



# Enhancing quality in innovative higher education about consumer awareness Consume-aware

**Erasmus+ Action 2** 

## CHAPTER 9

# CUSTOMER RIGHTS UNDERSTANDING IN SERVICES SECTOR

## GOALS

1

Understand the concept of the services on the market

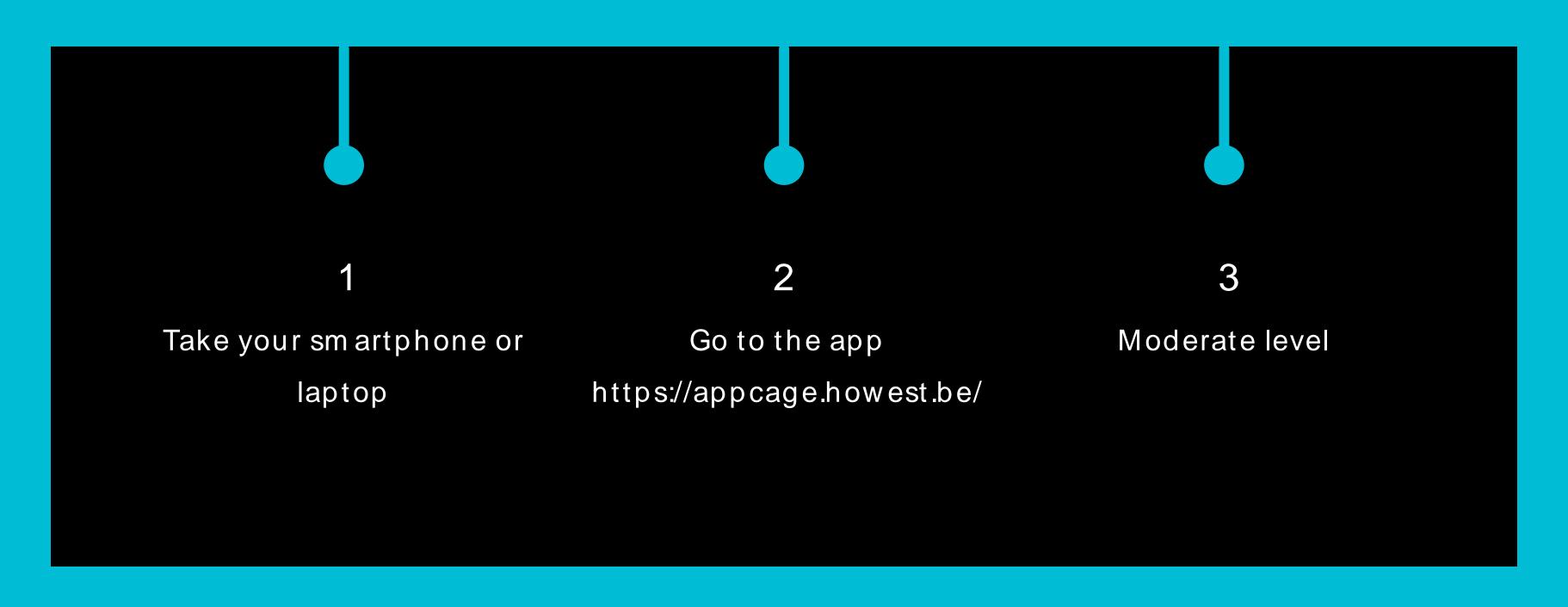
2.

Describe the main difficulties to protect customer on service markets in EU

3.

Give the example of activities and institutions responsible for customer protection on service markets in EU

## MOBILE APPLICATION



One of the main goals and the most important pillars of the European Union is a unique market promoting four freedoms: free movement of people, free movement of goods, free movement of services and free movement of capital.

Free movement of goods and services has contributed to the development of a unique market from which both the citizens and the business sector benefit daily.

EU unique market, with the population of **over 500 million people**, makes buying and selling goods and services easier and enables consumers to choose from a wide range of products and services

Free movement of goods and services has contributed to the development of a unique market from which both the citizens and the business sector benefit daily.

Starting point should be connected with the basic understanding of its specifics

A service may be describeed as any activity or benefit that a supplier offers a customer that is usually intangible and does not result in the ownership of anything.

The provision of a services may or may not be tied to a physical product. It means the customer in the same time can buy "two or more things" the service/s and the product/s.

Services according to the International Standard Industrial Classification (ISIC), include the following:

wholesale and retail trade restaurants and hotels transport, storage and communications; financial, insure, real estate and business services; personal, community and social services; government services.

Consumer in process of buying the service and the organisations selling the service must consider five main service characteristics:

intangibility - inseparability - variability perishability - lack of ownership.

It means that all five of them in the same time influence on customer and his behaviour. What about customer rights protection?

## CAN CUSTOMER EXPERIENCE THE SINGLE SERVICE MARKET IN EU?

The EU services market is an important part of the EU Internal Market, where many administrative and regulatory barriers still exist.

A breakthrough in the process of eliminating those barriers and liberalizing access to markets for service enterprises was supposed to be the connected with the implementation of the Services Directive in 2009 (Directive 2006/123).

#### CAN CUSTOMER EXPERIENCE THE SINGLE SERVICE MARKET IN EU?

With regard to the elimination of barriers, the directive it has primarily forced the Member States to simplify procedures related to starting and running a service activity and the introduction of single points of contact.

Additionally to prevent introducing the new barriers instead of the ones abolished by the directive, provisions Directives obliged EU Member States **not to introduce their own requirements / procedures**, if they are not necessary in all activities targeted at service providers and recipients

## IMPORTANT

The service market includes both **consumer services** (so-called services to the public) and **services purchased by institutions**, in particular business entities (production and investment services). The service market is very diverse.

The services market includes the government sector (courts, employment agencies, hospitals, police, armed forces, fire brigades, post offices and schools), non-profit private sector (museums, churches, colleges, foundations), a significant part of the business sector (lines airports, banks, hotels, insurance companies, law offices, etc.).

Service providers are also employees of the production sector, such as IT specialists, accountants and lawyers.

## CAN CUSTOMER EXPERIENCE THE SINGLE SERVICE MARKET IN EU?

The EU services market is an important part of the EU Internal Market, where many administrative and regulatory barriers still exist.

A breakthrough in the process of eliminating those barriers and liberalizing access to markets for service enterprises was supposed to be the connected with the implementation of the Services Directive in 2009 (Directive 2006/123).

## INTERNATIONAL PERSPECTIVE

There are two separate fram eworks that could be distinguished when institutional consumer protection schemes are analyzed.

The first framework covers the European Union decision making bodies that are involved with consumer protection: European Parliament, European Commission and Council of the European Union.

Those bodies, directly connected with the legal customer protection, create not only consumer regulations and laws, but also different legal standards, strategies and agendas that shape the customer policy in the European Union.

The second framework involves European and international non-government consumer organizations and scientific committees that aim to promote and protect the interests of all the customers in the European Union

Institutional consumer protection schemes in EU



7

European Parlament European Commission Council of the European Union European and international nongovernment consumer organizations

## EUROPEAN UNION CONSUMER PROTECTION INSTITUTIONS

The European Parliament together with the European Council implements the legislative function in relation to consumer legislation

There are two committees that work within European Parliament: the Committee on Internal Market and Consumer Protection (IMCO) and the Committee on the Environment, Public Health and Food Safety (ENVI).

## EUROPEAN UNION CONSUMER PROTECTION INSTITUTIONS

The second major institution that deals with consumer protection within European Union is the European Commission. It prepares, develops and implements legislation on consumer protection.

## EUROPEAN AND INTERNATIONAL CONSUMER ORGANIZATIONS

The second scheme of institutional consumer protection in European Union is represented by independent, non-governmental consumer organizations and scientific committees.

Their informational, advisory, educational and promotional forms of activities that include large number of different initiatives and campaigns imply the necessity of setting the relevant legal solutions and regulations.

## NATIONAL PERSPECTIVE

In each EU Member State, there are national authorities competent for the protection of consumers' rights when dealing with specific service situation for example financial, tourism, internet and telecoms markets;

If we start with financial service custom er protection...

In each EU country there are the deducted institutions

#### Or healthcare services:

In some industries like health care it can be identify strong involvement of the non-governmental institutions dedicated to increase patient awareness and protect the patients' right.

Very good example is the Active Citizenship Network which is decided to organize a widespread campaigns in cooperation with some of the national patient associations involved in its network.

# VIDEOS CONCERNING TOPIC

European Health Insurance Card: Travel light

Patients' rights

#### Or help for passengers:

In transportation sector it is also possible to find big number of institutions dedicated to protect passenger rights.

Due to number of different means of transportations in EU organizations and are specialised in: air passengers right, rail passengers rights, bus and coach passenger rights and ship passengers rights.

All of them have a detailed description on EU website concentrating mainly on delays and cancellations, and information where the passengers can find help.

# SOME NATIONAL CASES LINKS

Croatia

Germany

# SOME INTERNATIONAL CASES LINKS

1

2

## LEGAL DIMENSIONS OF CONSUMER PROTECTION IN EU

Four different models of institutional customer protection could be distinguished in Europe Union:

administrative scheme, ombudsman scheme, judicial scheme and German scheme

#### GOOD PRACTICE IN A SERVICE MARKET

As discussed the consumer protection is based on two main elements: legislative (law) and non-legislative (institutions) means of consumer protection.

Apart of governmental institutions, the non-governmental and a privet persons can be identify as a examples of the non-legislative entities. They can be involved in economical, organisational and educational activities aimed to protect the customer rights.

As a non-legislative regulations the self-regulation, soft law and deregulation can be described as the most popular on the service market in Europe.

#### GOOD PRACTICE IN A SERVICE MARKET

Protecting the customer rights in service advertising campaign:
The European Advertising Standards Alliance (EASA)

Advertising standards

Communication agencies in Europe

### GOOD PRACTICE IN A SERVICE MARKET

Protecting the passengers' rights: Association of Passenger Rights Advocates (APRA)

**APRA** 

In what way the services are different from physical products?

Can customers experience the single service market in EU?

Is the service market more challenging to keep the rights of customers?

Are only legislative regulations on service market in EU dedicated to protect customer rights?

What can be done more to protect the customers?

QUESTIONS

## CONCLUSION

Consumer awareness is an act of making sure that consumer is aware of the information about products, goods, services, and consumers rights.

Consumers have the right to information, right to choose, right to safety. It is especially challenging when the services are discussed.

The specifics of the services, its intangibility, can be misleading and make the customer susceptible to illegal practices.

## CONCLUSION

Both legal systems and institutional systems should protect the rights of the customer and in the same time give him the opportunity for education.

The strong impact apart of governmental bodies have non-governmental institutions in Europe.

## DEFINITIONS

A service may be describe as any activity or benefit that a supplier offers a customer that is usually intangible and does not result in the ownership of anything.

Five main service characteristics: intangibility, inseparability, variability, perishability and lack of ownership.

The service market includes both consumer services (so-called services to the public) and services purchased by institutions, in particular business entities (production and investment services). The service market is very diverse.

Four different models of institutional customer protection could be distinguished in Europe Union: administrative scheme, ombudsman scheme, judicial scheme and German scheme.

As discussed the consumer protection is based on **two main elements**: legislative (law) and non-legislative (institutions) means of consumer protection.

## THANK YOU