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(IGE Consumer)**

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**Agenda Item 3 c. The protection of vulnerable and
disadvantaged consumers**

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*The protection of vulnerable and disadvantaged consumers: initiatives of any kind
that address the specificities and needs of the most needy of protection among the
groups of consumers.*

Topic 2

The protection of vulnerable and disadvantaged consumers: initiatives of any kind that address the specificities and needs of the most needy of protection among the groups of consumers.

1. The policy of the Ministry of Justice and Consumer Protection regarding vulnerable consumers:

The aim of consumer policy in the current legislative term is to reach all consumers, including, in particular, “vulnerable” consumers. With this policy, the government takes account of the so-called differentiated notion of consumers, which is based on the assumption that the knowledge, interests and needs of consumers will vary according to capabilities and markets. Confusing markets and an ever more complex range of products and services require a high level of decision-making competence, expert knowledge, and often also legal expertise. This is why all consumers are at risk of falling into a position of vulnerability. Irrespective of sex, age (adults), health, income, wealth, formal education, origin, nationality or membership of a particular social group, consumers may display “vulnerable”, “trusting” and “responsible” behavioural patterns, depending on their living situation and demands. Vulnerable consumers may be children or juveniles, older people, persons with impairments or persons whose native language is not German. In particular for poorly educated target groups, poor decisions and unfair deals can lead to serious, even existential problems. Consumer policy aims at achieving better inclusion and participation and the more efficient use of low incomes.

In Germany, both by the Federation and the *Länder* provide funds to consumer organisations so that they can represent the interests of consumers and strengthen consumer competence. Some of the projects carried out by these organisations are directed at vulnerable consumers in particular. Realistic, proactive consumer counselling must be provided, if possible locally, and budget management skills taught.

2. Example: Proactive consumer protection

Innovative projects, such as *proactive* consumer protection schemes, offering consumers in disadvantaged urban districts information and counselling in places they frequent the most – youth centres, language classes or senior citizens centres – meet the need of consumers for personal contact. These projects are carried out in disadvantaged urban areas, identified within the framework of a social integration programme of the Federation and the *Länder* ("Social Cities" programme). They are aimed at improving consumer literacy, strengthening the potential for self-help and promoting cooperation and networking between local stakeholders. They build on existing structures and raise awareness of consumer protection issues among social workers and other stakeholders in disadvantaged urban areas.

3. Example: Energy-saving advice

To ensure that vulnerable consumers, too, have access to affordable energy, is a goal of consumer policy. "Energy poverty" must be avoided. This requires a concerted effort by all parties concerned: business, consumer policy, consumer associations, local multipliers and the consumers themselves.

Providing advice on energy use and the efficiency of appliances can contribute to reduce energy poverty. Energy-saving advice is provided by the consumer centres, the Federation of German Consumer Organisations (*Verbraucherzentrale Bundesverband, vzbv*), and local stakeholders. For low-income households, this advice is provided free of charge.

Energy-saving advice is helpful, if its provision is independent, proactive and interconnected. The goal is to contact "vulnerable" consumers proactively and locally, and to provide the advice they actually need. Take, for example, consumers who have come to Germany from other countries. Because of different cultural backgrounds, it may be useful to create structures where multipliers and stakeholders from the community concerned are available on location to provide advice. Networks, in particular those spanning different providers and local authorities, can be very helpful in raising awareness among consumers and in motivating them to use energy efficiently.

Key issues include advice, transparency, awareness-raising and information about the positive effects of reduced energy consumption on the environment. Energy poverty is becoming a growing problem; there is no legal definition of the term.

Together with the Centre for European Economic Research (Zentrum für Europäische Wirtschaftsforschung, ZEW) and the federal Project “Stromspar-Check PLUS” (electricity saving check), the German Caritas Association (Deutscher Caritasverband) has carried out a study which compares the actual electricity bills of people receiving basic social security benefits with the amount foreseen in the calculation of these benefits. This “study on electricity consumption”, published by the German Caritas Association, is based on data from the year 2014.

With the pilot project “NRW bekämpft Energiearmut” (North Rhine-Westphalia fights energy poverty), the consumer advice centre of North Rhine-Westphalia, together with local major energy suppliers and the *Land* Caritas Association, has tried to counteract energy poverty and prevent disconnections by providing comprehensive information and advice. The pilot project is funded by the Ministry for Climate Protection, Environment, Agriculture, Conservation and Consumer Affairs of North Rhine-Westphalia and the local energy providers.

Sources:

- <https://www.verbraucherzentrale-energieberatung.de>
- Aigeltinger, G., u.a. (2015), „Zum Stromkonsum von Haushalten in Grundsicherung: Eine empirische Analyse für Deutschland“, ZEW Discussion paper, No. 15-075
- <http://www.verbraucherzentrale.nrw/gegen-energiearmut>

4. Example: Basic account

Since 19 June 2016, every consumer who is legally resident in the European Union has the right to open a payment account with basic functions (basic account), as provided for in section 31 et seqq. of the Act on Payment

Accounts (*Zahlungskontengesetz*). Persons without fixed abode, in particular, should benefit from this right, because holding a current account is a central prerequisite for participation in economic and social life. The Federal Government strongly advocated this new rule. Furthermore, credit institutions may only charge appropriate fees for services falling within the statutory minimum provisions of the basic account contract. This means that basic accounts are subject to a significant pricing limitation in favour of consumers and ensures that financially weak consumers, too, can make use of this type of account.