

Chapter 13

Consumer Protection

1. General

One of the areas of law that has known great dynamics over the past years is the one concerning the protection of consumers' rights. The said dynamics was due to the fact that as of its Accession Date, Romania had to have a law corpus governing consumer protection that met the European standards in this regard. Consequently, both Parliament and Government have shown a special interest for this particular matter, given the large number of enactments that have been modified, supplemented or restated in order to comply with European norms and to confer greater protection to consumers and make producers and suppliers more aware of their responsibilities.

The newest enactment is the transposition of Directive 2011/83/EU of the European Parliament and of the Council on Consumer Rights ("GEO No. 34/2014") 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, as of June 2014.

2. Main Regulations

- Law no. 296/2004 – the Consumption Code, as amended and republished (the "Consumption Code");
- Government Decision No. 700/2012 on the organization and operation of the National Authority for Consumers' Protection ("GD No. 700/2012");
- Government Ordinance No. 21/1992 on consumers' protection as further amended and republished ("GO No. 21/1992");
- Government Emergency Ordinance No. 34/2014 on consumer rights in relation to professionals, transposing Directive 2011/83/EU of the European Parliament and of the Council on Consumer Rights ("GEO No. 34/2014")
- Government Emergency Ordinance No. 50/2010 on credit agreements for consumers ("GEO No. 50/2010");
- Law No. 12/1990 regarding the protection against unlawful commercial activities, as further amended and republished (the "Unlawful Commercial Activities Law");
- Law No. 449/2003 regarding product sales and corresponding guarantees, as amended and republished (the "Product Guarantees Law");
- Government Emergency Ordinance No. 49/2009 on the freedom of establishment of service

providers and of freedom to provide services in Romania, as amended and (“GEO No. 49/2009”);

- Government Ordinance No. 85/2004 concerning consumers protection in relation to the conclusion and performance of distance financial services contracts, as amended and republished (“GO No. 85/2004”);
- Government Decision No. 681/2001 on the setting up, organization and functioning of the Inter-ministerial Committee for Product and Services Market Supervision and Consumer Protection (“GD No. 681/2001”);
- Government Ordinance no. 99/2000 regarding the commercialization of products and market services, as amended and republished (“GO no. 99/2000”);
- Government Emergency Ordinance no. 97/2001 enforcing the production, circulation and commercialization of nutriments, as amended and republished (“GEO no. 97/2001”);
- Law No. 240/2004 on producers’ liability for the damages caused by products with defects, as republished (the “Producers’ Liability Law”);
- Law No. 363/2007 on the fight against unfair commercial practices in the trader – consumer relationships and the harmonization of current enactments with the European legislation in the field of consumer protection, as amended and republished (the “Unfair Commercial Practices Law”);
- Law No. 193/2000 regarding the abusive clauses of the agreements concluded between traders and consumers, as further amended and republished (the “Law on Contractual Abusive Clauses”);
- Government Decision No. 1022/2002 on the regime of products and services potentially harmful for human life and health, work security and environment protection (“GD No. 1022/2002”);
- Government Ordinance No. 107/1999 on marketing of touristic services packages, as amended and republished, (“GO No. 107/1999”);
- Romanian Civil Code, as further amended and consolidated (the “Civil Code”).

The above-mentioned legal provisions regulate the following:

- (i) Consumers’ rights;
- (ii) Traders’ obligations;
- (iii) Guarantees and quality for products and services;
- (iv) Abusive clauses in contracts;
- (v) Organizations responsible for protecting consumers’ rights.

3. General legal framework

The new version of the Civil Code lays down updated or totally new legal concepts so as to keep the pace with the modern and constantly changing social realities.

Since the field of consumer protection is mainly regulated by means of special legal norms, the Civil Code, by its new amendments, only lays down a few provisions with respect to this area, in order to encompass several rules to which the doctrine and case-law had already attributed a principle value.

Furthermore, the Civil Code protects consumers' interests by setting out an exception to the rule according to which the statutes of limitation in respect of obligations can be, in principle, modified if the parties so agree.

4. Consumers' rights

According to the provisions of GD No. 21/1992, a consumer is any person who is acting, in respect of the contracts he intends to conclude, for purposes which are outside his/her trade, industry, production, handcraft or to liberal activities.

The consumer has the following main rights:

- (i) the right to be protected against the risk of purchasing a product or receiving services which may harm their health, life or personal safety, or which may negatively affect their rights and legitimate interests;
- (ii) the right to have access to complete, precise and accurate information regarding the essential characteristics of the products acquired and the services rendered so that the decision he takes relating to these services and products corresponds to his needs, as well as the right to get proper commercial training in his quality of consumer;
- (iii) the right to have access to markets which provide a wide variety of quality products and services;
- (iv) the right of redress, by legal means, for damages resulting from the inadequate quality of products and services;
- (v) the right to organize associations for consumer protection for the purpose of safeguarding consumer interests.

The provisions of GD No. 21/1992 grant also certain rights to consumers, upon entering into agreements with traders:

- (i) the right to take proper decisions with respect to the acquisition of products and services by concluding contracts that should neither promote abusive sale techniques nor favour the use of unfair commercial practices in sales which would influence their decisions;

- (ii) the right to be presented with a clear and precise version of the contractual clauses, with a precise indication of the price and of guarantee terms, should it be the case;
- (iii) the right to be informed completely, accurately and precisely with regard to the main features of the products and services rendered by the traders, so that the option of choosing such products and/or services is taken rationally and in accordance with consumers best interests;
- (iv) the right to be exonerated from paying products and services not required as well as from paying the tariffs, taxes, commissions, interests and penalties which were not initially laid down in the contract or the annexes thereto;
- (v) the right to be compensated for damages occurring as a result of deficiency of products and services which do not correspond to the contractual provisions;
- (vi) the right to be provided with the necessary service and spare parts throughout the product average life, as set forth in the normative technical documents or declared by the producer or agreed upon by the parties;
- (vii) the right to pay, for products and services, prices that were agreed upon at the time of purchase; the increase of the initially set price, tariffs, taxes, commissions, interests, penalties and other possible costs is possible only with consumer's consent;
- (viii) the right to petition consumer protection associations and public authorities and to make proposals for the improvement of quality in products and services;
- (ix) the right to be notified with a 30 days prior notice on any change in fees, commissions, penalties and other costs;
- (x) the right to be notified with a 30 days prior notice regarding the extension of an agreement in order to validly decide;
- (xi) the right to have the purchased products and the services fixed or replaced free of charge, as well as to receive damages for losses occurring as a result of deficiency of products and services noticed within the guarantee or validity period; after the expiring of this period, the consumers have the right to have fixed or replaced the purchased products which could not be used according to their purpose, because of hidden defects occurred throughout their average life.

In addition, GEO 34/2014 provides that before the consumer is bound by a contract other than a distance or an off-premises contract, or any corresponding offer, the trader shall provide the consumer with the following information in a clear and comprehensible manner, if that information is not already apparent from the context:

- (i) the main characteristics of the goods or services, to the extent appropriate to the medium and to the goods or services;

- (ii) the identity of the trader, such as his trading name, the geographical address at which he is established and his telephone number;
- (iii) the total price of the goods or services inclusive of taxes, or where the nature of the goods or services is such that the price cannot reasonably be calculated in advance, the manner in which the price is to be calculated, as well as, where applicable, all additional freight, delivery or postal charges or, where those charges cannot reasonably be calculated in advance, the fact that such additional charges may be payable;
- (iv) where applicable, the arrangements for payment, delivery, performance, the time by which the trader undertakes to deliver the goods or to perform the service, and the trader's complaint handling policy;
- (v) in addition to a reminder of the existence of a legal guarantee of conformity for goods, the existence and the conditions of after-sales services and commercial guarantees, where applicable;
- (vi) the duration of the contract, where applicable, or, if the contract is of indeterminate duration or is to be extended automatically, the conditions for terminating the contract;
- (vii) where applicable, the functionality, including applicable technical protection measures, of digital content;
- (viii) where applicable, any relevant interoperability of digital content with hardware and software that the trader is aware of or can reasonably be expected to have been aware of;
- (ix) the compensation applicable in case of not-meeting quality standards and other contractual obligations;
- (x) consumer's options regarding personal data collection.

Before the consumer is bound by a distance or off- premises contract, or any corresponding offer, the trader shall provide the consumer with, *inter alia*, the following information in a clear and comprehensible manner:

- (i) main characteristics of the goods or services, to the extent appropriate to the medium and to the goods or services;
- (ii) the identity of the trader, such as his trading name;
- (iii) the geographical address at which the trader is established and the trader's telephone number, fax number and e-mail address, where available, to enable the consumer to contact the trader quickly and communicate with him efficiently and, where applicable, the geographical address and identity of the trader on whose behalf he is acting;
- (iv) the total price of the goods or services inclusive of taxes, or where the nature of the goods or services is such that the price cannot reasonably be calculated in advance, the manner in which the price is to be calculated, as well as, where applicable, all additional freight, delivery or postal charges and any

other costs or, where those charges cannot reasonably be calculated in advance, the fact that such additional charges may be payable.

- (v) the cost of using the means of distance communication for the conclusion of the contract where that cost is calculated other than at the basic rate;
- (vi) the arrangements for payment, delivery, performance, the time by which the trader undertakes to deliver the goods or to perform the services and, where applicable, the trader's complaint handling policy;
- (vii) where applicable, that the consumer will have to bear the cost of returning the goods in case of withdrawal and, for distance contracts, if the goods, by their nature, cannot normally be returned by post, the cost of returning the goods;
- (viii) a reminder of the existence of a legal guarantee of conformity for goods;
- (ix) where applicable, the existence and the conditions of after sale customer assistance, after-sales services and commercial guarantees;

Also, the consumer has a period of 14 days to withdraw from a distance or off-premises contract, without giving any reason, and without incurring any costs.

In relation to consumer financing, GEO No. 50/2010 transposes the provisions of Directive 2008/48/EC of 23 April 2008 on credit agreements for consumers and it aims at ensuring a high and equivalent level of protection of consumers' interests throughout the internal market whilst eliminating the national differences amongst creditors which could lead to distortions of competition.

The said GEO focuses mainly on the following aspects concerning a credit agreement:

- (i) providing consumers with clear enough information as to allow them to compare different credit offers;
- (ii) expressly stipulating in the offer and in the agreement the annual rate of charge applicable to the credit agreement;
- (iii) the right of the consumer to early repayment of the credit.

5. Traders' obligations

According to GD no. 21/1992, a trader is any authorized natural or legal person, which produces, imports, transports, or markets products or parts thereof, or renders services.

The traders have the following main obligations:

- (i) trade only those products and services which have been tested and certified according to legal norms and meet the qualitative conditions set out in agreements, so that consumer's life, health and

personal safety is not to be affected;

- (ii) stop deliveries, or, if the case, recall from the market or from the clients those products which according to the authorities empowered by law or to their own specialists do not meet the prescribed qualitative characteristics or which could affect consumers' life, health or personal safety, unless there is no other less restrictive available way of protecting the consumers;
- (iii) announce forthwith the existence on the market of any product which affects or may affect life, health or security of the consumers;
- (iv) ensure all the required conditions of production, during the transportation, manipulation, storing and selling process, according to sanitary norms in force.

6. Guarantees and quality for products and services

The merchants are bound to remedy all and any deficiency which becomes evident within the validity or the warranty period of the products, including the long-term use ones, and which are not caused by the consumer. They are responsible for the hidden defects of the products which do not allow for the intended use of the product or service by the consumer or which may affect consumers' health, life and personal safety. It is noteworthy that the warranty is legally binding on the seller, within the conditions specified in the corresponding warranty declaration. The declaration must contain reference as to the rights legally bestowed upon the consumer and declare that the aforementioned are in no way hindered by the awarded warranty. Furthermore, the law stipulates that the warranty must keep a simple and intelligible language.

Remarks:

- The warranty period is a limited time period set by the manufacturer within which the purchased product should maintain its prescribed qualities and functions; the consumer has the right to have the product repaired or replaced free-of-charge if such defects have not been caused by the consumer. The warranty period begins at the time of purchase by the consumer.
- The validity term of products refers to the limited time set by the manufacturer, during which the product may be consumed while sustaining its prescribed quality characteristics, as long as the required conditions for the products' transportation, handling, storage and consumption are met.
- The hidden defects are quality defects of a delivered product or rendered service, existing at the time of purchase or rendering, which are not known or could not have been known or detected further to a reasonable inspection performed by the consumer.

The consumers have the right to require such defective products to be repaired or replaced.

It is worth mentioning that the said law time-bars the traders' liability for products' conformity. Pursuant to Article 16 of the Product Guarantees Law, the trader's liability is entailed if the product's lack of conformity appears within two years from the date of the product's delivery. In order to hold the trader accountable, the consumer must also prove to have been diligent, as he must inform the trader of the product's lack of

conformity within two months from the date that he first acknowledged it.

Any contractual terms or agreements concluded between the seller and the consumer, before the lack of conformity is brought to the seller's attention, which directly or indirectly waive or restrict the consumer's rights resulting from the Product Guarantees Law, are null and void and therefore not binding on the consumer.

According to GD No. 1022/2002, the admission on the market of non-alimentary products and/or services is allowed only if such products are not harmful for the human life and health, the work security and the environment protection.

Such products and services may be traded if accompanied by the conformity statement drafted by the producer, supplier and/or the importer, when applicable.

7. Protection of the consumers. Abusive Clauses. Standard clauses

The applicable regulations require for any agreement concluded between a trader and a consumer to set out clear and comprehensible clauses, which do not need any professional training in order to be understood by the signatory parties. In the event of any doubt referring to any clause of the agreement, the interpretation of such clause shall be made in favor of the consumer.

Abusive clauses

The traders are bound not to insert in the agreements any abusive clauses. By abusive clauses are to be understood also those contractual clauses which have not been individually negotiated by the parties and, contrary to the requirement of good faith, they cause significant imbalance in the parties' rights and obligations arising under the contract, to the detriment of the consumer.

The law provides for a full list of the clauses that are deemed to be abusive and therefore subject to annulment and fines incumbent upon the trader, among which the following are listed:

- (i) making an agreement binding on a consumer whereas provision of services by the seller or supplier is subject to a condition whose realization depends on his own will done;
- (ii) requiring any consumer who fails to fulfill his obligation to pay a disproportionate high sum in compensation;
- (iii) authorizing the seller to unilaterally terminate the agreement without providing for the same opportunity of the consumer.

Standard clauses

The amendments brought to the Civil Code further protect the consumer providing that standard clauses which refer to certain rights of particular relevance for consumer contracts are not binding unless the consumer expressly gives his consent in writing. Such clauses concern:

- the right to unilaterally terminate the contract;
- the right to postpone the performance of the obligations under the contract;
- the waiver of rights stipulated by the law for the benefit of the consumer;
- the limitation of the right to invoke procedural defenses;
- the automatic renewal of the contract;
- the governing law and arbitration clauses.

A contractual clause is regarded as not individually negotiated where it has been drafted in advance and the consumer has therefore not been able to influence the substance of the clause, particularly in the context of the pre-formulated standard contracts. It is important to highlight that in the event that the trader alleges that the consumer agreed that standard clauses be part of the contract, he also bears the burden of proving such allegations.

8. Unfair, Misleading and Aggressive Commercial Practices

Enacted in late 2007, the Unfair Commercial Practices Law established a landmark in consumer protection regulations in as much as it regulates for the first time in Romania three concepts of fundamental importance: unfair commercial practices, misleading commercial practices and aggressive commercial practices.

8.1. Unfair Commercial Practices

The concept above is defined by the Romanian legislator, in accordance with the EU enactments, as any practice that is contrary to professional diligence or which distorts or is able to essentially distort the average consumer's economic behavior.

8.2. Misleading Commercial Practices

A misleading commercial practice exists either in the form of action or omission. A commercial practice qualifies as a "misleading action" if it contains false information, or whether under any circumstances it misleads or is able to mislead the average consumer in as much as he takes the decision to purchase a product, decision that he otherwise would have not taken, although the information provided to him is correct in respect of the product's existence and nature, its main characteristics, pricing and warranty.

The law under discussion also qualifies as deceiving practice any trading activity, including comparative advertising, which creates confusion for the consumer in respect of two or more products.

In what "misleading omissions" are concerned, the legislator indirectly defines them in Article 7 of the Unfair Commercial Practices Law by stating that they come into being if at the time of presenting a product's situation an essential information on the former is not revealed. Note must be made that in case such information had been provided to the consumer, he would not have made the decision of purchasing the

respective product.

8.3. Aggressive Commercial Practices

Pursuant to the provisions of Article 8 of the Unfair Commercial Practices Law, a commercial practice is considered aggressive if, in the context of presenting the actual situation, and having regard to all the characteristics and circumstances, it limits or has the possibility of significantly limiting the medium consumer's freedom of choice or behavior as to the product, by harassment, constraint, including the use of physical force or unjustified influence, and, as a consequence, it determines or is able to determine the consumer to take the decision to purchase a product or service, decision that otherwise he would not have taken.

In order to fulfill its scope, the Unfair Commercial Practices Law provides also for sanctions for the actions or omissions that it considers as unfair. The authority in charge of applying the sanctions and of ensuring that consumers are in no way affected by the traders' illicit practices is the National Authority for Consumers' Protection. A list of practices that under all circumstances qualify as unfair can be found in Annex I to the above said law.

9. Organizations responsible for protecting consumers' rights

9.1. National Authority for Consumers' Protection ("NACS")

Pursuant to GD No. 700/2012, NACS is the specialized central public administration body in this matter, being subordinated to the Romanian Government under the coordination of the Ministry for Economy, Trade and Business Environment and has, *inter alia*, the following supervision and control powers to:

- (i) elaborate in cooperation with other competent public administrative bodies and non-governmental organizations the national strategy for consumer protection and harmonize such strategy with the EU consumer protection strategy;
- (ii) aligns the local legal framework with the EU legal framework in the field of consumer protection;
- (iii) submit to the Government for approval and to endorse enactments in the various fields relating to the consumers' protection;
- (iv) run surveys and tests on the product and services quality and inform the public on its findings;
- (v) permanently inform consumers on dangerous products that might harm their health and safety or which may affect their economic interests;
- (vi) support consumer protection associations and coordinate with them the process of consumer information and awareness;
- (vii) ascertain minor offenses and to apply the respective fines, and to notify competent authorities responsible for criminal offenses;

- (viii) control if the measuring means used on the market are accompanied by the documents required by law in the metrological field;
- (ix) establish taxes for performing of the analyses, expertise, laboratory certificates, authorizations, consultancy, training courses or other services provided by the law;
- (x) informs consumers on their rights;
- (xi) offers guidance to traders in the field of consumer protection;
- (xii) establish and endorse the trademarks used by the national producers and importers or other traders;
- (xiii) initiates legal proceedings regarding the cease of incorrect commercial practices

9.2. Consumers' Protection Associations ("CPA")

These organizations are legal persons whose only purpose is to protect the rights and the legitimate interests of its members or of customers in general, without aiming to obtain profit. CPA have certain rights aimed at efficiently protecting the consumers' rights, such as the right to:

- (i) receive logistic support and funding from the local and central public administration authorities, in order to achieve their objectives;
- (ii) inform the competent authorities with respect to the existence on the market of certain products that do not comply with the legal standards or endanger the consumers' life, health or personal safety and with regard to abusive clauses and unfair commercial practices;
- (iii) file legal action to safeguard the rights and legitimate interests of their members;
- (iv) inform the public through mass-media regarding functional defects of products and services, as well as about their harmful effects to consumers.

9.3. Consumers' Protection Consulting Councils ("CPCC")

CPCC are established both at national and local level and comprise the representatives of both public administration and CPA. They aim at the unitary enforcement of consumers' protection policies. They have the character of a consulting organization and ensure, at the relevant level, the informational and organizing necessary framework in order to:

- (i) establish and enforce the consumers' protection policy;
- (ii) correlate actions taken by authorities of the public administration to those taken by the non-governmental organizations with the competence in accomplishing the consumers' protection policy.

The consumers' protection consulting council is made up of:

- (i) representatives of all public administration authorities having general or specific competence in the

consumers' protection domain and having set up organizing structures at the respective level;

- (ii) Prefect or Mayor, as the case may be, or their representatives;
- (iii) representatives of the consumers' protection associations;
- (iv) as the case may be, representatives of other organizations.

The Government establishes the members, the attributions and the organizing and functioning of the consumers' protection consulting council for each level.

9.4. Inter-ministerial Council for Quality Control and Synchronization of Technical Regulations (the "Council")

The Council was established by the GD no. 57/1999 as a consulting body having no legal entity, functioning within the National Agency for Science, Technology and Innovations.

The Council ensures the cooperation between the central public administration authorities, on the one hand, and the civil society structures, on the other hand, in order to draw up and correlate policies relating to setting up and developing the quality infrastructure, synchronizing the technical regulations, authorizing, accreditation, standardization and controlling of products and services, and consumers' protection, promote and support technical renewal and innovation, promote competition and export-import attractiveness.

9.5. Inter-ministerial Committee for the Product and Services Market Supervision and Consumer Protection (the "Committee")

GD No. 681/2001 established the Committee as a body with no legal entity subordinated to the National Authority for Consumer Protection, aiming at harmonizing mechanisms and instruments on the internal product and services market, as well as insuring consumers' protection. The Committee ensures cooperation between public central administrative authorities and civil structures, in view of developing the National system of surveillance of the products and services market, including all institutions mechanisms and control procedures necessary for life, health, security and economic interests protection of the consumers, as well as environmental protection.