**Boosting Consumer Rights for Finnish Business**

**Participants:** Finnish Competition and Consumer Authority with Ministry of Economic Affairs and Employment

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**Where are you now with this policy/challenge?**

Briefly: Many companies view customer satisfaction as a competitive advantage. Achieving `customer satisfaction means respecting laws, including those protecting against false advertising, safeguarding of minors, securing warranties and customer privacy. 2018 marked 40 years of the ‘Consumer Protection Act’ in Finland. However, a recent EU study reveals that familiarity with consumer law among businesses and consumers in Finland has declined, which can put consumer trust at risk. The task of the Finnish Competition and Consumer Authority (FCCA) is to provide instructions, advice and information on consumer law. A goal of FCCA is increase knowledge, interest and investment in consumer rights, from early on in product planning, design and sales through ongoing customer support, service and product disposal. The biggest challenge seems to be small to medium-sized businesses. This project investigates why this is and how to boost consumer rights among businesses. Can consumer satisfaction, including laws, ethics and rights, be the new competitive edge?

One of the tasks of FCCA is to ensure that businesses operating on the consumer market as well as their personnel are familiar and in reality comply with the consumer protection legislation when it comes to consumer marketing and customer relationships. As an authority, FCCA strives to be in touch with its times, interact and listen. FCCA wants to be respected by stakeholders and provide services that the stakeholders feel to be useful for their operations. The objective of FCCA is to offer its expertise to the use of others and identify the requirements of the persons in need of FCCA’s expertise. In different ways, FCCA provides businesses with instructions, advice and information on the content of and compliance with legal regulations to enable businesses to ensure the ongoing legality of their operations and retain the trust of consumers.

However, the 2017 Consumer Conditions Scoreboard produced by the European Commission demonstrated that both businesses and consumers in Finland are not as familiar with consumer protection as in the previous years. According to the further investigation conducted by FCCA in 2018, the biggest information gaps of businesses apply to e-commerce regulations. Because of the limited resources of SMBs, their challenge is to remain informed of the relevant legislation and its development. In addition, from a consumer authority’s point of view, the challenge is to make businesses interested in matters pertaining to consumer protection and understand that the trust of consumers is the key to success. By being familiar with the basics of consumer protection, businesses will be able to serve their customers fairly and legally and, on the other hand, know their own rights with regard to consumers. It is also beneficial for the business, if it knows how to handle potential consumer claims efficiently, avoiding unnecessary time-waste and conflicts.

Customer satisfaction is of utmost importance to businesses. However, businesses do not necessarily understand that a knowledge of consumer legislation is key to developing customer service.

**Where do you want to be?**

FCCA’s objective is that the businesses operating on the consumer market and their employees

* are familiar with and conform to the consumer protection legislation in their marketing and customer relationships
* are aware of how the consumer protection regulations influence the different stages of the so-called sales path before, during and after sales (for the so-called purchase path, see the image below)
* are able to actively and on their own initiative apply the consumer protection regulations to practical situations
* are able, when necessary, to actively search for information regarding consumer protection issues from FCCA’s service channels

**What might be steps to get there? What piece can we help with?**

The purpose of the project is to look for solutions to how and what kind of information materials on consumer protection basics can be created, specifically in a way that is interesting to SMBs and easy to understand so that businesses could take consumer protection better into account during the different stages of the sales and customer service processes (before, during and after sales, for instance, in marketing, contract terms, customer relationships and sorting out error situations).

With the company’s processes and competent consumer business staff at the core

* What kind of services should the consumer authorities offer businesses to make the user experience as pleasant as possible?
* How can businesses be made interested in consumer rights already during the product, service and process planning stage – or at least when things go wrong?

To achieve this objective, it is essential to find out, using, e.g. service design and behaviour-based approach methods, the key factors explaining why SMBs are not sufficiently familiar with the basics of consumer protection or do not comply with them in their operations. Also, one of the key tasks of the project team is to find out how it can be best made clear to the businesses operating on the consumer market that the more responsible and competent they and their employees are at applying the consumer protection legislation the smoother the markets work, the better the results of the businesses complying with the consumer protection legislation and the bigger their competitive edge compared to their competitors. According to studies, businesses investing in customer service are more successful than businesses that neglect their customers. This is why we are trying to make businesses interested in the subject and encourage them to realise the benefits of being familiar with consumer rights and complying with them.

The specified target group of the project would be small and medium-sized enterprises that do not have their own in-house legal departments. Legislative framework (Legal information that needs to be communicated effectively to SMEs): Finnish Consumer Protection Act (38/1978) is mostly based on harmonized EU-legislation. In this project we could focus as a preliminary starting point on the following parts of the national legislation focusing on practices in a customer relationship: Sale of consumer goods and consumer services contracts (Consumer Protection Act, Chapters 5 and 8), e-commerce and door-to-door selling (Consumer Protection Act Chapter 6), and consumer dispute resolution system. (See references below for links)

Consumer law belongs under law of obligations and contract law. However, it does have some special characteristics: consumer legislation is mandatory for the SMEs and its main purpose is to protect the “weaker party” (consumer) and ensure the freedom of choice of the consumer. Both parties (consumer and the seller) have several obligations towards each other: the seller needs to for example guide the consumer and give proper information and instructions and has to be competent and diligent. The consumer also needs to contribute so that seller can fulfill her duties (payment etc). if the product is defective, the consumer´s duty is to complain.

**Possible outcomes?**   
Information materials regarding the basics of consumer rights for SMBs as well as ideas based on behavioural economics and service design that steer towards a new operating model.

**What form of outcomes will help you best?**

As part of the course, two groups will each produce:

A 15-min video-ed presentation

A slide show – mid-term research and final proposals

A final report – from research to proposal

FCCA would hope for proposed measures that are as concrete as possible and that can be implemented as cost-effectively as possible to improve familiarity and compliance with consumer protection amongst businesses.

Examples:

* The plan created on the basis of background research and the materials on FCCA’s website https://www.kkv.fi/en/ regarding the new kind of format/product aimed at businesses that can be used to meet the targets set for the project, promote our behavioural economics-based approach and refresh attitudes regarding information-sharing.
* At its simplest, the result of the project could be to focus on one part of the information required by SMBs, for example, highlighting the importance of a contract, reminding businesses of the rules of marketing or a solution to an acute, frequently recurring problem faced by businesses.
* Some Finnish will be necessary so as to be able to get familiar with the rules of consumer rights.

**Target group(s) for the outcome?**

KKV, TEM, Civil servants who will implement

**References**

Primarily, the services offered to businesses can be viewed here:

* <https://www.kkv.fi/en/facts-and-advice/>
* https://www.kkv.fi/en/decisions-and-publications/publications/consumer-ombudsmans-guidelines/
* https://www.kkv.fi/en/about-us/online-consumer-services/advice-for-businesses/.

KKV have also created a warranty assistant based on the decision tree model for businesses to solve error situations:

* <http://kuluttajansuoja-apuri.fi/>

Up-to-date statistics on the consumer markets and the implementation of consumer protection:

* Consumer Markets Scoreboard (in Finnish)
* https://www.kkv.fi/ajankohtaista/Uutiset/2018/17.10.2018-kuluttajamarkkinoiden-tulostaulu-2018-julkaistu--tutustu-suomen-tuloksiin/
* FCCA report: Companies only partially familiar with basics of consumer protection
* <https://www.kkv.fi/en/current-issues/press-releases/2018/28.8.2018-fcca-report-consumers-and-companies-only-partially-familiar-with-basics-of-consumer-protection/>

Further references:

* Natali Hellberger: Form matters - Informing consumers effectively <https://www.beuc.eu/publications/x2013_089_upa_form_matters_september_2013.pdf>
* <https://www.kkv.fi/en/about-us/>
* https://www.kkv.fi/en/about-us/the-consumer-ombudsman/
* <https://www.kkv.fi/en/current-issues/newsletters/the-consumer-ombudsmans-newsletters/>
* The Australian Competition and Consumer Commission’s (ACCC) website for businesses: https://www.accc.gov.au/business
* The US Federal Trade Commission’s (FTC) website for businesses: <https://www.ftc.gov/tips-advice/business-center>
* The website of the Competition and Markets Authority (CMA) of the UK: <https://www.gov.uk/government/organisations/competition-and-markets-authority>

Current information database on consumer law is on our web page

* <https://www.kkv.fi/Tietoa-ja-ohjeita>
* <https://www.kkv.fi/en/facts-and-advice/>

Consumer ombudsman also provides guidelines containing information and practical advice regarding the application of the provisions:

* <https://www.kkv.fi/ratkaisut-ja-julkaisut/julkaisut/kuluttaja-asiamiehen-linjaukset>
* <https://www.kkv.fi/en/decisions-and-publications/publications/consumer-ombudsmans-guidelines> (only some of the guidelines in English)

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