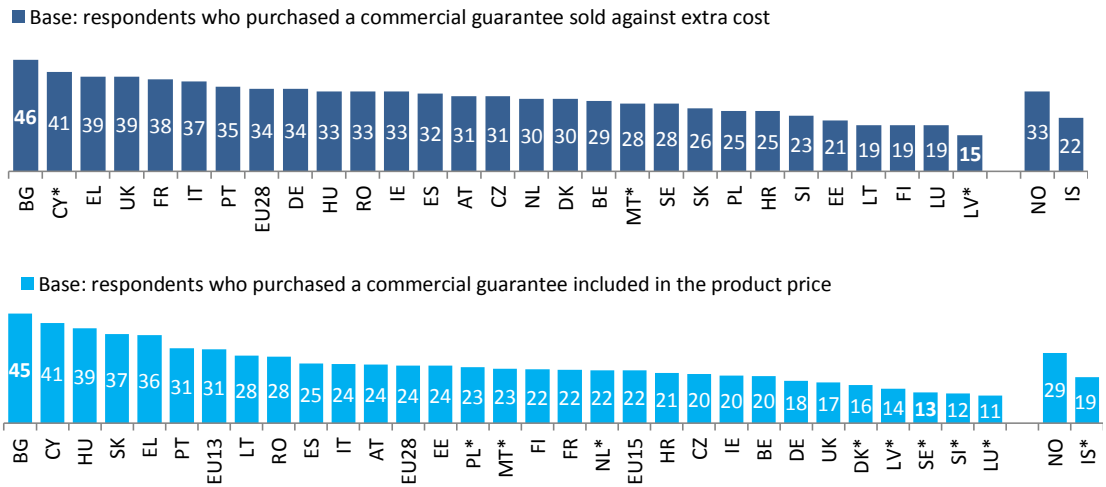
Across the EU28, 22% of survey respondents indicated that they had purchased a commercial guarantee at an extra cost in the past three years; this proportion ranged from less than a tenth (7%) in Latvia to a third in Italy and Portugal (32% and 33%, respectively).

Only respondents who had not purchased a guarantee at an extra cost were asked whether they had bought any products in the past three years with a commercial guarantee included in the product price. The proportion of respondents who had purchased a product with a commercial guarantee included in the product price ranged from 5% in Latvia and 6% in the Netherlands to 53% in Hungary.

Among respondents who had bought a commercial guarantee sold against extra cost in the past three years, 34% answered that they also had to rely on this commercial guarantee because they had a problem with a product. At country level, this figure varies between 15% in Latvia and 46% in Bulgaria.

Among respondents who bought a commercial guarantee included in the product price during the last three years, 24% indicated that they had to rely on this commercial guarantee; this figure ranges from 11% in Luxembourg to 45% in Bulgaria.

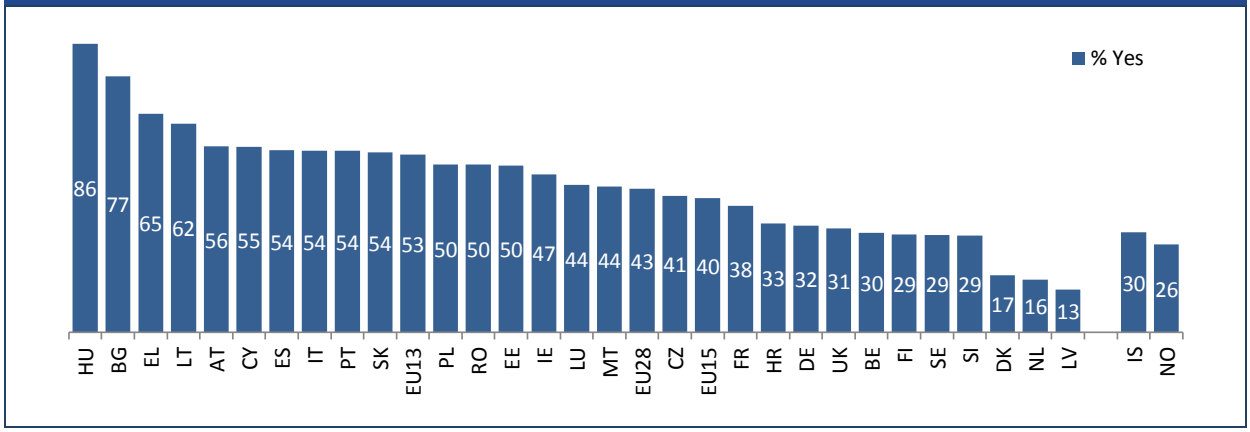
Figure 82: Proportion that had to rely on a commercial guarantee, by country



Q4c.During the last 3 years, did you have to rely on a commercial guarantee because you had problems with a product?
Q4a. Did you purchase any commercial guarantees sold against extra costs for the products you bought over the last 3 years?
Q4b. During the last 3 years, did you purchase any product with a commercial guarantee included in the product price?
Note: * n<100
%, by country; Base (top chart): respondents who bought a commercial guarantee sold against extra cost (EU28: n=5,572; IS: n=119; NO: n=160); Base (bottom chart): respondents who bought a product with a commercial guarantee included in the product price (but did not buy a commercial guarantee at extra cost) (EU28: n=3,804; IS: n=31; NO: n=100)
Source: Consumer survey

In the consumer survey, respondents were asked whether they had bought a specific set of products in the past two years (see Section 7.1.1); for each of the products bought, respondents were asked whether the product was covered by a commercial guarantee. The proportion of respondents who reported that at least one of products they bought in the past two years (of the product categories included in the survey) was covered by a commercial guarantee ranged from 13% in Latvia to 86% in Hungary.[65]

Figure 83: Proportion of respondents that bought at least one product covered by a commercial guarantee, by country



Q29. Still thinking about the product you bought in the past 2 years, was the last product you bought covered by a commercial guarantee? % (yes), by country, Base: respondents who bought at least one product in the past two years (EU28: n=26,108; IS: n=498; NO: n=984)
Source: Consumer survey

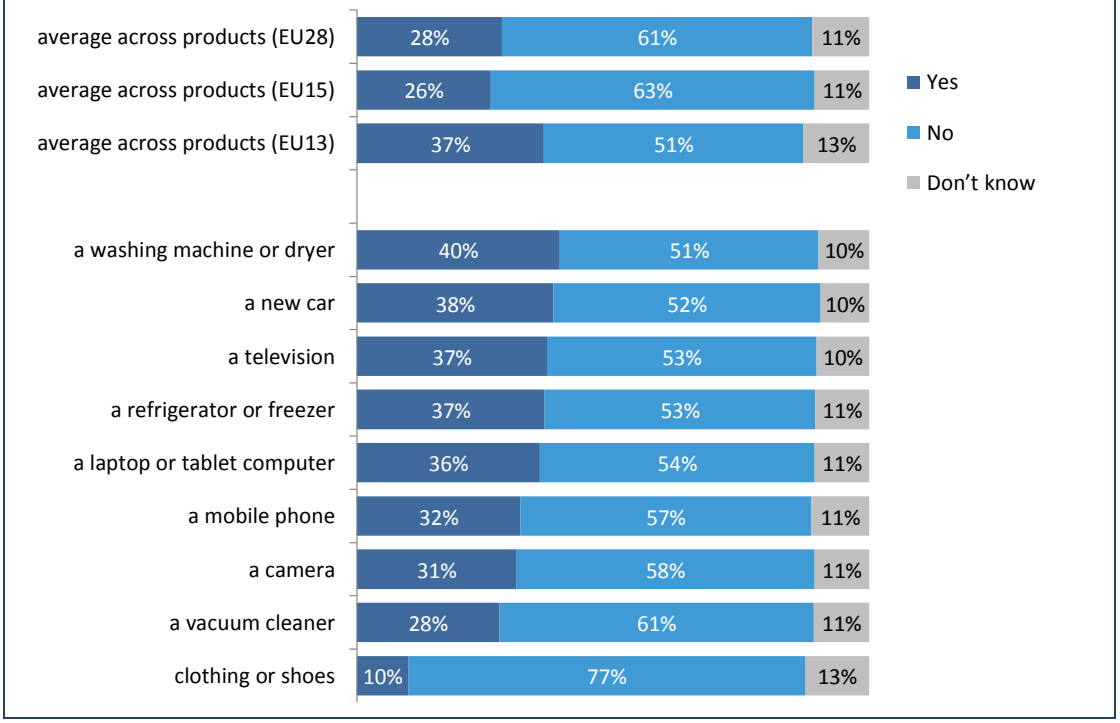
Type of products bought with a commercial guarantee

The figure on the following page shows that the proportion of respondents answering affirmative to the question whether the product was covered by a commercial guarantee varied from 10% for clothing and footwear to 40% for washing machines and dryers. Interpreting the differences in this proportion across products is difficult due to the fact that these figures are the consequence of differences in the availability of commercial guarantees (both paid-for and included in the product price) and differences in consumers' propensity to buy a commercial guarantee across products.

It is also interesting to note that, for roughly a tenth of products, respondents were not able to tell whether the product was covered by a commercial guarantee or not.

[65] The correlation – at country level – between this proportion and the proportion of respondents who had bought a product with a commercial guarantee in the past three years (any type of product, and not only those covered in the survey – Q4a/Q4b) is 0.89.

Figure 84: Products covered by a commercial guarantee

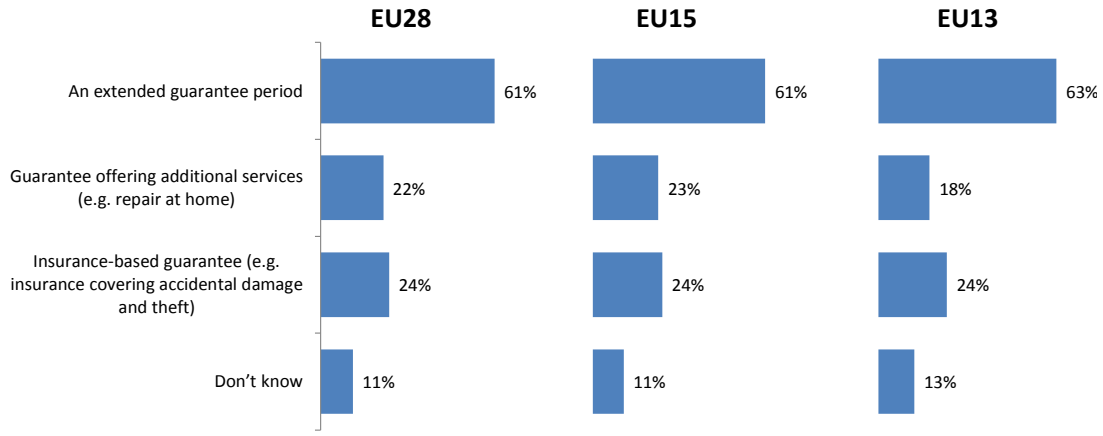


Q29. Still thinking about the product you bought in the past two years, was the last product you bought covered by a commercial guarantee?
%, EU28, Base: all products bought in the past two years (EU28: n=96,855; EU15: n=52,958; EU13: n=43,897)
Source: Consumer survey

Services covered by the commercial guarantee

A majority (61%) of respondents who had bought a product with a commercial guarantee answered that this guarantee offered an extended guarantee period. Somewhat more than a fifth (22%) of respondents stated that the guarantee offered additional services (e.g. repair at home) and about a quarter (24%) said they had bought an insurance-based guarantee (e.g. covering accidental damage). About a tenth (11%) did not know which services were covered by the commercial guarantee.

Figure 85: Type of service included in the commercial guarantee

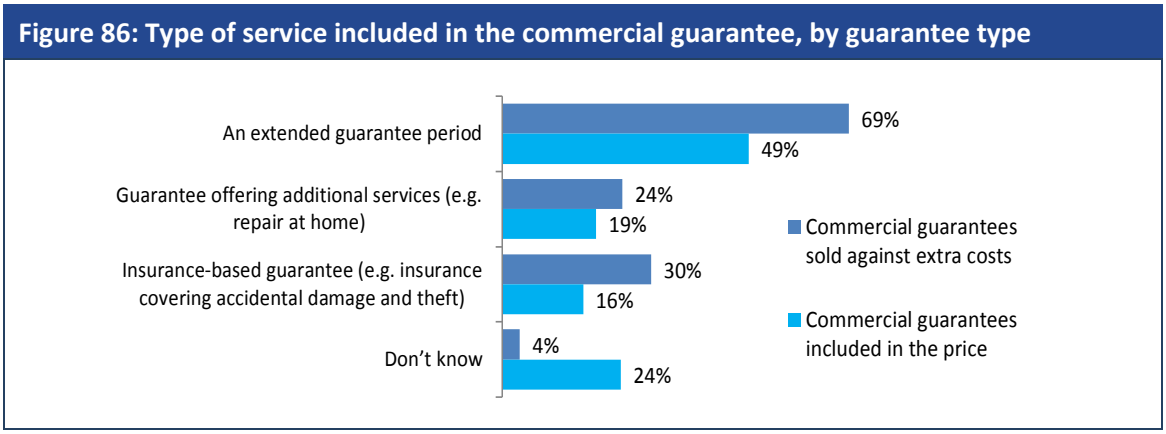


Q9. Thinking of the last time you purchased a product with a commercial guarantee, what type of service was included?
% (multiple response), EU28, Base: respondents who bought a commercial guarantee sold against extra cost or a guarantee included in the product price (EU28: n=9,376; EU15: n=4,895; EU13: n=4,481)
Source: Consumer survey

Looking more closely at the type of guarantee (bought at an extra cost vs. included in the product price), respondents who bought a product with a commercial guarantee included in the product price were more likely not to know which services were covered by the guarantee (24% vs. 4% for respondents who bought a paid-for commercial guarantee). For both type of guarantees, the service most frequently offered was an extended guarantee period (69% for paid-for guarantees and 49% for guarantees included in the product price).

The findings for paid-for guarantees are in line with those from the price collection exercise[66] where paid-for guarantees for brown, grey and white goods offering coverage associated with traditional insurance products, such as theft and accident cover, were observed less frequently than paid-for guarantees offering replacement or repair. Moreover, also in the price collection exercise, 57% of paid-for guarantees offered online had an extended guarantee period (i.e. more than two years).

Figure 86: Type of service included in the commercial guarantee, by guarantee type



Q9. Thinking of the last time you purchased a product with a commercial guarantee, what type of service was included?
Note: the differences in proportions across the two groups is statistically significant at p < 0.05
% (multiple response), EU28, Base: respondents who bought a commercial guarantee sold against extra cost (EU28: n=5,572) (dark blue bars); respondents who bought a product with a commercial guarantee included in the product price (but did not buy a commercial guarantee at extra cost) (n=3,804) (light blue bars)
Source: Consumer survey

The table on the following page shows that, in Slovenia, 79% of respondents who had bought a product with a commercial guarantee reported that this guarantee offered an extended guarantee period; in Cyprus, this figure was just 28%. The proportion of respondents who had bought a product with a commercial guarantee and who answered that the guarantee offered additional services varied between 7% in Croatia and 32% in the UK.

Looking at insurance-based guarantees, it is observed that, among respondents who had bought a product with a commercial guarantee, the proportion having obtained an insurance-based commercial guarantee ranged from 12% in Romania to 47% in Denmark. Poland (38%), Portugal (38%), Spain (35%) and Finland (33%) joined Denmark at the higher end of the country ranking. In Iceland and Norway, a majority of respondents said they had bought an insurance-based guarantee (53% and 56%, respectively).

[66] Note that a different definition of "insurance-based" guarantee was used in the price collection exercise and in the consumer survey/mystery shopping; in the price collection, the focus was on the market agent responsible to back the extended guarantee (such as an insurer, insurance broker or manufacturer), while in the consumer survey and mystery shopping exercise the focus was on the services offered – such as an insurance against theft of accidental damage.

Respondents in Cyprus, together with those in Hungary, were more likely than their counterparts in other countries to admit not knowing what was covered by the commercial guarantee offered with the product they had bought (24% and 29%, respectively).

Table 13: Type of service included in the commercial guarantee, by country

	An extended guarantee period	Guarantee offering additional services	Insurance-based guarantee	Don't know
SI	**79%**	9%	25%	**3%**
HR	76%	**7%**	15%	9%
LV	70%	18%	19%	8%
IT	70%	19%	21%	6%
CZ	69%	15%	22%	10%
LT	67%	13%	20%	15%
EL	67%	20%	20%	8%
DE	66%	28%	22%	14%
EE	65%	22%	14%	14%
SK	64%	17%	21%	8%
PL	64%	23%	38%	7%
RO	64%	20%	**12%**	12%
BE	63%	25%	17%	13%
LU	62%	14%	23%	11%
EU28	61%	22%	24%	11%
NL	60%	26%	25%	6%
BG	59%	13%	21%	15%
UK	57%	**32%**	20%	11%
DK	56%	18%	**47%**	8%
IE	56%	25%	27%	10%
AT	55%	20%	26%	16%
PT	55%	15%	38%	8%
ES	55%	21%	35%	9%
FR	53%	22%	20%	16%
HU	51%	13%	15%	**29%**
FI	50%	11%	33%	16%
MT	50%	28%	18%	9%
SE	42%	16%	46%	11%
CY	**28%**	16%	35%	24%
IS	40%	16%	53%	17%
NO	**27%**	15%	**56%**	13%

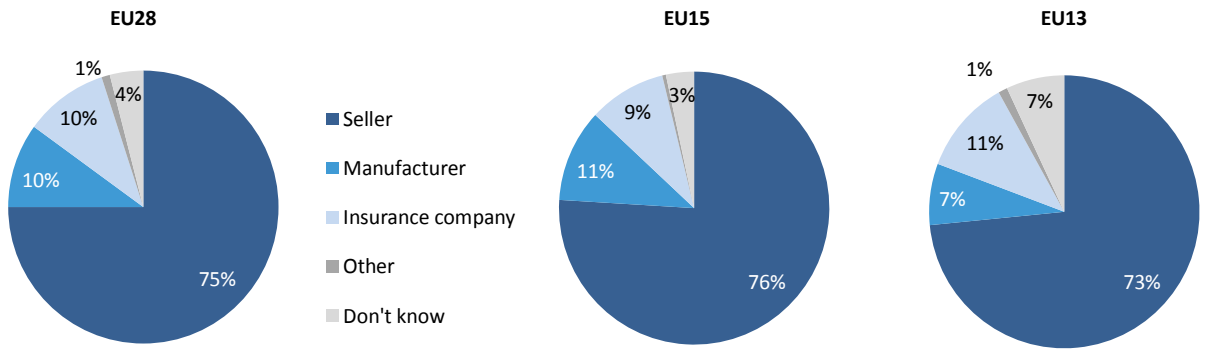
Q9. Thinking of the last time you purchased a product with a commercial guarantee, what type of service was included? % (multiple response), by country, Base: respondents who bought a commercial guarantee sold against extra cost or a guarantee included in the product price (EU28: n=9,376; IS: n=150; NO: n=260)

Source: Consumer survey

Contract for the commercial guarantee

Three-quarters of respondents who had bought a paid-for commercial guarantee had concluded the contract for this guarantee with the seller. A tenth of respondents answered that the contract had been concluded with the manufacturer and another tenth said they had signed a contract with an insurance company.

Figure 87: Contract for the commercial guarantee



Q10. Thinking of the last time you purchased a product with a commercial guarantee bought at an extra cost, with whom did you conclude the contract for this commercial guarantee?
%, EU28, Base: respondents who bought a commercial guarantee sold against extra cost (EU28: n=5,572; EU15: n=3,027; EU13: n=2,545)
Source: Consumer survey

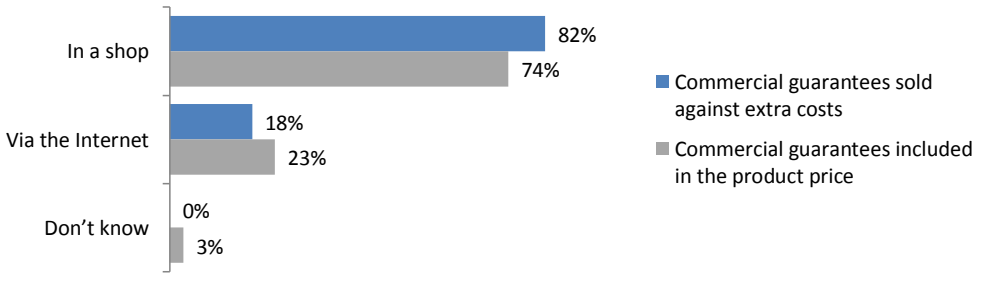
6.2 Consumers' purchase behaviour for commercial guarantees

6.2.1 Details about the purchasing process

Purchase channel

The consumer survey showed that a majority of respondents, who had bought a product with a commercial guarantee in the past two years, had bought the product in a shop: 82% for products with a commercial guarantee bought at an extra cost and 74% for products with a commercial guarantee included in the product price.

Figure 88: Purchasing product with a commercial guarantee in a shop or via the Internet

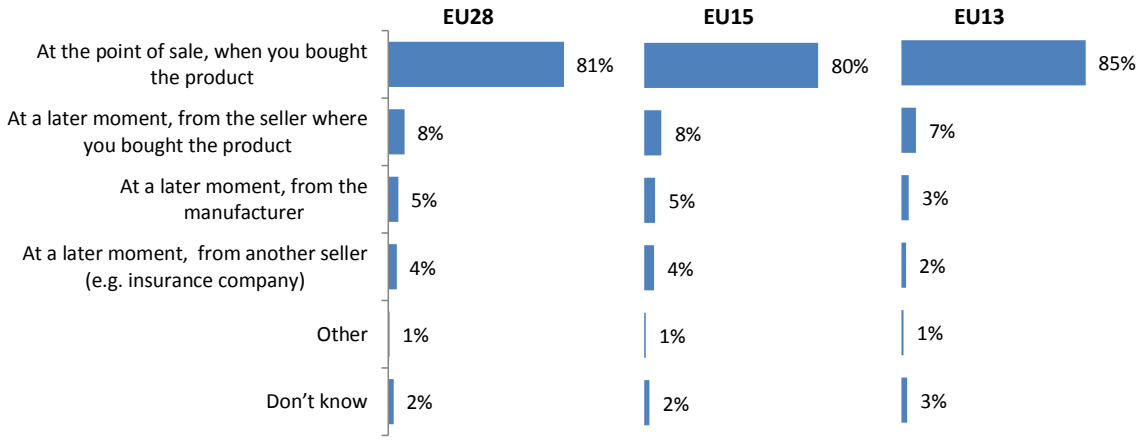


Q5. Thinking of the last time you purchased a product with a commercial guarantee, did you purchase the product in a shop or via the Internet (website, email, etc.).
%, EU28, Base: respondents who bought a commercial guarantee sold against extra cost (EU28: n=5,572) (dark blue bars); respondents who bought a product with a commercial guarantee included in the product price (but did not buy a commercial guarantee at extra cost) (n=3,804) (grey bars)
Source: Consumer survey

When and where are commercial guarantees bought?

Roughly 8 in 10 respondents who had bought a paid-for commercial guarantee said that the most recent guarantee they had bought was purchased at the point of sale when buying the product.[67] The remaining respondents had bought the guarantee at a later moment (i.e. at a different time then when buying the product): 8% from the seller where they bought the product; 5% from the manufacturer and 4% from another seller specialised in commercial guarantees (e.g. an insurance company).

Figure 89: When and where are commercial guarantees bought?

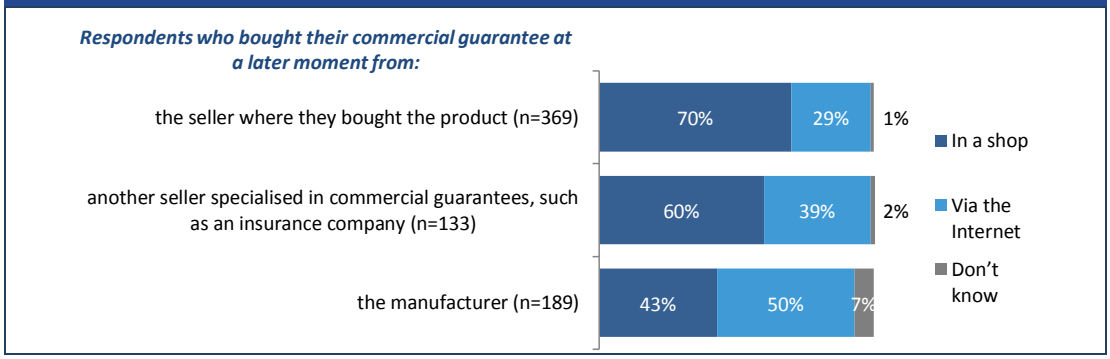


Q11a. Thinking of the last time you purchased a product with a commercial guarantee, when and where did you buy this commercial guarantee?
%, EU28, respondents who bought a commercial guarantee sold against extra cost (EU28: n=5,572; EU15: n=3,027; EU13: n=2,545)
Source: Consumer survey

[67] It was tested whether respondents who had bought at least one product *via a distance channel from a seller abroad* in the past two years (Question 2) were more likely to have bought the commercial guarantee at a later moment; however, the difference observed was small (78% of these respondents had bought a commercial guarantee at the point of sale when they bought the product, compared to an EU28 average of 81%).

The following figure illustrates that commercial guarantees that were bought at a later moment were more frequently bought online. In total, 18% of paid-for commercial guarantees had been bought online (see Figure 88); for commercial guarantees bought at a later stage, this figure varies between 29% and 50%.[68]

Figure 90: Where did respondents who bought their guarantees at a later moment buy these guarantees?

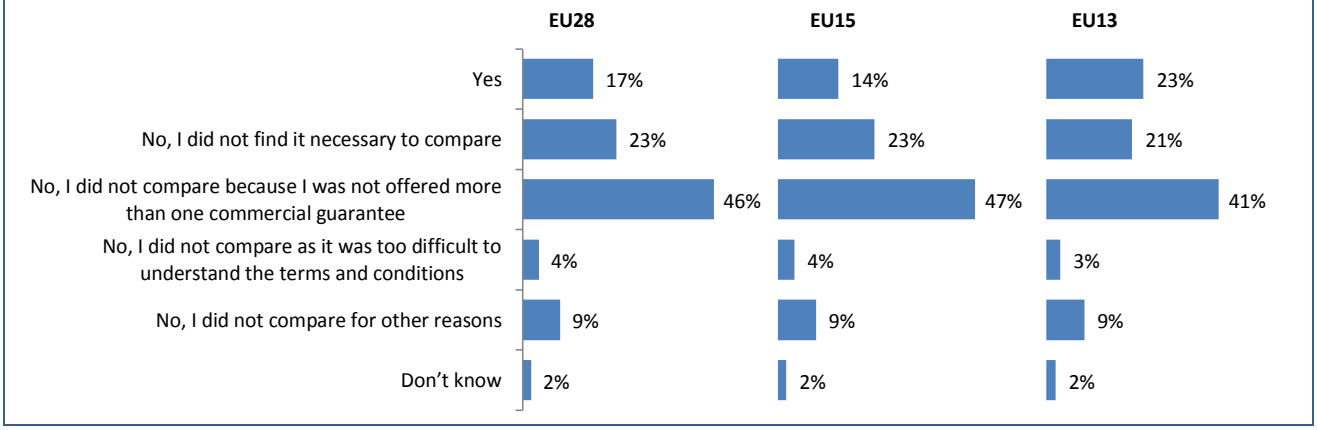


Q11b. And did you purchase this commercial guarantee in a shop or via the Internet?
Q11a. Thinking of the last time you purchased a product with a commercial guarantee, when and where did you buy this commercial guarantee?
%, EU28, Base: respondents who bought a commercial guarantee sold against extra cost at a later moment (n=691)
Source: Consumer survey

6.2.2 Comparing commercial guarantees before making a purchase

Respondents who had bought a commercial guarantee at an extra cost were asked whether they had compared different guarantees before actually buying the guarantee. One in six respondents answered that they had made a comparison of commercial guarantees. Among respondents who had not compared guarantees, the largest share answered that they were offered only one guarantee (46% of all respondents who had bought a commercial guarantee).

Figure 91: Comparing guarantees as part of the purchasing process



Q7. Thinking of the last time you purchased a commercial guarantee against extra costs, did you compare two or more commercial guarantees before you decided to buy one?
%, EU28, Base: respondents who bought a commercial guarantee sold against extra cost (EU28: n=5,572; EU15: n=3,027; EU13: n=2,545)
Source: Consumer survey

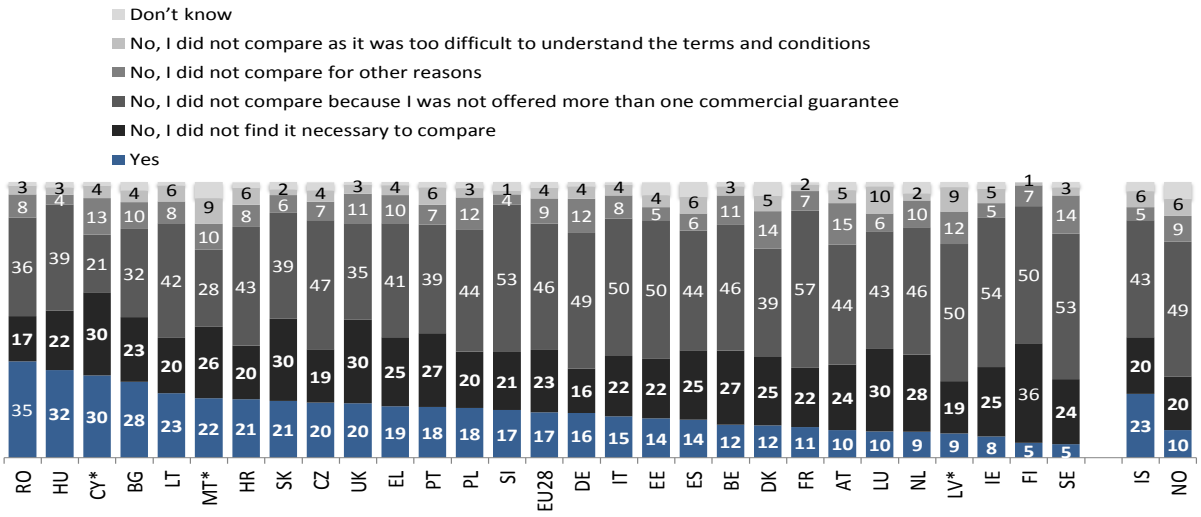
[68] Among the respondents who bought a commercial guarantee at a later stage, 117 also bought at least one product via a distance channel from a seller abroad (measured in Question 2). Of these 117 respondents, 41% had bought the commercial guarantee online (compared to an average of 37%).

Respondents in EU13 countries reported more frequently than those in EU15 countries that they had made a comparison of commercial guarantees when they most recently bought a commercial guarantee (23% vs. 14%, respectively).

The individual country results show that, among respondents who had bought a commercial guarantee at an extra cost, the proportion who said they had compared different guarantees before actually buying a guarantee ranged from 5% in Finland and Sweden to 35% in Romania. Bulgaria, Cyprus and Hungary were close to Romania, with between 28% and 32% of respondents who had compared guarantees.

Across most countries (the exception being Cyprus), the most important reason for not having compared guarantees was that respondents were offered only one guarantee; a figure that varied between 21% in Cyprus and 57% in France.

Figure 92: Comparing guarantees as part of the purchasing process, by country



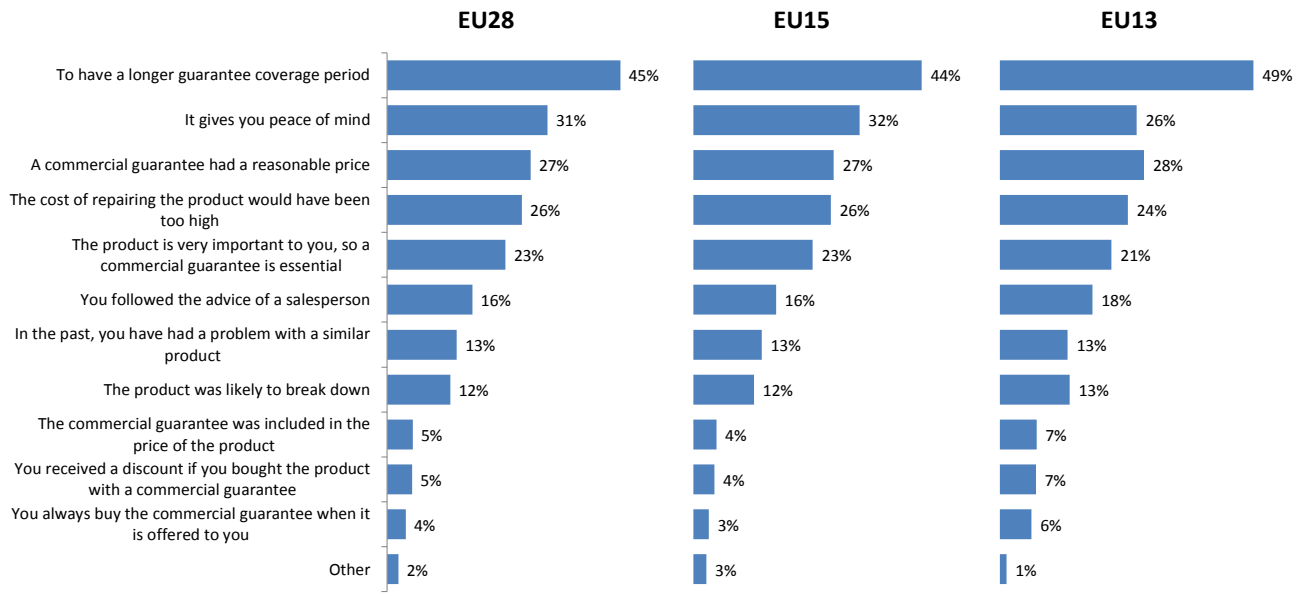
Q7. Thinking of the last time you purchased a commercial guarantee against extra costs, did you compare two or more commercial guarantees before you decided to buy one?
Note: * n<100
%, by country, Base: respondents who bought a commercial guarantee sold against extra cost (EU28: n=5,572; IS: n=119; NO: n=160)
Source: Consumer survey

6.2.3 Reasons for buying a commercial guarantee

When asked about respondents' main reasons for buying a commercial guarantee, the largest share of respondents (who had bought a commercial guarantee at an extra cost) mentioned that they wanted to have a longer guarantee coverage period (45%).[69]

For 31% of respondents, a commercial guarantee gave them peace of mind. Other respondents referred to the cost of the guarantee (27% bought a commercial guarantee because it was offered at a reasonable price) or the cost of repairing a product (26% bought a commercial guarantee because the cost of repairing the product would have been too high).

Figure 93: Reasons for buying a commercial guarantee



Q14a. Thinking of the last time when you purchased a product with a commercial guarantee, what were your main reasons for buying a commercial guarantee with the product? You can select up to three reasons.
EU28, (multiple answer) Base: respondents who bought a commercial guarantee sold against extra cost (EU28: n=5,572; EU15: n=3,027; EU13: n=2,545)
Source: Consumer survey

In a large majority of countries, the largest share of respondents (who had bought a commercial guarantee at an extra cost) mentioned that the reason for buying a commercial guarantee was to have a longer guarantee coverage period (see table on the next page). Overall the largest proportions were observed in Estonia and Croatia where roughly two-thirds of respondents mentioned this reason (66% and 69%, respectively).

In Cyprus, Ireland, the UK and Malta, on the other hand, the largest share of respondents said they had bought a commercial guarantee because it gave them peace

[69] It was also analysed whether respondents who had bought a commercial guarantee to have a longer guarantee period where more likely (or less likely) to be aware of the two-year legal guarantee period. Respondents who had bought a commercial guarantee to have a longer guarantee period were somewhat more likely than on average to know that the length of the legal guarantee period is two years (45% vs. 41%); however, they were also slightly more likely to think that the legal guarantee period is just one year (40% vs. 37%).

of mind (between 36% and 54%). In Portugal and Hungary, this reason was also mentioned by more than 4 in 10 respondents (42% and 47%, respectively).

Table 14: Reasons for buying a commercial guarantee, by country

	To have a longer guarantee coverage period	It gives you peace of mind	A commercial guarantee had a reasonable price	The cost of repairing the product would have been too high	The product is very important to you, so a commercial guarantee is essential	You followed the advice of a salesperson	In the past, you have had a problem with a similar product	The product was likely to break down	The commercial guarantee was included in the price of the product	You received a discount if you bought the product with a commercial guarantee	You always buy the commercial guarantee when it is offered to you	Other
HR	69%	22%	24%	25%	27%	22%	13%	7%	16%	7%	1%	2%
EE	66%	28%	20%	16%	27%	42%	11%	9%	2%	1%	7%	1%
LT	61%	40%	26%	17%	23%	34%	6%	4%	3%	6%	3%	1%
PT	60%	42%	18%	18%	27%	27%	14%	8%	5%	3%	4%	2%
SK	58%	15%	31%	20%	22%	22%	10%	7%	8%	6%	5%	5%
SI	58%	13%	39%	29%	37%	28%	11%	9%	3%	8%	6%	1%
BG	55%	37%	19%	12%	18%	20%	14%	3%	19%	7%	10%	0%
LU	55%	36%	31%	16%	18%	24%	16%	10%	2%	2%	3%	1%
DE	52%	21%	30%	38%	21%	12%	16%	13%	5%	3%	2%	3%
AT	50%	29%	20%	23%	22%	19%	19%	6%	9%	4%	3%	3%
HU	49%	47%	30%	20%	31%	14%	10%	11%	11%	3%	6%	2%
BE	48%	36%	28%	20%	32%	20%	8%	5%	6%	4%	10%	1%
PL	48%	26%	26%	26%	17%	16%	14%	13%	5%	7%	5%	1%
EL	48%	32%	28%	29%	30%	19%	15%	13%	7%	8%	4%	1%
LV*	48%	35%	34%	23%	23%	33%	9%	5%	5%	2%	3%	2%
DK	45%	30%	28%	27%	22%	25%	14%	11%	3%	10%	2%	4%
EU28	45%	31%	27%	26%	23%	16%	13%	12%	5%	5%	4%	2%
CZ	44%	32%	35%	33%	19%	17%	18%	10%	3%	6%	6%	2%
IT	44%	27%	30%	23%	21%	17%	6%	12%	4%	3%	5%	1%
ES	43%	40%	32%	14%	24%	18%	11%	14%	5%	4%	1%	2%
NL	41%	24%	21%	20%	26%	19%	16%	7%	3%	2%	5%	5%
FR	40%	31%	21%	26%	27%	14%	17%	12%	2%	6%	0%	4%
FI	40%	28%	32%	17%	24%	22%	12%	16%	6%	5%	5%	3%
RO	38%	11%	30%	27%	25%	15%	12%	27%	7%	10%	10%	1%
SE	35%	18%	25%	24%	11%	22%	15%	6%	5%	7%	5%	4%
IE	34%	41%	18%	38%	21%	26%	20%	10%	4%	3%	2%	2%
UK	30%	48%	22%	39%	17%	6%	19%	9%	4%	4%	4%	3%
MT*	26%	54%	8%	14%	19%	6%	4%	5%	8%	1%	1%	11%
CY*	18%	36%	7%	10%	18%	18%	8%	29%	6%	5%	3%	5%
IS	48%	26%	13%	24%	30%	39%	7%	11%	3%	0%	6%	3%
NO	32%	19%	18%	32%	26%	33%	21%	10%	7%	5%	3%	7%

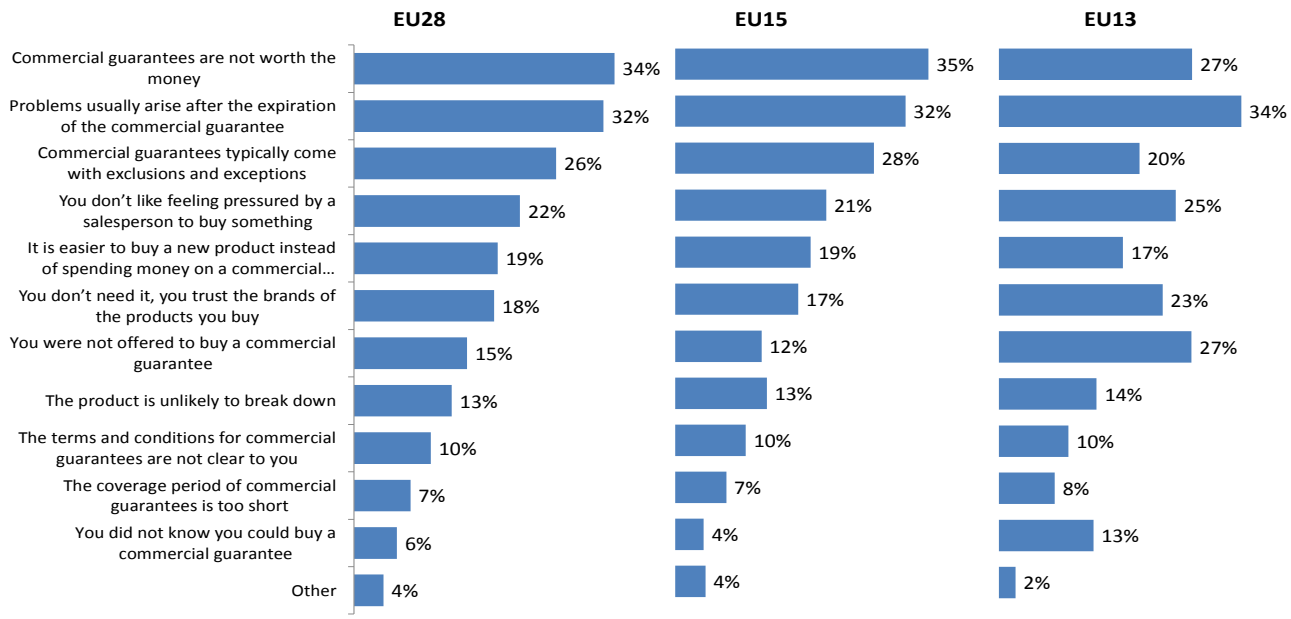
Q14a. Thinking of the last time when you purchased a product with a commercial guarantee, what were your main reasons for buying a commercial guarantee with the product? You can select up to three reasons.
%, by country (multiple answer); Base: respondents who bought a commercial guarantee sold against extra cost (EU28: n=5,572; IS: n=119; NO: n=160)
Source: Consumer survey

6.2.4 Reasons for not buying commercial guarantees

When asking respondents (who had not bought products with a commercial guarantee) about their main reasons for not buying commercial guarantees, 34% answered that such guarantees are not worth the money and 32% answered that problems usually arise after the expiration of the commercial guarantee. Another 26% shared the view that commercial guarantees typically come with exclusions and exceptions and 22% said they did not like feeling pressured by a sales person to buy something.

A comparison of the average results for the EU15 and EU13 group shows that respondents in the EU13 more frequently reported that they had not bought a commercial guarantee because they were not offered one (27% vs. 12% in the EU15) or because they did not know they could buy a guarantee (13% vs. 4% in the EU15). This is an interesting finding, since it was also observed that products were somewhat more frequently bought with a commercial guarantee in the EU13 than in the EU15 (see Figure 81). Although caution must be used in drawing conclusions from the results, this finding suggests that the difference between the EU13 and EU15 group presented in Figure 81 could have been even larger if respondents in the EU13 had been offered a commercial guarantee more frequently.[70] This finding is also supported by the results presented in Figure 95, where it will be shown that a cheaper price, for example, would convince a larger share of EU13 than EU15 respondents to buy a commercial guarantee (51% vs. 43%).

Figure 94: Reasons for not buying commercial guarantees



Q14b. What are your main reasons for not having purchased a commercial guarantee in the past three years? You can select up to three reasons.
% EU28 (multiple answer), Base: Respondents who did not buy a commercial guarantee or a product with a guarantee included in the product price (EU28: n=10,805; EU15: n=6,190; EU13: n=4,615)
Source: Consumer survey

[70] Even with the current barriers – i.e. a large share of respondents was not offered a guarantee – the proportion buying a commercial guarantee is slightly higher in the EU13 than in the EU15.

As noted above, respondents in EU13 countries more frequently reported that they had not bought a commercial guarantee because they were not offered one; this proportion reached 40% or more in Bulgaria (40%), Hungary (42%), Latvia (45%), Malta (47%) and Croatia (49%). The most important exception among the EU13 countries was the Czech Republic; in this country, only 14% of respondents had not bought a commercial guarantee because according to respondents they were not offered one.

Looking at the EU15 countries, in nine of them the largest share of respondents answered that they had not bought a commercial guarantee because they thought such guarantees were not worth the money; this reason was selected, for example, by 53% of respondents in Finland and 52% of those in Sweden and Denmark. In most of the remaining EU15 countries, the largest share of respondents selected as reason for not buying a commercial guarantee that problems usually arise after the expiration of the commercial guarantee (for example, 43% in Austria and 47% in France). In Spain, on the other hand, the most frequently mentioned reason was that commercial guarantees typically come with exclusions and exceptions (selected by 36% of respondents).

Table 15: Reasons for not buying commercial guarantees, by country

	Commercial guarantees are not worth the money	Problems usually arise after the expiration of the commercial guarantee	Commercial guarantees typically come with exclusions and exceptions	You don't like feeling pressured by a salesperson to buy something	It is easier to buy a new product instead of spending money on a commercial guarantee	You don't need it, you trust the brands of the products you buy	You were not offered to buy a commercial guarantee	The product is unlikely to break down	The terms and conditions for commercial guarantees are not clear to me	The coverage period of commercial guarantees is too short	You did not know you could buy a commercial guarantee	Other
FI	53%	23%	23%	25%	11%	21%	14%	14%	15%	5%	7%	7%
SE	52%	28%	23%	18%	19%	21%	6%	11%	9%	6%	1%	9%
DK	52%	22%	23%	29%	16%	18%	11%	18%	10%	7%	4%	8%
IE	48%	21%	24%	29%	19%	28%	16%	15%	13%	6%	4%	3%
NL	43%	25%	23%	19%	12%	18%	12%	14%	6%	5%	5%	7%
BE	42%	37%	32%	29%	12%	15%	13%	14%	12%	5%	8%	6%
LU	42%	30%	30%	32%	14%	21%	9%	9%	17%	6%	4%	5%
UK	40%	23%	26%	25%	27%	18%	7%	20%	6%	7%	1%	6%
SK	36%	43%	17%	24%	20%	23%	25%	11%	9%	6%	11%	2%
EE	35%	31%	13%	21%	15%	18%	35%	10%	9%	6%	23%	5%
IT	34%	25%	18%	14%	19%	12%	17%	10%	9%	6%	5%	4%
EU28	34%	32%	26%	22%	19%	18%	15%	13%	10%	7%	6%	4%
DE	32%	36%	29%	17%	21%	16%	14%	13%	6%	9%	3%	2%
PT	32%	32%	26%	22%	14%	19%	21%	8%	22%	11%	8%	5%
LT	30%	23%	14%	25%	18%	29%	28%	21%	11%	5%	12%	3%
FR	30%	47%	32%	26%	13%	18%	3%	14%	13%	7%	1%	5%
ES	30%	27%	36%	21%	14%	19%	19%	5%	18%	4%	8%	2%
CZ	30%	41%	26%	24%	24%	26%	14%	12%	7%	5%	7%	2%
PL	30%	33%	24%	31%	20%	21%	22%	16%	10%	9%	6%	2%
SI	29%	32%	15%	23%	22%	19%	32%	21%	3%	7%	14%	2%
EL	28%	35%	22%	22%	21%	16%	22%	1%	16%	8%	9%	5%
LV	27%	20%	11%	14%	16%	22%	45%	13%	17%	8%	25%	1%
AT	27%	43%	31%	26%	21%	17%	27%	9%	8%	10%	10%	2%
RO	23%	36%	13%	19%	15%	30%	28%	13%	8%	8%	16%	2%
HU	22%	38%	11%	18%	9%	26%	42%	13%	8%	12%	16%	4%
HR	19%	30%	20%	20%	10%	12%	49%	8%	14%	7%	33%	1%
CY	17%	9%	6%	13%	10%	13%	33%	2%	4%	4%	25%	8%
BG	15%	29%	22%	26%	8%	10%	40%	4%	17%	7%	33%	0%
MT	13%	9%	3%	4%	8%	12%	47%	3%	2%	1%	31%	16%
NO	60%	9%	20%	27%	10%	20%	12%	16%	18%	8%	7%	11%
IS	41%	32%	25%	17%	9%	18%	19%	11%	6%	8%	7%	5%

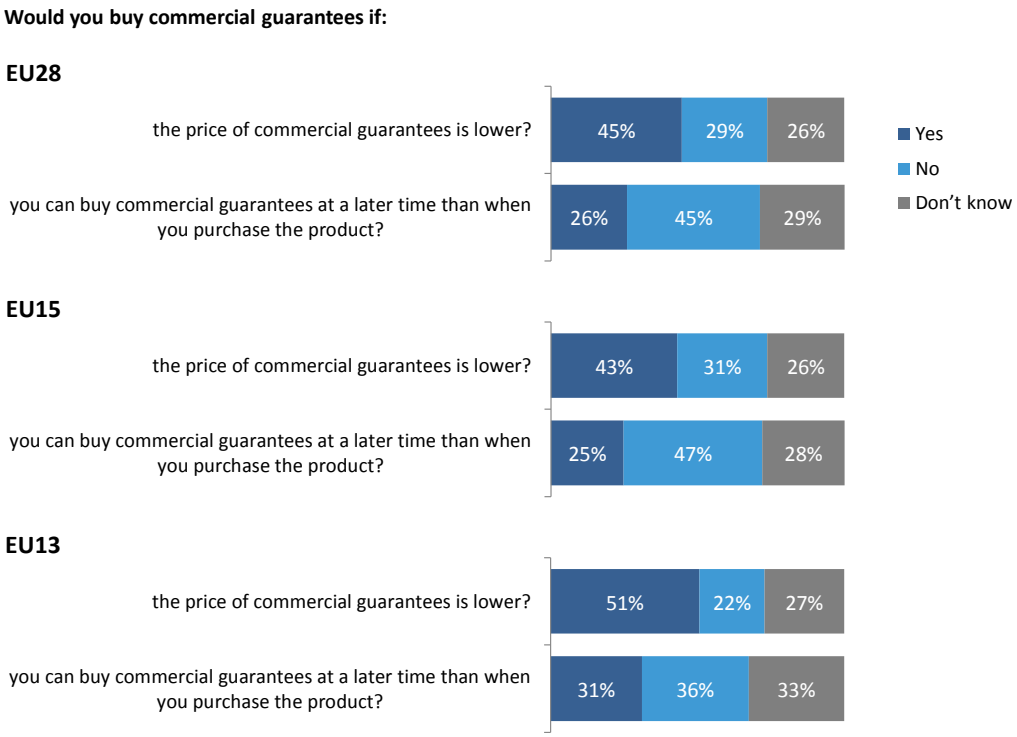
Q14b. What are your main reasons for not having purchased a commercial guarantee in the past three years? You can select up to three reasons.
%, by country (multiple answer); Base: Respondents who did not buy a commercial guarantee or a product with a guarantee included in the product price (EU28: n=10,805; IS: n=207; NO: n=442)
Source: Consumer survey

6.2.5 What could convince consumers to buy a commercial guarantee?

About a quarter (26%) of respondents who had not bought products with a commercial guarantee answered that they might buy a commercial guarantee if they would be able to buy the guarantee at a later time than when purchasing the product; almost twice as many (45%) said that a lower price could convince them to buy a commercial guarantee.

In other words, a lower price could convince a larger share of respondents to buy a commercial guarantee than the option to buy the guarantee at a later stage. The fact that the price of the guarantee plays a role in the consumers' purchasing decision was also observed in Figure 93, where it was noted 27% of respondents (who had bought a commercial guarantee at an extra cost) had bought the guarantee because it was offered at a reasonable cost.[71]

Figure 95: Conditions that could convince respondents to buy a commercial guarantee

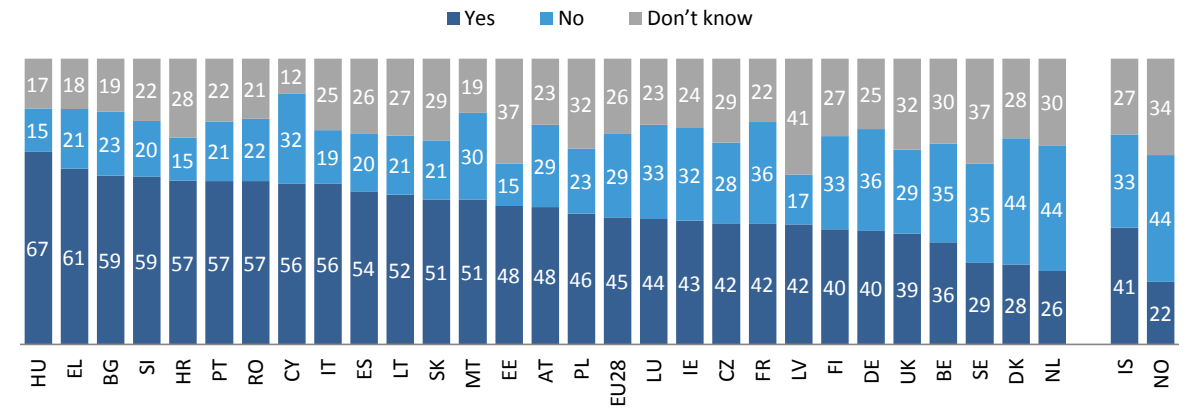


Q15a. You indicated that you have not purchased any product with a commercial guarantee in the past three years. Would you buy commercial guarantees if:
%, EU28, Base: Respondents who did not buy a commercial guarantee or a product with a guarantee included in the product price (EU28: n=10,805; EU15: n=6,190; EU13: n=4,615)
Source: Consumer survey

[71] Note that this reason was also mentioned as a motivation to buy commercial guarantees by 48% of respondents in the behavioural experiment (see Section 6.3.3).

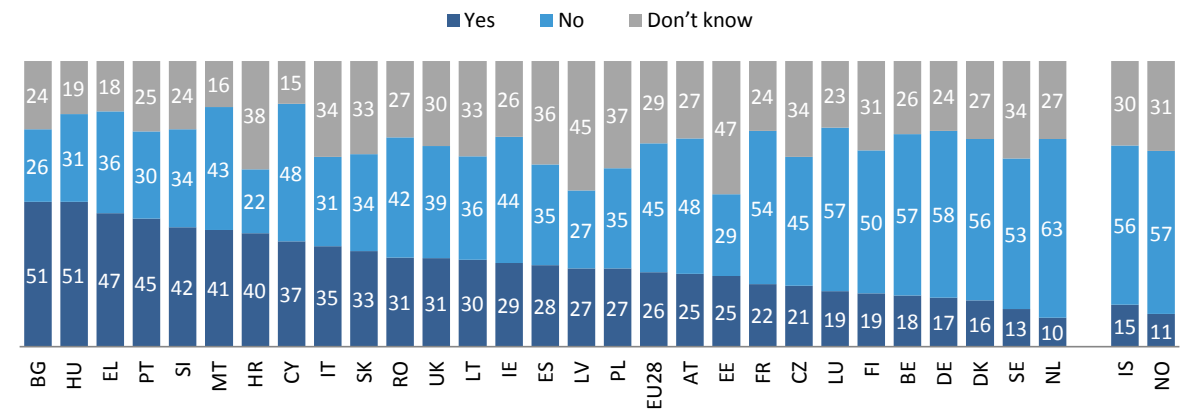
Respondents in Hungary were overall the most likely to state that a lower price could convince them to buy a commercial guarantee: 67% of respondents who had not bought products with a commercial guarantee answered in this way. Slovenia, Bulgaria and Greece were closest to Hungary with roughly 6 in 10 respondents (59%-61%) who answered that a lower price would matter in their decision to buy a commercial guarantee. At the other end of the country ranking, not even half as many respondents agreed with this: 26% of respondents in the Netherlands, 28% of those in Denmark and 29% in Sweden replied that a lower price would convince them to buy a commercial guarantee.

Figure 96: Conditions that could convince respondents to buy a commercial guarantee: a lower price, by country



Q15a. You indicated that you have not purchased any product with a commercial guarantee in the past three years. Would you buy commercial guarantees if: the price of commercial guarantees is lower?
%, by country, Base: Respondents who did not buy a commercial guarantee or a product with a guarantee included in the product price (EU28: n=10,805; IS: n=207; NO: n=442)
Source: Consumer survey

Figure 97: Conditions that could convince respondents to buy a commercial guarantee: a guarantee that can be bought at a later time, by country



Q15a. You indicated that you have not purchased any product with a commercial guarantee in the past three years. Would you buy commercial guarantees if: you can buy commercial guarantees at a later time than when you purchase the product?
%, by country, Base: Respondents who did not buy a commercial guarantee or a product with a guarantee included in the product price (EU28: n=10,805; IS: n=207; NO: n=442)
Source: Consumer survey

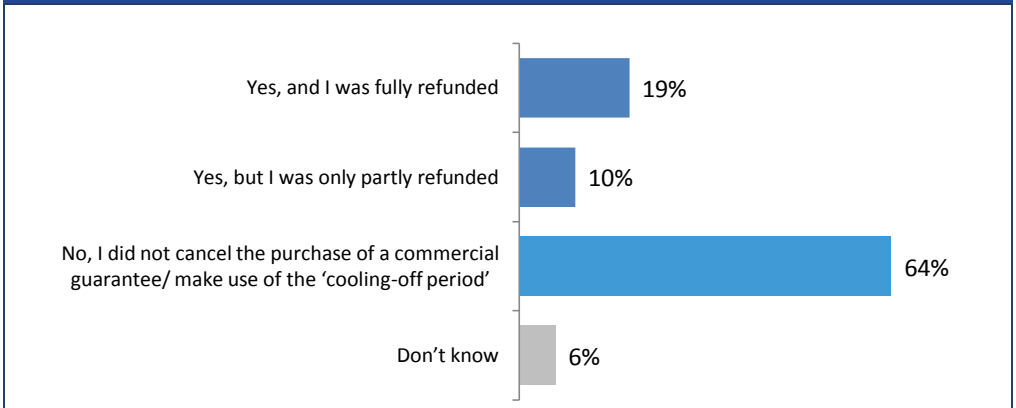
Figure 97 on the previous page shows that respondents (who had not bought products with a commercial guarantee) in Greece, Hungary and Bulgaria were not only among the most likely to say that a lower price would convince them to buy a commercial guarantee, they were also the most likely to state that they might buy a commercial guarantee if they would be able to buy the guarantee at a later time than when buying the product (47% in Greece and 51% in Bulgaria and Hungary).

Similarities were also seen at the opposite end of the country ranking, with just 10% of respondents in the Netherlands, 13% in Sweden and 16% in Denmark expressing a willingness to buy a commercial guarantee if the guarantee could be purchased at a later time.

6.2.6 Consumers' experience with withdrawal from a commercial guarantee bought online

Respondents who had purchased a commercial guarantee via the Internet were asked whether they had made use of their right to a "cooling-off" period; in total, 29% answered affirmative to this question (19% was fully refunded and 10% was partially refunded). Caution should be exercised when interpreting this result, since only 372 respondents across all countries surveyed had bought a commercial guarantee via the Internet.

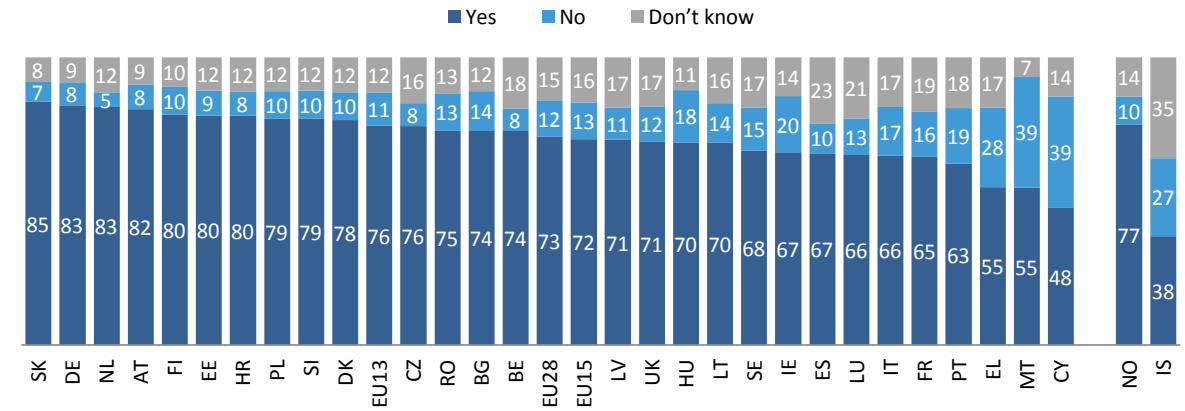
Figure 98: Making use of one's right to a "cooling-off" period for commercial guarantees bought online



Q40. Thinking of the commercial guarantee(s) you bought during the last three years, did you cancel the purchase of a guarantee after you bought it, making use of your right to a "cooling-off period"?
%, EU28, Base: respondents who bought a commercial guarantee sold against extra cost via the Internet (n=372)
Source: Consumer survey

In order to assess consumers' awareness of the cooling-off period for purchases concluded at distance/off-premises, respondents were also asked whether they thought they had the right to return goods that they had purchased by post, phone or Internet four days after delivery, for a full refund.[72] Roughly three-quarters (73%) of respondents answered this question correctly, compared to 12% who incorrectly believed that they did not have the right to do this; 15% of respondents said they did not know. Looking at the EU28 countries, the proportion of correct responses varied from 48% in Cyprus to 85% in Slovakia.

Figure 99: Awareness of a "cooling-off" period for distance purchases



Q36. Suppose you ordered a product by post, phone or the Internet, do you think you have the right to return the product you ordered 4 days after its delivery and get your money back, without giving any reason?
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

[72] The Consumer Rights Directive introduced a harmonised solution ensuring 14 days for exercising the right of withdrawal. Source: DIRECTIVE 2011/83/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council.

6.3 Consumers' choice and understanding of commercial guarantees

6.3.1 Proportion of respondents choosing the correct option

In the choice experiment, respondents could choose to "purchase" a commercial guarantee or chose to complete the experiment without purchasing a guarantee. In each choice, there were three alternative commercial guarantees to choose from. The experiment was designed such that there was always one "optimal" commercial guarantee.[73] This guarantee was the one with "best" or "fairest" price; this has two components:

1. The respondent chooses to purchase a commercial guarantee when the price of the guarantee is equal to or lower than the expected loss in case of an adverse event.[74]

2. Given the choice between three commercial guarantees, the respondent chooses the guarantee with the lowest price closest to the expected loss in case of an adverse event.

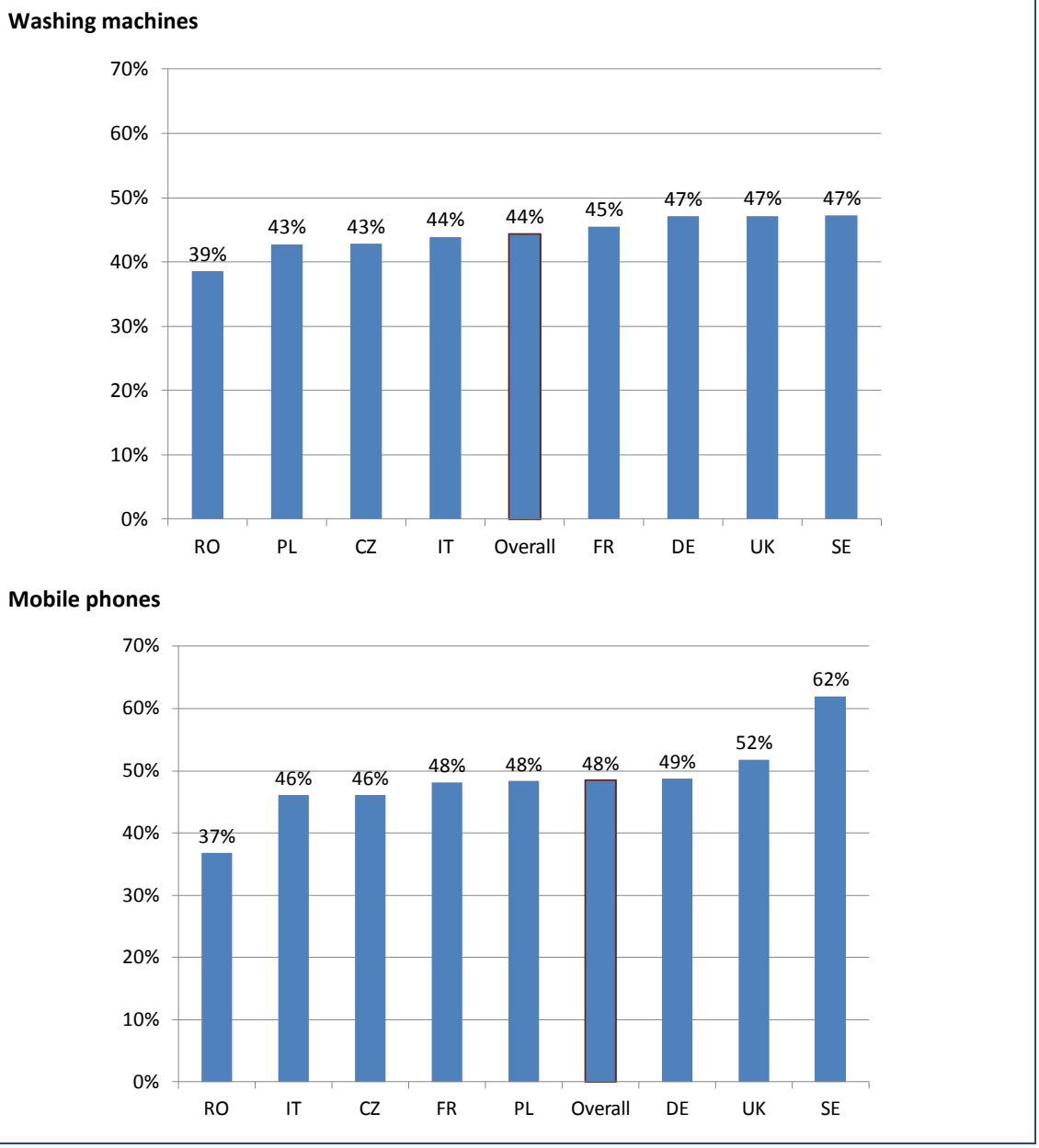
Figure 100 presents the proportion of respondents that chose the correct option in the choice experiment. Overall, the proportion of respondents selecting the correct option was 44% for washing machines and 48% for mobile phones. Respondents in Germany, Sweden and the UK were most likely to choose the correct option, for both washing machines and mobile phones. Respondents in Romania were least likely to choose the correct option for both products.[75]

[73] For a discussion of the design of the choice experiment, see Annex A6.5.

[74] In order to assess respondents' ability to make a "correct" choice in the experiment it was necessary to control for unobservable beliefs. That is, respondents were informed of the probability of breakdown prior to completing the choice experiment. In the case of mobile phones respondents were told that the probability of breakdown within the first 2 years was 7.5% and within 3 years, 15%. For washing machines, respondents were told that the probability of breakdown within the first 5 years of purchase was 7%, 3% occurring within the first two years, 2% between two and three years and 2% between three and five years. In Sweden, respondents were told that the probability of breakdown within the first 5 years of purchase was 7%, 5% occurring within the first three years, 1% between three and four years and 1% between four and five years.

[75] The performance outcome did not vary statistically across key socio-demographic groups (age, economic activity/inactivity and education).

Figure 100: Proportion of respondents choosing the correct option, overall and by country



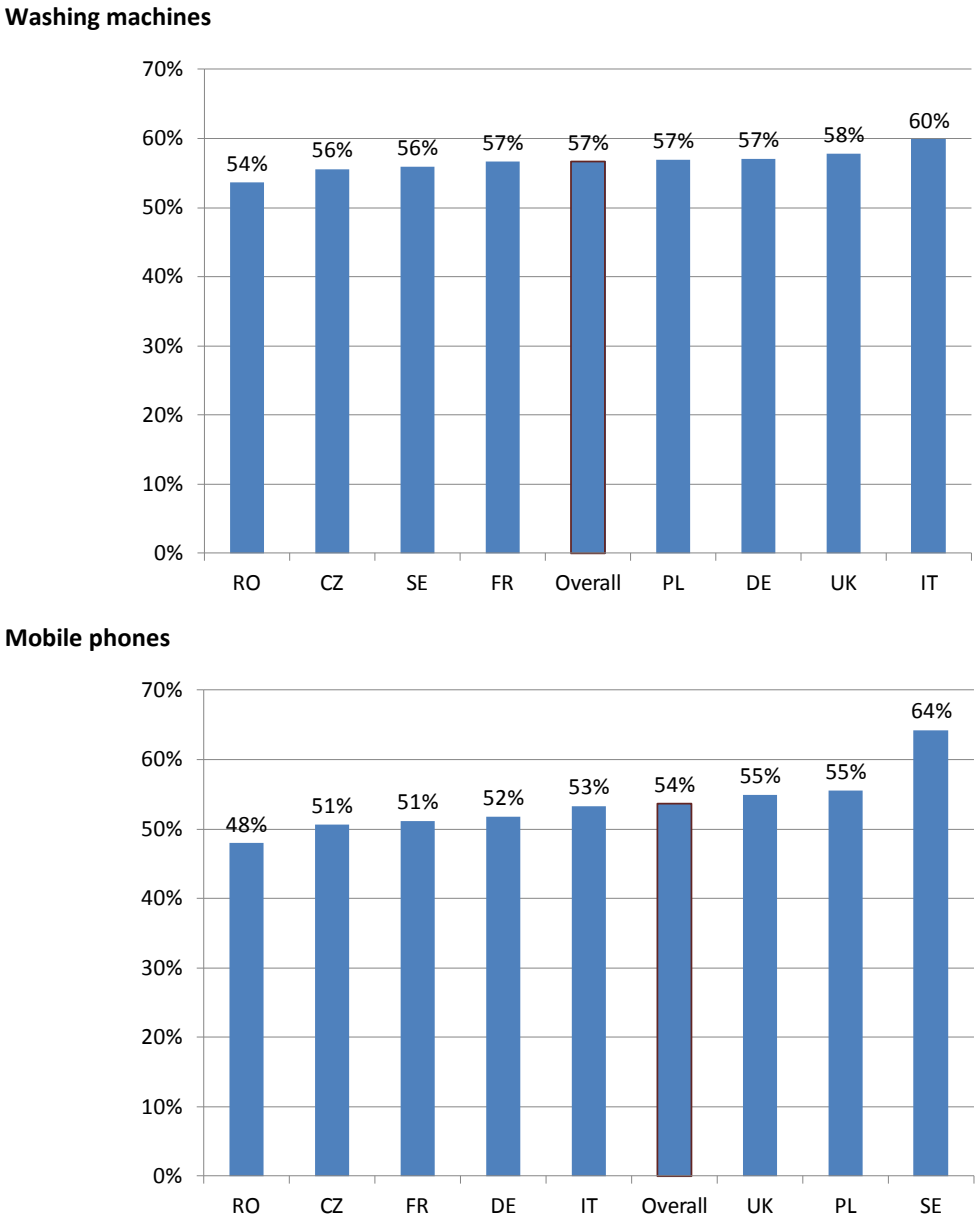
Note: The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.
Source: Behavioural experiment

In addition to testing whether respondents correctly chose to purchase a commercial guarantee overall, it is also possible to test if respondents improved on their choice between round 1 and 2.[76] That is, a respondent may have chosen an option which was not optimal in round 1, but in round 2 either chose an optimal guarantee or chose one that had a fairer price compared to the one chosen in round 1.

[76] In Round 1, respondents are given a "take it or leave it" choice between a commercial guarantee and no commercial guarantee. In round 2, based on the response in round 1, respondents are given the choice between sticking with their original choice or changing to another offer, in which contract features are changed, including the following: price, length of guarantee (washing machines only), excess and product-specific contract feature.

Figure 101 presents the proportion of respondents that made the correct choice or improved their choice. The patterns across countries for this metric are broadly in line with those in Figure 100, with respondents in Romania and the Czech Republic least likely to make the correct choice, or improve on their initial choice. Respondents in the UK were most likely to make the correct choice or improve on their initial choice. However, respondents in Sweden, who were most likely to make the correct choice for both products in Figure 100, are below-average in terms of improving on the initial choice for washing machines in the figure below. In addition, respondents in Poland, who showed below-average likelihood of choosing the correct choice in Figure 100, showed above-average likelihood of improving on their initial choice in the figure below.

Figure 101: Proportion of respondents that made the correct choice or improved upon their choice, overall and by country

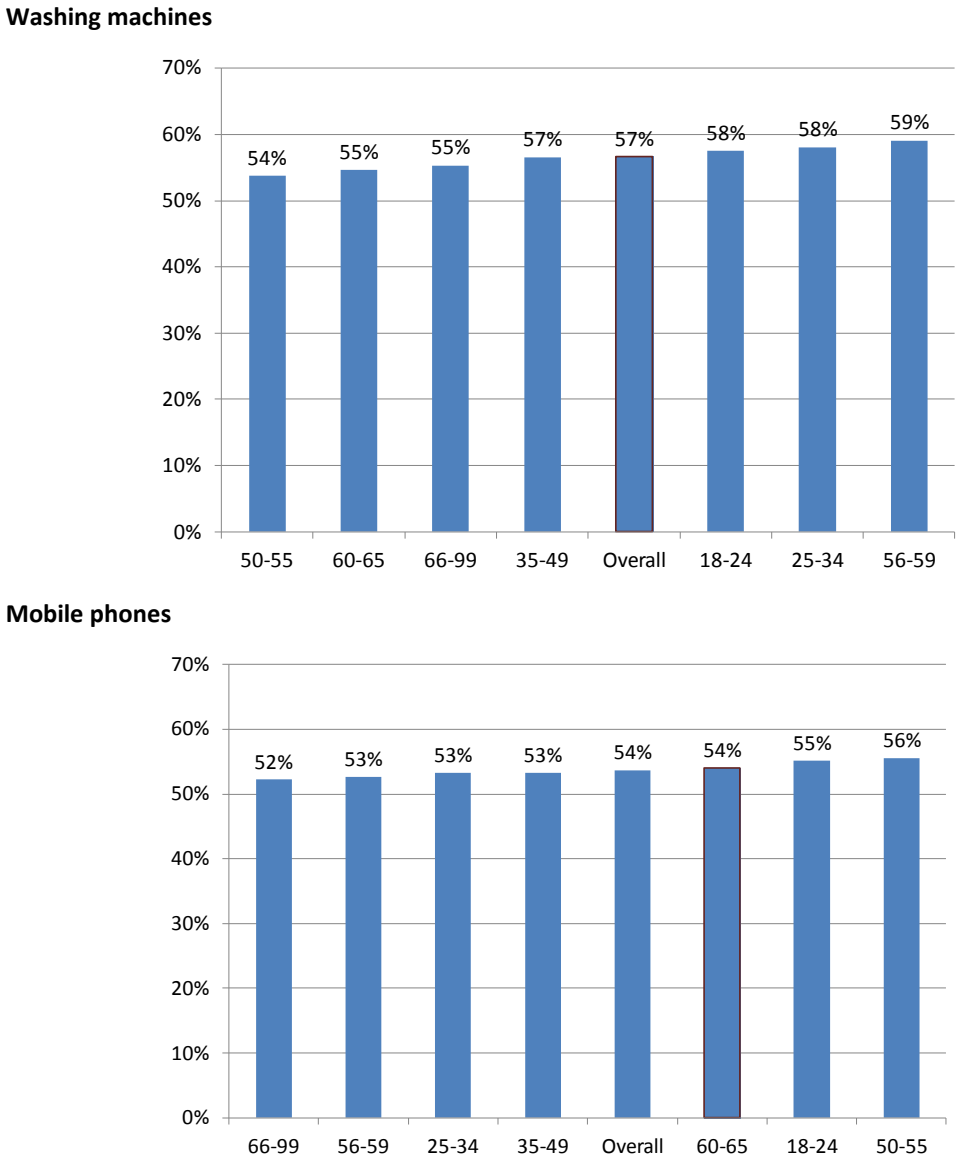


Note: The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.
Source: Behavioural experiment

Overall and by socio-demographic characteristics

For washing machines, the proportion of respondents making correct, or improved, decisions, varied between 54% for 50-55 year-olds and 59% for 56-59 year-olds. For mobile phones, 52% of over 65 year-olds made correct, or improved, decisions, compared to 56% of 50-55 year-olds. Economic activity status and educational level had no substantial effect on the probability of making correct, or improved, decisions.[77]

Figure 102: Proportion of respondents that made the correct choice or improved upon their choice, overall and by age group



Note: The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.
Source: Behavioural experiment

[77] For washing machines, 56% of economically inactive respondents made correct, or improved decisions, compared to 57% of economically active respondents. 55% of low-educated respondents made correct, or improved decisions, compared to 57% of high-educated respondents. For mobile phones, little under 54% of both economically active and inactive respondents made correct, or improved, decisions in the choice experiment. 50% of low-educated respondents made correct, or improved, decisions, compared to 55% of high-educated respondents.

6.3.2 The impact of information, complexity and framing on commercial guarantee choice

The choice experiment was designed to test the impact of a number of treatments on respondents' choice of commercial guarantee.[78] Specifically three treatments were implemented:

1. **No provision of information** about the existence of legal guarantees (with the alternative practice being explicit information about the existence and length of the legal guarantee of two years. In Sweden, the length was three years);

2. **Text displays** of contracts (with the alternative practice being graphical displays); and,

3. **Complex contracts** with four features (with the alternative practice being simplified contracts with two features).

In addition to these treatments, respondents were allocated to two **alternative scenarios**. For some respondents it was "optimal" to purchase a commercial guarantee in the experiment and for others it was not optimal to purchase.

Effect of information on respondent performance

The effect of information provision in the choice experiment did not have a statistically significant impact on the proportion of respondents that chose the optimal commercial guarantee, or were able to improve their choice between round 1 and 2. The results are presented in Annex 4.[79] The effect of the information treatment may be weakened in the experiment as performance is also based on the ability to understand the calculations required to make the correct choice and the complexity of the calculation along with the information provided.[80]

However, in one case, the benefit of having extra information outweighs the need to make more complex calculations. This is the guarantee set where it is not optimal to choose a commercial guarantee. Respondents who were not informed of the existence and length of the legal guarantee may be expected to make the incorrect choice of one of the commercial guarantees offered, whereas respondents in the information treatment may be expected to make the correct choice more often. Information treatment impacts may be different depending on the guarantee set to which the respondent is allocated: while the information treatment may not be associated with better performance in the set where it is optimal to choose a commercial guarantee, it is associated with better performance in the set where it is not optimal to choose a commercial guarantee. These results are similar when running regressions controlling for respondent socio-demographic characteristics.[81]

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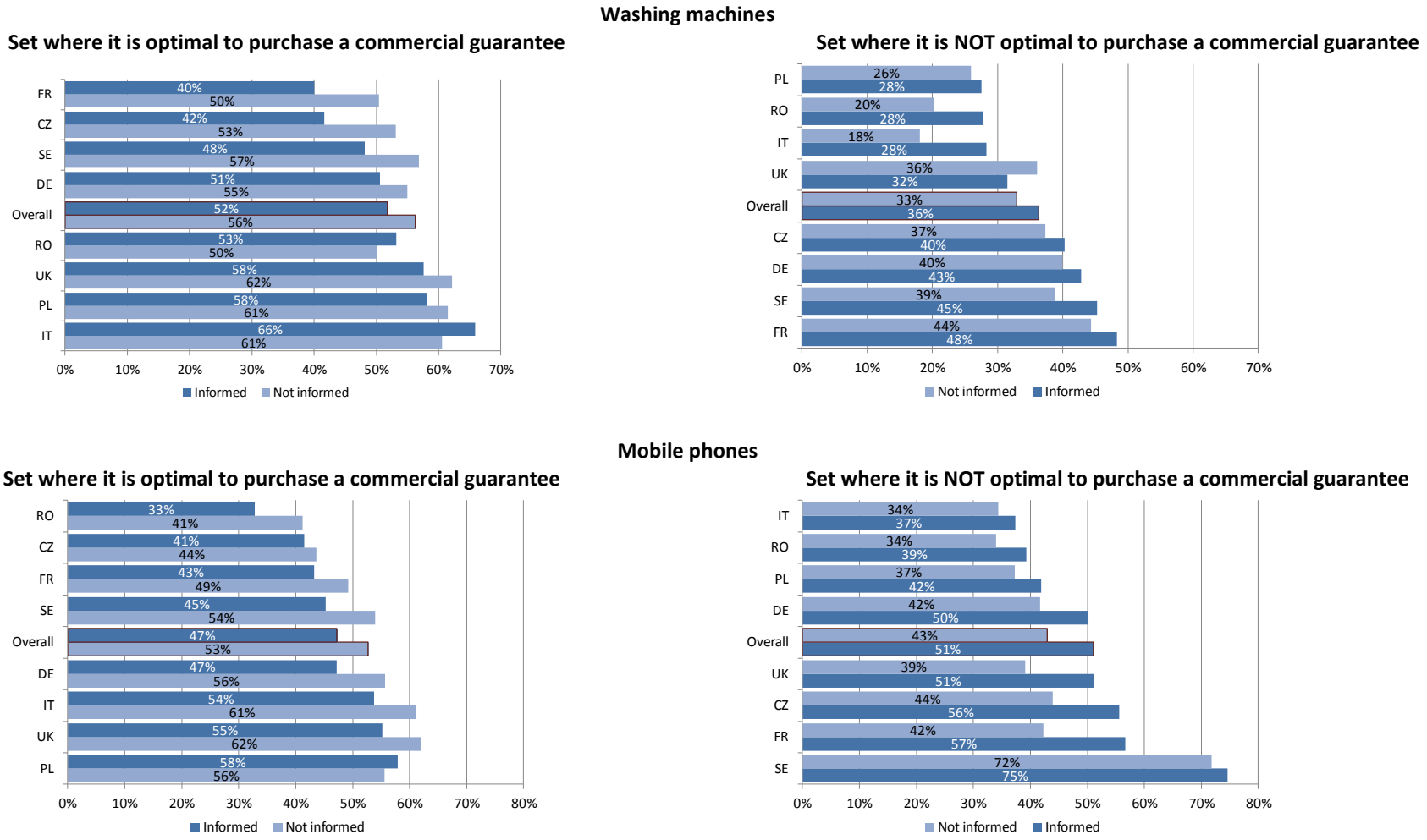
[78] The design of the choice experiment is presented in Annex A6.5.

[79] These results do not change when controlling for respondent socio-demographic characteristics.

[80] Respondents who have been given information about legal guarantee have more information, but also need to make a more complex calculation. This is because respondents need to take into account the probability of breakdown within the period of coverage of the legal guarantee, and the fair price for the commercial guarantee allowing for this new information. Thus, the provision of information may not always be associated with better performance.

[81] The marginal effect of the information treatment for the full sample is -0.6 (1.4) percentage points for washing machines (mobile phones). However, the marginal effect in the set where it is optimal to purchase a commercial guarantee is -4.2 (-5) percentage points for washing machines (mobile phones), and the marginal effect in the set where it is not optimal to purchase a commercial guarantee is 3.4 (8) percentage points for washing machines (mobile phones).

Figure 103: Likelihood of making a correct choice in choice experiment, overall and by country, by information treatment and guarantee set



Note: The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.

Source: Behavioural experiment

Effect of guarantee presentation on respondent performance

The choice experiment also tested the impact of graphical versus textual presentation on respondents' choice of guarantee. The presentational format in this experiment did not have a statistically significant impact on respondents' choice (the regression analysis is presented in Annex 4). These results are substantially similar when running regressions controlling for socio-demographic characteristics.[82]

While presentation format did not have a statistically significant impact in the choice experiment, this does not mean that presentation is not an important element in consumer understanding. Experiments are simplified environments, and as such, learnings from experiments can be asymmetric. That is, when respondents in a simplified controlled experimental setting have problems making decisions then these problems would be expected to be magnified in the more complicated real world settings. However, if respondents do not have problems in the simplified setting this does not mean issues do not exist in real markets.

The importance of presentation can be seen from respondents' poor performance in the legal guarantee comprehension exercise when assessing burden of proof (Section 4.2.4), in which the proportion of respondents that could correctly answer this in two short legal guarantees was found to be low.

Effect of guarantee complexity on respondent performance

The choice experiment also tested the impact of commercial guarantee complexity on respondents' decisions in the experiment. Complexity was tested by varying the number of key features in the commercial guarantees between two and four features.

The impact of commercial guarantee complexity varies across countries (detailed regression analysis is presented in Annex 4). The likelihood of choosing the correct choice in the experiment is positively correlated with being allocated to the two-feature treatment in some countries (e.g. France for washing machines, Germany for mobile phones) and negatively in others (the Czech Republic for washing machines and France for mobile phones), however overall the effect of complexity is negligible.

However, the likelihood of choosing the correct, or improved, choice for washing machines is higher in the two-feature treatment than in the four-feature treatment - overall, 5 percentage points higher (statistically significant at 99%). Thus there is some evidence that, while making commercial guarantees less complex may not always be associated with helping consumers to make the correct initial decision in the experiment, it may help them to improve their decisions in round 2 of the experiment. These results are similar when controlling for respondent socio-demographic characteristics.

[82] The one exception is the marginally significant negative impact of the graphical presentation on the likelihood of choosing the correct option for washing machines. We caution that the impact is marginally significant.

Effect of guarantee set on respondent performance

Respondents in the choice experiment were allocated to one of two scenarios: one scenario where it was optimal to choose a commercial guarantee or one where it was not optimal. The proportion of consumers selecting the best option is higher in the set where it is optimal to choose a commercial guarantee. This may be due to the fact that, in the set where it is not optimal to choose commercial guarantees, respondents who have not been informed of the existence of legal guarantees disproportionately do not choose the first-best option. The regression results are presented in Annex 4.

The fraction of respondents making correct, or improved decisions, shows different patterns across washing machines and mobile phones; however this effect disappears when controlling for respondent socio-demographic characteristics.[83]

6.3.3 Impact of motivations, comprehension and cognitive ability on performance in the choice experiment

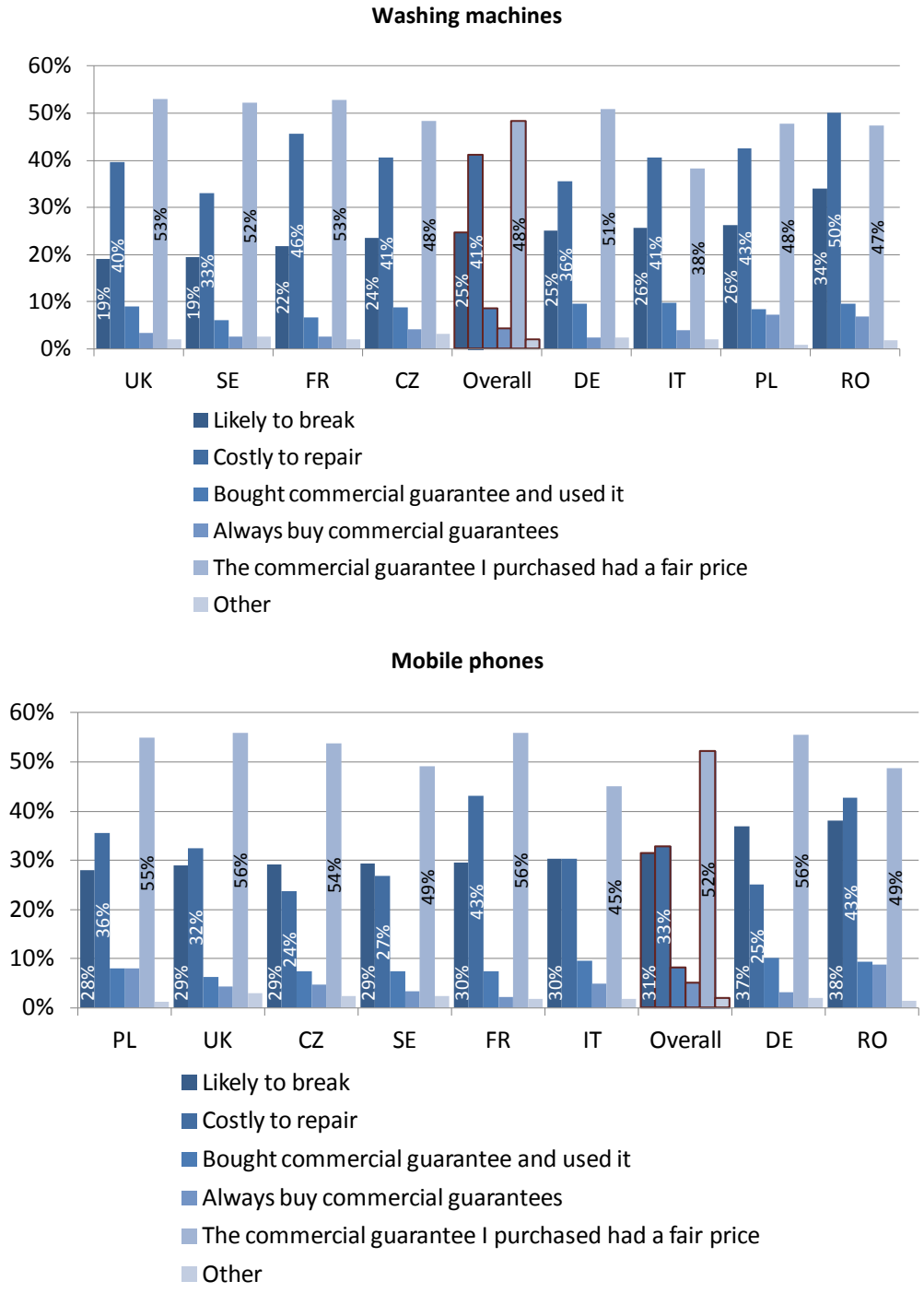
This section discusses the link between respondent behaviour in the choice experiment, and their motivations, experiences and prior knowledge of legal guarantees.

Impact of motivations on performance in the choice experiment

Figure 104 presents the incidence of respondent motivations, for respondents who chose a commercial guarantee. Approximately half of these respondents overall said that the commercial guarantee they purchased had a fair price, and between a third and two-fifths said that they believed that their primary product would be costly to repair. This is in line with respondents' motivations for purchasing commercial guarantees in the willingness to pay test (Figure 112), where the most frequently-indicated reason for purchasing a commercial guarantee was that respondents believed that their product would be costly to repair (as opposed to likely to break down).

[83] The only impacts remaining significant once controlling for respondent characteristics is the greater likelihood of choosing the correct option in the set where it is optimal to choose a commercial guarantee (for washing machines); and the lower average time taken to complete a choice experiment (among respondents making the correct, or improved, decision) in the set where it is not optimal to choose a commercial guarantee.

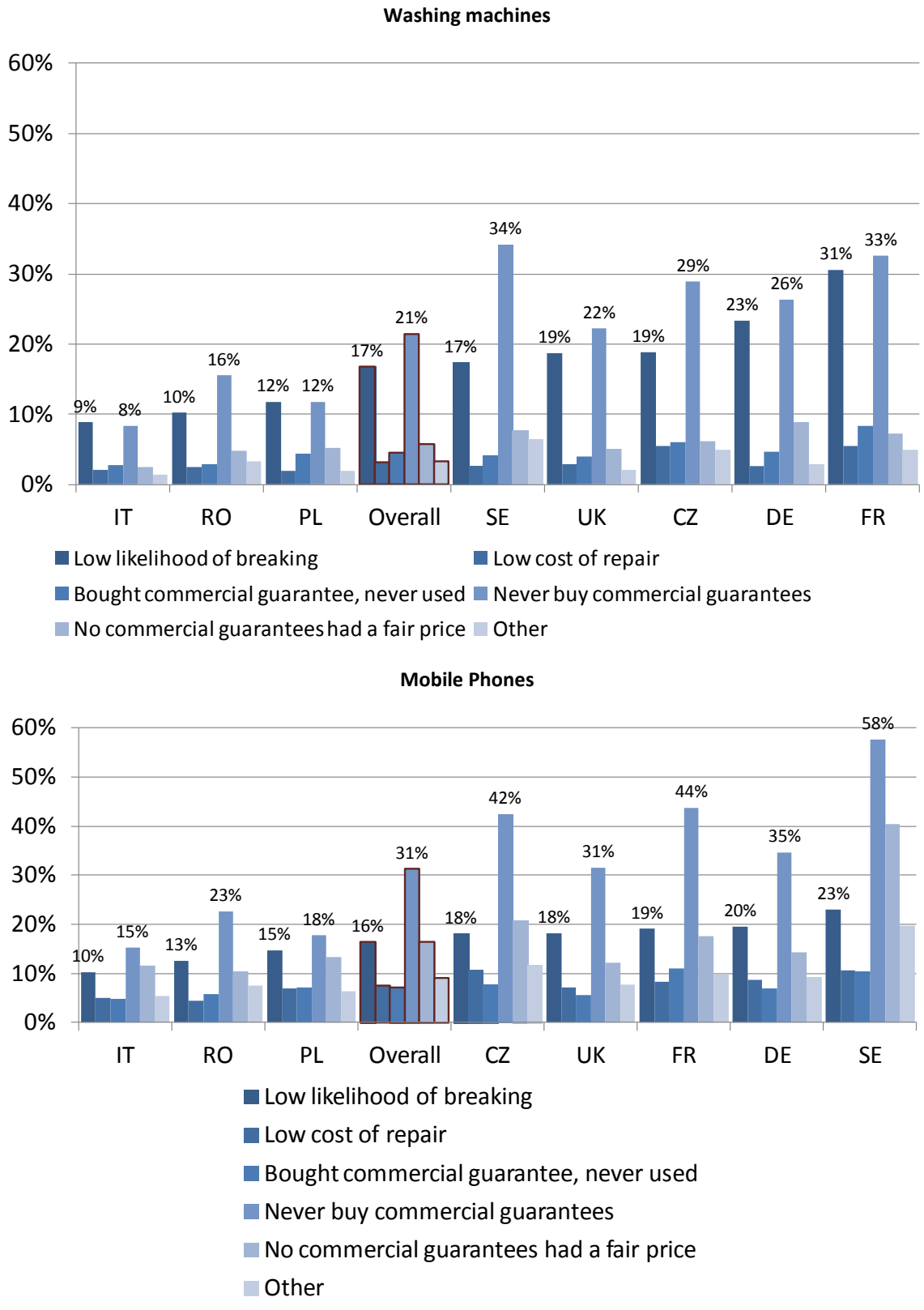
Figure 104: Incidence of respondent motivations, among respondents who chose a commercial guarantee



Note: Responses with very high responses to willingness to pay (e.g. more than the value of the primary product) have been dropped. The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK. The number of respondents who bought a commercial guarantee was 5,418 for washing machines and 4,573 for mobile phones.

Source: Behavioural experiment

Figure 105: Incidence of respondent motivations, among respondents who did not chose a commercial guarantee



Note: Responses with very high responses to willingness to pay (e.g. more than the value of the primary product) have been dropped. The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK. The number of respondents that did not purchase a commercial guarantee was 2,609 for washing machines and 3,454 for mobile phones.

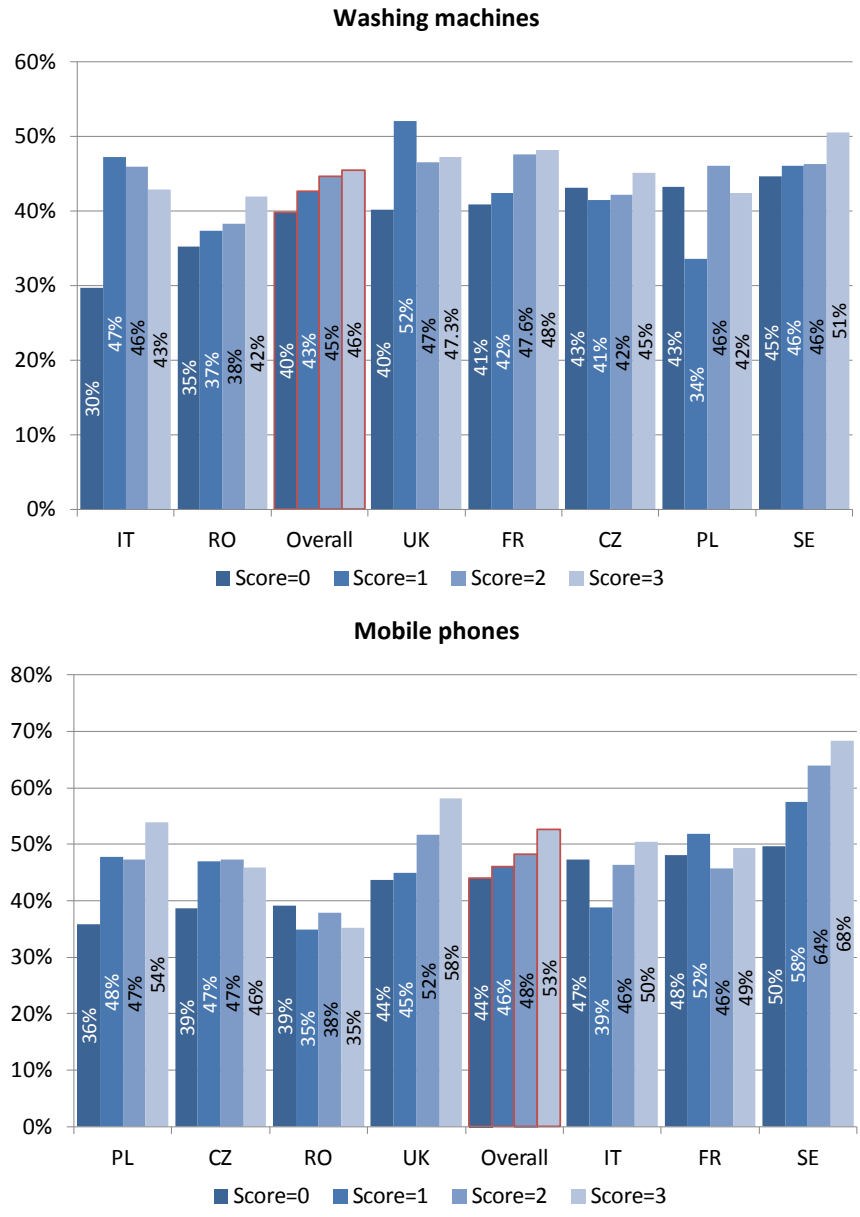
Source: Behavioural experiment

Figure 105 (on the previous page) presents the motivations of respondents who did not choose to purchase a commercial guarantee in the choice experiment. A higher proportion of respondents selected "I never purchase commercial guarantees" than any other motivation. This is in line with the motivations of respondents who did not purchase commercial guarantees in the willingness to pay test (Figure 113). This indicates that the purchasing history plays a role in respondents' decision to not purchase commercial guarantees.

Impact of comprehension on performance in the choice experiment

Respondents' scores in the legal guarantee comprehension exercise (Section 4.1 and Section 4.2.4) may also have an impact on their performance in the choice experiment. Respondents who score higher in the comprehension exercise may be expected to perform better in the choice experiment.

Figure 106: Performance in the choice experiment – by scores in comprehension exercise



Note: Responses with very high responses to willingness to pay (e.g. more than the value of the primary product) have been dropped. The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.

Source: Behavioural experiment

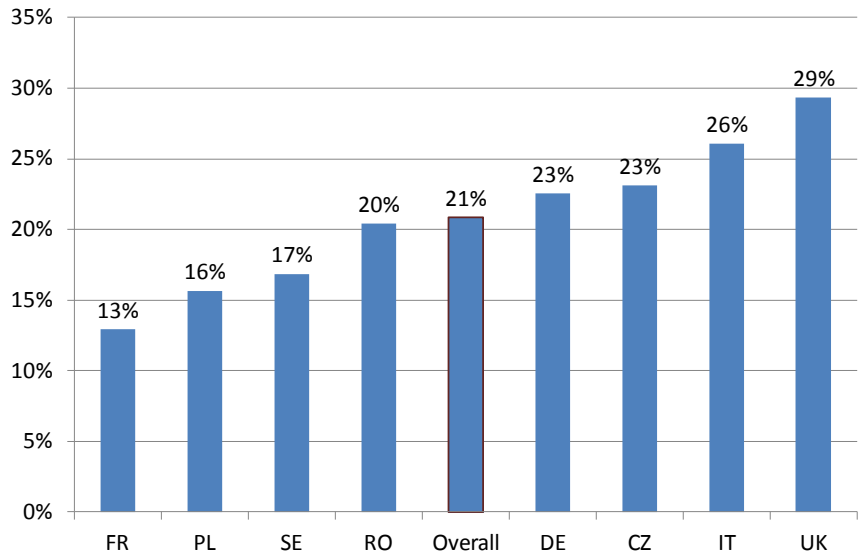
Figure 106 (on the previous page) presents the proportion of respondents that chose optimally in the choice experiment and their scores in the comprehension exercise. As seen above, the proportion of respondents making the correct choice in the choice experiment tends to rise with the respondents' scores in the comprehension exercise. In the case of washing machines, respondents who scored zero on the comprehension exercise chose optimally in the experiment 40% of the time compared to 46% for those who answered all the questions correctly. For mobile phones this ranged from 44% for respondents that scored zero to 53% for respondents that got a score of 3.[84]

Impact of cognitive ability on performance in the choice experiment

Respondents' cognitive ability may also have an impact on their performance in the choice experiment. As part of the behavioural experiment, respondents were asked a question testing their ability to compute the expected value of a commercial guarantee.[85]

Figure 107 presents the proportion of respondents that correctly answered the cognitive ability exercise. Overall, 21% of respondents correctly answered the cognitive question, meaning that they could calculate the expected value of a commercial guarantee. This proportion ranged from 13% in France to 29% in the UK.

Figure 107: Proportion of respondents answering correctly cognitive ability exercise



Note: The experiment was conducted with 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK
Source: Behavioural experiment

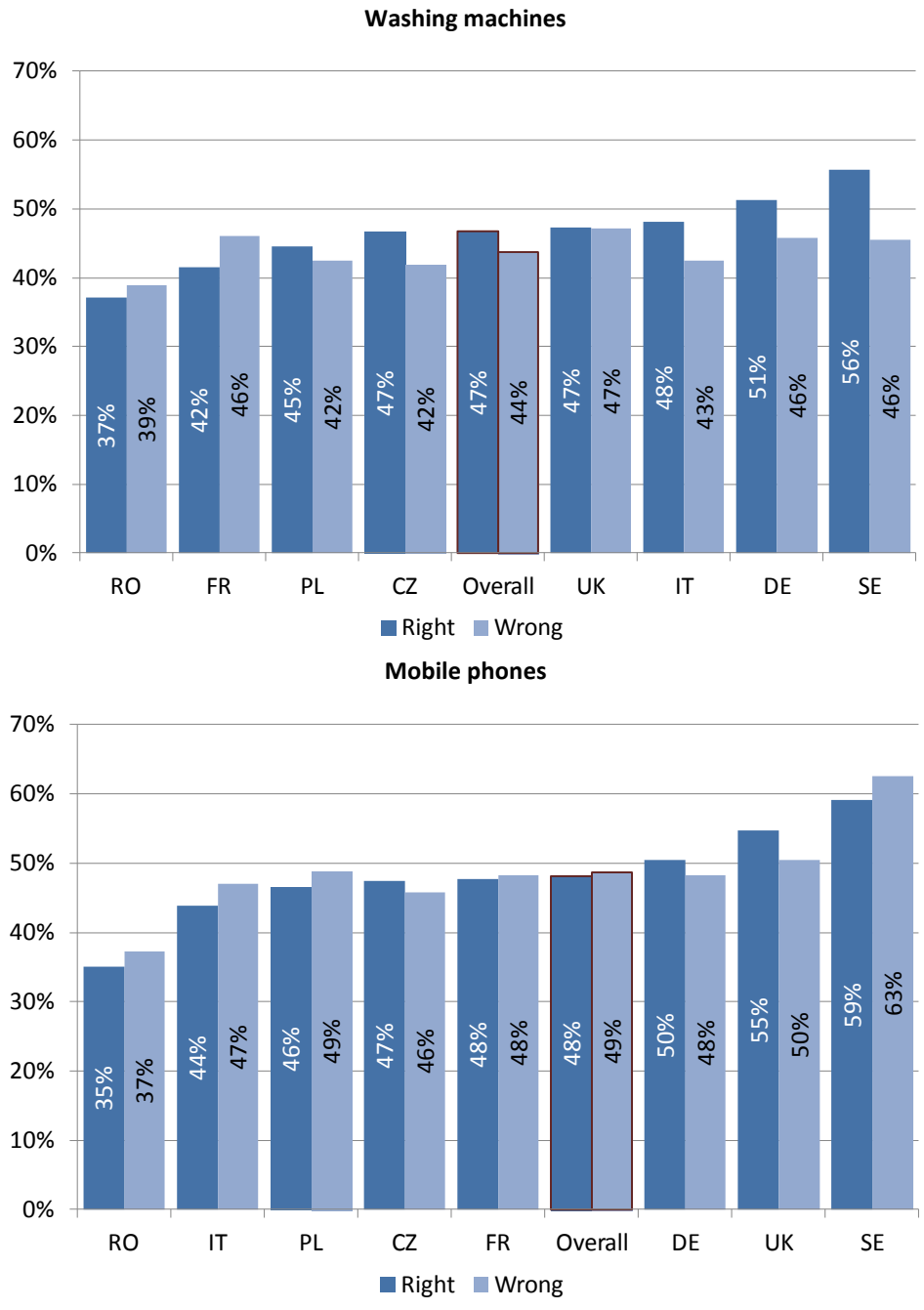
When investigating respondents' performance by key socio-demographic characteristics (age, economic activity status and education level), there is no substantial difference across these groups. Respondents between the age of 60 and 65 chose the correct response 17% of the time, compared to 23% of the time for respondents between 50 and 55 years. Economically inactive respondents chose the correct response 19% of the time, compared to economically active respondents, who

[84] Germany is removed from this analysis as the translation of one question in the comprehension exercise was ambiguous, thereby influencing the proportion of respondents who answered this specific question correctly. This ambiguity did not influence any other part of the experiment.

[85] The question included in the cognitive ability exercise is presented in Annex A6.5.

chose the correct response 23% of the time. Lower educated respondents chose the correct response 19% of the time, compared to high-educated respondents, who chose the correct response 22% of the time.

Figure 108: Performance in the choice experiment – those who did and did not answer the cognitive ability test correctly



Note: The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.
Source: Behavioural experiment

Since the choice experiment involved calculating the expected value of a commercial guarantee and comparing the expected value of a number of different commercial guarantees, respondents who answered the cognitive ability test question correctly may be expected to perform better in the choice experiment. Figure 108 (above) presents the proportion of respondents that chose the optimal commercial guarantee in the **choice experiment** by whether they answered the cognitive ability question

correctly. The figure illustrates that overall there is little difference in performance by cognitive ability using the test included in the experiment. However, it should be cautioned that other factors played a role in whether respondents chose correctly in the choice experiment (such as whether respondents were informed of the existence of legal guarantees, as well as the guarantee set to which respondents were allocated).

Impact of prior knowledge on performance in the choice experiment

Respondents' prior knowledge of the legal guarantee may have an impact on performance in the choice experiment. Respondents who indicated prior knowledge of the legal guarantee provisions[86] may be expected to perform better in the experiment. On average, however, the link between performance in the choice experiment and knowledge of the provisions of the legal guarantee is not strong.[87] This may be because choice experiment performance is composed of a number of factors including information about legal guarantees as well as ability to formulate the calculations necessary to make the correct decision.

Respondents were also asked what the length of the legal guarantee is (following completion of the experiment). The probability of making the correct choice in the experiment does seem to have a weak link to correctly answering this question. Prior knowledge may help consumers to correctly assess when it is best not to purchase a commercial guarantee. The table below shows that if respondents had correct prior knowledge of the length of the legal guarantee they were 4 percentage points more likely to make the correct choice of not purchasing a commercial guarantee (-9.8% likelihood of purchasing a commercial guarantee compared to -14%) for mobile phones.

Table 16: Regression results: impact of prior information about legal guarantees on choice of a commercial gurantee

	Washing machines	Mobile phones
Set where it is optimal to choose a commercial guarantee, "informed" treatment	5%*	-0.8%
Set where it is optimal to choose a commercial guarantee, "not informed" treatment	2.8%	-4%
Set where it is not optimal to choose a commercial guarantee, "informed" treatment	-4.5%	-9.8%*
Set where it is not optimal to choose a commercial guarantee, "not informed" treatment	-4.6%	-14%***

Note: Values are coefficients from regressions. Values may not add up due to rounding. */ **/ *** implies that the coefficient is statistically significant at 90%/ 95%/ 99%. OLS regressions. The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.

Source: Behavioural experiment

[86] Assessed implicitly in Q3a and Q3b in the consumer survey.

[87] Overall, the proportion of respondents that made the correct decision in the choice experiment was approximately 45% for washing machines, irrespective of their scores in Q3a and Q3b. In the case of mobile phones, respondents made the correct decision between 48% and 49.5% of the time.

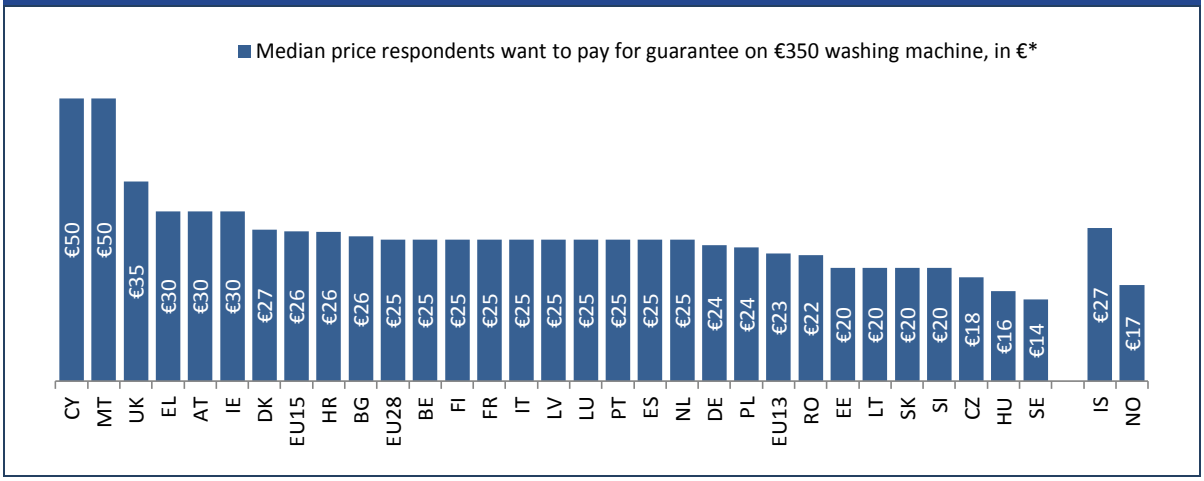
6.4 Willingness to pay for commercial guarantees

6.4.1 Average willingness-to-pay

Willingness to pay measured in the consumer survey

Respondents in the consumer survey who had not bought a commercial guarantee were asked to imagine that they had bought a washing machine for €350[88] and that they were offered a commercial guarantee covering all costs related to a breakdown for three years. Next, they were asked how much they would be willing to pay for such a guarantee; the median guarantee price varied between €14 in Sweden and €35 in the UK. The median price measured in both Malta and Cyprus was €50.[89] However, caution should be exercised when interpreting the result of this question since one-third of respondent who were presented with this question selected the "don't know" response.

Figure 109: Median price that respondents would be willing to pay



Q15b. Imagine that you have bought a washing machine for [350 euro in local currency]. Suppose that you are offered a commercial guarantee covering all costs related to a breakdown for 3 years. How much would you be willing to pay for such a guarantee? Please answer in numbers, in your own currency. *Re-calculated from local currencies, based on exchange rates of 06/07/2015; source: InforEuro (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm)
€, by country, Base: Respondents who did not obtain any commercial guarantee and provided a value (EU28: n=8,646; IS: n=147; NO: n=319). Note: respondents who selected the "don't know" response were excluded (EU28: n=4,445; IS: n=100; NO: n=173)
Source: Consumer survey

Willingness to pay measured in the behavioural experiment

Figure 110 presents the average willingness to pay for guarantees offered with washing machines and mobile phones. Overall, average willingness to pay for washing machines is a little over €9 per year of coverage, and for mobile phones it is a little under €8 per year of coverage. The slightly higher average willingness to pay for washing machines may be due to the higher primary product price for washing machines (between €300 and €500) compared to a range between €150 and €400 for mobile phones.[90]

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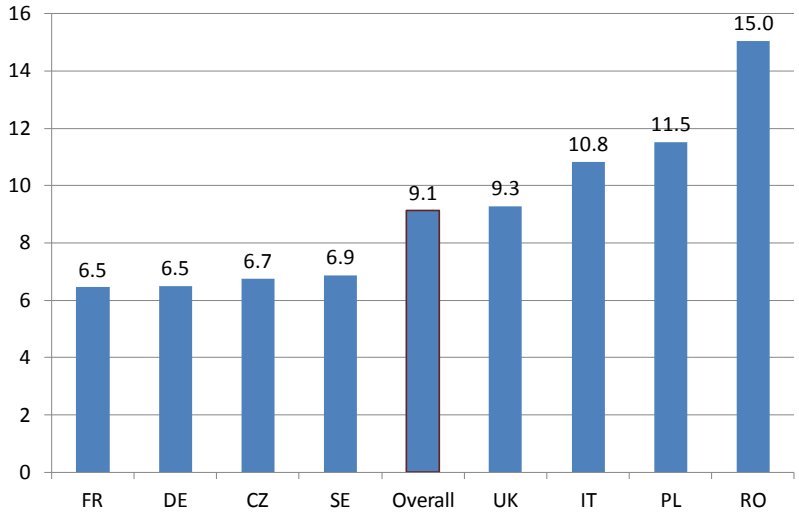
[88] In local currency, where necessary.

[89] Some caution should be exercised when interpreting this result. Cyprus and Malta used a telephone methodology (compared to online interviewing in other countries). In a telephone methodology, this type of question is more difficult to answer due to the absence of visual support.

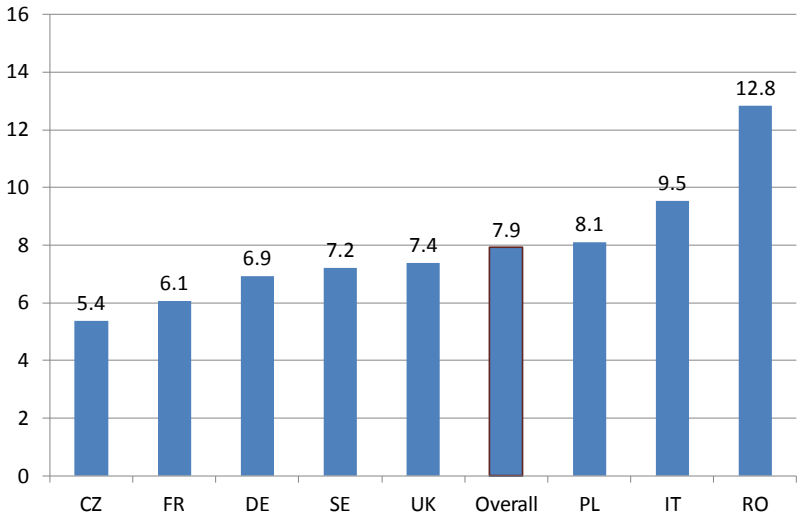
[90] In the willingness-to-pay exercise, respondents were made an initial offer of a commercial guarantee, and asked whether they accept or reject it. Since respondents may 'anchor' to the initial price offer, respondents

Figure 110: Average annualised willingness to pay, overall and by country (€)

Washing machines



Mobile phones



Respondents choose to purchase (or not purchase) commercial guarantees. Respondent willingness to pay is averaged across initial price offers. Responses with very high willingness to pay for commercial guarantees (i.e. higher than the price of the primary product) have been dropped from the sample. The experiment is conducted with 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.
Source: Behavioural experiment

In the case of both washing machines and mobile phones, respondents aged 35 years and over had below-average willingness to pay, while respondents aged below 35 years had an above-average willingness to pay, with respondents between 18-24 years having the highest average annualised willingness to pay for commercial guarantees for both products (see Figure 111).

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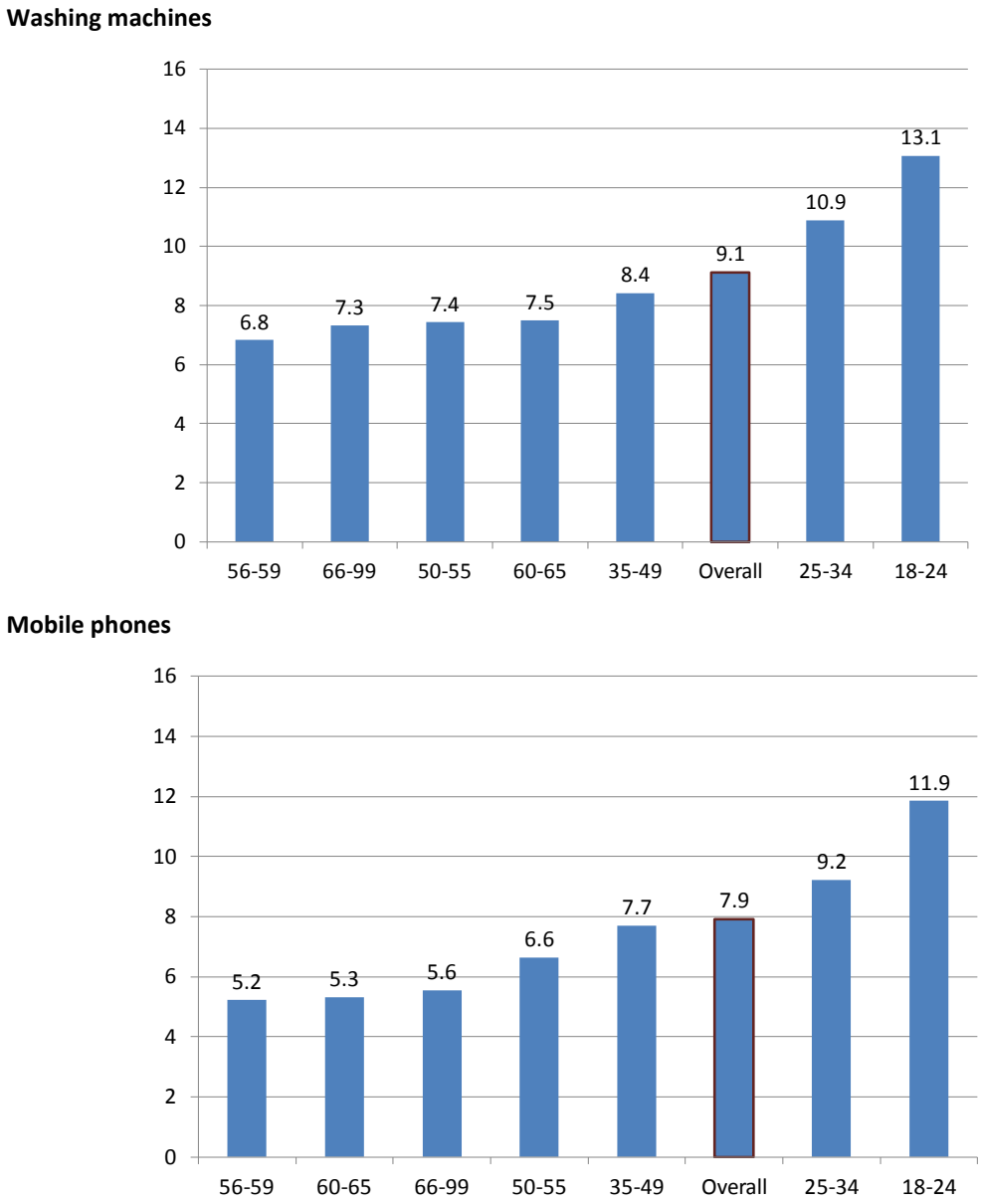
were allocated to one of four initial price offers at random, and WTP is taken as an average across the four price offers. As the initial price offered increases, willingness-to-pay decreased, as expected (i.e. as price increases demand decreases).

The economic activity status of the respondent does not play a substantial role in average willingness to pay for both products.[91] Similarly, education level does not have a substantial impact on average willingness to pay for either product.[92]

Figure 111: Average annualised willingness to pay, overall and by age group (€)



Respondents choose to purchase (or not purchase) commercial guarantees Note: 1. Respondent willingness to pay is averaged across initial price offers. Responses with very high willingness to pay for commercial guarantees (i.e. higher than the price of the primary product) have been dropped from the sample. The experiment is conducted with 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.
Source: Behavioural experiment

[91] For washing machines, the average annualised willingness to pay was €9.2 for inactive respondents, compared to €9.1 for active respondents. For mobile phones, the average annualised willingness to pay was €7.88 for inactive respondents, compared to €7.94 for active respondents.

[92] For washing machines, the average annualised willingness to pay was €7.8 for low-educated respondents, compared to €9.5 for medium-educated respondents. For mobile phones, the average annualised willingness to pay was €7.4 for low-educated respondents, compared to €8.1 for active respondents.

6.4.2 Impact of product price and duration of the commercial guarantee on willingness to pay

The willingness-to-pay exercise was also designed to assess the impact of the primary product price and duration of the commercial guarantee on respondents' willingness-to-pay.[93] The primary product prices were calibrated to the individual countries. The duration of the commercial guarantee was two or five years for washing machines, and two or three years for mobile phones.

Impact of product price

All of the willingness-to-pay measures indicate that, overall, respondents have a higher willingness-to-pay for commercial guarantees for both products when the primary product price is high compared to if the primary product price is low (detailed analysis is presented in Annex 4). Overall, willingness-to-pay for commercial guarantees for washing machines is €10 in the "high primary product price" treatments compared to €8 in the "low primary product price" treatments. This represents a 25% increase in annualised willingness to pay in the "high primary product price" treatment. The average willingness-to-pay for mobile phones is double in the "high primary product price" at €10 compared to €5 in the "low primary product price treatment". The likelihood of accepting both offers was 4 percentage points higher in the "high primary product price" treatment for washing machines (17% of respondents accepted both offers when primary product price was "high" compared to 13% when price was "low"), and 5 percentage points higher for mobile phones (9% when price was "high" compared to 4% when price was "low") both observations are statistically significant at the 99% level. The likelihood of rejecting both offers is 5 percentage points lower in the "high primary product treatment" for washing machines (68% compared to 73%), and 13 percentage points lower in the "high primary product price" treatment (67% compared to 80%).

In all countries, average willingness-to-pay is higher in the "high primary product price" treatments. The likelihood of accepting both offers of commercial guarantees is higher in the "high primary product price" treatments in all countries, except in the case of Romania, for washing machines (although the difference is not statistically significant). Finally, the likelihood of rejecting both offers of commercial guarantees is lower in the "high primary product price" treatment, except in the case of Romania for washing machines (although the difference is not statistically significant). These results do not change significantly when controlling for respondent socio-demographic characteristics.[94]

The higher willingness to pay for commercial guarantees for expensive primary products may be associated with the respondents' belief that dearer primary products will be more expensive to repair. As seen in Figure 112, most respondents who purchased commercial guarantees in the willingness to pay test did so because they believed that their product would be costly to repair.

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[93] The willingness-to-pay design can be found in Annex A6.5.

[94] The magnitude of the effect overall remains the same and the results remain statistically significant at 99%. The "high primary product price" treatment is associated with approximately €2 increase (about a 25% increase compared to a baseline of €8) in average willingness to pay for washing machines, and €5 increase in willingness to pay for mobile phones, compared to a baseline of €5 (doubling the average willingness to pay). Similarly, controlling for respondent country and socio-demographic characteristics has little impact on other willingness to pay measures: respondents are more likely to accept both offers in the "high primary product price" treatment, and less likely to reject both offers in the 'high primary product price' treatment.

Impact of commercial guarantee duration on willingness-to-pay for commercial guarantees

Respondents have a lower willingness to pay for commercial guarantees for both products when the commercial guarantee duration is long compared to when it is short (results are presented in Annex 4). Overall, willingness to pay for commercial guarantees for washing machines is €8 in the "long duration" treatment compared to €11 in the "short duration" treatment (statistically significant at the 99% level). The average willingness to pay for mobile phones is €7.5 in the "long duration" treatment and €8.3 in the "short duration" treatment (not statistically significant). The likelihood of accepting both offers was 5 percentage points lower in the "long duration" treatment for washing machines (13% compared to 18%, statistically significant at the 10% level), and 1 percentage point lower for mobile phones (statistically at the 90% level). The likelihood of rejecting both offers is 5 percentage points higher in the "long duration" treatment for washing machines (73% compared to 68%, statistically significant at the 99% level), and 1 percentage point lower for mobile phones in the "long duration" treatment (not statistically significant).

In all countries except the Czech Republic (where the difference is not statistically significant), average willingness to pay is higher in the "short duration" treatment. The likelihood of accepting both offers of commercial guarantees is higher in the "short duration" treatments in all countries, except in the case of the Czech Republic and Romania, for washing machines (although the difference is not statistically significant), and Poland and Romania for mobile phones (where the difference is not statistically significant). Finally, the likelihood of rejecting both offers of commercial guarantees is lower in the "short duration" treatment for most countries. These measures are not substantially changed when running regressions controlling for respondent socio-demographic characteristics.[95]

The lower willingness to pay for commercial guarantees of longer duration may be associated with the respondents' belief that the costs associated with the breakdown of their primary product have more to do with the cost of repair than they have to do with the likelihood of breakdown of the primary product. Respondents may be expected to pay more for commercial guarantees of longer duration if they believe that their product is likely to break down, since the likelihood of breakdown may be expected to increase over time. However, as will be seen in Figure 112, most respondents who purchased commercial guarantees in the willingness-to-pay test did so because they believed that their product would be costly to repair. Therefore, even if respondents may be willing to pay more in total for commercial guarantees of longer duration, they may not be willing to pay more per year of coverage.

[95] When running regressions controlling for socio-demographic characteristics, the measures reported overall do not change significantly : willingness to pay is approximately €3 (€1) lower in the 'long commercial guarantee duration' treatment for washing machines (mobile phones); respondents are 5 percentage points (1 percentage point) less likely to accept both offers in the 'long commercial guarantee duration' treatment for washing machines (mobile phones) and 5 percentage points (1 percentage point) likelier to reject both offers in the 'long commercial guarantee duration' treatment for washing machines (mobile phones).

6.4.3 Impact of motivations on willingness to pay

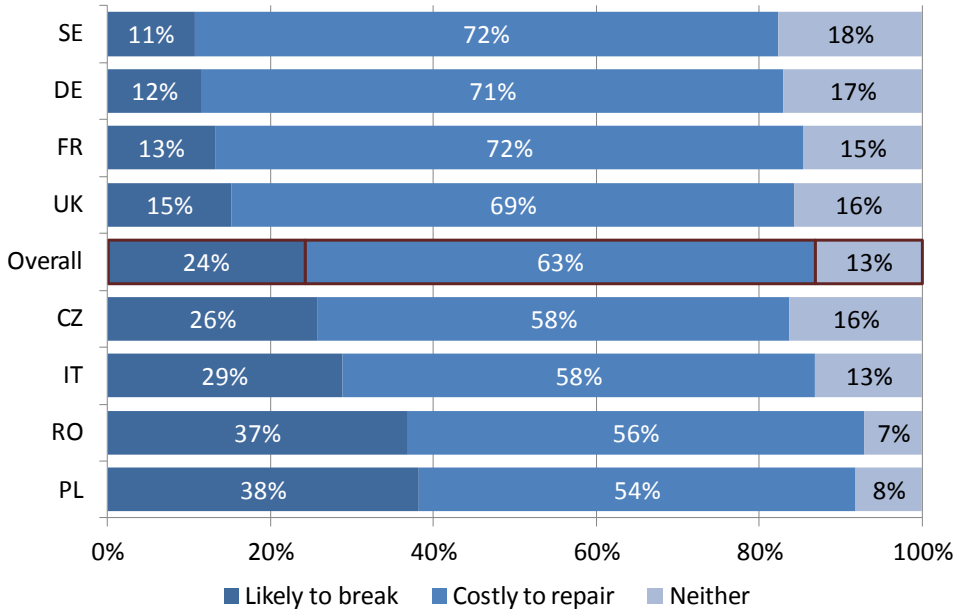
In the willingness-to-pay exercise, respondent willingness to pay may be affected by socio-demographic characteristics, the treatments implemented and respondent awareness of legal guarantees. In addition, willingness to pay may be affected by respondent beliefs regarding the probability of breakdown of the primary product. Further, respondent behaviour regarding the purchase of commercial guarantees may be affected by their beliefs regarding the relative importance of primary product breakdown, versus cost of breakdown of the primary product. In order to investigate these motivations respondents were asked a series of questions about the reasons for their choices

Respondent motivations measured as part of the experiment

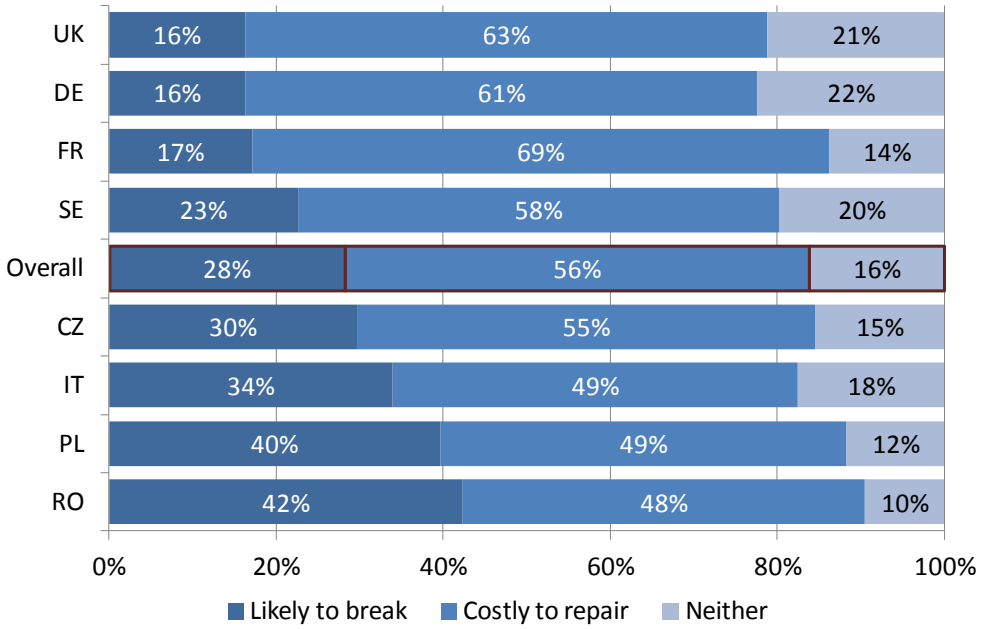
Figure 112 presents respondents' motivations for accepting commercial guarantee offers in the willingness-to-pay test. Overall, more than half of the respondents who purchased commercial guarantees did so because they believed that their products would be costly to repair. For washing machines, this proportion varied between 54% in Poland, compared to 72% in Sweden. For mobile phones, this proportion ranged from 48% in Romania to 69% in France. This may be connected to the higher willingness to pay for commercial guarantees for more expensive primary products, as discussed above.

Figure 112: Incidence of respondent beliefs, among respondents accepting commercial guarantee offers

Washing machines



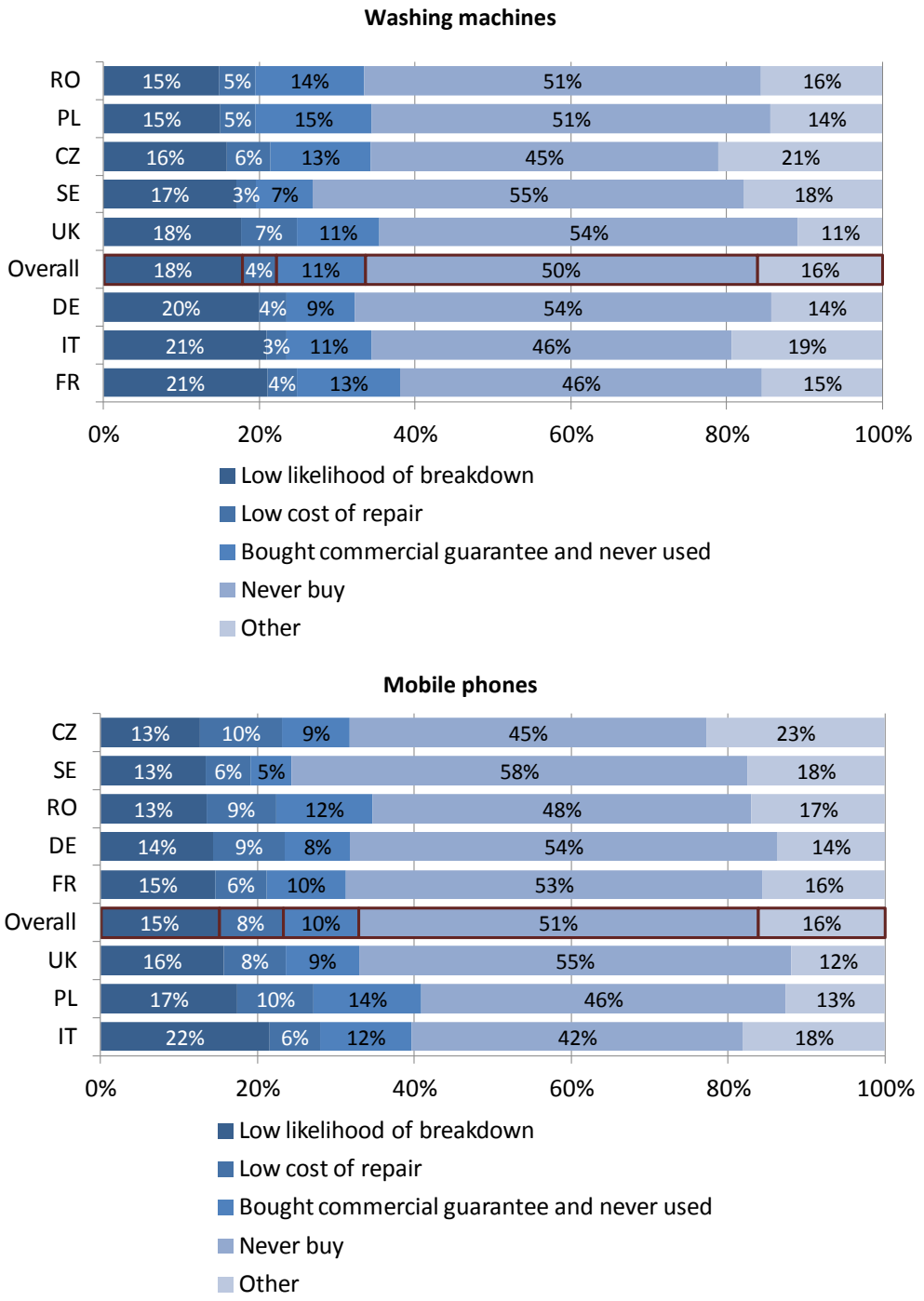
Mobile phones



Note: Responses with very high responses to willingness to pay (e.g. more than the value of the primary product) have been dropped.
The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.
Source: Behavioural experiment

Figure 113 summarises respondents' motivations for not purchasing a commercial guarantee in the willingness-to-pay exercise. Half of the respondents who did not purchase commercial guarantees indicated that they never bought commercial guarantees (50% for washing machines and 51% for mobile phones).

Figure 113: Incidence of respondent beliefs among respondents, among respondents not accepting commercial guarantee offers



Note: Responses with very high responses to willingness to pay (e.g. more than the value of the primary product) have been dropped. The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.

Source: Behavioural experiment

Respondent motivations measured as part of the consumer survey

This section crosses willingness-to-pay measures with the reasons given by respondents who had previously purchased, or not purchased, commercial guarantees (as reported in the consumer survey). Detailed results are presented in Annex 4.

This is done to provide further context behind consumers' willingness to pay for commercial guarantees. For example, if respondents are more likely to indicate that they purchase commercial guarantees for primary products seen as valuable, or precious, this might be a further reason that they are willing to pay more for commercial guarantees for more expensive primary products. However, there is no systematic relationship between answers provided in the consumer survey and behaviour in the willingness to pay experiment. The only relationships found were that respondents were more likely to accept a commercial guarantee offer for washing machines if they reported that they always bought commercial guarantees (99% significant), and for mobile phones that in the past they had a problem with a similar product (90% significant). Interestingly, respondents that reported that they did not know about commercial guarantees or had not been offered a commercial guarantee the past, were less likely to buy a commercial guarantee in the willingness to pay experiment.

6.4.4 Impact of awareness and knowledge of legal guarantees on willingness-to-pay

The price consumers are willing to pay for commercial guarantees may be expected to be influenced by their prior knowledge about legal guarantees.

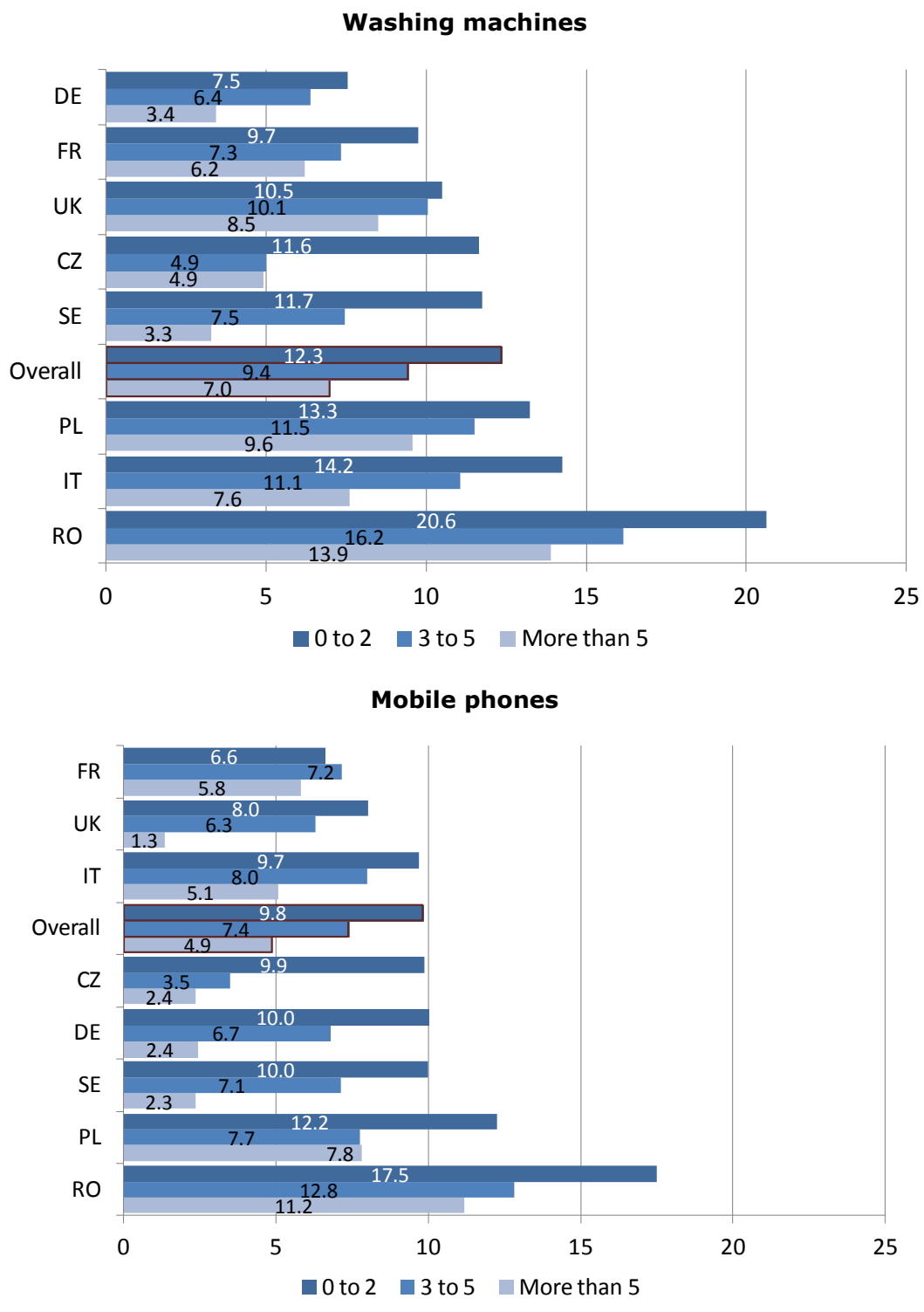
Effect of prior knowledge on willingness to pay

If respondents had prior knowledge of legal guarantees, it is expected that they would have low or no willingness-to-pay for commercial guarantees for an equal duration to legal guarantees, but covering the same circumstances.

Figure 114 presents the relationship between average annualised willingness to pay for commercial guarantees of "short" duration and respondent previous knowledge of legal guarantees. As expected, respondents that correctly answered the true/false statements about the legal guarantee provisions in the consumer survey (implicitly measuring respondents' knowledge of their rights under the legal guarantee[96]) had a lower willingness to pay for commercial guarantees of short duration, for both washing machines and mobile phones.

[96] Assessed implicitly in Q3a and Q3b in the consumer survey.

Figure 114: Impact of respondent knowledge of legal guarantees on willingness to pay for commercial guarantees of "short" duration (€)



Note: Responses with very high responses to willingness to pay (e.g. more than the value of the primary product) have been dropped. The figure excludes "Don't know" responses. The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK. Knowledge of legal guarantees is calculated as the total number of correctly answered items in Q35a and Q35b (consumer survey).

Source: Behavioural experiment

Respondents who correctly knew that the EU level legal guarantee is two years (for Sweden three years), as assessed in the consumer survey[97], tended to have a lower willingness-to-pay for both mobile phones and washing machines. Respondents who answered the question about the legal guarantee length correctly had an average annualised willingness to pay of €9 (washing machines) and €7 (mobile phones), compared to those who believed that it was shorter than its actual length (€10 for washing machines, €9 for mobile phones) and those who believed that it was longer than its actual length (€13 for washing machines and €15 for mobile phones). Respondents who believed that the legal guarantee was longer than it actually is usually had higher willingness to pay than respondents who answered this question correctly. This may seem surprising, but was driven by very few respondents.

6.4.5 Impact of trust in sellers and institutions on willingness to pay (WTP)

Respondents' willingness to pay may also be influenced by their trust in institutions.[98] As seen in the table below, respondents who somewhat, or strongly, agreed with all four of the statements about trust in sellers and institutions, have higher WTP on average, a higher proportion accepting both offers, and a lower proportion rejecting both offers. The results in the table have been controlled for respondent country and socio-demographic characteristics.

Table 17: Regression results: WTP measures against measure of trust in own knowledge, suppliers and institutions

	Washing machines			Mobile phones		
Number of statements in Q32 with which respondent somewhat or strongly agrees	**Average annualised willingness to pay (€)**	**Proportion of respondents accepting both offers (%)**	**Proportion of respondents rejecting both offers (%)**	**Average annualised willingness to pay (€)**	**Proportion of respondents accepting both offers (%)**	**Proportion of respondents rejecting both offers (%)**
1	-0.896	-0.00771	-0.00797	0.238	-0.0112	-0.018
2	0.196	0.00695	-0.0283	0.015	-0.0104*	-0.0178
3	0.964	0.0133	-0.0321*	0.739	-0.00786	-0.0182
4	2.032**	0.0622**	-0.0670**	2.978**	0.0337**	-0.0601**

Note: Responses with very high responses to willingness to pay (e.g. more than the value of the primary product) have been dropped. Values are coefficients from regressions. Values may not add up due to rounding. OLS regressions. */ **/ *** implies that the coefficient is statistically significant at 90%/ 95%/ 99%. The experiment is conducted for 8,027 respondents in CZ, FR, DE, IT, PL, RO, SE and the UK.
Source: Behavioural experiment

[97] See Q35a in the consumer survey.

[98] This can be assessed by crossing respondents' willingness to pay with their responses to Q32 in the consumer survey.

7. Consumer experience: problems, remedies and redress

Box 7: Summary of findings – Problems, remedies and redress

Incidence and type of problems

- Across the EU, 38% of consumers had experienced a problem with a product for which they felt they had a genuine cause for complaint; equal shares reported that this problem had occurred within the first six months, between 6 and 12 months or between one and two years after purchasing the product.
- 28% of problems were linked to a faulty product, 25% were due to the product not living up to expectations or not performing as expected, 24% to a product that did not work or that had stopped working and 13% to a damaged product.

Extent to which consumers seek redress

- Across the EU, consumers had taken action for 84% of problems (e.g. they took the product back to the seller or manufacturer); a majority of consumers took action within one week from the moment the problem occurred.
- For problems that had occurred more than one year after the purchasing date, consumers were less likely to take action (78% vs. 88% for problems that had happened within the first six months).
- Consumers were more likely to take action for a problem with a product that was covered by a commercial guarantee than for products covered only by the legal guarantee (90% vs. 81%).
- A majority of consumers (who took action after a problem occurred) were satisfied with the way their problem was dealt with; the sum of "very satisfied" and "fairly satisfied" responses varied between 62% in Cyprus and 84% in Germany.
- A lower satisfaction level was observed for problems addressed by the manufacturer than for problems addressed by the seller.

Barriers to seeking redress

- **A lack of awareness:** for 17% of problems for which no action was taken, consumers had not taken action because they thought the legal guarantee had expired.
- **Complex/long process to execute rights:** for 30% of problems for which no action was taken, consumers thought it was unlikely that the problem would have been resolved. Other reasons mentioned were that the process would take too long (16% of problems) or that the procedure to file a complaint was not known (6%).
- **Burden of proof:** for 14% of problems, consumers had not taken any action because they had to prove that the problem was not caused by them.

Sellers' or manufacturers' liability?

- Across the EU28, for 53% of problems, consumers had only contacted the seller and 12% only the manufacturer; 14% had contacted both the seller and the manufacturer. For 4% of problems, a third party, such as a consumer organisation, an ombudsman or a lawyer was contacted.
- Not only in countries were both the seller and manufacturer are liable for the legal guarantee, but also in countries were only the seller is liable, a considerable proportion of consumers had contacted the manufacturer.
- Across countries where only the seller is liable for the legal guarantee, a considerable proportion of consumers mistakenly thought that both the seller and the manufacturer

could be held responsible to address a problem (from 10% in Malta to 45% in Croatia).

- For products bought via distance channels, consumers were more likely to address the problem with the manufacturer than with the seller (29% vs. 23% for products bought in-store).

Hierarchy of remedies

- 77% of consumers agreed that it is reasonable for a seller to offer a repair or replacement, but not a refund, when a problem with a product occurs for the first time; this figure varied between 67% in Estonia and Croatia and 91% in Malta.
- 43% of sellers (in the mystery shopping exercise) informed consumers that they would *only* qualify for a repair and that a replacement or refund would only be offered if the repair was not possible within a reasonable time or without inconvenience – i.e. they appeared to apply a two-tier system where *only a repair* is offered immediately.
- Of all the problems for which consumers had only contacted the seller, 37% resulted in a free repair of the product, 26% in a free replacement and 12% in a full or partial refund.
- On average, 15% of replacements, repairs and refunds happened within one day (the figure was the highest for clothing and footwear – at 35%). A considerable proportion of repairs, refunds and replacements, however, was only received after two weeks (18% "between 15 and 30 days" and 6% "more than one month").
- Across all countries, a minority of consumers were told that their problem was not covered by the legal guarantee (from 2% of problems in Denmark, Finland and Slovenia to 8% in France, Lithuania and Luxembourg). For between 1% and 4% of problems, the seller informed the consumer that the legal guarantee had expired.

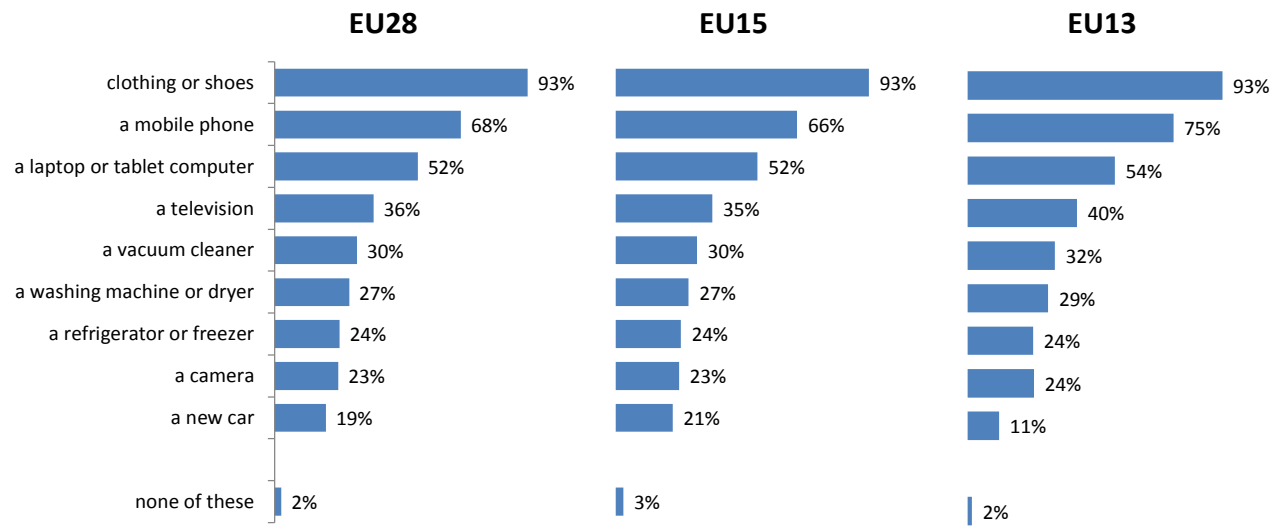
7.1 Problems

7.1.1 Proportion of consumers encountering problems

Products bought

Across the EU28, virtually all respondents had bought at least one of the products listed in the survey; just 2% had not bought any of the products in the past two years. The largest share had bought clothing or shoes (93%), followed by 68% who had purchased a mobile phone and 52% who had bought a laptop or tablet computer.

Figure 115: Products bought by respondents in the past two years



Q1. In the last two years, have you purchased any of the following products?
% "Yes" (multiple response), EU28, Base: all respondents (EU28: n=26,659; EU15: n=14,553; EU13: n=12,106)
Source: Consumer survey

The following table presents the individual country results for the type of products bought by respondents in the past two years. Across all countries, a vast majority of respondents had bought at least one of the product types listed in the survey in the past two years. The average number of product bought in the past two years ranged from 2.91 in Latvia to 4.32 in Italy.

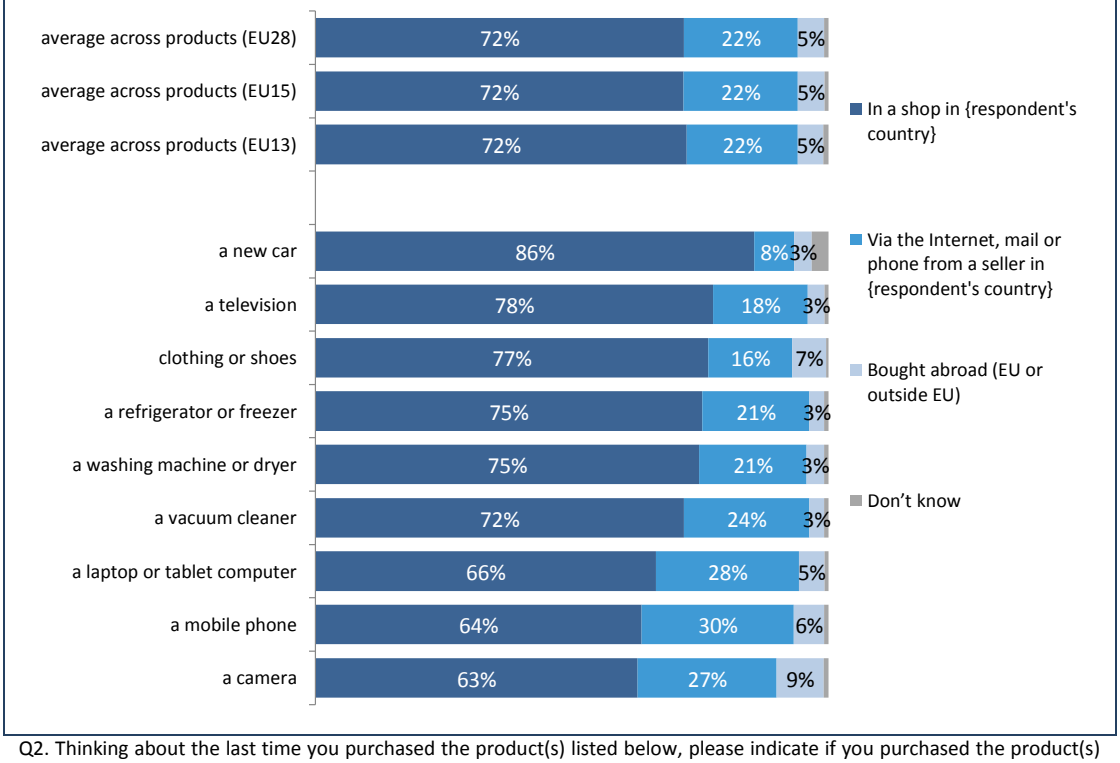
Table 18: Products bought by respondents in the past two years, by country

	clothing or shoes	mobile phone	laptop or tablet computer	TV	vacuum cleaner	washing machine or dryer	Fridge or freezer	camera	new car	none of these	Average nmb. of products bought
IT	94%	77%	58%	47%	34%	**38%**	**31%**	29%	24%	2%	4.32
BG	93%	81%	64%	**51%**	34%	29%	26%	27%	15%	1%	4.22
RO	93%	**82%**	62%	45%	35%	36%	26%	28%	9%	1%	4.17
HR	96%	81%	60%	45%	**36%**	29%	26%	22%	13%	1%	4.07
LU	96%	70%	53%	34%	33%	29%	23%	**33%**	**36%**	2%	4.06
ES	**96%**	81%	60%	41%	25%	29%	26%	28%	16%	1%	4.03
AT	95%	71%	57%	38%	34%	30%	25%	27%	25%	1%	4.01
PT	94%	77%	64%	42%	31%	26%	25%	24%	18%	2%	4.01
PL	94%	77%	55%	42%	35%	31%	24%	26%	12%	1%	3.96
EL	94%	78%	**66%**	44%	28%	25%	22%	26%	8%	1%	3.92
SK	95%	73%	54%	34%	31%	26%	24%	23%	13%	1%	3.73
EU28	93%	68%	52%	36%	30%	27%	24%	23%	19%	2%	3.73
IE	95%	74%	55%	35%	27%	23%	17%	18%	25%	1%	3.69
SI	94%	75%	50%	34%	27%	28%	23%	22%	16%	1%	3.69
DE	92%	62%	47%	37%	31%	25%	23%	23%	21%	3%	3.61
CZ	92%	67%	44%	35%	29%	28%	25%	28%	11%	1%	3.58
UK	91%	61%	49%	31%	32%	25%	22%	20%	21%	4%	3.53
BE	92%	59%	48%	27%	27%	23%	25%	17%	24%	3%	3.42
MT	95%	61%	46%	36%	19%	29%	23%	17%	15%	2%	3.41
FR	91%	58%	47%	26%	29%	22%	21%	20%	25%	4%	3.39
LT	**89%**	70%	43%	32%	25%	21%	21%	16%	11%	3%	3.27
SE	92%	61%	48%	28%	26%	16%	15%	18%	19%	3%	3.22
NL	91%	55%	46%	24%	26%	23%	17%	17%	16%	**5%**	3.15
HU	89%	66%	43%	29%	23%	23%	20%	15%	**7%**	4%	3.15
CY	89%	67%	43%	31%	**16%**	22%	**13%**	11%	13%	4%	3.05
EE	91%	58%	41%	28%	21%	20%	18%	11%	15%	2%	3.04
DK	91%	56%	47%	27%	19%	19%	16%	12%	17%	3%	3.03
FI	92%	**55%**	45%	**22%**	19%	16%	15%	15%	15%	3%	2.94
LV	91%	64%	**38%**	26%	18%	**15%**	19%	**9%**	11%	3%	2.91
NO	93%	63%	50%	26%	19%	23%	21%	19%	22%	2%	3.36
IS	95%	62%	49%	29%	22%	22%	15%	15%	23%	1%	3.32

Q1. In the last two years, have you purchased any of the following products? By "products" we mean consumer goods, such as a camera, a TV, a car, etc., that people buy for personal use.
% (multiple response), by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

The majority of products had been bought in a shop in the respondents' own countries; for example, 77% of respondents had bought clothing or shoes in a store in their country, compared to 16% who had shopped for clothing or shoes online from a store in their own country. Compared to other product categories, mobile phones, laptops and tablet computers were more frequently bought online: 30% of respondents said they had bought their mobile phone from an online store in their country; the corresponding figure was 28% for laptops and tablet computers.

Figure 116: Products bought in a shop or online



Q2. Thinking about the last time you purchased the product(s) listed below, please indicate if you purchased the product(s) from a seller in {respondent's country} or a seller abroad, and whether in a shop or via the Internet, mail or phone?
%, EU28, Base: all products bought in the past two years (EU28: n=96,855; EU15: n=52,958; EU13: n=43,897)
Source: Consumer survey

The table on the following page shows that, across all countries, the majority of products had been bought in a shop in respondents' countries (between 60% in Germany and 91% in Cyprus).

The largest shares of products bought via distance channels – in respondents' countries or abroad (online, via mail or phone) – were observed in Germany (38%), the UK (34%) and the Czech Republic (33%). In Cyprus and Malta, on the other hand, less than a tenth of products had been bought via distance channels (3% and 6%, respectively). Other countries with low proportions of products bought via distance channels include: Luxembourg (10%), Portugal (13%), Belgium (14%) and Ireland (15%).

Table 19: Products bought in a shop or online, by country

	In a shop in {resp. country}	Via the Internet, mail or phone from a seller in {resp. country}	Via the Internet, mail or phone, from a seller in another EU country	In a shop in another EU country	In a shop outside the EU	Via the Internet, mail or phone, from a seller outside the EU	Don't know	Net: In a shop	Net: Via the Internet, mail or phone
CY	**91%**	1%	3%	4%	1%	**0%**	0%	**96%**	**3%**
MT	89%	**0%**	4%	3%	1%	2%	**0%**	93%	6%
LU	78%	2%	8%	**11%**	1%	1%	1%	90%	10%
PT	85%	9%	3%	1%	0%	1%	**0%**	87%	13%
BE	81%	9%	4%	3%	1%	1%	1%	85%	14%
IE	81%	10%	5%	2%	1%	1%	1%	84%	15%
SI	80%	13%	2%	2%	1%	1%	0%	84%	16%
HR	79%	12%	3%	3%	1%	2%	1%	83%	16%
IT	80%	13%	3%	2%	1%	1%	1%	83%	17%
ES	80%	13%	3%	1%	1%	2%	0%	82%	18%
FI	77%	15%	3%	2%	1%	1%	1%	80%	19%
EE	77%	14%	3%	2%	1%	1%	2%	80%	18%
BG	76%	16%	3%	2%	1%	1%	1%	79%	20%
EL	75%	17%	3%	2%	1%	**3%**	1%	77%	22%
FR	75%	19%	2%	1%	0%	1%	2%	77%	21%
HU	75%	19%	2%	2%	0%	1%	1%	77%	22%
RO	73%	20%	2%	3%	1%	1%	1%	76%	22%
LT	70%	20%	2%	3%	1%	2%	**2%**	74%	24%
PL	72%	24%	1%	2%	1%	0%	1%	74%	25%
EU28	72%	22%	2%	1%	1%	1%	1%	74%	25%
SE	71%	21%	2%	1%	2%	1%	2%	74%	25%
LV	67%	20%	4%	5%	1%	2%	1%	73%	26%
DK	70%	23%	3%	1%	1%	0%	2%	73%	26%
SK	69%	25%	1%	2%	1%	1%	1%	72%	27%
AT	69%	18%	**9%**	2%	0%	1%	1%	71%	28%
NL	69%	27%	1%	1%	1%	1%	1%	71%	29%
CZ	65%	32%	**0%**	1%	**0%**	1%	1%	66%	33%
UK	64%	33%	1%	**1%**	0%	0%	1%	65%	34%
DE	**60%**	**36%**	1%	1%	1%	1%	1%	**61%**	**38%**
IS	77%	5%	1%	9%	**6%**	2%	1%	91%	7%
NO	72%	20%	2%	2%	2%	1%	2%	76%	22%

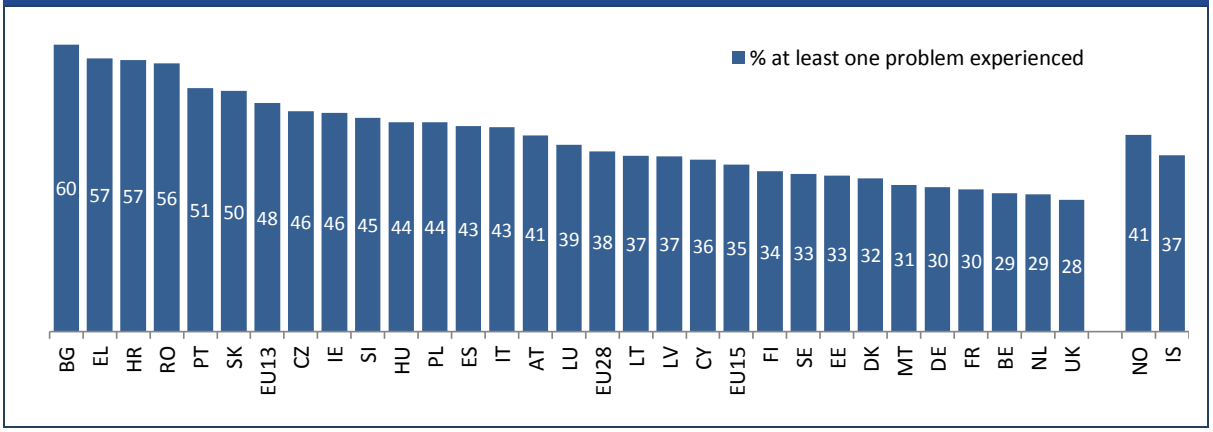
Q2. Thinking about the last time you purchased the product(s) listed below, please indicate if you purchased the product(s) from a seller in {respondent's country} or a seller abroad, and whether in a shop or via the Internet, mail or phone?
%, by country, Base: all products bought in the past two years (EU28: n=96,855; IS: n=1,701; NO: n=3,399)
Source: Consumer survey

Incidence of problems

Across the EU28, 38% of respondents had experienced a problem with a product for which they felt they had a genuine cause for complaint because the product was faulty or damaged or did not work at all.

This proportion was the highest in Bulgaria where 60% of respondents had experienced a problem with at least one of the products they had bought in the past two years. Other countries where more than half of respondents had experienced at least one problem were Romania (56%), Croatia and Greece (both 57%). In the UK, the Netherlands, Belgium, France, Germany and Malta, on the other hand, only about half as many respondents reported having experienced at least one problem (between 28% and 31%).

Figure 117: Proportion of respondents that experienced at least one problem, by country



Q16. Thinking about products you purchased during the last 2 years, have you personally experienced any problems with it? The sort of problems we are referring to are those where you felt you had a genuine cause for complaint because the product was faulty or damaged, or didn't work at all.

% (yes), by country, Base: respondents who bought at least one product in the past two years (EU28: n=26,108; IS: n=498; NO: n=984)

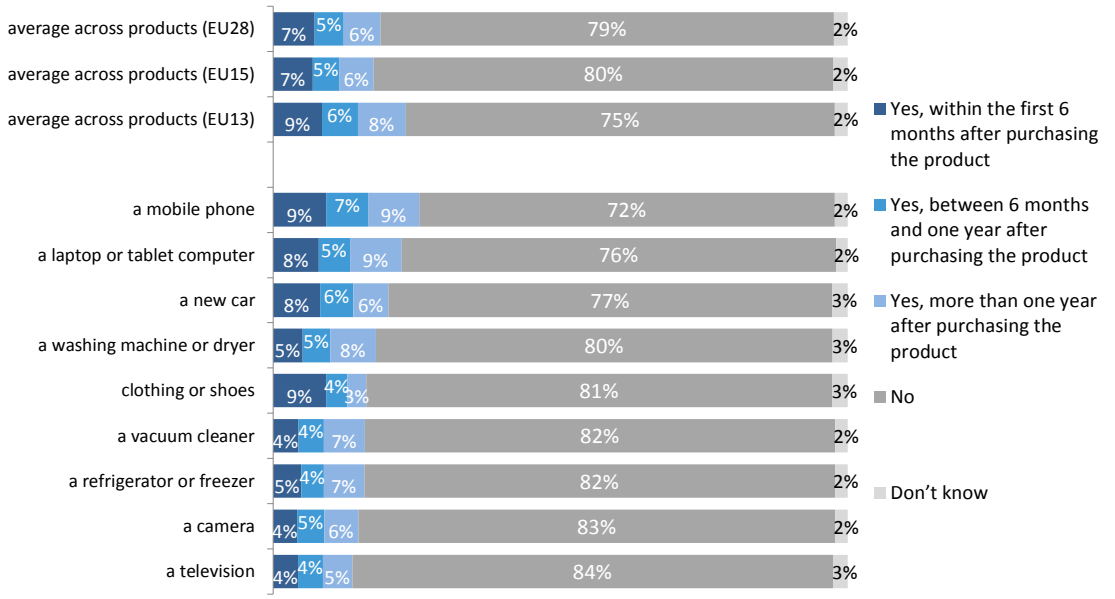
Source: Consumer survey

Incidence of problems, by product

When asked whether respondents had experienced problems with the products they had bought in the past two years, a quarter of respondents who had bought a mobile phone answered they had felt they had a genuine cause for complaint because the mobile phone was faulty or damaged or did not work at all. For the other products, the proportion of respondents who had experienced a problem varied between 13% for televisions and 22% for laptops and tablet computers.

Looking at the example of mobile phones, 9% of respondents who had bought a mobile phone in the past two years answered that a problem had occurred in the first six months after purchasing the phone, 7% reported that the problem had occurred between six months and one year after the purchase and 9% said the problem had occurred after one year.

Figure 118: Extent of problems experienced and time frame in which problems occurred



Q16. Thinking about products you purchased during the last 2 years, have you personally experienced any problems with it? The sort of problems we are referring to are those where you felt you had a genuine cause for complaint because the product was faulty or damaged, or didn't work at all.
%, EU28, Base: all products bought in the past two years (EU28: n=96,855; EU15: n=52,958; EU13: n=43,897)
Source: Consumer survey

The following table presents, for each product category, the proportion of respondents who had bought the product in the past two years and who had felt they had a genuine cause for complaint because the product was faulty or damaged or did not work at all, by country. It can be seen, for example, that 38% of respondents who had bought a mobile phone in the past two years in Bulgaria, Croatia and Greece answered that a problem had occurred with it; in the Netherlands, on the other hand, just 14% stated the same.

Table 20: Extent of problems experienced, by country

	a mobile phone	a laptop or tablet computer	a new car*	a washing machine or dryer	clothing or shoes	a vacuum cleaner	a refrigerator or freezer	a camera	a television
BG	**38%**	36%	22%	20%	**36%**	22%	16%	22%	15%
EL	**38%**	**37%**	29%	19%	23%	19%	20%	18%	17%
RO	36%	30%	27%	19%	28%	18%	21%	19%	19%
IT	30%	26%	**33%**	**27%**	17%	**25%**	**27%**	**26%**	**20%**
HR	**38%**	30%	23%	23%	22%	15%	15%	14%	13%
HU	27%	25%	24%	16%	29%	12%	15%	10%	9%
PL	25%	24%	20%	21%	29%	18%	16%	11%	14%
PT	34%	28%	25%	20%	17%	18%	12%	17%	16%
CZ	30%	26%	14%	15%	28%	15%	10%	12%	9%
SK	25%	24%	15%	11%	31%	13%	10%	11%	8%
ES	32%	24%	23%	15%	12%	19%	18%	17%	12%
SI	30%	23%	21%	18%	16%	11%	9%	10%	12%
EU28	25%	22%	20%	18%	16%	16%	16%	15%	14%
AT	27%	20%	20%	17%	17%	15%	14%	15%	12%
IE	26%	20%	21%	25%	15%	18%	9%	8%	11%
SE	26%	21%	23%	22%	15%	10%	15%	17%	13%
LV	26%	18%	14%	**5%**	22%	7%	7%	5%	8%
LT	24%	22%	**11%**	10%	19%	12%	7%	16%	9%
CY*	24%	26%	**11%**	14%	9%	15%	8%	15%	9%
FI	23%	18%	24%	9%	14%	10%	8%	7%	13%
LU	29%	21%	18%	15%	11%	13%	9%	11%	10%
DK	22%	20%	16%	12%	14%	7%	11%	4%	10%
EE	21%	19%	17%	10%	16%	**5%**	**5%**	7%	7%
DE	19%	18%	20%	12%	14%	11%	11%	11%	12%
FR	21%	17%	12%	18%	9%	12%	12%	10%	10%
UK	15%	19%	13%	14%	11%	15%	13%	10%	13%
BE	20%	18%	15%	15%	9%	8%	8%	12%	9%
NL	**14%**	**14%**	21%	13%	11%	15%	10%	16%	12%
MT*	19%	17%	16%	11%	**5%**	9%	12%	**2%**	**6%**
NO	27%	20%	23%	17%	17%	10%	11%	10%	11%
IS*	22%	17%	19%	16%	12%	9%	9%	8%	7%

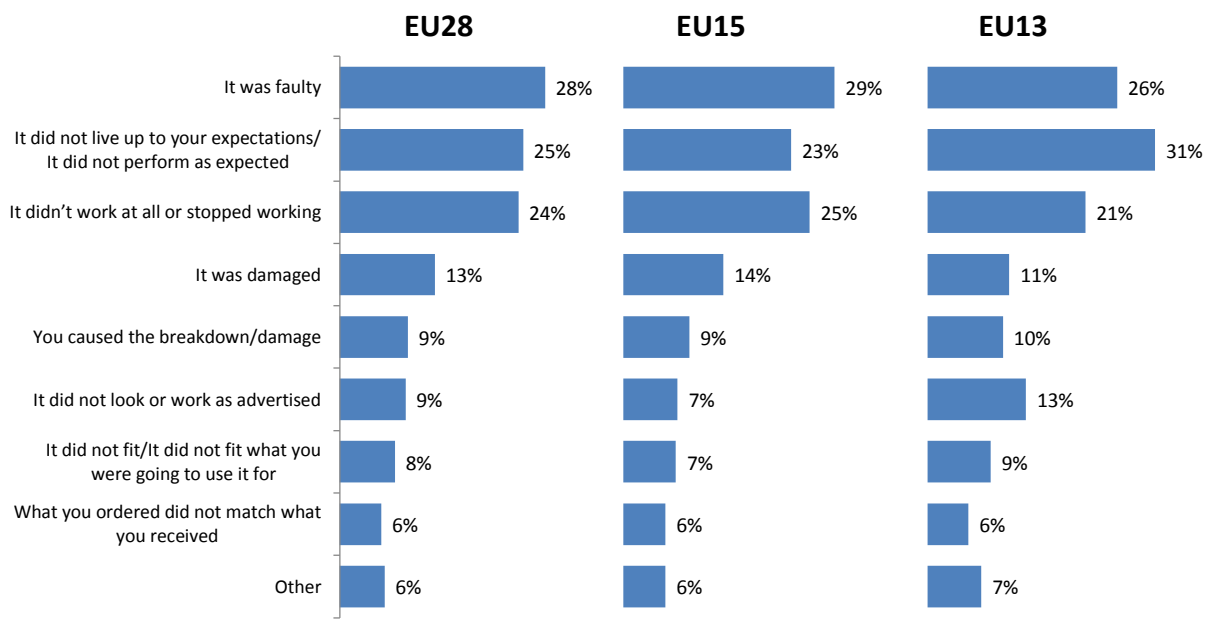
Q16. Thinking about products you purchased during the last 2 years, have you personally experienced any problems with it? The sort of problems we are referring to are those where you felt you had a genuine cause for complaint because the product was faulty, damaged, or didn't work at all.
Note: * caution should be exercised when interpreting the results due to small sample size (n <100)
% (multiple response), by country, Base: all products bought in the past two years (EU28: n=96,855; IS: n=1,701; NO: n=3,399)
Source: Consumer survey

Type of problems experienced

Across all products, 28% of problems reported in the survey were linked to a faulty product, 24% to a product that did not work or that had stopped working and 13% to a damaged product. A quarter of problems were due to the product not living up to expectations or not performing as expected.

Smaller figures were observed for products that did not look or work as advertised (9%), products that did not fit or did not fit what consumers were going to use them for (8%) and products that did not match with what was ordered (6%). For 9% of problems, respondents indicated that they themselves had caused the breakdown or damage.

Figure 119: Type of problems experienced



Q17. You indicated that you experienced a problem with {product}. What kind of problem did you experience? You can select up to three problems

% (multiple response), EU28, Base: all products for which a problem occurred (EU28: n=18,984; EU15: n=9,661; EU13: n=9,323)

Source: Consumer survey

Table 21 presents an overview of the type of problems experienced on average across all product types in each country. A relatively similar rank order of problems was observed across most countries with as main problems: faulty products, products that stopped working and products that did not perform as expected or did not live up to expectations.

Table 21: Type of problems experienced (on average across products), by country

	It was faulty	It did not perform as expected, It did not live up to your expectations	It didn't work at all or stopped working	It was damaged	You caused the breakdown/ damage	It did not look or work as advertised	It did not fit what you were going to use it for, It did not fit	What you ordered did not match what you received	Other
LT	24%	36%	33%	5%	8%	14%	12%	6%	7%
HR	**14%**	31%	34%	13%	6%	16%	**13%**	7%	11%
AT	34%	24%	32%	13%	9%	7%	9%	6%	7%
RO	23%	**42%**	15%	11%	11%	17%	10%	5%	6%
EE	33%	41%	19%	8%	6%	4%	6%	4%	17%
BG	21%	31%	24%	13%	8%	**19%**	10%	3%	8%
LV	32%	40%	22%	**4%**	8%	8%	7%	4%	11%
PT	20%	23%	**39%**	14%	10%	7%	9%	6%	7%
IE	35%	32%	25%	10%	7%	6%	6%	4%	9%
HU	33%	36%	17%	13%	6%	6%	6%	6%	11%
SE	25%	31%	19%	20%	9%	8%	8%	6%	6%
SK	24%	34%	28%	10%	7%	6%	7%	7%	9%
EL	27%	24%	18%	25%	11%	8%	8%	4%	5%
DE	31%	17%	29%	17%	10%	7%	8%	4%	6%
PL	29%	23%	22%	10%	**12%**	13%	8%	6%	6%
MT	26%	**4%**	**14%**	**50%**	**2%**	5%	**1%**	3%	**24%**
UK	32%	26%	26%	11%	9%	8%	5%	6%	5%
DK	31%	27%	20%	16%	7%	4%	5%	6%	12%
EU28	28%	25%	24%	13%	9%	9%	8%	6%	6%
CZ	26%	26%	25%	12%	11%	9%	7%	3%	9%
SI	18%	37%	32%	13%	7%	5%	7%	**2%**	7%
LU	18%	24%	36%	18%	7%	7%	5%	4%	9%
FI	27%	27%	27%	9%	9%	5%	6%	3%	12%
ES	23%	24%	35%	10%	8%	7%	6%	5%	7%
CY	38%	11%	18%	28%	5%	**2%**	3%	3%	14%
NL	29%	19%	25%	14%	7%	6%	10%	5%	7%
BE	31%	25%	23%	11%	7%	4%	7%	5%	8%
IT	30%	22%	15%	13%	9%	10%	9%	**9%**	**3%**
FR	28%	26%	26%	12%	7%	4%	4%	4%	8%
IS	38%	31%	22%	6%	9%	6%	4%	3%	15%
NO	**41%**	22%	24%	13%	10%	**2%**	6%	4%	9%

Q17. You indicated that you experienced a problem with {product}. What kind of problem did you experience? You can select up to 3 problems
% (multiple response), by country, Base: all products for which a problem occurred (EU28: n=18,984; IS: n=240; NO: n=626)

Source: Consumer survey

Type of problems experienced, by product

The following table distinguishes between the types of problem experienced for the products types covered in the study. A faulty product was more frequently reported for problems that had occurred within the first six months after buying the product (35% vs. 21% for problems that occurred after one year), while a product that stopped working was more frequently reported for problems that occurred more than a year after the purchasing date (28% vs. 21% for problems that occurred within the first six months).

Table 22: Type of problems experienced, by product and product characteristics

	It was faulty	It did not perform as expected, It did not live up to your expectations	It didn't work at all or stopped working	It was damaged	You caused the breakdown/ damage	It did not look or work as advertised	It did not fit what you were going to use it for, It did not fit	What you ordered did not match what you received	Other
Type of product									
Mobile phone	27%	31%	31%	9%	10%	6%	5%	3%	7%
Camera	25%	16%	29%	13%	11%	12%	8%	10%	2%
Laptop or tablet computer	25%	23%	36%	11%	9%	7%	6%	4%	6%
Television	28%	20%	33%	15%	6%	9%	6%	7%	3%
Vacuum cleaner	17%	25%	34%	12%	9%	10%	7%	5%	4%
Refrigerator or freezer	23%	19%	22%	16%	8%	13%	10%	8%	6%
Washing machine or dryer	25%	23%	29%	11%	8%	10%	6%	6%	5%
Clothing or shoes	36%	27%	0%	18%	11%	11%	13%	8%	8%
New car	34%	20%	18%	16%	7%	10%	6%	7%	6%
Where was the product bought?									
In a shop in [COUNTRY] (n=13,109)	28%	26%	23%	13%	9%	8%	7%	5%	6%
In a shop in another EU country (n=508)	27%	25%	21%	13%	13%	13%	17%	16%	2%
In a shop outside the EU (n=310)	27%	17%	20%	15%	14%	16%	15%	15%	2%
Via distance channel from seller in [COUNTRY] (n=3,763)	28%	22%	29%	13%	10%	9%	6%	4%	7%
Via distance channel from seller in another EU country (n=479)	24%	25%	22%	14%	13%	13%	11%	12%	5%
Via distance channel from seller outside the EU (n=267)	20%	24%	22%	12%	12%	15%	13%	16%	6%
When did problem occur?									
Within the first 6 months after purchasing the product	35%	24%	21%	15%	7%	9%	8%	6%	6%
Between 6 months and one year after purchasing the product	26%	26%	24%	13%	10%	9%	8%	8%	6%
More than one year after purchasing the product	21%	25%	28%	11%	11%	9%	7%	4%	6%
Product covered by commercial guarantee?									
Yes	27%	24%	28%	13%	10%	10%	7%	6%	5%
No	29%	24%	22%	13%	9%	8%	8%	5%	7%

Q17. You indicated that you experienced a problem with {product}. What kind of problem did you experience? You can select up to three problems
% (multiple response), EU28, Base: all products for which a problem occurred (EU28: n=18,984)
Source: Consumer survey

For problems purchased in another EU or non-EU country, respondents more frequently answered that what they had ordered did not match with what they had received (between 12% and 16% for products bought in another EU or non-EU country, compared to 4%-5% for products bought in the respondent's country), that what they had received did not look or work as advertised (between 13% and 16%, compared to 8%-9%) or that the product did not fit or did not fit what they were going to use it for (between 11% and 17%, compared to 6%-7%).

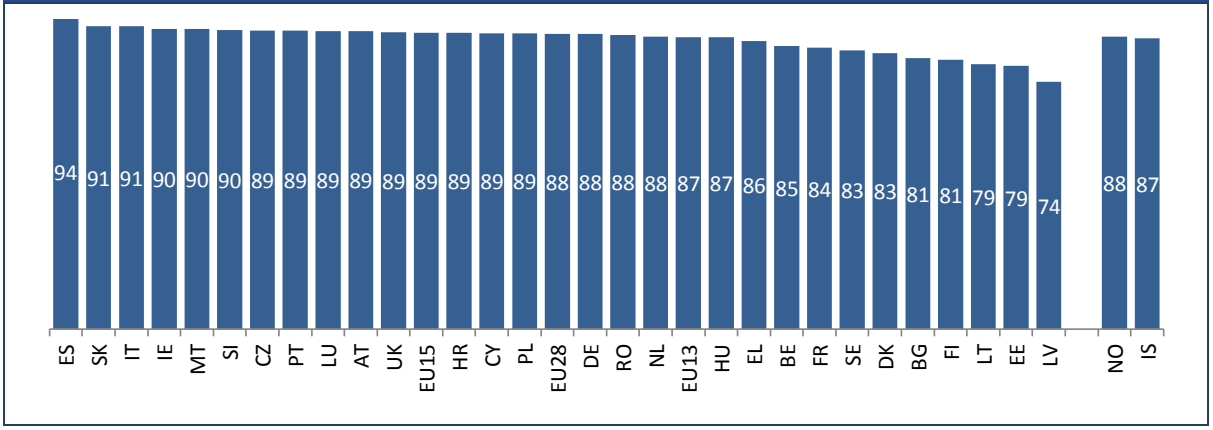
Another difference observed is, for example, that for products covered by a commercial guarantee, respondents more frequently reported that the product did not work at all or had stopped working (28% vs. 22% for products not covered by commercial guarantees).

7.1.2 Extent to which consumers seek redress

Do consumers take action when a problem occurs?

Across the EU28, 88% of respondents had taken action for at least one problem.[99] In Latvia, respondents were the least likely to have taken action (74%), while respondents in Spain were the most likely to have done so (94%).

Figure 120: Proportion that took action for at least one problem*, by country

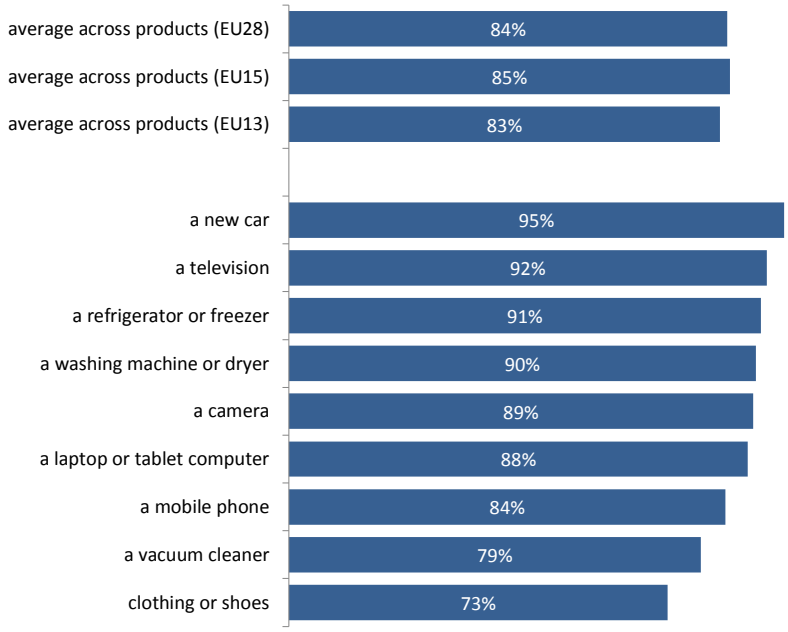


Q18. What did you do FIRST when you realised that there was a problem with {product}?
Note: * respondents were only asked Q18-Q28 for two products with a problem; the proportion that took action for one of these two products is reported in the chart
% (took action), by country, Base: respondents who bought at least one product in the past two years and experienced at least one problem (EU28: n=10,936; IS: n=182; NO: n=414)
Source: Consumer survey

[99] Of the maximum two problems for which respondents answered the questions about redress.

On average, across the EU28, for 84% of problems, respondents reported that they had taken action (e.g. they took the product back to the seller or manufacturer). The figure below shows that this proportion was the lowest for clothing and footwear (73%) and the highest for new cars (95%).

Figure 121: Proportion that took action when a problem occurred, by product

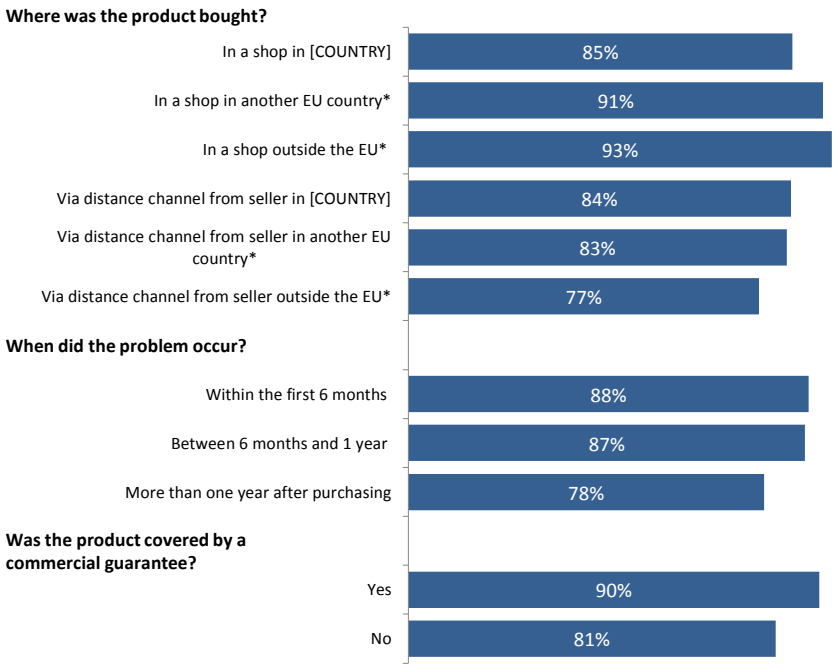


Q18. What did you do FIRST when you realised that there was a problem with {product}?
%, EU28, Base: all products with a problem for which Q18-Q28 was answered (EU28: n=15,314; EU15: n=7,618; EU13: n=7,696)
Source: Consumer survey

For problems that had occurred more than one year after the purchasing date, respondents were less likely to have taken action (e.g. contacted the seller or manufacturer): 78% "took action" compared to 88% for problems that had happened within the first six months and 87% for those that had occurred between six months and one year after purchasing.

Respondents were more likely to have taken action for a problem with a product that was covered by a commercial guarantee than for a product that was only covered by the legal guarantee (respectively, 90% and 81% of problems were followed up). No difference was observed for products bought in a shop or via a distance channel in respondents' countries (84%-85% of problems were followed up).

Figure 122: Proportion that took action when a problem occurred, by product characteristics

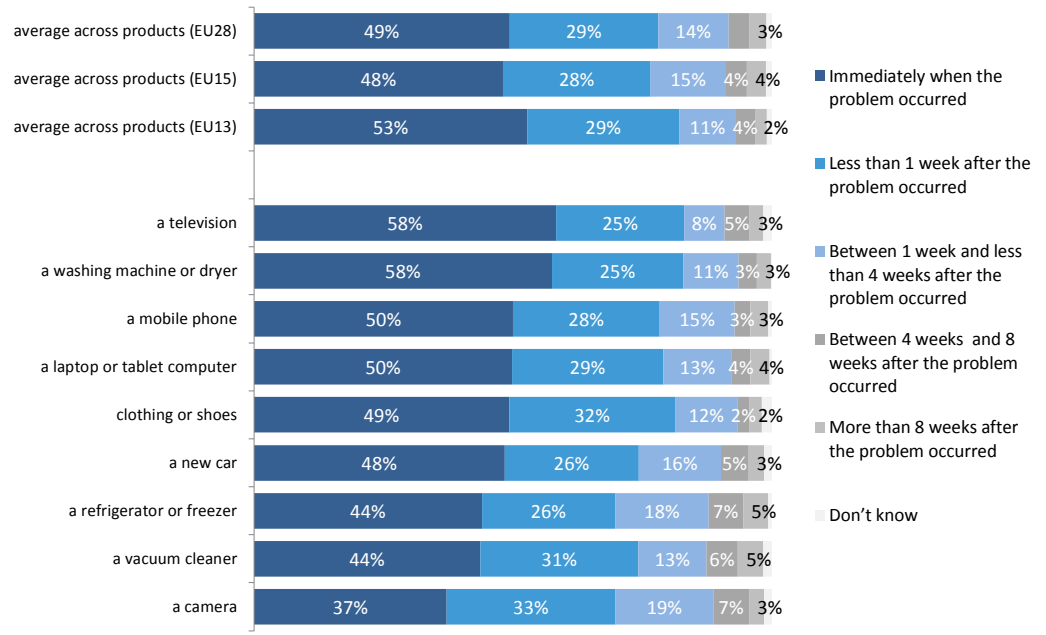


Q18. What did you do FIRST when you realised that there was a problem with {product}?
Note: * % small sample size (between 170 and 414)
%, EU28, Base: all products with a problem for which Q18-Q28 was answered (EU28: n=15,314)
Source: Consumer survey

Time frame for taking actions

Many countries have adopted the approach that consumers need to notify the seller within two months of noticing the problem or that this should be done "within a reasonable period" (e.g. two months). The results of the consumer survey show that, for a majority of problems, respondents had taken action shortly after the problem had occurred. Depending on the type of product, between 37% and 58% of problems were followed up *immediately* when the problem occurred and between 25% and 33% of problems were followed up within one week.

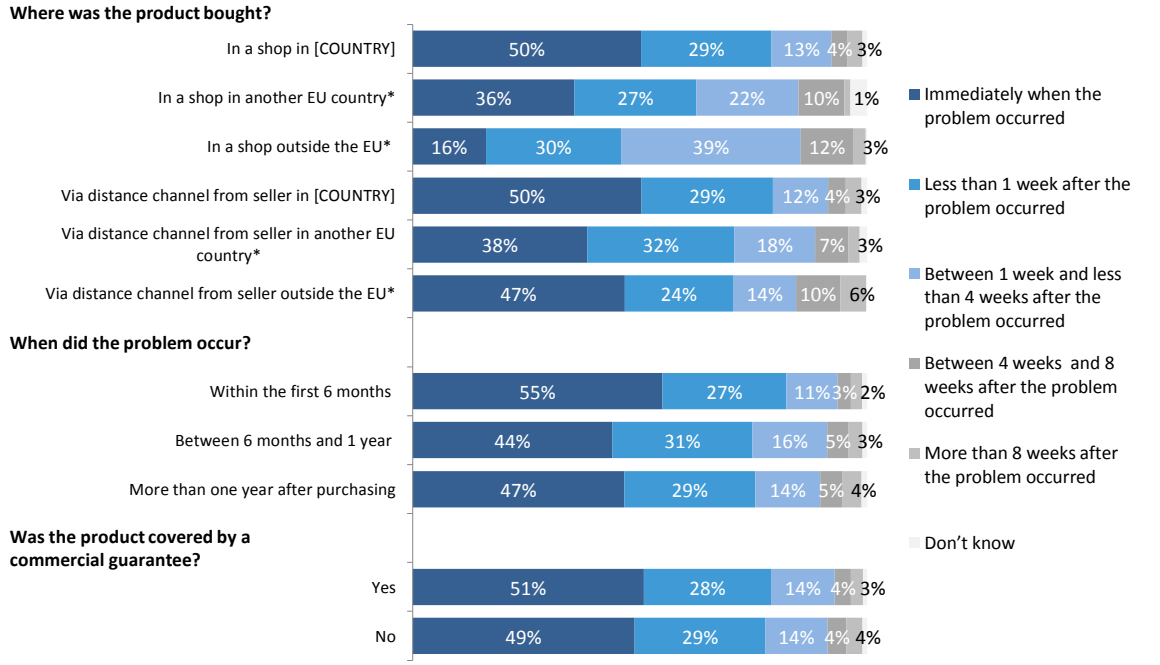
Figure 123: Time frame when actions were taken when a problem occurred, by product



Q19. When did you take this action?
%, EU28, Base: all products with a problem for which Q18-Q28 was answered (EU28: n=15,314; EU15: n=7,618; EU13: n=7,696)
Source: Consumer survey

For problems that had occurred within six months after the purchasing date, respondents appeared to be more likely to have taken action *immediately* when the problem occurred: 55% compared to 44% for problems that had occurred between six months and one year after purchase and 47% for problems that had occurred only after one year. No difference was observed for problems bought in a shop or via distance sales channels in the respondents' countries.

Figure 124: Time frame when actions were taken when a problem occurred, by product characteristics



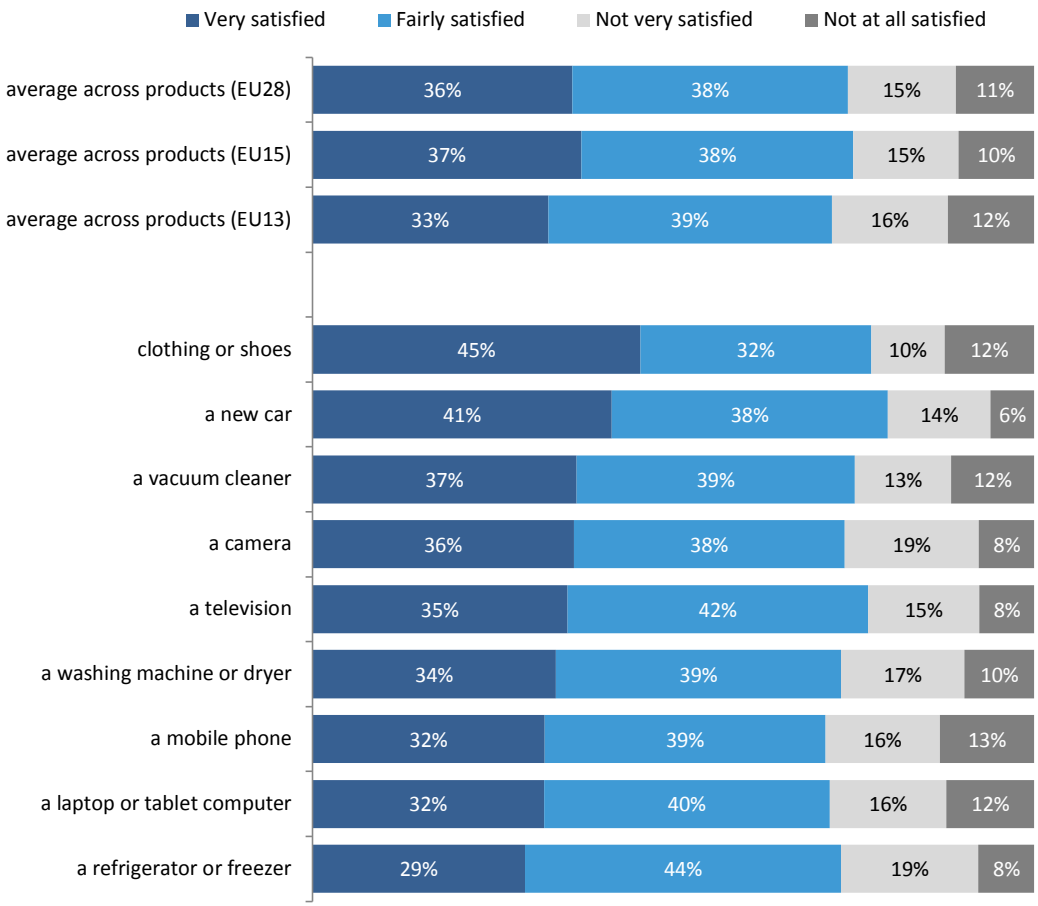
Q19. When did you take this action?
Note: * % small sample size (between 170 and 414)
%, EU28, Base: all products with a problem for which Q18-Q28 was answered (EU28: n=15,314)
Source: Consumer survey

7.1.3 Consumers' experiences when seeking redress

Satisfaction level with the way a problem was dealt with

Across all products, a majority of respondents (who took action after a problem occurred) tended to be either *very satisfied* or *fairly satisfied* with the way their problem was dealt with. For example, 32% of respondents who had experienced a problem with a mobile phone and who had taken action to solve the problem, answered that they were *very satisfied* with the way their problem was dealt with and a further 39% reported being *fairly satisfied*.

Figure 125: Satisfaction with the way the problem was dealt with, by product

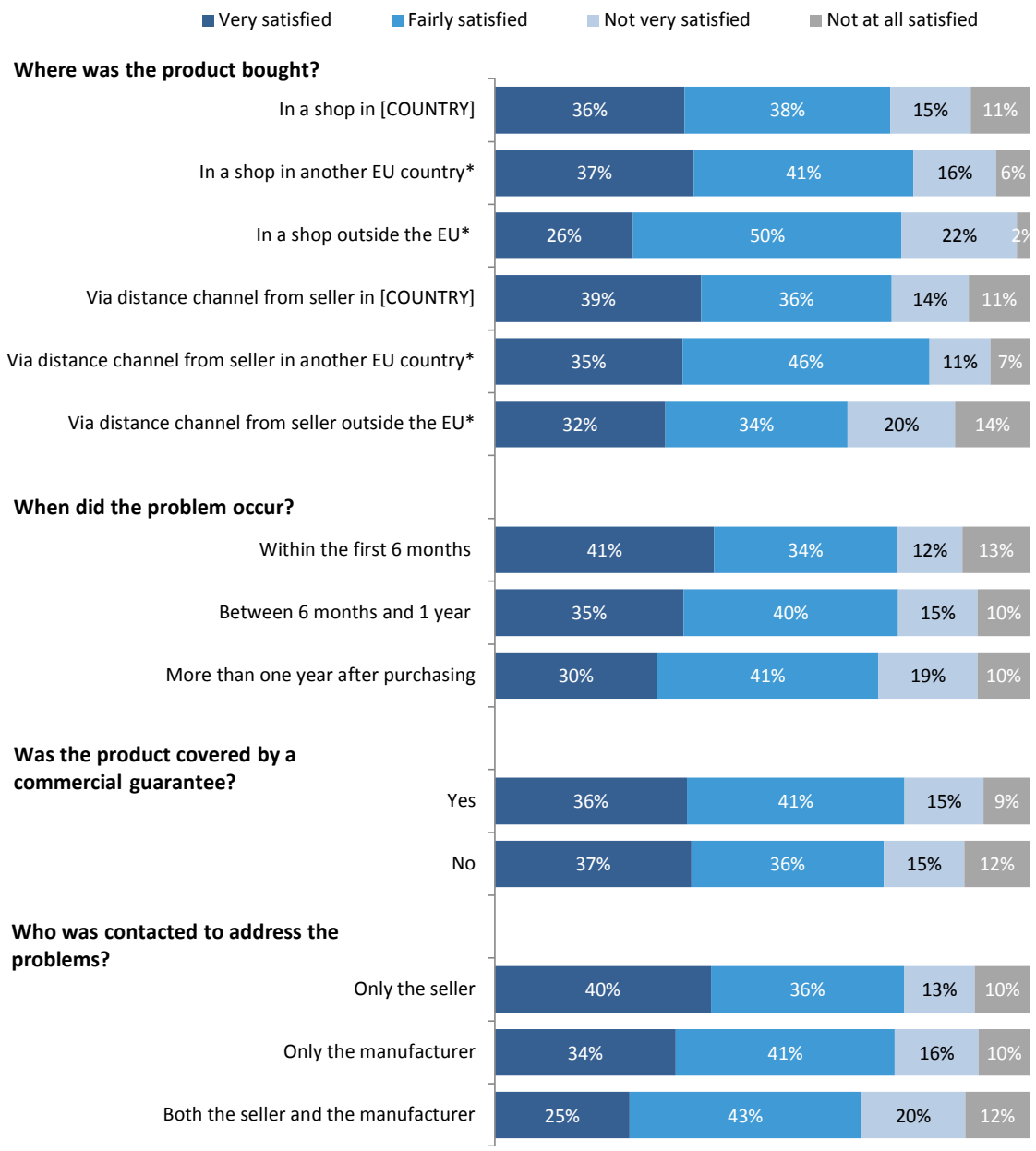


Q27a. How satisfied were you with the way your problem with [PRODUCT] was dealt with?
Note: * % small sample size (between 149 and 400)
%, EU28, Base: problems for which respondents took action (n=12,610)
Source: Consumer survey

The proportion of respondents who took action after a problem occurred and who reported having been *very satisfied* with the way their problem was dealt with was higher for problems that had occurred in the first six months after the purchasing date than for problems that had occurred after one year (41% vs. 30%).

A difference in satisfaction level was also observed for problems that were addressed by the seller and problems addressed by the manufacturer: 40% "very satisfied" responses were reported for problems addressed only by the seller, 34% for those problems addressed only by the manufacturer and 25% for problems for which both the seller and the manufacturer were contacted.

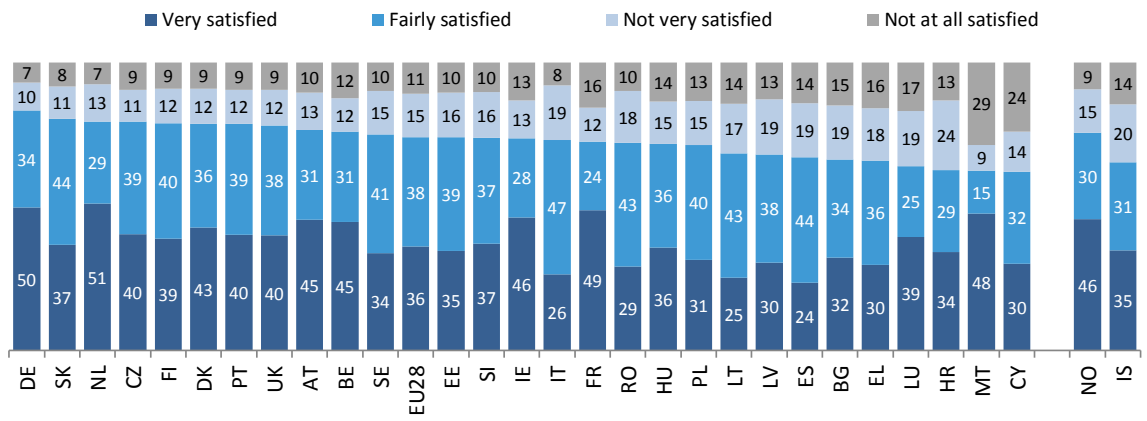
Figure 126: Satisfaction with the way the problem was dealt with, by product characteristics



Q27a. How satisfied were you with the way your problem with [PRODUCT] was dealt with?
Note: * % small sample size (between 125 and 306)
%, EU28, Base: problems for which respondents took action (n=12,610)
Source: Consumer survey

Across all countries, for a majority of problems that were followed up, respondents reported having been either *very satisfied* or *fairly satisfied* with the way their problem was dealt with: the sum of "very satisfied" and "fairly satisfied" responses varied between 62% in Cyprus and 84% in Germany. Looking only at the proportion of "very satisfied" responses, this response was the least frequently selected by respondents in Spain, Lithuania and Italy (24% to 26% of problems received a "very satisfied" response) and most frequently by respondents in Malta, France, Germany and the Netherlands (between 48% and 51% of "very satisfied" responses).

Figure 127: Satisfaction with the way the problem was dealt with, by country



Q27a. How satisfied were you with the way your problem with [PRODUCT] was dealt with?
%, EU28, Base: problems for which respondents took action (EU28:n=12,610; IS: n=186; NO: n=451)
Source: Consumer survey

Reasons for not being satisfied with complaint handling

Respondents who were not satisfied with the way their problem was dealt with were asked to explain why this was the case; the result of this question are presented in Table 23 on the next page. For 44% of problems that were not dealt with satisfactory, respondents answered that the solution had not been satisfactory; for 36% of problems, the process to deal with the problem had been too time consuming. A quarter (25%) of problems had not been dealt with satisfactory because extra costs were charged and for 5% the billing had not been transparent.

The reasons for being dissatisfied with how problems were dealt with varied by product and product characteristics; however, some caution should be exercised when interpreting the results due to the small number of respondents who were dissatisfied.

Looking at the largest differences observed in Table 23, it could be seen, for example, that for problems that occurred within the first six months after buying the product, 18% of respondents answered that they were not satisfied with the way their problem was dealt with because extra costs had been charged; this figure was 28% for problems that occurred between six months and one year after the purchase date and 30% for problems that occurred after one year. Similarly, for problems with products bought in a shop in the respondent's country, 26% of respondents complained that extra costs had been charged; this figure was 20% for product bought via a distance channel. "Extra costs" were also more frequently mentioned for problems with washing machines or dryers (34% vs. 25% on average).

For problems with products NOT covered by a commercial guarantee, 32% of respondents answered that they were not satisfied with the way their problem was

dealt with because the process had been too time consuming; this figure was 39% for problems with products that were covered by a commercial guarantee. The fact that the process to deal with the problem had been too time consuming was also less frequently mentioned for problems for which only the manufacturer was contacted (31% vs. 36% on average) and for problems with clothing and footwear (24% vs. 36% on average).

Table 23: Reasons for not being satisfied with the way one's problem was dealt with, by product and product characteristics

	The solution offered was not satisfactory	The process was too time consuming	It involved extra costs	The billing was not transparent	Other
EU28	44%	36%	25%	5%	19%
EU15 vs. EU13					
EU15	44%	35%	24%	5%	19%
EU13	44%	38%	26%	5%	20%
Type of product					
Mobile phone	46%	44%	25%	4%	19%
Camera	52%	33%	24%	1%	9%
Laptop or tablet computer	55%	36%	22%	5%	18%
Television	43%	35%	29%	5%	13%
Vacuum cleaner	32%	31%	22%	6%	27%
Refrigerator or freezer	39%	34%	28%	8%	15%
Washing machine or dryer	35%	35%	34%	5%	17%
Clothing or shoes	42%	24%	21%	4%	29%
New car	35%	38%	29%	8%	10%
Where was the product bought?					
In a shop in [COUNTRY]	44%	35%	26%	4%	20%
Via distance channel from seller in [COUNTRY]	48%	37%	20%	5%	19%
When did problem occur?					
Within the first 6 months after purchasing the product	45%	39%	18%	4%	24%
Between 6 months and one year after purchasing the product	47%	36%	28%	4%	17%
More than one year after purchasing the product	42%	32%	30%	6%	16%
Product covered by commercial guarantee?					
Yes	44%	39%	24%	4%	16%
No	44%	32%	25%	5%	21%
Who was contacted to address the problem?					
Only the seller	48%	39%	23%	4%	16%
Only the manufacturer	43%	31%	28%	7%	16%
Both the seller and manufacturer	46%	39%	25%	8%	15%

Q27b. Why were you not satisfied with the way your problem with {product} was dealt with? You can select up to three answers.
%, EU28, Base: Problem for which action was taken and the outcome was not satisfactory (EU28: n=3,408; EU15: n=1,627; EU13: n=1,781)
Source: Consumer survey

Barriers to seeking redress

Respondents who had not taken any action were asked why they had not done so. Several reasons mentioned by respondents indicate that there are barriers to seeking redress:

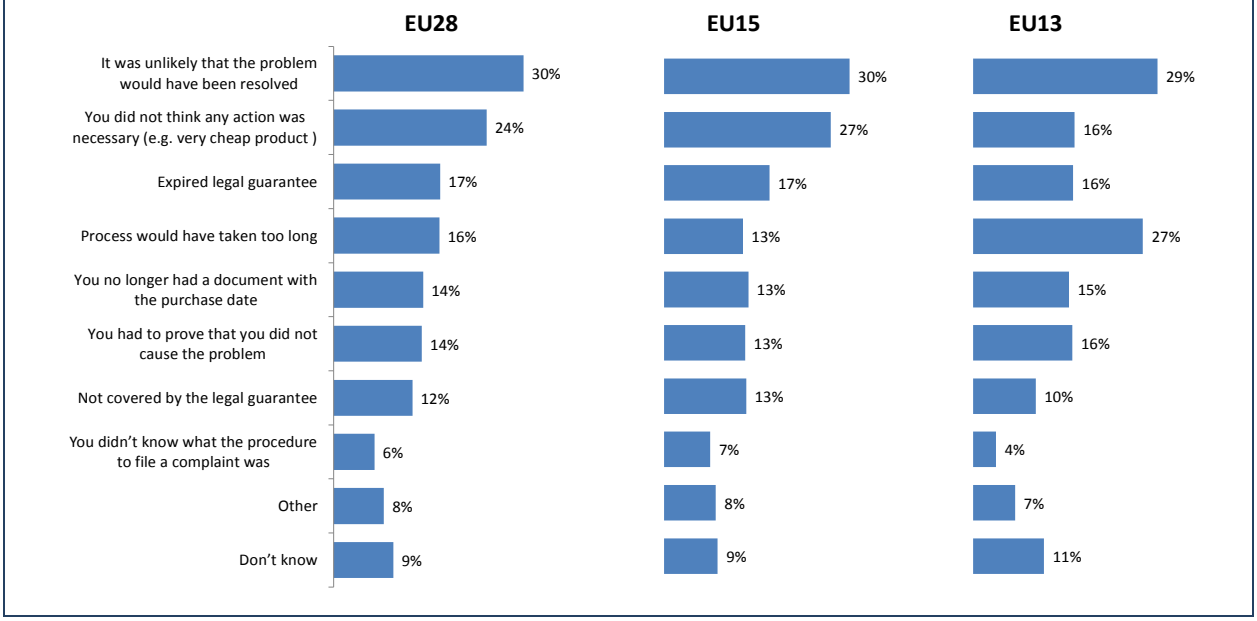
- **A lack of awareness:** for 17% of problems for which no action was taken, respondents had not taken action because they thought the legal guarantee had expired, although the product was bought in the past two years.

- **Complex/long process to execute rights:** for 30% of problems for which no action was taken, respondents answered that it was unlikely that the problem would have been resolved. Other reasons mentioned by respondents were that the process would take too long (16% of problems) or that they did not know the procedure to file a complaint (6%). A comparison between the EU15 and EU13 averages shows that respondents in EU13 countries more frequently said that they had not taken any action because the process would have taken too long (27% vs. 13% in the EU15 countries).

- **Burden of proof:** For 14% of problems, respondents answered that they had not taken any action because they had to prove that the problem was not caused by them.

Nonetheless, it should also be noted that a considerable number of respondents simply did not take action because they considered this not necessary (e.g. it was a cheap product or a minor problem) – 24% of problems belong to this category. Finally, for 14% of problems for which no action was taken, respondents answered that they no longer had a document with the purchase date.

Figure 128: Reasons for not taking any action when a problem occurred



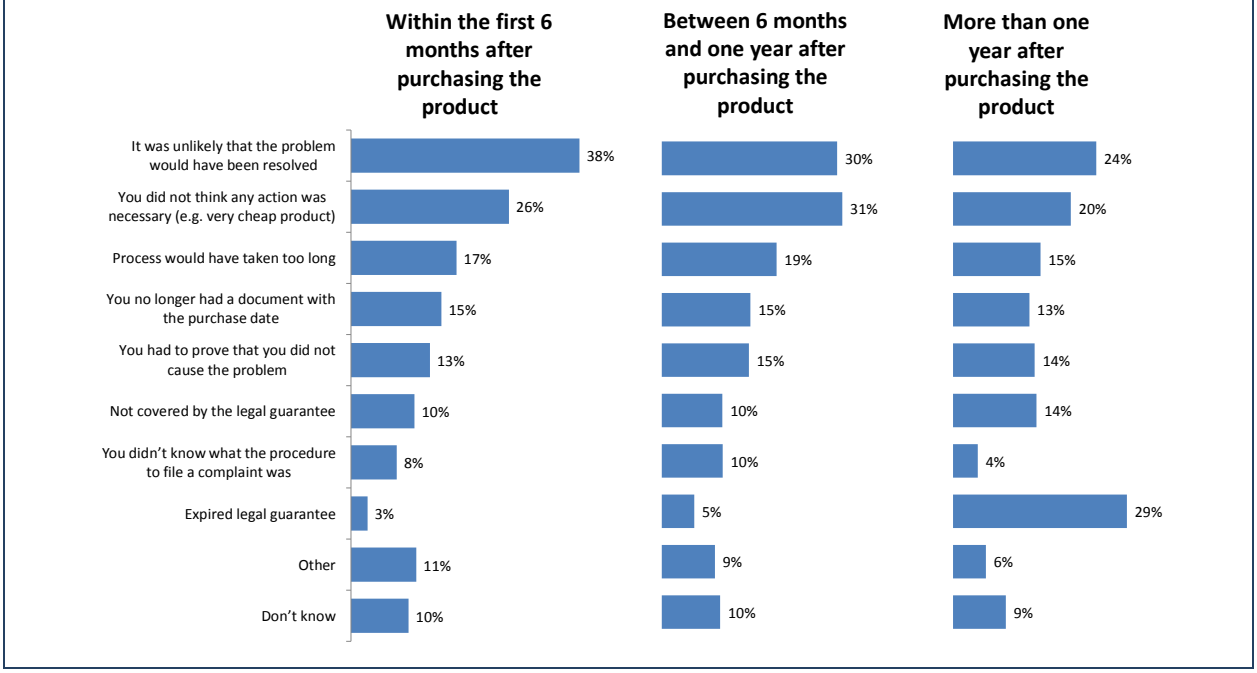
23a. What were the main reasons for not having done anything about the problem you experienced with {product}? You can select up to three reasons

% (multiple response), EU28, Base: all problems for which no action was taken (EU28: n=1,779; EU15: n=862; EU13: n=917

Source: Consumer survey

For problems that occurred more than one year after the purchasing date, 29% of respondents had not taken any action because they thought that the legal guarantee had expired, although the legal guarantee had not yet expired, since respondents only reported about products bought in the past two years. The corresponding figure for problems that had occurred in the first year was considerably lower (3% "first six months" and 5% "between six months and one year").

Figure 129: Reasons for not taking any action when a problem occurred, by timing when the problem occurred



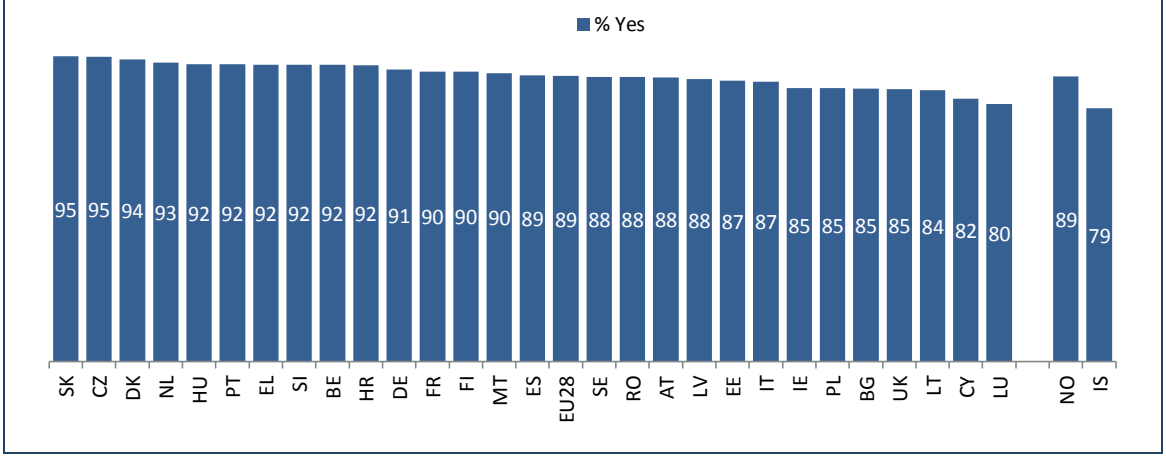
23a. What were the main reasons for not having done anything about the problem you experienced with {product}? You can select up to three reasons

% (multiple response), EU28, Base: all problems for which no action was taken (Within the first 6 months after purchasing the product: n=691; Between 6 months and one year after purchasing the product: n=385; More than one year after purchasing the product: n=703)

Source: Consumer survey

It was noted above that, for 14% of problems for which no action was taken, respondents answered that they no longer had a document with the purchase date. At the end of the consumer survey, respondents were asked if they keep receipts or not. Across all countries, a vast majority of respondents answered that, when buying products, they kept receipts for several months or more; this figure varied from 80% in Luxembourg to 95% in the Czech Republic and Slovakia. Countries close to Luxembourg at the lower end of the country ranking include: Cyprus (82%), Lithuania (84%), Bulgaria, Ireland, Poland and the UK (all 85%).

Figure 130: Keeping receipts for a longer period of time, by country



Q42. When you buy products, do you keep receipts for longer periods of time (several months or more)?
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

7.1.4 Impact of problems when seeking redress on trust in sellers, public authorities and consumer organisations

Respondents who were not satisfied with the way at least one of their problems was dealt with, were considerably less likely to agree that sellers respect their rights as a consumer (35% "strongly agree" and "tend to agree" responses vs. 50% on average for all respondents in the EU28; Figure 131), that they trust public authorities to protect their rights (37% vs. 49%; Figure 132) and that they trust consumer organisations to protect their rights (57% vs. 66%; Figure 133).

Figure 131: Agreement with the statement: "In general, sellers respect your rights as a consumer", by experiences with problems and other perceptions questions

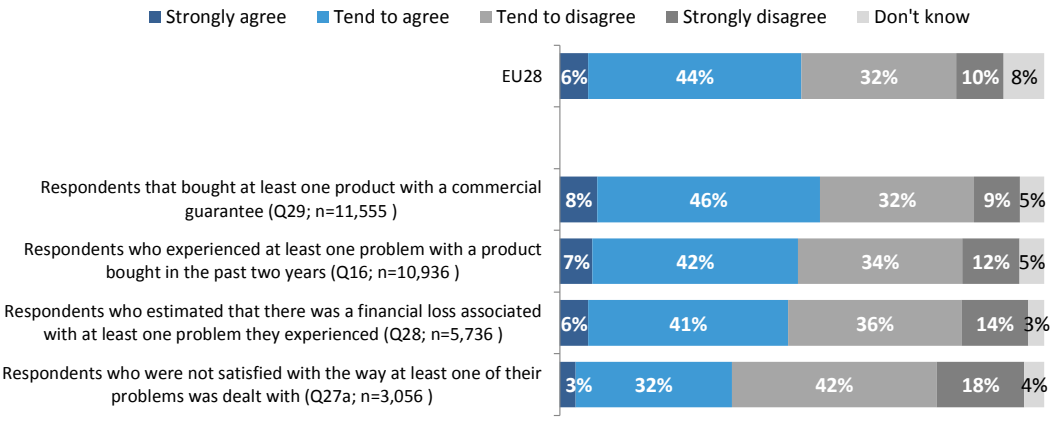
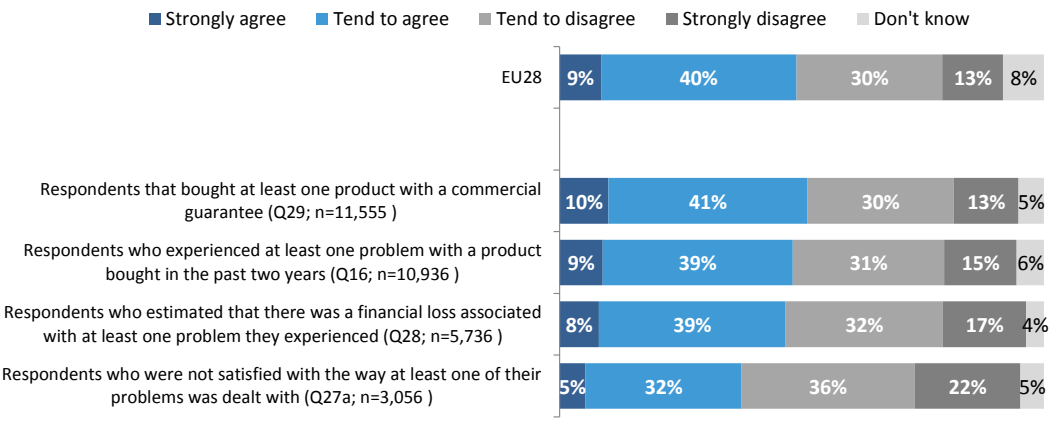
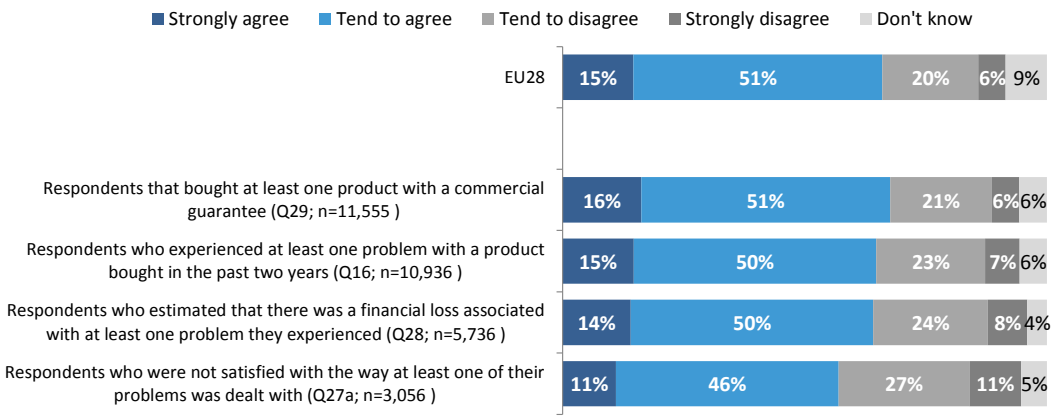


Figure 132: Agreement with the statement: "You trust public authorities to protect your rights as a consumer", by experiences with problems and other perceptions questions



Q32. Please indicate how much you agree or disagree with each of the following statements. In your country: You trust public authorities to protect your rights as a consumer
%, EU28, Base: all respondents
Source: Consumer survey

Figure 133: Agreement with the statement: "You trust consumer organisations to protect your rights as a consumer", by experiences with problems and other perceptions questions



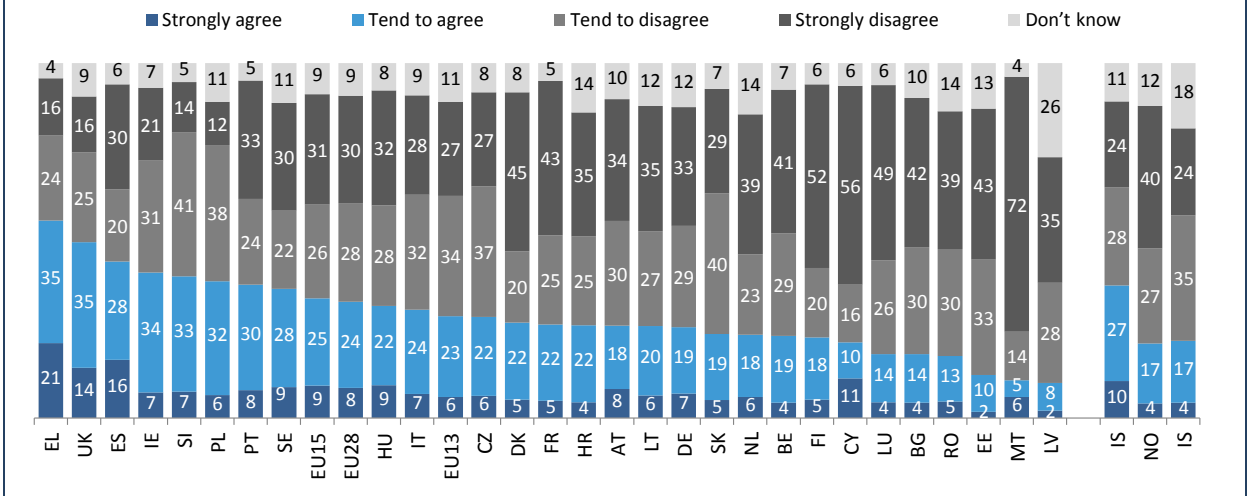
Q32. Please indicate how much you agree or disagree with each of the following statements. In your country: You trust consumer organisations to protect your rights as a consumer
%, EU28, Base: all respondents
Source: Consumer survey

7.1.5 Unfair commercial practices

Consumers' having felt under pressure to buy a commercial guarantee

Almost 1 in 10 (8%) respondents *strongly agreed*, and 24% *tended to agree*, that they had felt under pressure to buy a commercial guarantee; 30% of respondents *strongly disagreed* with this statement, while 28% *tended to disagree*.

Figure 134: Agreement with the statement: "You have felt under pressure to buy a commercial guarantee", by country

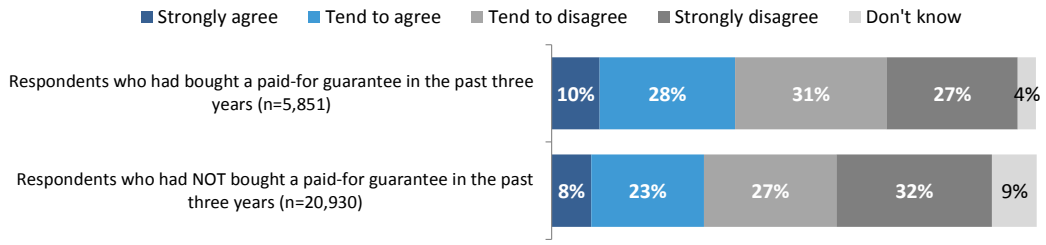


Q31. Please indicate how much you agree or disagree with each of the following statement: You have felt under pressure to buy a commercial guarantee.
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

Respondents in Spain, the UK and Greece were the most likely to agree that they had felt under pressure to buy a commercial guarantee: the sum of "strongly agree" and "tend to agree" responses in these countries was, respectively, 44%, 49% and 56%. In Latvia, Malta and Estonia, however, the total level of agreement remained below 15%.

Among respondents who indicated that they had purchased a commercial guarantee at an extra cost in the past three years, 10% *strongly agreed*, and 28% *tended to agree*, that they had felt under pressure to buy a commercial guarantee. Among respondents who had not bought a paid-for guarantee in the past three years, the level of agreement was lower (8% *strongly agreed* and 23% *tended to agree*).

Figure 135: Agreement with the statement: "You have felt under pressure to buy a commercial guarantee", by experience with commercial guarantees



Q31. Please indicate how much you agree or disagree with each of the following statement: You have felt under pressure to buy a commercial guarantee.
%, EU28, Base: all respondents
Source: Consumer survey

Other unfair commercial practices

In the following table, data from stakeholders on the most prevalent unfair commercial practices are presented. Unfair commercial practices appear to fall into five main categories which are evident in multiple countries. These categories are:

- A refusal to honour the guarantee, either by refusing directly or steering the consumer to the manufacturer (marked in GREY in the table below);
- Misleading, inaccurate or incomplete information during the sales transaction, whether in relation to encouraging the consumer to purchase a paid-for guarantee or regarding consumer rights (marked in BLUE);
- Unfair sales of commercial guarantees, e.g. by downplaying the legal guarantee, making false claims or aggressive sales techniques (marked in GREEN);
- Consumers inability to receive appropriate or timely remedies, due to misdirection or evasiveness by the seller, poor customer services or forcing the consumer to take a specific remedy which is not their first choice (marked in ORANGE); and
- Terms and conditions of commercial guarantees being perceived as unsatisfactory for consumers (marked in PINK).

Other areas which stakeholders have highlighted are awareness and information issues on the side of the consumer, but these are not strictly speaking issues related to unfair commercial practices.

Table 24: Stakeholder views on the five most common unfair commercial practices found in their country[100]					
Austria	Trader delegates consumer from legal guarantee to commercial guarantee instantly (without following his obligation)	Paid-for commercial guarantee: traders give the impression that it offers additional value	It is often misleading; traders communicate that examining the defect is interlinked with costs, which is an obstacle for consumers to enforce their non-conformity rights	Traders often argue with disproportionate costs and undermine consumer's freedom of choice concerning remedies	
	Refusal to (honour) performance guarantee	Wrong information about necessity for a paid-for commercial guarantee ("no legal one")	Guarantee-process takes too long	Refusal of secondary guarantee-remedies	
Belgium	No mention of the existence of the legal guarantee	Misleading information on the commercial guarantee	Unclear statement that the commercial guarantee has no influence on the legal guarantee rights of the consumer	Incomplete or misleading mandatory information concerning the name of the company, the geographical address and the e-mail address	Guarantee not covering the accessories or specific parts of the good
Croatia	Technical goods' dealers and services refused bail because they claim to have mechanical damage	Consumers are not aware of the legal guarantees			

[100] No results are provided for four Member States, because none of the respondents in these countries provided a response to this question.

Table 24: Stakeholder views on the five most common unfair commercial practices found in their country[100]					
Cyprus	Refusal to honour guarantees	Misrepresentation of differences between legal and commercial guarantees	Unfair sales of commercial guarantees		
Czech Republic	Guarantee not honoured	Shorter time-period for withdrawal during cooling-off	Limited guarantee period	Consumer is forced to claim on the premises	Restriction of consumer´s rights within complaint procedure
Denmark	Misleading consumers on the rights according to legal guarantee	The difference between a legal guarantee and commercial guarantees	Refusal to honour guarantees and rejections due to the burden of proof.		
	Manufacturer guarantees	Price guarantees	Misrepresentation of differences between legal and commercial guarantees.		
Finland	Unfair sales of commercial paid-for guarantees	Misrepresentation of differences between legal and commercial guarantees	Problems with functioning of customer service	Refusal to honour the legal guarantee	
	Unfair sales of commercial guarantees	Problems with functioning of customer service	Legal guarantee ignored when defect appear		
France	Misleading advertisement: highlighting a	Insufficient information on legal guarantees in the context of distance	Customer service number which costs surcharges for the	Deficiencies related to after sales service	Incomplete information on the different statutory rights to the guarantee

Table 24: Stakeholder views on the five most common unfair commercial practices found in their country[100]					
	commercial guarantee without reference to the legal guarantee	selling (information contained in the T&C requires multiple references)	consumer (absence of it leads to administrative fine)		
Greece	Refusal to honour guarantees	Misinterpretation of differences between legal and commercial guarantees	Difference between guarantee and insurance		
	The most common unfair practices is the refusal to honour the guarantee	The misleading information given to consumers.	The delay to enforce the remedies.		
Hungary	Misleading information about time coverage of the legal guarantee	Refusal to providing certain remedies	Determining disadvantageous conditions for consumers compared to legal conditions.		
Iceland	Misleading or unfair commercial practice	Terms not in compliance with legal right to guarantees terms not in compliance with legal right to withdrawal in case of distance selling	Terms not in compliance with legal right to withdrawal in case of distance selling		
Italy	Essential information was not included in advertising	Product was mis-described	Risks associated with the product were not made clear	Product was mis-sold	Other features were not transparent

Table 24: Stakeholder views on the five most common unfair commercial practices found in their country[100]					
	Misrepresentation of differences between legal and commercial guarantees	Redirecting the consumer to the producer			
Latvia	Misrepresentation of differences between legal and commercial guarantees	Refusal to honour guarantees			
Lithuania	Information about legal guarantee is not provided to consumers.	Unfair sales of commercial guarantees	Refusal to honour guarantees	Not giving guarantee for second hand goods	Forwarding liability to manufacturer;
Luxembourg	Refusal to honour guarantees	Misrepresentation of differences between legal and commercial guarantees			
Malta	Seller claiming incorrect use of the product	Aggressive selling techniques	Consumers are not given enough time to read the terms and conditions	Refusal to honour guarantees	Misinforming the consumer about their real rights with their guarantee
Netherlands	Misrepresentation of differences between legal and commercial guarantees	Refusal to honour guarantees	Instantly referring consumers to the manufacturer/importer	Charging research and/or repair fees	Withholding the product or not repairing the product until consumer has paid research and/or repair fees (in advance).

Table 24: Stakeholder views on the five most common unfair commercial practices found in their country[100]					
	Refusal to honour guarantees	Misleading (providing consumers with incorrect information)	Calling consumers in an aggressive way to conclude a contract	Delivery of unsolicited products	Selling commercial guarantees while it is not necessary as it won't cover all defects.
Norway	Misrepresentation of differences between legal and commercial guarantees	Refusal to honour guarantees	Unreasonable terms and conditions for commercial and paid-for commercial guarantees	The advertisement of insurance (paid-for commercial guarantees) that in practice does not cover any likely events - it is said they are only profitable for families with small children who may do unexpected and extraordinary things to the purchased goods	Extremely high deductible on paid-for commercial guarantee (often an insurance)
Portugal	Lack of information with regard legal/commercial guarantee	Remedy of substitution more used than the repair of the good			
Portugal	The commercial guarantee should be the extension of the rights the consumer has under the legal guarantee but sometimes don't offer additional protection	The time covered by the commercial guarantee is counted at the same time of the legal guarantee and doesn't give an additional period.			

Table 24: Stakeholder views on the five most common unfair commercial practices found in their country[100]					
Slovenia	Unfair sales of commercial guarantees - costly and giving very limited rights to the consumers	Consumers are misled - even if they choose remedies, they are being forced into remedies more suitable for the seller	Sellers tend to deny claims arising out of guarantees on a regular basis	Consumers have very limited choice of further remedies; when having the option of choice between legal and commercial guarantee	Consumers are not properly presented with both options but forced into commercial guarantees, which agree to the seller more since they offer repair above all other remedies
	Omission of essential information	Refusal to honour guarantees	Misrepresentation of differences between legal and commercial guarantees	Unfair sales of commercial guarantees	
Spain	Sellers do not pass the claims when they are valid	Refusal to honour the guarantee	Abusive terms and conditions	No information on the right of withdrawal	Opposition to deal with claims
Sweden	Unfair sales of commercial guarantees sometimes you don`t even understand that you have bought one.	They tells you that you have to buy a Commercial paid-for guarantee otherwise you will get no help	They tell you that you have no right because the commercial guarantee has passed.	They tells you that you have no commercial guarantee and therefore they can't help you	
UK	Information leaflets	Information on the website	Awareness events		

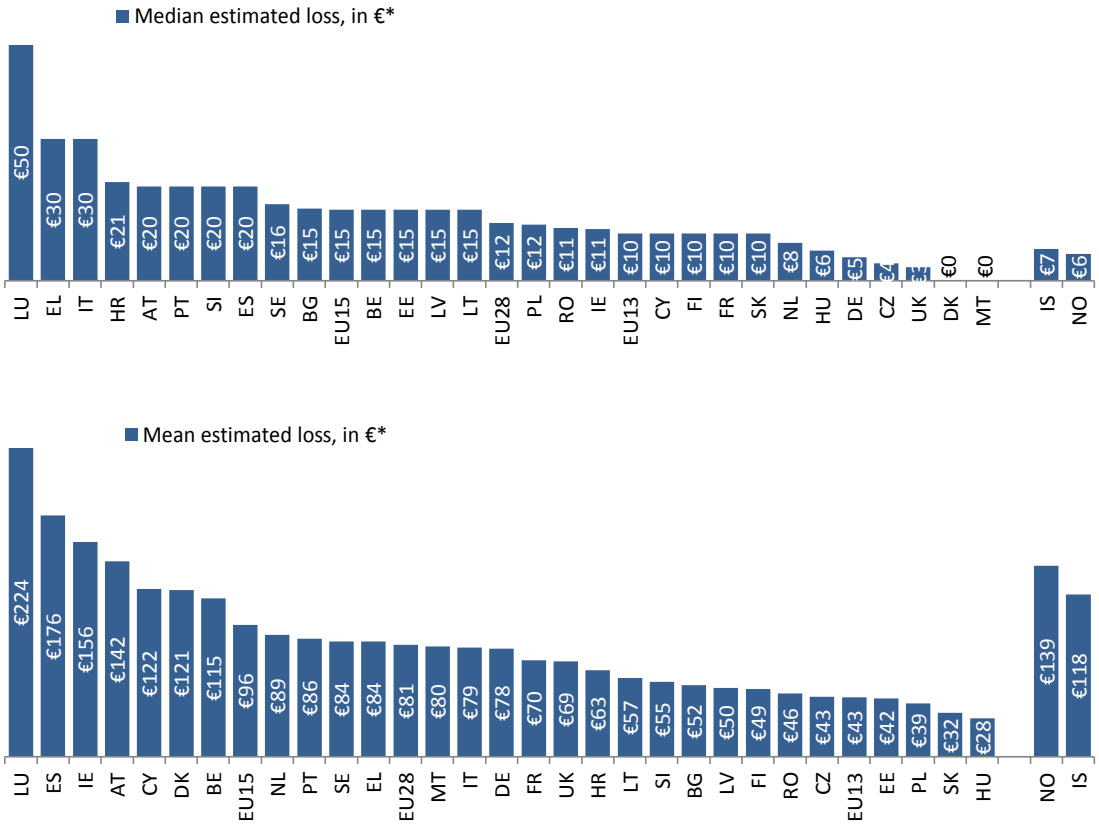
Note: Responses to the question 'Please list the five most common unfair commercial practices (e.g. unfair sales of commercial guarantees, misrepresentation of differences between legal and commercial guarantees, refusal to honour guarantees, etc.).

Source: Stakeholder consultation

7.1.6 Level of consumer detriment, as reported by consumers

Respondents in the consumer survey were also asked to estimate the total financial loss associated with the problems they had experienced.[101] The average estimated value of such losses was €81 and the median estimated value was €12. It should, however, also be noted that, for 31% of problems, respondents did not or could not estimate the total financial loss associated with the problems.

Figure 136: Estimated financial loss due to a problem with a product, by country

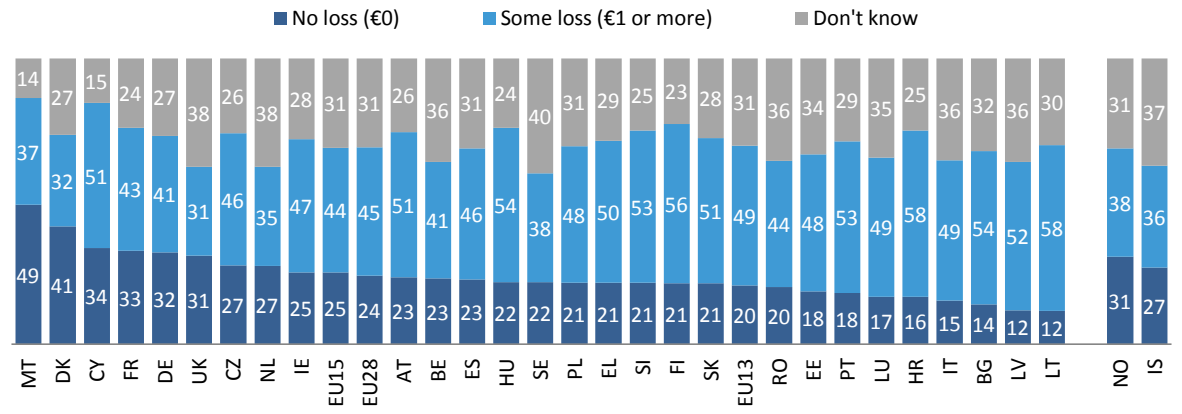


Q28. Now we would like you to estimate the total value of financial losses to you as a result of this problem with [PRODUCT]. The financial losses could include travel costs, cost of repairs, cost of expert advice, reduction in value of the product etc. Please do not include in your estimate anything that has been fully recompensed.
%, by country, Base: all products with a problem for which Q18-Q28 was answered and a value was provided for financial loss (EU28: n=10,728; IS: n=141; NO: n=383)
*Re-calculated from local currencies, based on exchange rates of 06/07/2015; source: InforEuro (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm)
Source: Consumer survey

[101] Respondents answered this question for maximum two problems – i.e. the two problems for which they answered a detailed set of questions.

For roughly a quarter (24%) of problems, respondents said that the problem they encountered did not cost them financially anything; this figure varies between 12% in Latvia and Lithuania and 49% in Malta.

Figure 137: Estimated financial loss due to a problem with a product (categories), by country



Q28. Now we would like you to estimate the total value of financial losses to you as a result of this problem with [PRODUCT]. The financial losses could include travel costs, cost of repairs, cost of expert advice, reduction in value of the product etc. Please do not include in your estimate anything that has been fully recompensed.
%, by country, Base: all products with a problem for which Q18-Q28 was answered (EU28: n=15,314; IS: n=224; NO: n=555)
*Re-calculated from local currencies, based on exchange rates of 06/07/2015; source: InforEuro (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm)
Source: Consumer survey

7.2 Remedies

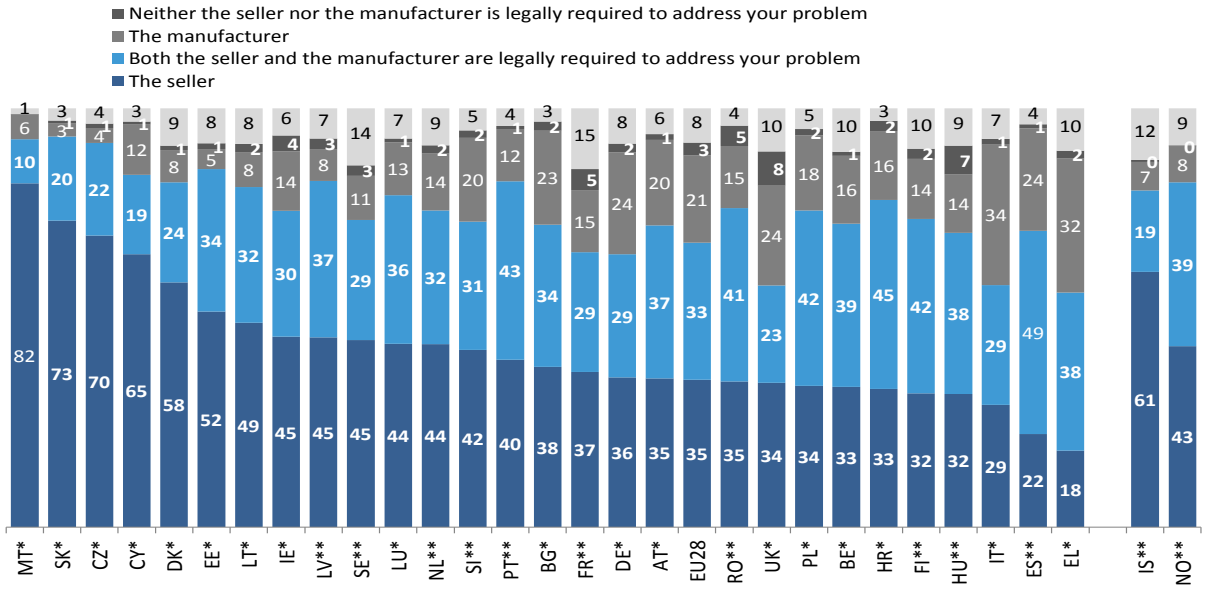
7.2.1 Sellers' or manufacturers' liability?

Consumers' knowledge about who is responsible for the application of the legal guarantee

Respondents in the consumer survey were presented with a statement about who is responsible for the application of the legal guarantee, and were asked who they thought is responsible: (1) the seller, (2) the manufacturer or (3) both the seller and manufacturer. Most EU countries do not foresee the possibility to make a claim against the manufacturer and the correct response to the question is "the seller". Moreover, even if a possibility is foreseen in a country to make a claim against the manufacturer, it also remains possible for the consumer to make a claim against the seller; in these countries, the correct response is "the seller and the manufacturer". The response "the manufacturer" (meaning that a claim can only be made against the manufacturer) is never correct.

Across several EU countries, the consumer cannot make a claim against the manufacturer. However, across all countries, a vast number of respondents thought that both the seller and the manufacturer were legally required to address their problem (between 10% in Malta and 49% in Spain). Moreover, in many countries, a significant proportion of respondents thought that addressing the problem was the sole responsibility of the manufacturer (from 3% in Slovakia to 34% in Italy).

Figure 138: Knowledge about who is responsible for the application of the legal guarantee, by country

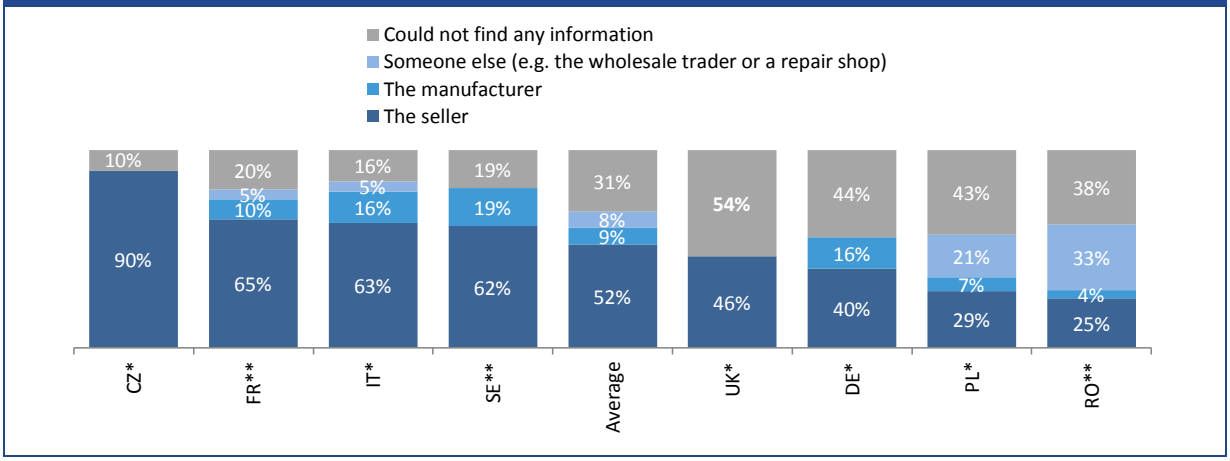


Q3b. 14 months after buying your washing machine, it breaks down. The seller tells you to address your complaint to the manufacturer, while the manufacturer sends you back to the seller. In your opinion, who is legally required to address your problem?
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
* Countries where (only) the seller is liable
** Countries were the seller and (at least in some instances) the manufacturer are liable
Source: Consumer survey

Sellers' knowledge about who is responsible for the application of the legal guarantee

One in six online shoppers had found information displayed on the product page that the seller is responsible for the application of the legal guarantee. Among shoppers who had not found such information displayed on the product page, 52% recorded it was stated elsewhere on the seller's website that the seller is liable when a problem occurs with the product; at country level, this figure varied between 25% in Romania and 90% in the Czech Republic.

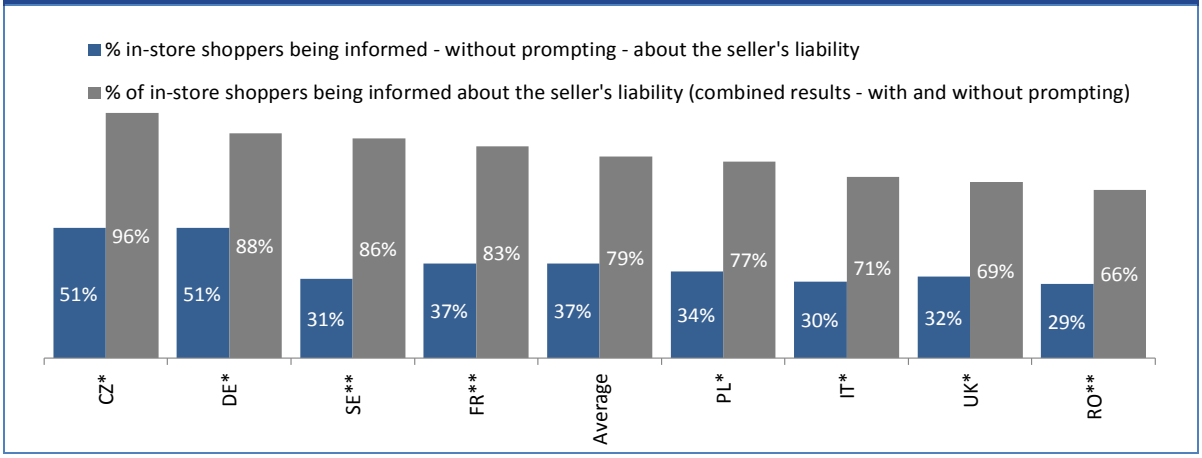
Figure 139: Responsibility for the legal guarantee (online shops), by country



Q6. Who should you contact in case your product stops working for no obvious reason in the first two years?
* Countries where (only) the seller is liable & ** Countries were the seller and (at least in some instances) the manufacturer are liable
Scenario A – Online; Base: Online shoppers who had not found information displayed on the product page about the seller's liability (n=199)
Source: Mystery shopping exercise

Among in-store shoppers looking for information, between 29% of shoppers in Romania and 51% in the Czech Republic had found information displayed with the product, or was spontaneously informed by a sales person, that the seller is responsible to address a problem with the product. Adding the responses provided after prompting, the total proportion of sellers who acknowledged their responsibility to address a problem varied between 66% in Romania and 96% in the Czech Republic.

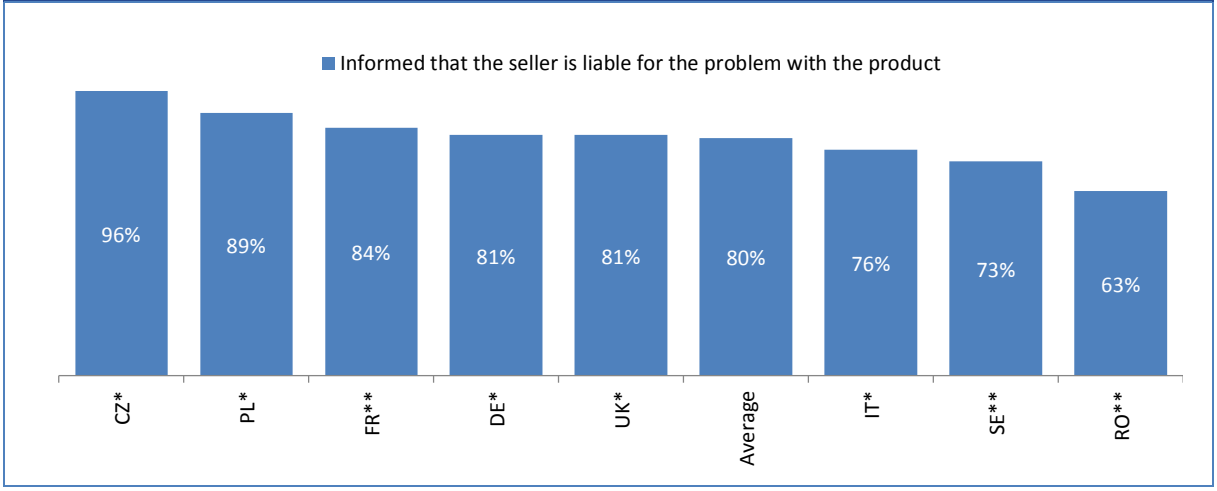
Figure 140: Seller's liability (information received before buying a product), by country



Combined results for: Q1a. What information was displayed about the legal guarantee? & Q2a. Did the sales person spontaneously explain that the legal guarantee is a two-year guarantee (free of charge) with the seller of the product? & Q2b. Did the sales person spontaneously provide you any of the following correct information about the legal guarantee? & Q7. Who should you contact in case your product stops working for no obvious reason in the first two years?
* Countries where (only) the seller is liable & ** Countries were the seller and (at least in some instances) the manufacturer are liable
Scenario A - In-store; Base: all in-store shoppers (n=720)
Source: Mystery shopping exercise

Among shoppers who reported a problem to a seller, a similar picture emerged; between 63% of shoppers in Romania and 96% of shoppers in the Czech Republic were either spontaneously, or after prompting, informed that the seller would be responsible to address the problem with their product.

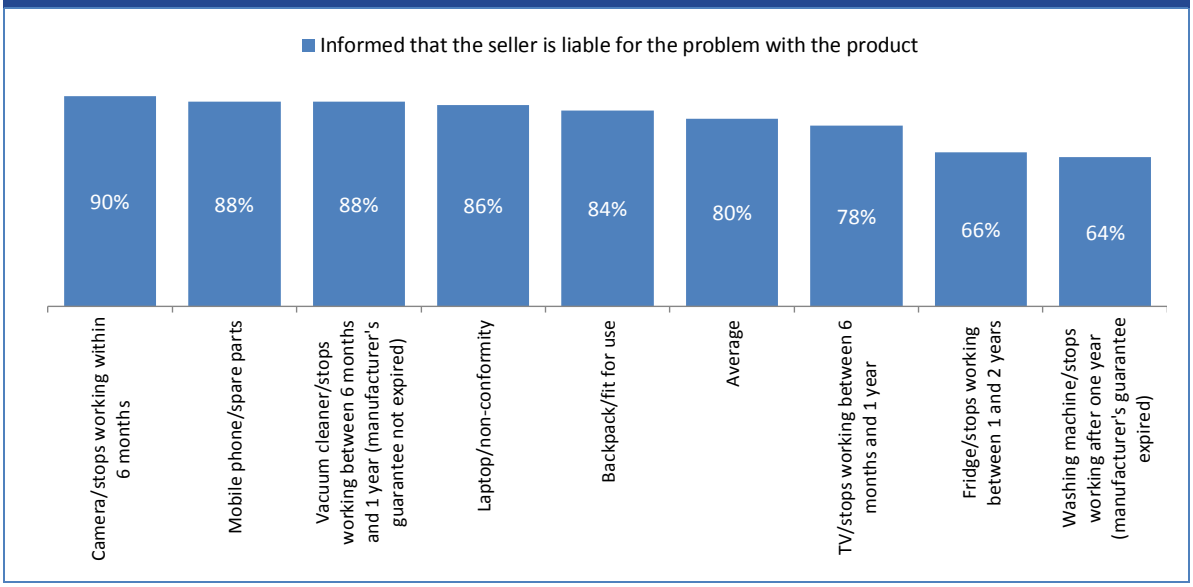
Figure 141: Percentage of shoppers who have been informed that the seller is liable to address the problem they reported to the seller, per country



Combined results for: Q1. Who do you need to contact to get the product repaired (replaced or refunded)? & Q3. Ask what the seller can do about the problem. What was the response of the seller?
* Countries where (only) the seller is liable & ** Countries were the seller and (at least in some instances) the manufacturer are liable
Scenario B Calls + Visits; Base: all shoppers (n=640)
Source: Mystery shopping exercise

When shoppers mentioned that a problem occurred after one year, the proportion of sellers that acknowledged to be liable for the problem was lower – 64% for the washing machine sub-scenario and 66% for the refrigerator sub-scenario, compared to, for example, 90% for the camera sub-scenario. Although this difference could of course also be linked to the type of product in the scenario – i.e. white goods vs. grey goods.

Figure 142: Percentage of shoppers who have been informed that the seller is liable to address the problem they reported to the seller, per product



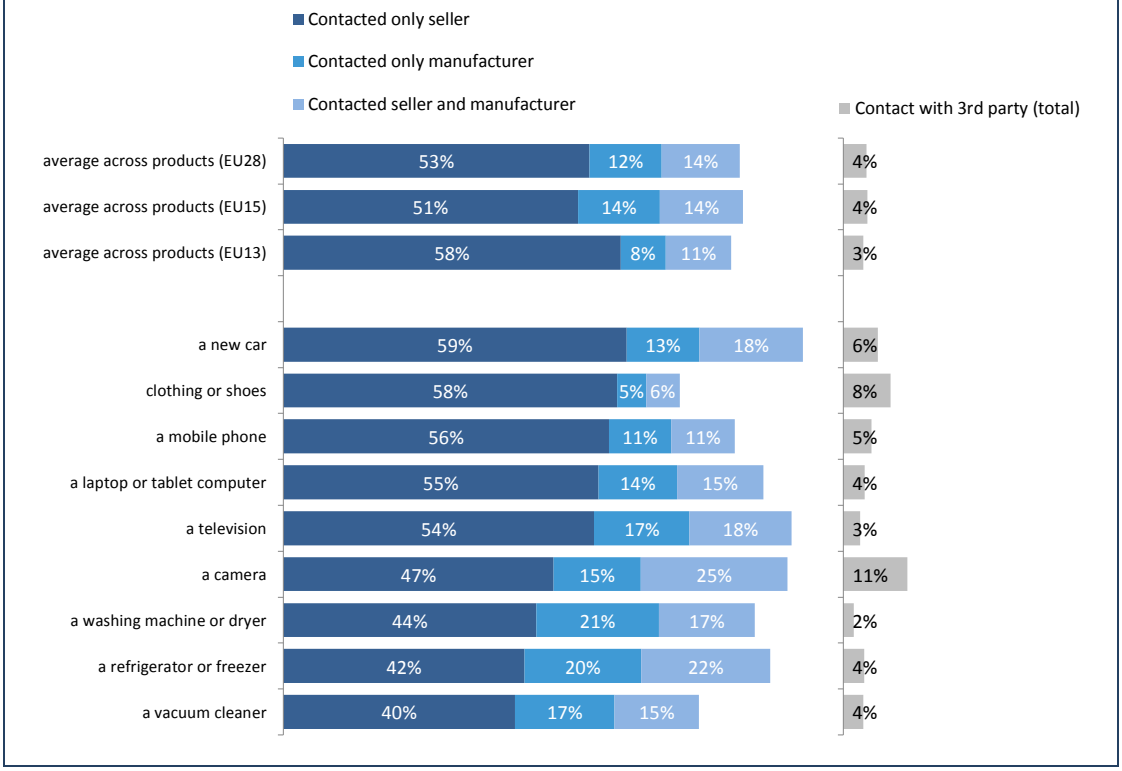
Combined results for: Q1. Who do you need to contact to get the product repaired (replaced or refunded)? & Q3. Ask what the seller can do about the problem. What was the response of the seller?
Scenario B Calls + Visits; Base: all shoppers (n=640)
Source: Mystery shopping exercise

Who did consumers contact: the seller, manufacturer and/or a third party?

Across the EU28, for 53% of problems[102], respondents had only contacted the seller and 12% only the manufacturer; 14% of respondents, however, reported having contacted both the seller and the manufacturer. For a minority of problems (4%), respondents had contacted a third party, such as a consumer organisation, an ombudsman or a lawyer.

An analysis by product type shows that, for problems with vacuum cleaners, respondents were the least likely to have only contacted the seller (40%), while the highest proportion was observed for new cars (59%). Across all products, for a considerable proportion of problems, respondents had contacted the manufacturer (between 22% for mobile phones and 42% for refrigerators or freezers); this, however, was not the case for clothing and footwear (11%).

Figure 143: Actions taken when a problem occurred (all actions), by product



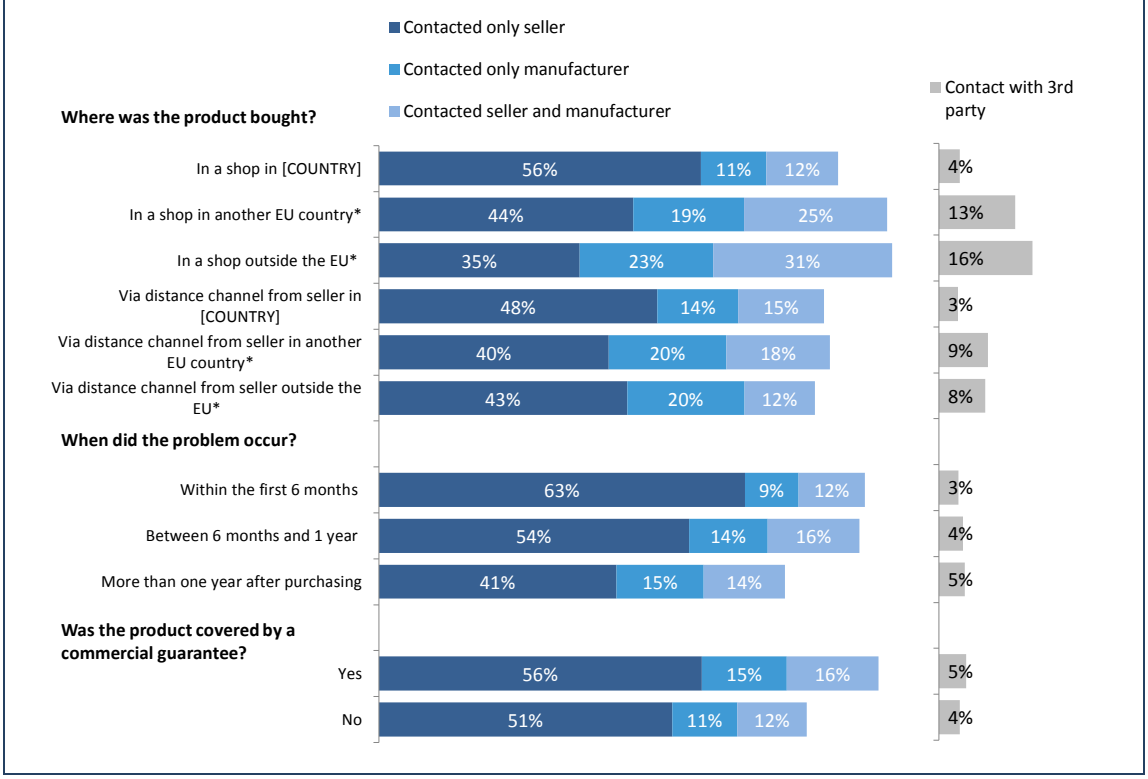
Q18. What did you do FIRST when you realised that there was a problem with {product}?
Q20. Did you do ANYTHING ELSE when you realised that there was a problem with {product}? You can select more than one response
% (multiple response), EU28, Base: all products with a problem for which Q18-Q28 was answered (EU28: n=15,314; EU15: n=7,618; EU13: n=7,696)
Source: Consumer survey

[102] In this section, we analyse the total proportions of respondents who contacted the seller, the manufacturer and/or a third party when they encountered a problem with a product. Respondents were not only asked what they had done first, they were also asked whether they had done anything else when they realised there was a problem. In this section, the responses to Question 18 (first action) and Question 20 (other actions) are combined to analyse the total proportions of respondents who contacted the seller, the manufacturer or a third party (and any combination of these parties).

For products bought in-store in the respondent's country, 56% of respondents answered that they had only contacted the seller to address the problem; the corresponding figure for products bought via distance channels from sellers in the respondent's country was lower – at 48%. For products bought via distance channels, respondents were more likely to address the problem with the manufacturer (29% vs. 23% for product bought in-store).

It also appears that, for problems with products bought in a shop in another country (in the EU or elsewhere), respondents were more likely to have contacted a third party (13% "in the EU" and 16% "outside the EU", compared to 4% for products bought in a shop in the respondent's country).

Figure 144: Actions taken when a problem occurred (all actions), by product characteristics

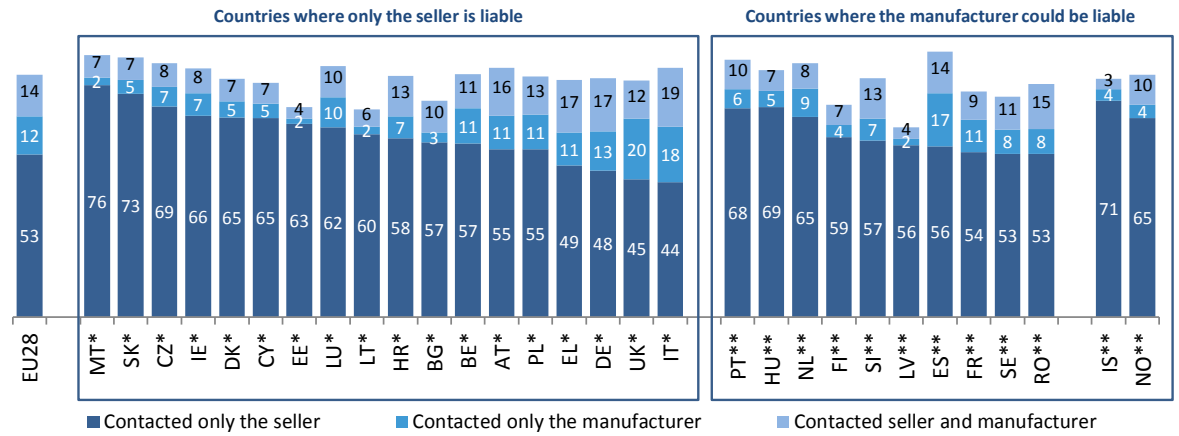


Q18. What did you do FIRST when you realised that there was a problem with {product}?
Q20. Did you do ANYTHING ELSE when you realised that there was a problem with {product}? You can select more than one response
Note: * % small sample size (between 149 and 400)
% (multiple response), EU28, Base: all products with a problem for which Q18-Q28 was answered (EU28: n=15,314; EU15: n=7,618; EU13: n=7,696)
Source: Consumer survey

No clear pattern emerges when comparing the results of the countries where only the seller is legally required to address a problem and those countries where both the seller and manufacturer are liable. In the former group of countries, the proportion of problems that were followed up by contacting the manufacturer was not lower than in the latter group of countries. In fact, many of the largest shares of problems that were followed up by contacting only the manufacturer, or both the seller and the manufacturer, were observed among the countries where only the seller is legally required to address a problem.

For example, in Germany (where only the seller is liable), respondents had contacted the manufacturer for 30% of problems. In Spain, a similar figure (31%) was observed; however, in Spain, both the seller and manufacturer are liable.

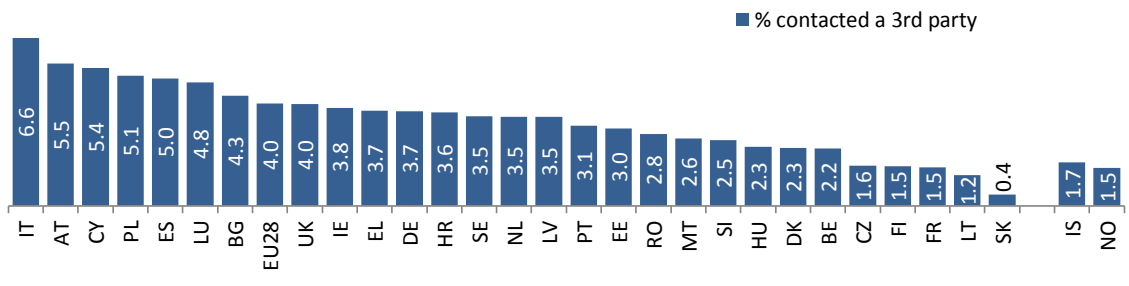
Figure 145: Actions taken when a problem occurred, by country



Q18. What did you do FIRST when you realised that there was a problem with {product}?
Q20. Did you do ANYTHING ELSE when you realised that there was a problem with {product}? You can select more than one response
%, EU28, Base: all products with a problem for which Q18-Q28 was answered (EU28: n=15,314; IS: n=224; NO: n=555)
* Countries where (only) the seller is liable & ** Countries were the seller and (at least in some instances) the manufacturer are liable
Source: Consumer survey

Across all countries, less than a tenth of problems were followed up by contacting a third party (e.g. consumer organisation or lawyer). In Italy, for 7% of problems, respondents had contacted a consumer organisation, an ombudsman or a lawyer; in Luxembourg, Spain, Poland, Cyprus and Austria, this proportion was 5%-6%. In Slovakia, Lithuania and France, on the other hand, just a handful of problems (0.4%-1%) were followed up by contacting a third party.

Figure 146: Proportion that contacted a third party (all actions), by country

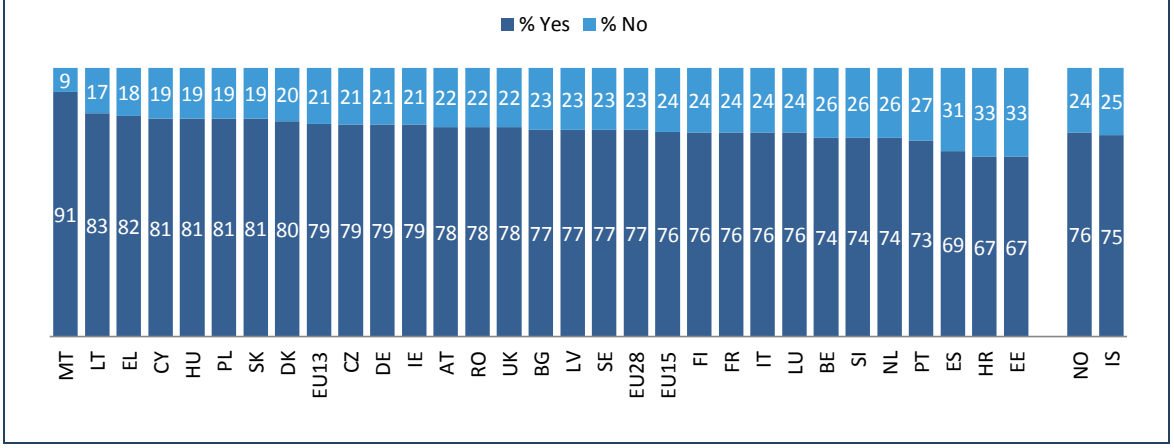


Q18. What did you do FIRST when you realised that there was a problem with {product}?
Q20. Did you do ANYTHING ELSE when you realised that there was a problem with {product}? You can select more than one response
% (multiple response), EU28, Base: all products with a problem for which Q18-Q28 was answered (EU28: n=15,314; IS: n=224; NO: n=555)
Source: Consumer survey

7.2.2 Consumers' views on the hierarchy of remedies

Roughly three-quarters (77%) of consumers agreed that it is reasonable for a seller to offer a repair or replacement, but not a refund, when a problem with a product occurs for the first time; this figure varied between 67% in Estonia and Croatia and 91% in Malta.

Figure 147: Views about the hierarchy of remedies



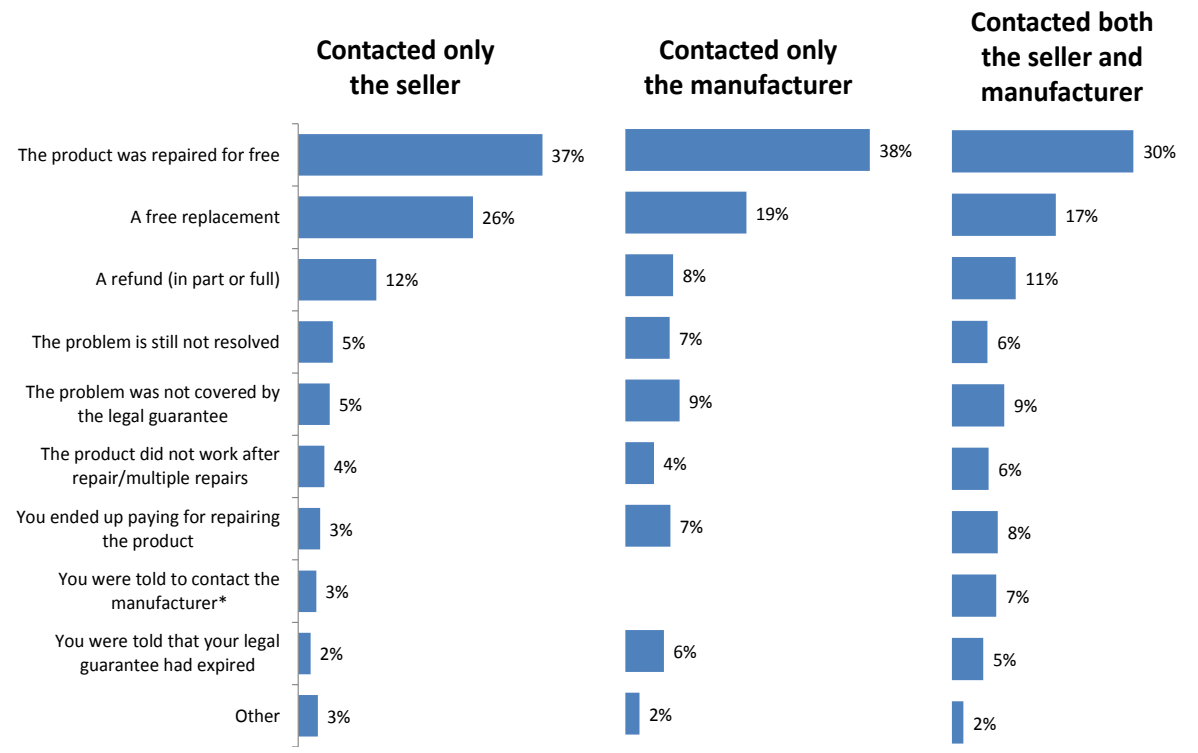
Q38. Imagine your new TV breaks down. Would you find it reasonable if the seller would offer a repair or replacement, but not a refund, as this is the first time you have problems with this product?
%, by country, Base: all respondents (EU28: n=26,659; NO: n=1,004; IS: n=505)
Source: Consumer survey

7.2.3 Remedies offered when seeking redress

Respondents who had contacted the seller or manufacturer of a product to inform them about a problem were also asked about the final outcome of this action. Of all the problems for which respondents had only contacted the seller, 37% resulted in a free repair of the product, 26% in a free replacement and 12% in a full or partial refund (see Figure 148 on the following page).

Respondents who contacted only the manufacturer, or who contacted both the seller and the manufacturer, somewhat more frequently reported that they were told that the problem was not covered by the legal guarantee (9% in both cases vs. 5% when only the seller was contacted), that they ended up paying for the repair (7%-8% vs. 3%) or that the legal guarantee had expired (5%-6% vs. 2%).

Figure 148: Final outcome of contact with seller/manufacturer when a problem occurred



Q24. What was the final outcome of your contact with the {seller and/ or manufacturer} for your problem with {product}?
%, EU28, Base: problems for which the seller or manufacturer was contacted (only the seller: n=8,903; only the manufacturer: n=1,261; both the seller and manufacturer: n=1,704)
* Respondents could only select this option when they contacted the seller in Q18/Q20
Source: Consumer survey

In the remaining part of this section, the analysis focuses solely on problems for which **only the seller was contacted**. Across most countries (the exceptions being Ireland, Hungary and Iceland), of all the problems for which respondents had only contacted the seller, the largest share of problems resulted in a free repair of the product. Moreover, across all of these countries, the first remedy provided was a repair, followed by a free replacement. Across all products, a full or partial refund was offered less frequently than a free replacement.

In Slovakia, of all the problems for which respondents had only contacted the seller, 84% resulted in a free repair of the product, a free replacement or a full or partial refund; this figure, however, decreased to 57% in Malta. In Malta, 12% of problems were not yet resolved at the time of the survey; a similar proportion was also observed in Poland (10%), Cyprus (11%) and Iceland (12%).

Across all countries, a minority of respondents reported that they were told that their problem was not covered by the legal guarantee (from 2% of problems in Denmark, Finland and Slovenia to 8% in France, Lithuania and Luxembourg). Moreover, for between 1% and 4% of problems, the respondents were informed by the seller that the legal guarantee had expired.

Table 25: Final outcome of contact with seller when a problem occurred, by country											
	The product was repaired for free	A free replacement	A refund (in part or full)	**Total: repair, replacement or refund**	You ended up paying for repairing the product	The product did not work after repair/multiple repairs	The problem was not covered by the legal guarantee	You were told that your legal guarantee had expired	You were told to contact the manufacturer	The problem is still not resolved	Other
SK	37%	25%	22%	**84%**	1%	2%	4%	1%	1%	3%	4%
DE	34%	28%	21%	**83%**	3%	2%	3%	1%	2%	4%	2%
UK	35%	32%	15%	**82%**	1%	3%	3%	1%	2%	4%	2%
CZ	40%	22%	19%	**81%**	1%	3%	5%	0%	2%	5%	2%
FI	42%	22%	16%	**80%**	3%	1%	2%	2%	3%	4%	5%
PT	41%	30%	8%	**79%**	3%	4%	4%	2%	1%	4%	2%
DK	42%	25%	11%	**78%**	2%	2%	2%	2%	2%	7%	5%
NL	40%	28%	10%	**78%**	2%	5%	3%	0%	2%	3%	5%
IE	33%	33%	12%	**78%**	5%	2%	3%	3%	3%	4%	2%
SI	49%	18%	10%	**77%**	2%	4%	2%	3%	0%	6%	6%
RO	41%	27%	9%	**77%**	3%	3%	7%	2%	2%	5%	2%
EU28	37%	26%	12%	**75%**	3%	4%	5%	2%	3%	5%	3%
HU	29%	35%	11%	**75%**	2%	3%	5%	2%	3%	6%	3%
EE	40%	21%	13%	**74%**	3%	3%	6%	1%	1%	8%	5%
LV	40%	24%	10%	**74%**	3%	3%	6%	1%	0%	8%	6%
LT	41%	17%	15%	**73%**	3%	5%	8%	1%	1%	6%	3%
SE	37%	24%	12%	**73%**	4%	2%	4%	2%	2%	7%	7%
HR	39%	28%	5%	**72%**	6%	4%	4%	3%	2%	6%	3%
PL	36%	22%	14%	**72%**	3%	4%	5%	1%	2%	10%	4%
ES	35%	28%	9%	**72%**	3%	7%	4%	2%	5%	4%	4%
FR	33%	27%	12%	**72%**	4%	4%	8%	3%	1%	5%	3%
EL	40%	27%	4%	**71%**	8%	2%	5%	4%	4%	6%	1%
IT	41%	22%	7%	**70%**	5%	5%	7%	2%	5%	4%	1%
BG	39%	24%	7%	**70%**	6%	5%	4%	3%	3%	7%	3%
BE	37%	27%	6%	**70%**	3%	6%	5%	1%	3%	6%	6%
AT	30%	28%	12%	**70%**	4%	3%	3%	4%	4%	6%	7%
LU	35%	22%	7%	**64%**	6%	8%	8%	3%	1%	8%	2%
CY	34%	28%	0%	**62%**	8%	5%	7%	0%	1%	11%	5%
MT	34%	19%	4%	**57%**	8%	2%	6%	2%	1%	12%	13%
NO	44%	23%	10%	**77%**	3%	2%	3%	2%	2%	5%	7%
IS	26%	36%	4%	**66%**	7%	5%	4%	0%	0%	12%	4%

Q24. What was the final outcome of your contact with the {seller and/ or manufacturer} for your problem with {product}?
%, by country, Base: problems for which only the seller was contacted (only the seller - EU28: n=8,903; IS: n=161; NO: n=357)
Source: Consumer survey

For clothing and footwear, free replacements and refunds were most frequently given (40% and 32%, respectively). For the other product types, a free repair was the most frequently mentioned final outcome (between 31% for vacuum cleaners and 60% for new cars). Summing the proportions of products that were repaired, replaced or refunded, it is noted that problems with clothing and footwear were most frequently provided with a remedy (84%, compared to 64% for problems with cameras).

Problems that had occurred more than one year after the purchasing date were the least frequently provided with a remedy (free repair, replacement or refund): 68% compared to 79% for problems that had occurred in the first six months. The later a problem occurred, the more likely it was that respondents had been told by the seller that their problem was not covered by the legal guarantee (from 3% to 8%) or that the legal guarantee had expired (from 1% to 4%).

Table 26: Final outcome of contact with seller when a problem occurred, by product and product characteristics

	The product was repaired for free	A free replacement	A refund (in part or full)	**Total: repair, replacement or refund**	You ended up paying for repairing the product	The product did not work after repair/multiple repairs	The problem was not covered by the legal guarantee	You were told that your legal guarantee had expired	You were told to contact the manufacturer	The problem is still not resolved	Other
EU15 vs. EU13											
EU15	37%	27%	12%	**76%**	4%	4%	5%	2%	3%	5%	3%
EU13	38%	25%	13%	**76%**	3%	4%	5%	1%	2%	7%	3%
Type of product											
Clothing or shoes	12%	40%	32%	**84%**	1%	1%	2%	1%	1%	6%	3%
Television	46%	27%	7%	**80%**	1%	4%	4%	3%	3%	4%	1%
Vacuum cleaner	31%	31%	16%	**78%**	3%	4%	4%	1%	4%	5%	2%
New car	60%	11%	3%	**74%**	7%	3%	5%	1%	5%	4%	2%
Mobile phone	47%	22%	3%	**72%**	3%	4%	6%	1%	3%	6%	4%
Washing machine or dryer	47%	20%	5%	**72%**	8%	5%	5%	3%	3%	2%	1%
Laptop or tablet computer	40%	24%	7%	**71%**	5%	4%	6%	2%	3%	6%	3%
Refrigerator or freezer	42%	21%	5%	**68%**	4%	10%	4%	3%	2%	6%	2%
Camera	32%	24%	8%	**64%**	6%	8%	8%	3%	6%	5%	1%
Where was the product bought?											
In a shop in [COUNTRY]	38%	27%	10%	**75%**	3%	4%	5%	2%	3%	5%	3%
In a shop in another EU country*	35%	23%	11%	**69%**	3%	10%	2%	4%	4%	4%	3%
In a shop outside the EU*	5%	31%	19%	**55%**	3%	10%	5%	15%	8%	2%	2%
Via distance channel from seller in [COUNTRY]	36%	24%	16%	**76%**	4%	3%	5%	1%	1%	6%	4%
Via distance channel from seller in another EU country*	18%	32%	25%	**75%**	3%	4%	6%	3%	3%	4%	1%
Via distance channel from seller outside the EU*	14%	29%	22%	**65%**	1%	7%	2%	6%	6%	6%	8%
When did problem occur?											
Within the first 6 months after purchasing the product	31%	32%	16%	**79%**	2%	3%	3%	1%	2%	6%	3%
Between 6 months and one year after purchasing the product	44%	23%	9%	**76%**	3%	5%	5%	2%	3%	5%	2%
More than one year after purchasing the product	41%	20%	7%	**68%**	6%	4%	8%	4%	3%	4%	3%
Product covered by commercial guarantee?											
Yes	43%	26%	8%	**77%**	3%	4%	5%	2%	3%	4%	2%
No	33%	26%	15%	**74%**	3%	4%	5%	2%	3%	6%	3%

Q24. What was the final outcome of your contact with the {seller and/ or manufacturer} for your problem with {product}?
Note: * % small sample size (between 64 and 189)%, EU28, Base: problems for which only the seller was contacted (only the seller: n=8,903)
Source: Consumer survey

Mystery shoppers, who informed a seller about a problem, recorded the seller's first reaction; the results are presented in table on the following page. Across scenarios, 4% of shoppers were told that their problem was not covered by the legal guarantee and 2% were informed that the legal guarantee had expired.

Shoppers who informed the seller that their laptop was not in conformity with the advertisement, were more frequently told (i.e. compared to other sub-scenarios) that their problem was not covered by the guarantee (14%) or that they would need to prove that problem existed at the time of the purchase (19%).

Two-thirds (66%) of shoppers who were instructed to tell the seller that their vacuum cleaner – with a valid manufacturer's guarantee – had stopped working were offered a free repair; by comparison, 29% of shoppers who told the seller that their washing machine – with an expired manufacturer's guarantee – had stopped working were offered a free repair (39% of shopper who role-played this sub-scenario were told to contact the manufacturer).

Among shoppers who did not refer to a commercial guarantee, the proportion offered a free repair decreased with the length of time that has passed since the purchase date (61% for a camera bought less than six months ago, 51% for a TV bought between six months and one year ago and 44% for a fridge bought between one and two years ago).

Shoppers who reported a problem with the stitching of their back pack were, relatively speaking (compared to other sub-scenarios), more frequently offered a free replacement (39%) or full refund (18%).

Table 27: Type of information about the legal guarantee provided without prompting (after reporting a problem to the seller), by product

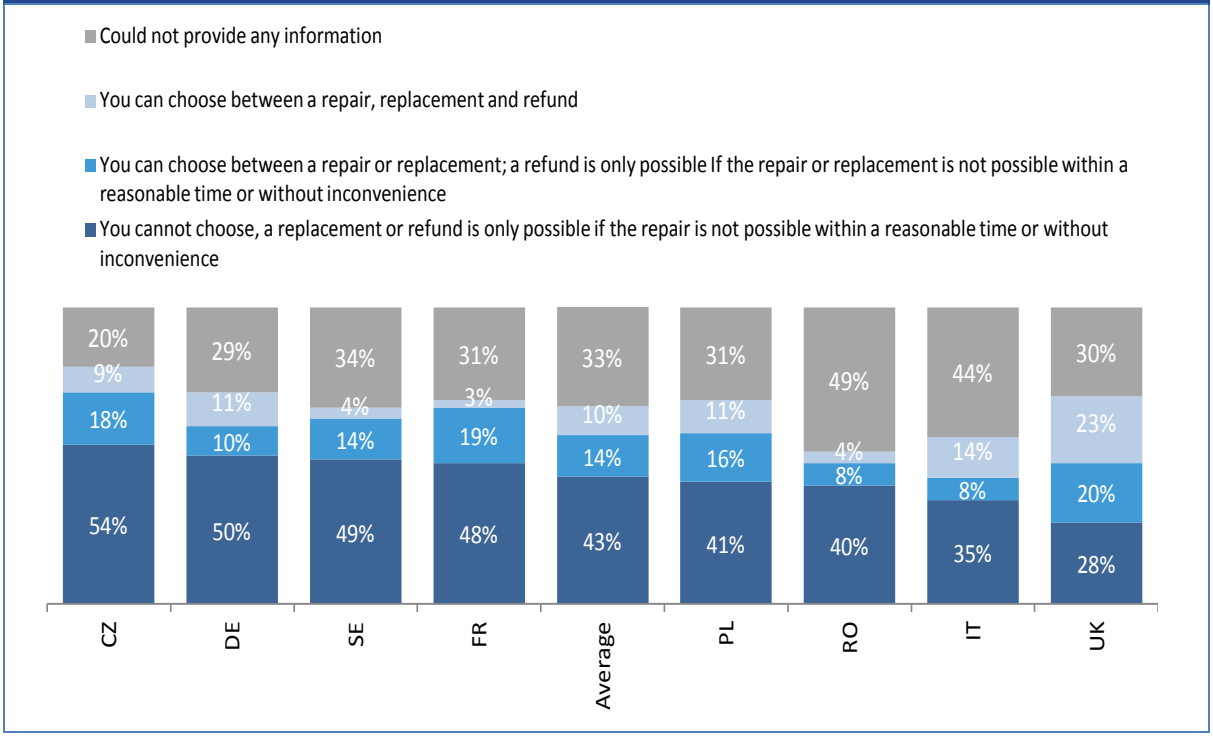
Product scenario	Average	Camera/stops working within 6 months	TV/stops working between 6 months and 1 year	Fridge/stops working between 1 and 2 years	Vacuum cleaner/stops working between 6 months and 1 year (manufacturer's guarantee not expired)	Washing machine/stops working after one year (manufacturer's guarantee expired)	Mobile phone/spare parts	Laptop/non-conformity	Backpack/fit for use
Base	*640*	*80*	*80*	*79*	*80*	*80*	*81*	*80*	*80*
You have a free two year (3 years SE, 6 years UK) legal guarantee with the seller and your product is covered	50%	**60%**	54%	52%	53%	53%	53%	**38%**	43%
Offered to repair the product for free	45%	61%	51%	44%	66%	29%	49%	**28%**	34%
Offered to repair the product, but this would not be (completely) free	3%	1%	3%	1%	4%	**5%**	**5%**	**0%**	1%
Offered a free replacement	18%	16%	16%	9%	18%	**8%**	22%	15%	**39%**
Offered a replacement at a certain cost	1%	1%	1%	0%	1%	1%	0%	0%	1%
Offered a full refund	8%	10%	10%	5%	8%	**4%**	9%	**4%**	**18%**
Offered a partly refund	0%	0%	0%	0%	0%	0%	1%	0%	0%
The problem is not covered by the guarantee	4%	**0%**	**0%**	1%	1%	3%	4%	**14%**	9%
The guarantee has expired	2%	0%	0%	5%	0%	6%	0%	3%	5%
Can't do anything if no commercial guarantee was bought	0%	0%	0%	0%	0%	1%	0%	0%	0%
You need to contact the manufacturer	18%	14%	21%	37%	11%	**39%**	9%	9%	**6%**
You need to contact an intermediary (e.g. the wholesale trader)	8%	**1%**	14%	14%	8%	**15%**	11%	**1%**	4%
The problem must be due to something you've done (e.g. you misused the product)	2%	3%	0%	1%	3%	0%	2%	5%	0%
You will need to prove that the problem existed at the time of purchase	5%	4%	**1%**	5%	3%	4%	2%	**19%**	3%
You will need to prove that the product is not misused	5%	**8%**	5%	5%	6%	**3%**	4%	**3%**	5%
Other	9%	9%	**4%**	5%	5%	8%	11%	**18%**	16%

Q3. Ask what the seller can do about the problem. What was the response of the seller?
Scenario B Calls+ Visits
Base: all shoppers (n=640)
Source: Mystery shopping exercise

7.2.4 How do sellers communicate about the hierarchy of remedies?

The Consumer Sales Directive mentions a repair, a replacement, a reduction in price, or a rescission of contract as remedies if the goods do not conform to the contract of sale. Moreover, the Directive leaves room (but does not oblige) for EU Member States to install a "hierarchy of remedies" based on a two-tier system, in which consumers can only ask the seller for the price to be reduced or the contract to be rescinded when the repair or replacement of a product is not possible within reasonable time[103], or without significant inconvenience to the consumer[104].

Figure 149: Hierarchy of remedies (information received after reporting a problem to a seller), by country



Q8. Can you choose between a repair, replacement or refund if you preferred on of these options?
Scenario B Calls+ Visits; Base: all shoppers (n=640)
Source: Mystery shopping exercise

Shoppers who informed the seller about a problem, enquired if they could choose between a repair, replacement or refund.[105] On average, 43% of shoppers were informed that they would *only* qualify for a repair and that a replacement or refund was only offered if the repair was not possible within a reasonable time or without inconvenience – i.e. sellers applied a two-tier system where **only a repair** is offered immediately, while the two-tier system in the Directive specifies that **both a repair and replacement**

[103] The Directive does not define what 'within reasonable time' means.

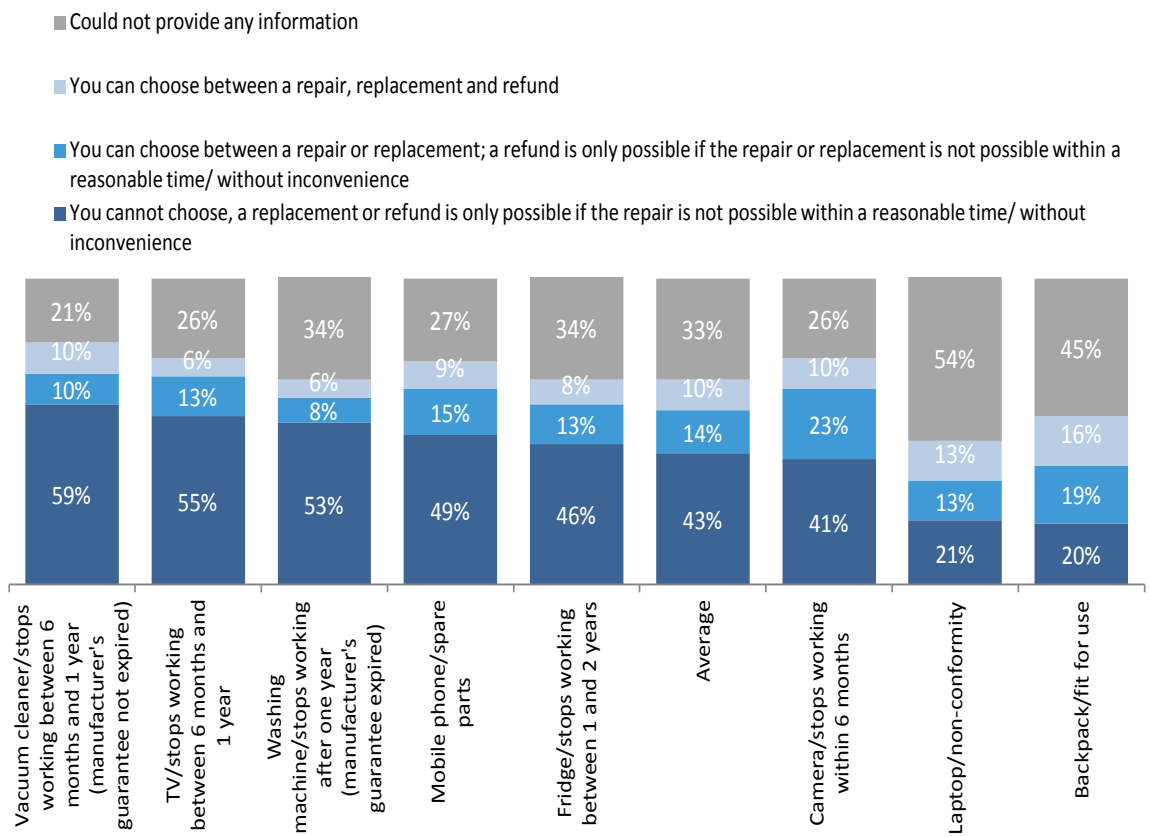
[104] Among the countries included in the mystery shopping exercise, Romania, Sweden and the UK did not implement the "hierarchy of remedies" as described in the Consumer Sales Directive. Romania specifies in its legislation that consumers can claim a refund when sellers cannot provide a repair or replacement within 15 days; Swedish legislation stipulates that consumers can claim a refund immediately if the consumer considers the defect significant; British legislation describes that a full refund is available immediate under a 'short-term right to reject' the 30 days after buying a product. In the Czech Republic and France, the law specifies that consumers can claim a refund when a repair or replacement is not applied in one month. For more details, see Annex **Error! Reference source not found.**.

[105] This does not imply that the seller confirmed that shoppers would qualify for these remedies; the shoppers asked which remedies would be available *in case* they would qualify for a repair.

should be available. At the country level, this response was registered by between 28% of shoppers in the UK and 54% in the Czech Republic.

Some variation was also observed when looking at the results across products; however, this variation was mainly caused by the fact that shoppers role-playing the backpack and laptop scenarios were more likely to report that the seller had not been able to answer their question about the hierarchy of remedies.

Figure 150: Hierarchy of remedies (information received after reporting a problem to a seller), by country



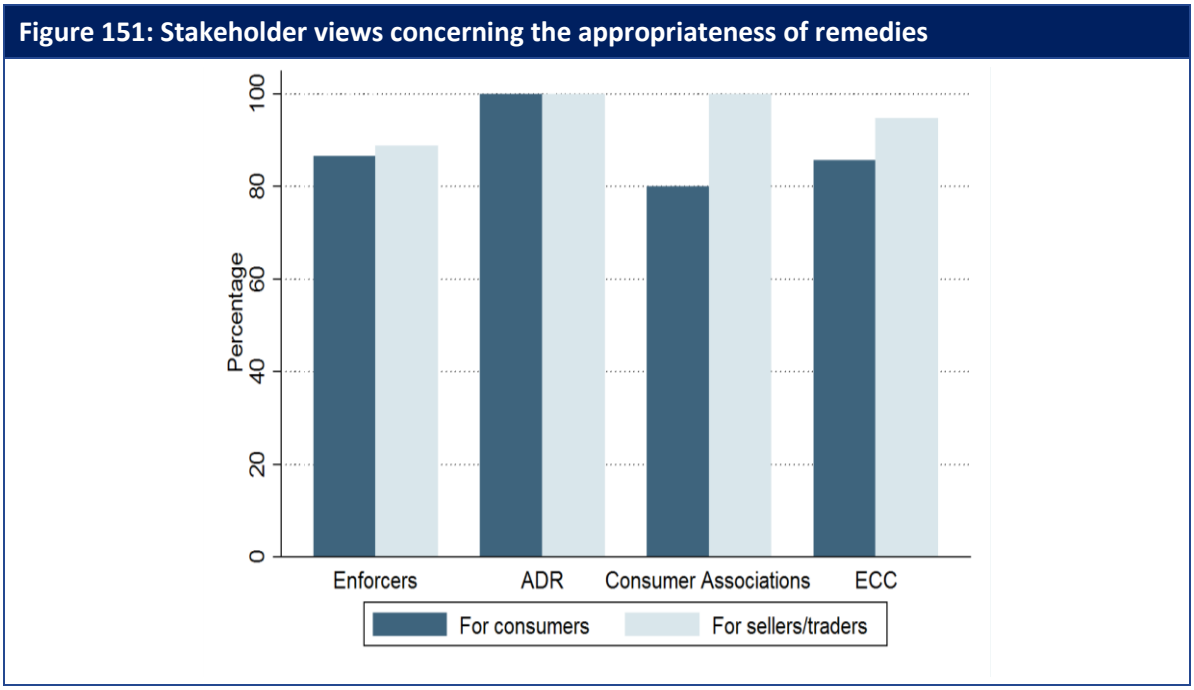
Q8. Can you choose between a repair, replacement or refund if you preferred on of these options?
Scenario B Calls+ Visits
Base: all shoppers (n=640)
Source: Mystery shopping exercise

Stakeholders' views

With respect to the appropriateness of remedies, 80% or more of stakeholders drawn from enforcer organisations, ADRs, consumer associations and ECC-Net members were of the opinion that remedies currently on offer were appropriate to both the consumer and seller.

When considering the hierarchy of remedies, stakeholders were not in agreement whether the hierarchy caused any consumer detriment. The majority of enforcers and ADR bodies who responded to this question did not consider that the hierarchy of remedies was an issue for consumers. However, consumer associations were of the opposite opinion, while ECC-Net members were split in their opinions.

Figure 151: Stakeholder views concerning the appropriateness of remedies



Note: Answers to the questions: 'In your opinion, with respect to remedies offered, are they appropriate to consumers?'; 'In your opinion, with respect to remedies offered, are they appropriate to sellers/traders?'.
% "yes" responses (n=67)
Source: Stakeholder consultation

7.2.5 Prior overview of costs linked to a repair

Hidden costs for "free" remedies

In-store mystery shoppers, looking to buy a product, who were informed that a free repair would be offered if the product was faulty or damaged or did not work at all were asked to confirm with the seller if there would be costs linked to the "free" repair. Between 60% of sellers in the UK and 84% in Poland confirmed that all costs linked to the repair would be covered.

One in six sellers was not able to tell if there would be any additional costs (from 8% in Poland to 27% in the Czech Republic). A minority of shoppers were informed that there would be costs linked to the "free repair": 5% was told that the costs of postage or shipping would be charged to them, 1% was informed that this applied to the costs for labour and materials, while 4% was informed about "other costs".

Table 28: Potential costs linked to the "free" repair (information received before buying a product), by country

Product	Average	CZ	FR	DE	IT	PL	RO	SE	UK
Base	*387*	*44*	*51*	*46*	*51*	*50*	*46*	*52*	*47*
Nothing, all costs will be covered	73%	68%	75%	67%	75%	**84%**	78%	77%	**60%**
The costs for postage/ shipping will be charged to you, the customer	5%	5%	6%	2%	6%	6%	4%	4%	4%
The costs for labour and materials will be charged to you, the customer	1%	0%	0%	0%	0%	0%	0%	2%	9%
Some other costs of the repair will be charged to you, the customer	4%	**0%**	**0%**	7%	4%	2%	4%	4%	**13%**
Could not find any information	17%	**27%**	20%	24%	16%	**8%**	13%	13%	19%

Q10. Would there be any costs linked to the repair?
Scenario A - In-store; Base: in-store shoppers that were offered a free repair (n=387)
Source: Mystery shopping exercise

In-store shoppers looking to buy a washing machine were most frequently informed that all costs for a repair would be covered; 88% reported this, compared to 69% for shoppers looking to buy a laptop or camera.

Table 29: Potential costs linked to the "free" repair (information received before buying a product), by product

Product	Average	Washing machine	Fridge/ freezer	Vacuum cleaner	Mobile Phone	Laptop	Camera	TV	New car
Base	*387*	*42*	*52*	*46*	*50*	*55*	*42*	*46*	*54*
Nothing, all costs will be covered	73%	**88%**	73%	70%	70%	**69%**	**69%**	70%	78%
The costs for postage/ shipping will be charged to you, the customer	5%	2%	4%	7%	**10%**	5%	**0%**	2%	6%
The costs for labour and materials will be charged to you, the customer	1%	0%	2%	2%	2%	4%	0%	0%	0%
Some other costs of the repair will be charged to you, the customer	4%	7%	6%	2%	4%	5%	2%	4%	2%
Could not find any information	17%	**2%**	15%	20%	16%	18%	**29%**	24%	15%

Q10. Would there be any costs linked to the repair?
Scenario A - In-store; Base: in-store shoppers that were offered a free repair (n=387)
Source: Mystery shopping exercise

When reporting a problem to a seller, 65% of shoppers indicated that the seller did not know if there would be costs linked to the "free" repair; this figure varied between 52% in Italy and 77% in the Czech Republic. Only between 22% (the Czech Republic) and 40% (Romania) of shoppers were told that all costs needed for the repair would be covered; much lower figures than observed when shoppers were looking to buy a product.

Table 30: Potential costs linked to the "free" repair (information received after reporting a problem to a seller), by country

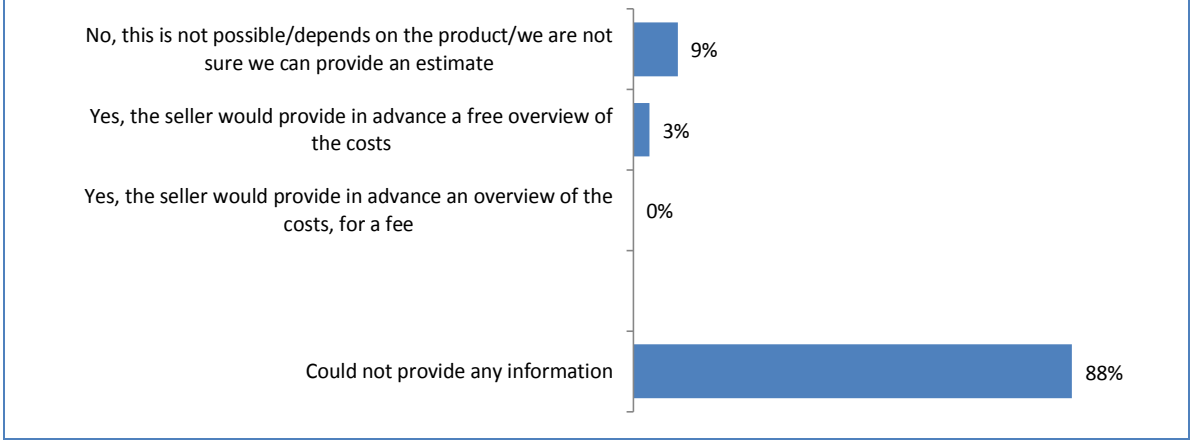
Product scenario	Average	CZ	FR	DE	IT	PL	RO	SE	UK
Base	*526*	*79*	*58*	*74*	*61*	*70*	*58*	*64*	*62*
Nothing, all costs will be covered	31%	**22%**	26%	36%	39%	23%	**40%**	36%	31%
The costs for postage/ shipping will be charged to you, the customer	3%	**1%**	5%	3%	**7%**	3%	2%	2%	3%
The costs for labour and materials will be charged to you, the customer	1%	0%	3%	0%	0%	0%	0%	2%	0%
Some other costs of the repair will be charged to you, the customer	1%	0%	0%	0%	2%	0%	0%	0%	3%
Could not provide any information	65%	**77%**	67%	61%	**52%**	74%	59%	61%	63%

Q5b. Are there any costs linked to the repair. What does the seller reply?
Scenario B
Base : shoppers that were offered a repair (n=526)
Source: Mystery shopping exercise

Overview of costs ahead of the repair

Mystery shoppers who reported a problem to a seller and who were informed by a sales person that there might be costs linked to the repair[106] were instructed to ask the seller if they would be able to obtain an overview of these costs ahead of the repair. A large majority (88%) of shoppers reported that the sales person did not know whether a budget or overview of costs could be provided ahead of the repair.

Figure 152: Overview of costs provided ahead of a repair



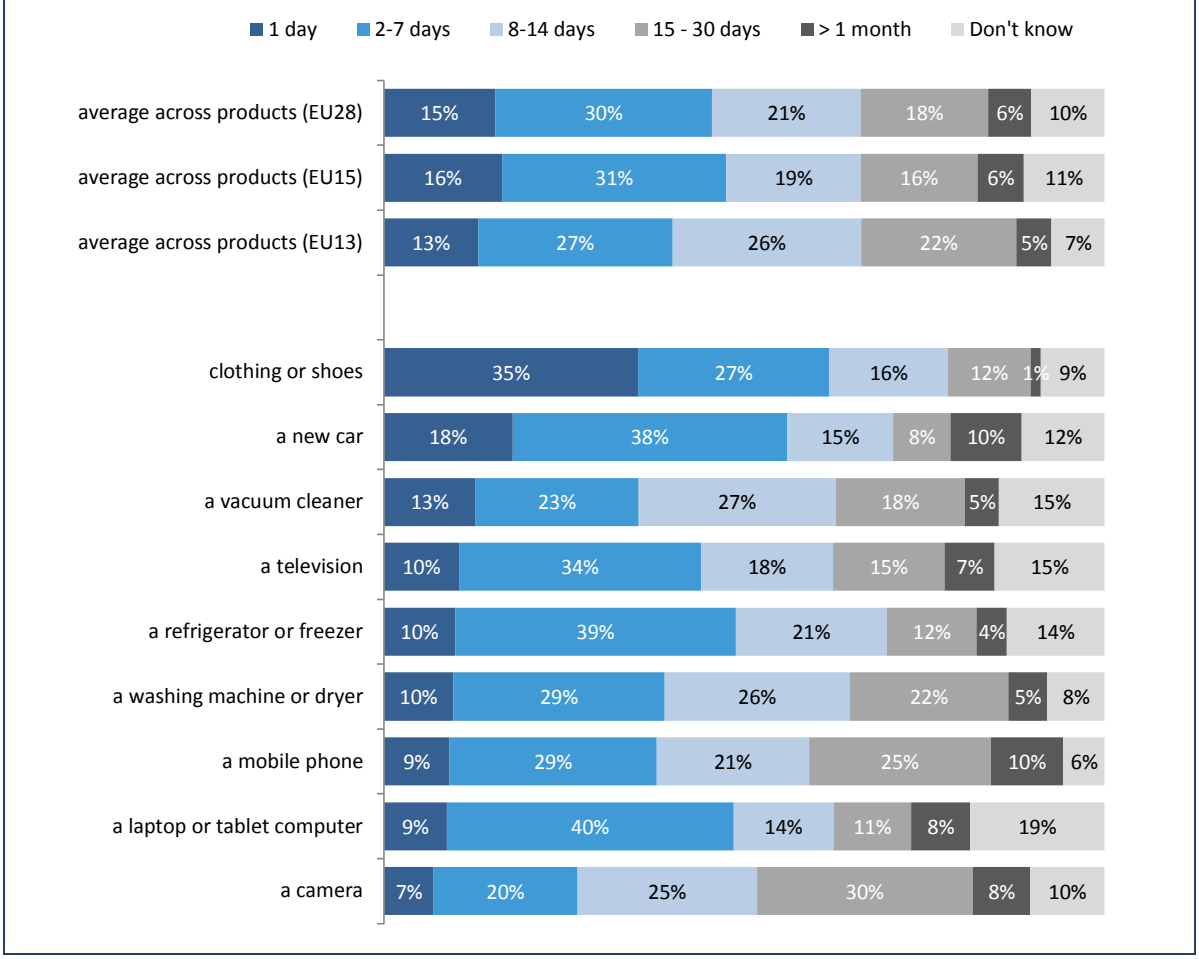
Q7. Could the seller provide a budget or overview of the costs ahead of a repair?
Scenario B Calls+ Visits; Base: shoppers who reported that the seller could not confirm that there would be no costs linked to the repair (n=376)
Source: Mystery shopping exercise

[106] 376 shoppers (out of 640) reported that the seller could not confirm that there would be no costs linked to the repair (i.e. a sales person told them that there would be costs linked to the repair or the sales person did not know if there would be costs linked to the repair).

7.2.6 How long does it take to provide consumers with a remedy?

In this section, the analysis focuses again on the consumer survey and problems for which respondents received a free replacement, refund, or repair, or paid for a product repair[107] (after contacting the seller, the manufacturer or both). On average across all products, 15% of replacements, repairs and refunds happened within one day (the figure was the highest for clothing and footwear at 35%). A considerable proportion of repairs, refunds and replacements, however, were only received after two weeks (18% "between 15 and 30 days" and 6% "more than one month").

Figure 153: Time it took to solve the problem, by product



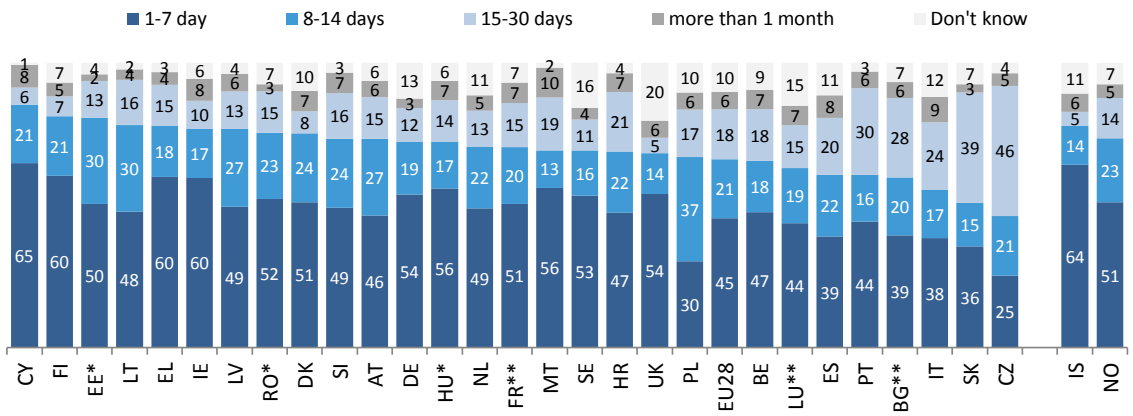
Q26. How long did it take to solve the problem you had with {product}? Please indicate your answer in number of days, number of weeks or number of months
%, EU28, Base: problems for which respondents received a free replacement, refund, or repair, or paid for a product repair (n=9,059)
Source: Consumer survey

[107] For 524 problems (out of 9,059), the respondent ended up paying for a product repair.

In most Member States, a remedy should be provided within "a reasonable time frame"; a small number of Member States, however, specified an explicit deadline (e.g. 15 days or one month) within which a remedy needs to be provided.

Except in the Czech Republic, across all countries, a majority of problems had been provided with a remedy within two weeks (from 51% in Slovakia to 86% in Cyprus; this figure was 46% in the Czech Republic). Moreover, the proportion of problems that was not provided with a remedy within one month remained below 10% in most countries (from 2% in Estonia to 10% in Malta).

Figure 154: Time it took to solve the problem, by country



Q26. How long did it take to solve the problem you had with {product}? Please indicate your answer in number of days, number of weeks or number of months

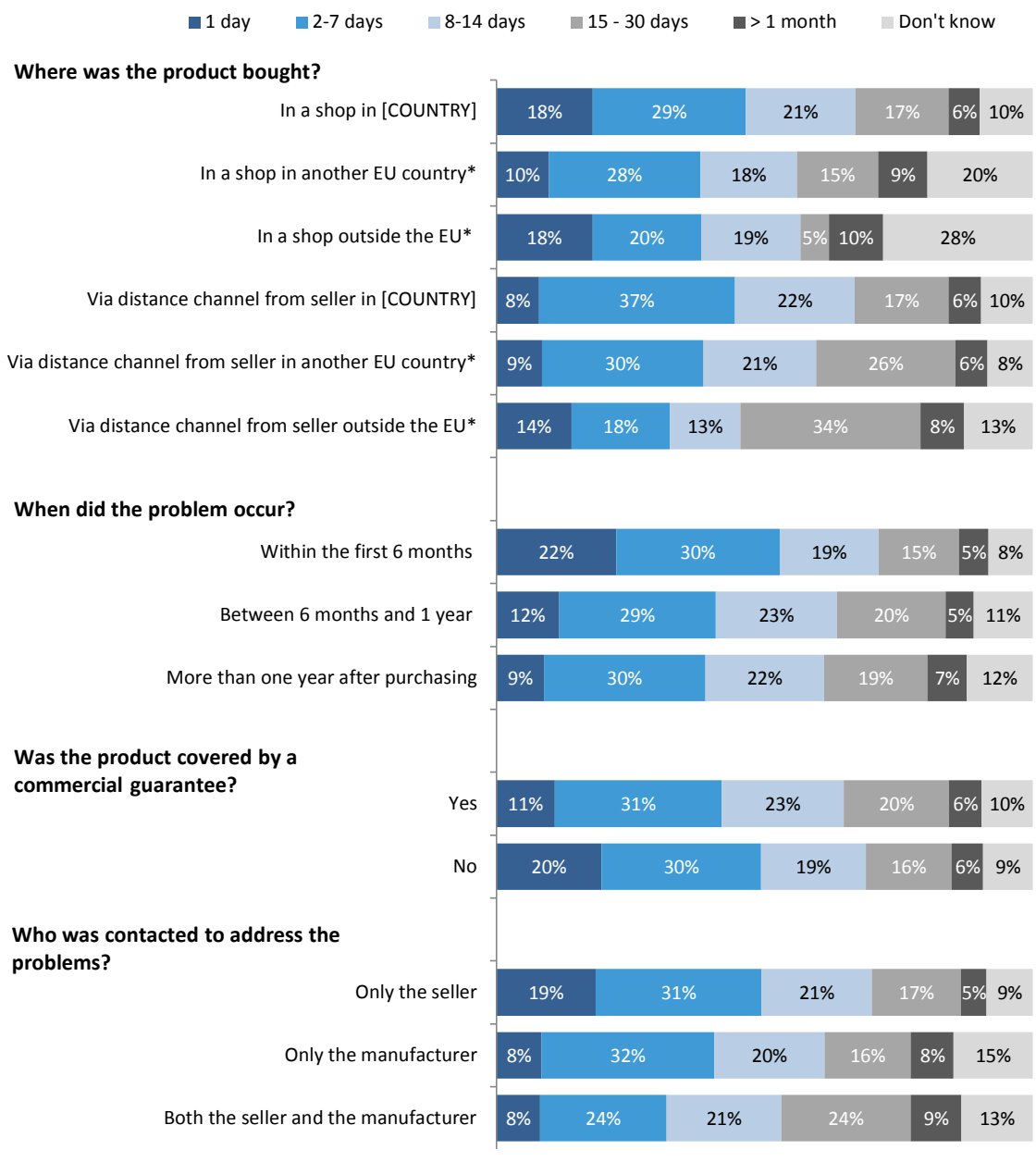
Note: In most countries, the first remedy to be provided is repair or replacement; this must be done within one month in Bulgaria, France and Luxembourg (**), within 15 days in Hungary, Romania and Estonia (*), and within a reasonable time in the remaining countries

%, EU28, Base: problems for which respondents received a free replacement, refund, or repair, or paid for a product repair (n=9,059; IS: n=128; NO: n=336)

Source: Consumer survey

More than a fifth (22%) of replacements, repairs and refunds for problems that had occurred within the first six months were provided within one day; this figure decreased to 9% for problems that had occurred more than one year after the purchasing date. Problems with products that were covered by a commercial guarantee took longer to be resolved than problems with products not covered by a commercial guarantee (respectively, 20% vs. 11% "within one day"). Finally, it was also noted that problems that had been addressed by the seller were provided with a remedy faster than problems addressed by the manufacturer (19% "within one day" for problems only addressed by the seller vs. 8% for problems addressed only by the manufacturer or both the seller and manufacturer).

Figure 155: Time it took to solve the problem, by product characteristics



Q26. How long did it take to solve the problem you had with {product}? Please indicate your answer in number of days, number of weeks or number of months

Note: * % small sample size (between 74 and 224)

%, EU28, Base: problems for which respondents received a free replacement, refund, or repair, or paid for a product repair (n=9,059)

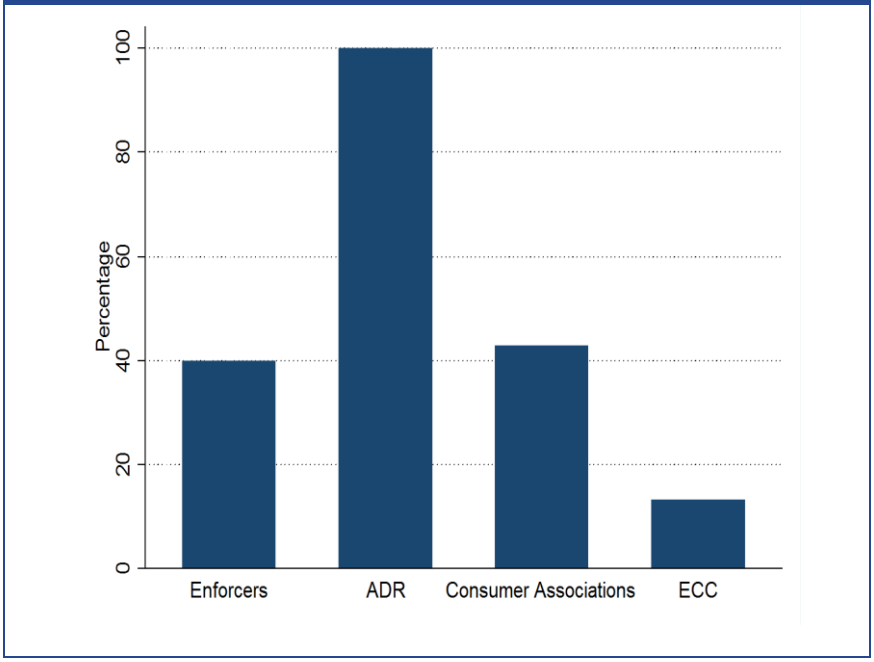
Source: Consumer survey

7.3 Redress

7.3.1 Do consumers abuse their legal and commercial guarantee rights?

Stakeholders were asked whether they were aware of consumers abusing either their legal or commercial guarantee rights. In a majority of cases, respondents in the stakeholder consultation answered negatively; however, respondents from ADRs were 100% convinced of this occurring. Less than 20% of ECC-net members, by contrast, recognised this as a possibility.

Figure 156: Stakeholder views about abuse of rights by consumers



Note: Answer to 'Are you aware of consumers abusing their rights under legal and commercial guarantees?'.
% "yes" responses.
Source: Stakeholder consultation

Box 8: Stakeholder views about about abuse of rights by consumers

Luckily only a small percentage abuses their legal rights. But this is of growing concern as this percentage seems to be rising. People damage their product and want a product replaced or a cash back. People tend to imply that normal wear and tear should be covered by their legal guarantee.

Generally people do NOT admit that they have caused an issue. The general trend is that if it is under guarantee than whatever happens is 'covered'. There are instances where third party products cause an issue and the client is left as 'pig in the middle'. The effect is generally negative in 70% of the cases.

7.3.2 Effectiveness of complaints handling by ADR/ODR

According to the European Commission, there are over 750 ADR schemes in the EU today.[108] In some countries, they cover only specific consumer disputes e.g. for financial services, energy supply, transport. In a few others, ADR covers all consumer disputes. Some offer the entire process online, i.e. as Online Dispute Resolution (ODS). Regarding the general characteristics of ADR mechanisms, the European Commission writes:

- ADR schemes can be established by public authorities, industry or in cooperation between the public sector, industry and consumer organisations.
- Funding may be private, public or a combination of both.
- In most EU countries, ADR is national rather than decentralised at regional or local level. Procedures are based on the parties' willingness to engage in the process.
- Most schemes are free for consumers or below €50, and are settled within 90 days on average.
- ADR decisions may be taken collegially e.g. by boards or by individuals - a mediator or ombudsman. The nature of these decisions ranges from non-binding recommendations, to decisions binding on the trader only or on both parties, and agreement of the parties.

Based on the research conducted by this study[109], there are three main typologies of alternative dispute resolution which are common across the EU28. These are mediation, conciliation and arbitration.

Generally speaking, **mediation** is a process by which an independent third party attempts to create an environment in which the disputing parties come to an amicable arrangement between themselves. Mediators are neutral and do not represent either one of the parties to the dispute, and their role consists rather of assisting the parties to jointly find a solution.

Conciliation is similar to mediation insofar as the conciliator is an independent third party who facilitates settlement between the disputing parties. However, while a mediator does not propose solutions, the conciliator can do so, but has no power to enforce them. The conciliator's proposals must be acceptable to both parties and both parties must voluntarily abide by them.

Arbitration is where the disputing parties submit to the decision-making of a neutral third party (or committee). Arbitration is more like a formal court proceeding in this regard, whereby the arbitrator gives a "judgement" in the dispute. While the principle of arbitration is straightforward, the enforcement powers available to the arbitrator (if any) are varied.

Although it was not within the resources of this study to quantitatively assess the effectiveness of complaint handling by ADR/ODR mechanism; however, a number of issues with respect to dispute resolution via these mechanisms have been raised by stakeholders.

A key question hinges on whether the ADR mechanism involves a legally binding decision (i.e. the decision is immediately binding based on the authority of the issuing body). A European Commission Working Paper of 2011 stated that *the vast majority of ADR procedures are based on the willingness of the parties to engage in the process and for*

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[108] European Commission, Alternative and Online Dispute Resolution, http://ec.europa.eu/consumers/solving_consumer_disputes/non-judicial_redress/adr-odr/index_en.htm, accessed 27 August 2015.

[109] Typologies drawn from data in country fiches.

64% of ADR schemes the adherence by industry is not mandatory.[110] Even if the ADR mechanism is binding, it may require a court to begin enforcement proceedings against a party which fails to abide by the ADR judgement. For these reasons, ADR has come under scrutiny by some consumer advocates, especially in the perceived level of protection which ADR processes offer to consumers.

As the Commission has introduced the Directive on Consumer ADR which entered into force in July 2015[111], the approach to ADR is in a period of transition in terms of the legal framework. At time of writing, there was at least one ADR mechanism which was suspended pending changes to be introduced by the Directive. Regarding the Czech Arbitration Court website a suspension notice was in effect[112] which detailed that:

> *"This form of dispute resolution was only applicable in the scope of the project the Ministry of Industry and Trade of the Czech Republic called Alternative Consumer Disputes Resolution. The project is currently suspended."*

This was confirmed based on information from the Ministry[113]:

> *"The Ministry of Industry and Trade expects that the system of alternative dispute resolution for consumer disputes will be available again, in response to a directive of the European Parliament and the Council on alternative dispute resolution for consumer disputes and a Regulation of the European Parliament and of the Council on online dispute resolution for consumer disputes."*

Stakeholders also appear to have adopted a wait-and-see approach regarding the impact of the ADR Directive.

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[110] European Commission (November 2011) Commission staff Working Paper, Impact Assessment Accompanying the document Proposal for a Directive of the European Parliament and of the Council on Alternative Dispute Resolution for consumer disputes (Directive on consumer ADR) and Proposal for a Regulation of the European Parliament and of the Council on Online Dispute Resolution for consumer disputes (Regulation on consumer ODR) {COM(2011) 793 final}{SEC(2011) 1409 final}

[111] Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on Alternative Dispute Resolution for Consumer Disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Directive on Consumer ADR).

[112] Website of the Arbitration Court, accessed on 22nd June 2015, http://en.soud.cz/arbitration-proceeding.

[113] See website of the Ministry of Industry and Trade, "Information about securing court settlement of consumer disputes" July 9, 2014, accessed on 22nd June 2015, http://www.mpo.cz/dokument127471.html

Box 9: Stakeholder views about the Directive on Consumer ADR

Consumer knowledge of their rights and redress mechanisms:

"If the retailer does not apply the rules, consumers do not have the means to force it in most cases. Often they do not know the applicable rules and their obligations."

Consumer desire to pursue redress through to conclusion:

"There is a high fall-out rate for consumers. Firstly, many consumers do not complain at all. Secondly, traders often are not keen on handling complaints about non-conformity, at which point more consumers drop out. Thirdly, going to court is mostly too expensive and too time consuming for consumers. Fourthly, the step between complaining and lodging the complaints with an ADR body is another point at which consumers drop out."

Regarding compliance with decisions:

"There is an ADR handling consumer purchases, the main problem with this ADR is that the opinions are not binding so that many traders do not follow it."

Regarding impact of the ADR Directive:

"However, the ADR directive will force some changes which we don't know the full consequences of yet (but most likely not in the favour of consumers)."

7.3.3 Consumers' trust in public authorities and consumer organisations to protect their rights

Institutional actors defending consumer rights

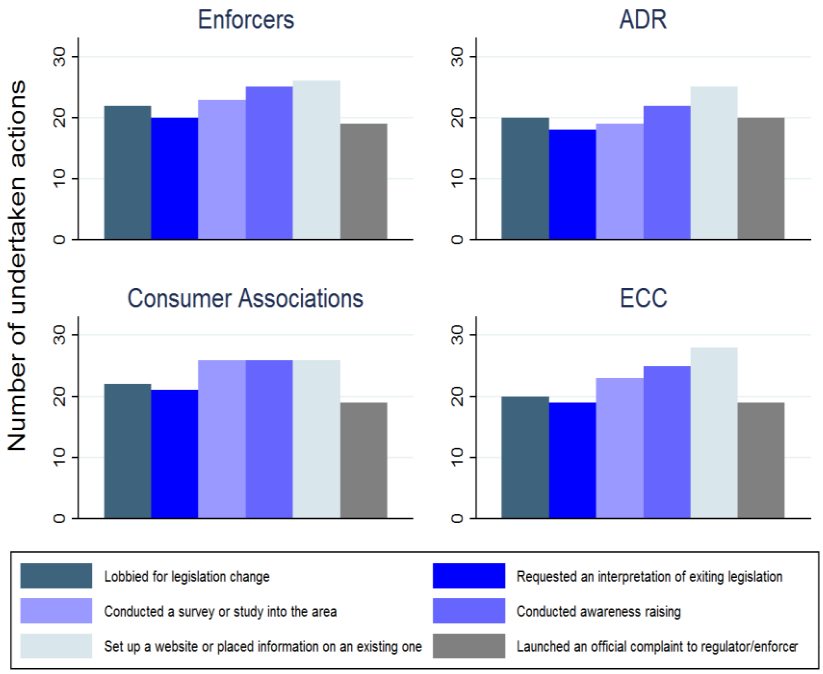
In the context of guarantees, and more broadly speaking in the overall context of upholding consumer rights in the EU, the following institutional actors are present in the defence of consumer rights:

- Enforcer, such as a trade regulator, competition authority or a state funded consumer agency;
- Alternative Dispute Resolution (ADR) mechanisms[114];
- Consumer associations and similar civil society actors who act as consumer advocates. These are usually non-profit groups who may or may not receive public funding but are independent of government;
- European Consumer Centres, which are specific bodies created as part of EU consumer policy to foster consumer confidence in cross-border EU trade.

Each of these stakeholder groups has a specific role and contribution to make with respect to protecting consumer rights, ranging from the more formal (enforcer and dispute resolution roles) to softer but no less necessary activities (communications, advocacy and lobbying). With respect to the activities of these various actors in relation to guarantees, the stakeholder feedback presented below shows the variety of nature of efforts in which these stakeholder groups are involved. As can be seen, most actors take on a range of both formal and informal measures.

[114] As part of the national justice system, however this study focussed on ADR mechanisms as formal court proceedings are generally not used for low value consumer disputes.

Figure 157: Number and type of actions taken by stakeholder group

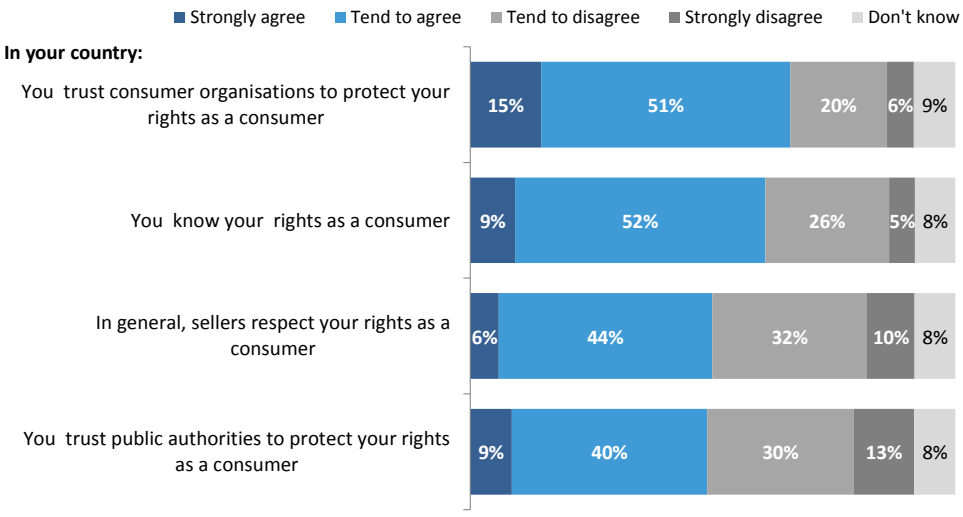


Note: Answers to the question: 'Have you undertaken any action with regard to informing/protecting consumers in relation to their rights regarding guarantees?' % "yes" responses, average across countries (n=76)
Source: Stakeholder consultation

Consumers' trust in public authorities and consumer organisations

A majority of respondents *strongly agreed* (15%) or *tended to agree* (51%) that they trust consumer organisations to protect their rights as a consumer. By comparison, 9% of respondents *strongly agreed* and 40% *tended to agree* that public authorities protect their rights as consumers. Note that a similar result was also observed for the statement about sellers: 6% of respondents *strongly agreed* and 44% *tended to agree* that sellers respect their rights as a consumer.

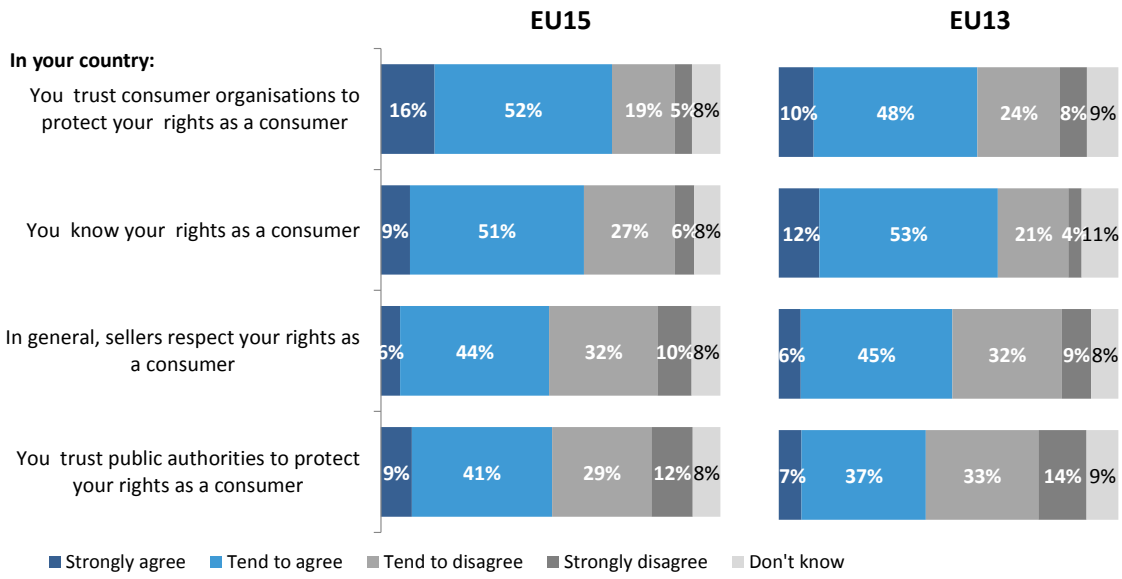
Figure 158: Agreement with various statements about consumer rights



Q32. Please indicate how much you agree or disagree with each of the following statements. In your country: – Overview
%, EU28, Base: all respondents
Source: Consumer survey

The level of trust in consumer organisations and public authorities appears to be somewhat lower in the EU13 than in the EU15. For example, in the EU13, 10% *strongly agreed* and 48% *tended to agree* that public authorities protect their rights as consumers; the corresponding proportions in the EU15 were 16% and 52%, respectively.

Figure 159: Agreement with various statements about consumer rights, EU15 vs. EU13



Q32. Please indicate how much you agree or disagree with each of the following statements. In your country: – Overview
%, EU15/EU13, Base: all respondents (EU15: n=14,553; EU13: n=12,106)
Source: Consumer survey

The following table presents the level of agreement for the statements discussed above across countries. Interestingly, the largest variation across countries in the level of agreement was observed for the statement that public authorities protect consumers' rights. In Croatia, just 28% of respondents *strongly agreed* or *tended to agree* that the public authorities in their country respect their rights as a consumer, while in Denmark, 74% of respondents shared this view.

Table 31: Agreement with various statements about consumer rights (% "strongly agree" and "tend to agree"), by country

In your country:	You trust consumer organisations to protect your rights as a consumer	You know your rights as a consumer	In general, sellers respect your rights as a consumer'	You trust public authorities to protect your rights as a consumer
DK	**80%**	66%	**65%**	**74%**
MT	77%	69%	53%	71%
FI	74%	63%	60%	72%
EE	75%	62%	65%	64%
SE	69%	69%	62%	60%
AT	71%	66%	56%	55%
IE	71%	60%	57%	53%
UK	70%	60%	47%	63%
ES	70%	62%	52%	55%
LV	59%	62%	64%	54%
NL	73%	57%	49%	58%
PT	67%	67%	51%	48%
BE	72%	50%	56%	54%
RO	53%	**75%**	60%	43%
LU	64%	51%	57%	54%
EU28	66%	61%	50%	49%
DE	60%	71%	51%	44%
HU	62%	57%	50%	54%
PL	68%	62%	47%	46%
SK	50%	74%	60%	36%
IT	66%	59%	47%	48%
SI	58%	56%	57%	37%
CY	56%	66%	48%	37%
CZ	46%	66%	55%	40%
FR	75%	43%	45%	39%
EL	63%	57%	42%	39%
BG	**43%**	66%	44%	32%
LT	45%	59%	40%	39%
HR	63%	46%	39%	28%
NO	73%	59%	55%	62%
IS	51%	**18%**	**37%**	**25%**

Q32. Please indicate how much you agree or disagree with each of the following statements.
% "strongly agreed" + "rather agreed" by country, Base: all respondents
Source: Consumer survey

8. Key conclusions and recommendations

This final section of the report presents the key conclusions of the study and puts forward a number of policy recommendations based on these conclusions. The recommendations are aimed at improving the functioning of legal and commercial guarantees market for consumers in the EU.

The conclusions and recommendations of this study are presented in three sections:

1. Information provision and consumer understanding;
2. Consumer choice and comparison;
3. Consumer problems.

8.1 Information provision and consumer understanding

The conclusions and recommendations on information provision and consumer understanding are divided into two sub-sections. The first sub-section pertains to the ease of obtaining clear information on various aspects of the legal and commercial guarantees market. The second sub-section presents conclusions and recommendations on consumers' knowledge and understanding of legal and commercial guarantees.

8.1.1 Information provision about legal and commercial guarantees

This section presents conclusions with regards to the steps a consumer needs to take to get information about guarantees; a distinction is made between information provision on the free of charge, two-year legal guarantee and commercial guarantees.

Information provision on the free of charge, two-year legal guarantee

Across the EU28, 40% of consumers *disagreed* that, in general, sellers in their country inform consumers about the legal guarantee period for products; this figure ranged from 26% in Latvia and Slovakia to 55% in Ireland. 55% of online mystery shoppers[115] reported that the website they visited contained information stating that the legal guarantee is a free of charge, two-year guarantee. Among in-store mystery shoppers (who enquired about a product before purchasing), 42% found information displayed with the product and/or were spontaneously informed by a sales person that the legal guarantee is free of charge and for a minimum period of two years.

Information provision on commercial guarantees

The Consumer Sales Directive contains requirements concerning the way in which commercial guarantees should be communicated to consumers. The Directive stipulates, among others, that consumers buying a commercial guarantee should be informed about the duration of the guarantee, the guarantee's geographical scope, coverage of the guarantee, how to make a claim under the guarantee, the name and address of the guarantor, as well as a reminder of the existence of a legal guarantee.

When shopping online or in-store for a commercial guarantee, the price, length and coverage of the guarantee were the most commonly displayed features. When asked how much information consumers had received about the terms and conditions of the commercial guarantee purchased most recently, 33% answered they had received *not very much* information and 8% *nothing at all*. 35% of consumers *did not recall* having received information about the legal guarantee when they last purchased a product with

[115] In the Czech Republic, France, Germany, Italy, Poland, Romania, Sweden and the UK.

a commercial guarantee; this figure varied between 17% in Slovakia and 72% in Cyprus and Malta.

Difficulty experienced in obtaining clear information about guarantees

A plurality of consumers in the EU expressed difficulty in finding clear, transparent and not misleading information about guarantees. One in two consumers *disagreed* that sellers, in general, provided clear and transparent information about the legal guarantee; this figure varied between 30% in Latvia and 61% in Hungary. Similarly, 51% of consumers *disagreed* that sellers, in general, provided clear and transparent information about commercial guarantees, with the proportion disagreeing at country level ranging from 32% in Estonia to 61% in Croatia and France.

In-store mystery shoppers in this study tended to be more positive in their evaluations of information provision than consumers in general: 15% of in-store shoppers looking to buy a product and 20% of those reporting a problem to a seller shared the view that information provided by sellers about the legal guarantee was not satisfactory. Online mystery shoppers, however, had more difficulties in finding clear information about the legal guarantee: 48% *disagreed* that the seller's website contained clear and understandable information about the legal guarantee.

Considering the availability of information on legal and commercial guarantees, and the difficulty experienced by consumers in obtaining clear information about guarantees, leads to the following recommendation:

Recommendation 1

In order to facilitate consumer understanding and informed choice, it is recommended that effective enforcement of requirements with regards to information provision on legal and commercial guarantees is enhanced.

8.1.2 Consumer understanding

This sub-section presents conclusions on consumer understanding with regards to the free of charge, two-year legal guarantee and summarizes whether consumers are aware of the existence of the legal guarantee, and their understanding of its duration and coverage. The final paragraphs present conclusions and recommendations with regards to the "reversed burden of proof".

Understanding of the legal guarantee

Across all EU countries, consumers had a good understanding of the legal guarantee coverage; between 72% of consumers in Cyprus and 97% in Slovenia answered that the legal guarantee covers breakdown or failure to operate because of a material or manufacturing fault. When respondents in the behavioural experiment were asked to read a short legal guarantee and answer two questions in regard its scope[116], respondents also performed well (61% answered the two questions correctly).

[116] The two questions were whether the legal guarantee covered damage to the appliance in case of accident and within what time period repairs would be undertaken.

Knowledge of the legal guarantee duration

Self-reported awareness of the legal guarantee was 67% at EU28 level; however, only about half as many consumers (35%) were also aware of the legal guarantee period in their country.[117] In about half of the Member States, consumers who thought that the legal guarantee period was one year outnumbered those who correctly stated it was two years. Only 56% of consumers knew that they have the right to a free repair or replacement when their refrigerator breaks down 20 months after the purchase date.

A lack of awareness of the two-year guarantee period is a potential source of consumer detriment. The consumer survey found that, for problems with products that had occurred more than one year after the purchasing date, respondents were less likely to have contacted the seller or manufacturer (78% vs. 88% for problems that had happened within the first six months). Moreover, for 17% of problems for which no action was taken, respondents had not taken action because they thought the legal guarantee had expired, although the product was bought in the past two years.

Although self-reported awareness of the legal guarantee was relatively high, only roughly one in three consumers knew the correct legal guarantee period applied in their country. This leads to the following recommendation:

Recommendation 2

It is recommended that in order to improve the effectiveness of the legal guarantee rights throughout the full length of its duration, national authorities, consumer associations and sellers (either online on their website or in their shop) should take more actions to increase consumers' awareness of the two-year legal guarantee period.

Knowledge about legal guarantee provisions

Consumers were well-informed about legal guarantee provisions with regards to the coverage of spare parts and requirements about original packaging: 69% answered correctly when asked whether, during the two-year legal guarantee period, a seller has to repair or replace the battery of a new mobile phone because the legal guarantee also covers spare parts and 59% correctly indicated that, when a newly bought camera breaks down during the legal guarantee period, the seller cannot refuse to repair it for free when they no longer have the original packaging. Consumers in the Czech Republic and Slovakia were the most knowledgeable about legal guarantee provisions, while consumers in Bulgaria, France and the UK were among the least knowledgeable.

The mystery shopping exercise confirmed that a majority of sellers informed consumers correctly about the coverage of spare parts and the fact that it is not necessary to keep the original packaging. This in contrast to information provided about freezing or reset of guarantee duration for repairs and replacements, for which a majority of sellers appeared to be unware of the applicable legislation.[118]

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[117] Six years in most of the UK (five years in Scotland) and Ireland, three years in Sweden and two years in the remaining countries. Note: in Finland, Iceland, the Netherlands and Norway, the legal guarantee period also exceeds the minimum two-year period, however, this extension is linked to the expected lifespan of the product. See Annex A1.3.3 for more details about the national provisions with regards to the length of the legal guarantee period.

[118] Regarding the freezing or reset of guarantee duration, the practice across Member States appears to fall mainly into two approaches: (1) Where the guarantee is renewed for either a repair, replacement or both; (2) Where the guarantee is not renewed, but the time spent in the execution of the remedy or claim process is added to the legal guarantee period. For more details, see Annex A1.3.4.

What does the "reversed burden of proof" mean for consumers?

Consumers' understanding of the burden of proof was low, as observed in the behavioural experiment. When respondents in the experiment were presented with two legal guarantees that differed in terms of when the burden of proof transferred from the seller to the buyer in case of manufacturer and/or material fault, only 37% of respondents were able to correctly answer the question. The proportion of respondents who answered correctly ranged from 27% in France to 42% in Germany.

Across most Member States, for the first six months the burden of proof is on the seller, while thereafter the burden is on the consumer. The consumer survey and the mystery shopping exercise, however, found that sellers do not necessarily take the purchase date into account when asking consumers to prove that the good was defective or non-conforming:

- For problems that had occurred within *the first six months after purchasing a product*, 15% of survey respondents reported having been asked by the seller to prove that the problem was not due to their own fault, the corresponding figure for problems that had occurred *after six months* was roughly the same – at 16%.

- 20% of mystery shoppers role-playing the sub-scenario in which a fridge/freezer stopped working *more than one year after the purchase date* were told that they would need to prove that the problem was not due to their own fault; the corresponding figure for shoppers who reported that their camera had stopped working *within six months after the purchase date*, however, was also 20%.

Although this study found that a minority of sellers insists on consumers proving the seller's liability within the entire two-year legal guarantee period, the **burden of proof was identified as a potential source of consumer detriment**.

First, the burden of proof is a potential barrier for consumers to take action when a problem occurs with a product. For 14% of problems for which no action was taken, consumers indicated that they had not taken any action because they were asked to prove that they themselves had not caused the problem.

Second, consumers' statutory rights are breached when sellers ask them to prove non-conformity in the first six months after purchasing a product. For 15% of problems that had occurred within the first six months, survey respondents were asked to prove that the problem was not due to their own fault. Among mystery shoppers reporting that their camera stopped working within six months after the purchasing date, 20% were told by the seller that they would need to prove that the problem was not due to their own fault.

Recommendation 3

The current regime on the burden of proof during the legal guarantee period is poorly understood by consumers and sellers, and does not work in practice as designed. On the one hand, a minority of sellers breach the law when asking consumers to prove non-conformity in the first six months after purchase. On the other hand, the "reversed burden of proof" period is often applied as long as the entire two-year legal guarantee period.

In order to help consumers better understand the "reversed burden of proof", more information – clear, transparent and not misleading – should be provided to consumers. Communication campaigns on the burden of proof could be launched to ensure that consumers either fully understand this concept and how it affects their rights in a practical way, or at least know whom they can turn to for advice. This would cover the period under which a defect is assumed to have been present at time of sale and, after this period has passed, guidance on what constitutes proof and how to establish this in a dispute with a seller. Similar awareness raising efforts should also be directed at sellers.

8.2 Consumer choice and comparison

Commercial guarantees have become an integral part of marketing; three-quarters of products checked during the mystery shopping exercise were offered with a commercial guarantee. Looking at purchase behaviour for paid-for commercial guarantees, the consumer survey found that 22% of EU28 respondents had bought such a guarantee in the three years preceding the survey. Consumers in Latvia were the least likely to have purchased a paid-for commercial guarantee, while consumers in Italy and Portugal were the most likely to have done so (7% vs. 32%-33%).

8.2.1 The commercial guarantee market

The study's conclusions and recommendations linked to consumer decision making are discussed in the following paragraphs. This first sub-section focuses on the commercial guarantee market in terms of guarantee price and competition, while conclusions about consumers' understanding and choice of commercial guarantees are presented in the next sub-section.

Price of the guarantee

27% of consumers – who had bought a commercial guarantee – had done so because it was offered at a reasonable cost; 45% of consumers – who had not bought commercial guarantees – might do so if the guarantee is offered at a lower price. The likelihood of purchasing a commercial guarantee in the behavioural experiment, and "willingness to pay" for such guarantees, increased as the price of the primary product increased.

The review of commercial guarantees involved an investigation of prices of guarantees from online sources in 30 countries, with extended guarantees sold by retailers being one of the major sources of data relied upon. The product price, the number of remedies and the duration of the guarantee were linked to a higher guarantee price. However, there was a stronger link between the duration of the guarantee and the guarantee price, than there is between the product price and the guarantee price. Paid-for commercial guarantees for white goods appeared to be more expensive than guarantees for brown or grey goods.

Duration of the guarantee

57% of commercial guarantees for brown, white and grey goods covered in the price collection exercise had a duration of more than two years. Respondents in the behavioural experiment, however, were less likely to accept commercial guarantee offers of longer duration (three or five years vs. two years), and they were willing to pay less per year for commercial guarantees of long duration compared to short duration guarantees in the case of washing machines.[119]

Competition and choice

During the price collection exercise, it was observed that sellers typically provide paid-for commercial guarantees from only one provider, with guarantee product differences available in duration and coverage rather than a selection of differing guarantee products or brands. Moreover, 46% of survey respondents, who had bought a paid-for commercial guarantee in the past three years, indicated that they had been offered only one guarantee. This means that consumers may not be able to 'shop around' for paid-for

[119] This is most likely linked to respondents' reporting in the main that they "bought" a commercial guarantee in the willingness to pay exercise because they thought their appliance would be costly to repair. They may believe that this will happen earlier in the life of the appliance and as such have a lower willingness to pay per year as the length of coverage increases.

commercial guarantees and not being able to contrast different commercial guarantees lessens the ability of consumers to objectively weigh the merits of different products in this area.

Recommendation 4

One way to stimulate competition in the area of paid-for commercial guarantees and improve consumers' ability to objectively compare offers is by creating a comparison tool for paid-for commercial guarantees. This approach is used in the UK where such a tool has been created by some of the UK's main retailers at the instigation of the regulator. This should be combined with giving consumers the possibility to purchase a paid-for guarantee at a later stage (i.e. not at the same time as paying for the product). This allows consumers to be able to consider the merits of different paid-for guarantees both in advance and after the purchase of their goods.

8.2.2 Consumers' understanding and choice of commercial guarantees

The conclusions and recommendations on consumers' understanding and choice of commercial guarantees relate to two broad topics: consumers' assessment of which commercial guarantee is best to purchase and their ability to distinguish between the legal guarantee and commercial guarantees.

Buying commercial guarantees to have "a longer guarantee period"

The consumer survey showed that paid-for commercial guarantees were mainly bought to have a longer guarantee coverage period (mentioned by 45% of respondents who had bought a commercial guarantee), because they give "peace of mind" (31%) or because the cost of repairing the product would be too high (26%).

Given that many consumers are unaware of the two-year legal guarantee period, some consumers will buy a commercial guarantee "to have a longer guarantee" period although its duration does not exceed the legal guarantee duration. As such, also in this area, a lack of awareness of the two-year legal guarantee period can be associated with consumer detriment.

Explicit information provision about the length of the legal guarantee before "purchase" of a commercial guarantee in the behavioural experiment helped respondents to correctly assess when not to purchase a commercial guarantee. Prior knowledge of the length of the legal guarantee is also associated with a lower willingness to pay for commercial guarantees in the experiment. This leads to the following recommendation:

Recommendation 5

Enforcement actions should be set up to ensure that sellers of commercial guarantees comply with the requirement to include a reminder of the legal guarantee and a statement that the commercial guarantee does not affect the consumer's rights under the legal guarantee.

Judging the relative value of a commercial guarantee

When asked to select a commercial guarantee in the behavioural experiment, on average, 44% of respondents selected the guarantee with the "fairest price" for washing machines and 48% for mobile phones. In terms of presentation of the commercial guarantee, the following conclusions are formulated:

- When testing **commercial guarantee complexity**, respondents tended to improve their choices in the experiment (between round 1 and 2) when faced with a two-feature contract compared to a four-feature contract, particularly in the case of washing machines.

- **Graphical versus textual presentation** of key features of a commercial guarantee did not have a statistically significant impact on respondents' choices in the behavioural experiment. While an impact was not observed in the behavioural experiment, the presentation may still be of importance as can be seen from respondents' poor performance in understanding the burden of proof in the legal guarantee comprehension exercise.

Recommendation 6

In order to help consumers to assess the relative value of any commercial guarantee, standardised information could be put forward on the presentation of commercial guarantees. This information should be provided in addition to the information provision already required under the Consumer Sales Directive.

This information should be provided in addition to, and contrasted with, information on the legal guarantee, in particular taking into account the extent to which the commercial guarantee gives additional protection beyond that of the legal guarantee. Article 6 of the Consumer Sales Directive, and Articles 5 (e) and (f) as well as Article 6 (l) of the Consumer Rights Directive, already anticipate this information to some extent. These Directives stipulate that consumers buying a commercial guarantee should be informed about the duration of the guarantee, the guarantee's geographical scope, coverage of the guarantee, how to make a claim under the guarantee, the name and address of the guarantor, as well as a reminder of the existence of a legal guarantee.

Taking into account that willingness-to-pay for commercial guarantees and the probability of purchasing a guarantee increases as the value of the primary good increases, awareness of the key features may be of particular importance for higher value goods.

Distinguishing between legal and commercial guarantees

One in two respondents in the consumer survey *disagreed* that it was easy to distinguish between legal and commercial guarantees. Moreover, even among respondents who were aware of the two-year legal guarantee period, only 40% was aware that when their laptop bought *with a 12-month manufacturer's guarantee* breaks down after 18 months, they still have the right to a free repair or replacement.

Recommendation 7

The current study does not find a specific reason to suggest (wider) regulation of paid-for guarantees; however, to remove the confusion between the legal guarantee and commercial guarantees, a further clarification of terminology could be envisaged to increase consumer awareness.

8.3 Consumer problems

The conclusions and recommendations related to problems experienced by consumers in the legal and commercial guarantee market are presented in this section. The first sub-section pertains to the incidence and types of problems, the extent to which consumers make use of their rights and the barriers they encounter to seek redress. This section also explores issues about the liability of the seller and the hierarchy of remedies.

8.3.1 Incidence of problems

Across the EU28, 38% of consumers had experienced a problem with a product for which they felt they had a genuine cause to complain; equal shares reported that this problem had occurred within the first six months, between 6 and 12 months or between one and two years after purchasing the product. 28% of problems were linked to a faulty product, 25% were due to the product not living up to expectations or not performing as expected, 24% to a product that did not work or that had stopped working and 13% to a damaged product.

8.3.2 Problem areas identified by the study with regards to sellers' compliance

This study showed that consumers tend to execute their rights when a good is not in conformity; for 84% of problems reported in the consumer survey, respondents had taken action (e.g. they took the product back to the seller or manufacturer). Although a large majority of these problems resulted in a free repair, free replacement, or a full or partial refund, some problem areas were identified by the study:

1) **Redirection of the consumer to the manufacturer**

Across countries where only the seller is liable for the legal guarantee, a considerable proportion of consumers mistakenly thought that both the seller and the manufacturer could be held responsible to address a problem (from 10% in Malta to 45% in Croatia). Moreover, in many Member States, a significant proportion of consumers thought that addressing a problem was the sole responsibility of the manufacturer (from 3% in Slovakia to 34% in Italy). For 12% of problems, respondents in the consumer survey answered that they had only contacted the manufacturer.

When mystery shoppers informed a seller about a problem with a product, 18% were redirected to the manufacturer; this occurred most frequently for problems that had occurred more than one year after the purchasing date (37%-39%).

Considering consumers' low awareness and confusion about the rules with regards to sellers' liability, and taking into account that some mystery shoppers were redirected to the manufacturer, leads to the following recommendation:

Recommendation 8

Increasing consumers' awareness about the sellers' liability will allow consumers to execute their rights more efficiently in case a seller redirects them to the manufacturer. However, this should go hand in hand with increasing sellers' awareness about their liability.

Consumers should be better informed as to who bears the liability for defective goods and be aware that, in most Member States, they must settle their claim with the final seller and do not have an option to pursue the manufacturer. This study does not go as far as recommending that the consumer's ability to pursue the manufacturer of the product and/or an intermediary in the distribution chain is considered; it rather notes that, should this be explored, it needs to be done carefully while taking into account other Directives, such as Directive 85/374/EEC concerning liability for defective products.[120]

2) Applying a non-compliant hierarchy of remedies

Of all the problems for which consumers had only contacted the seller, 37% resulted in a free repair of the product, 26% in a free replacement and 12% in a full or partial refund. On average, 15% of replacements, repairs and refunds happened within one day. A considerable proportion of repairs, refunds and replacements, nonetheless, was only received after two weeks (18% "between 15 and 30 days" and 6% "more than one month").

77% of consumers agreed that the "hierarchy of remedies" as included in the Consumer Sales Directive is reasonable; they accepted that is reasonable for a seller to offer a repair or replacement, but not a refund, when a problem with a product occurs for the first time. This figure varied between 67% in Croatia and Estonia and 91% in Malta.

However, 43% of sellers (in the mystery shopping exercise) informed consumers that they would only qualify for a repair and that a replacement or refund would only be offered if the repair was not possible within a reasonable time or without inconvenience – i.e. they appeared to apply a two-tier system where only a repair is offered immediately.

As such, the following recommendation was formulated:

Recommendation 9

To improve compliance by sellers with the "hierarchy of remedies" as specified in the Consumer Sales Directive (i.e. repair or replacement of the product in the first instance, *followed by* reduction of price or refund), awareness on this issue should be raised among both sellers and consumers.

[120] Council Directive 85/374/EEC of 25 July 1985 on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products.

8.3.3 Effectiveness of complaint handling

Of all the problems for which survey respondents had contacted the seller, 75% resulted in a free repair of the product, a free replacement or a full or partial refund; this figure varied between 57% in Malta and 84% in Slovakia. Problems that had occurred more than one year after the purchasing date were the least frequently provided with a remedy (free repair, replacement or refund): 68% compared to 79% for problems that had occurred in the first six months.

For 4% of problems, respondents answered that the product did not work after (multiple) repair(s); for 3% of problems, respondents reported that they ended up paying for the repair. The later a problem occurred, the more likely it was that respondents had been told by the seller that their problem was not covered by the legal guarantee (from 3% to 8%) or that the legal guarantee had expired (from 1% to 4%).

The strength of the legal guarantee depends not only on the legal framework establishing that guarantee, but also on the procedures that allow consumers to ensure that they will have adequate redress when the seller does not respect their rights. There appears to be a large degree of variation in the structure and functioning of Alternative Dispute Resolution (ADR) procedures from country to country in the EU. EU legislation on consumer ADR (Directive on consumer ADR) has harmonised the legal framework for consumer ADR, inter alia by establishing binding quality requirements for consumer ADR.

The Directive on Consumer ADR entered force in July 2013[121] and will be fully effective from the beginning of 2016. The Commission has the obligation to produce four-yearly reports (the first in 2019) on the application of the Directive, including the use of ADR entities and the impact on consumers and sellers.

Recommendation 10

It will be important to treat any ex-post impact assessment of the application of the ADR Directive as an opportunity to examine the effectiveness of national ADR procedures.

[121] Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on Alternative Dispute Resolution for Consumer Disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Directive on Consumer ADR).

8.3.4 Cross-border enforcement of consumer guarantees rights

Given that the Consumer Sales Directive dates back to 1999, its transposition across Member States is quite mature. While there may have been some gaps in the first transposition, these were apparently closed when the Consumer Rights Directive was introduced in 2011. Additionally, extensions of consumer rights are the most prevalent trend across the EU with several Member States either giving an extension to guarantee durations (i.e. Sweden, Finland, Ireland, the Netherlands and the UK) or to the burden of proof obligations on the retailer (i.e. France, Poland and Portugal). Other countries did not introduce the hierarchy of rights or delayed the period when the hierarchy is introduced (i.e. Latvia, where the consumer can choose a remedy in the first six months, and thereafter a hierarchy applies).

Recommendation 11

Given differences in national laws with regards to guarantees, it is also essential to ensure an integrated approach to enforcement of consumer rights across the EU. Coordinated actions by the Consumer Cooperation Network[122], such as screening completed in 2014 of how websites selling consumer electronics are applying EU legislation on guarantees[123], should be carried out periodically to increase awareness about consumer rights and compliance among sellers.

[122] http://ec.europa.eu/consumers/enforcement/cross-border_enforcement_cooperation/index_en.htm

[123] http://ec.europa.eu/consumers/enforcement/sweeps/guarantees/index_en.htm

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