

Agenda 2009

Priorities for the Norwegian Consumer Ombudsman

For an easier and
safer daily life
for the consumer





Consumer calendar 2009

The year has begun with two important victories for consumers: 1) iTunes gave in after several years of pressure and removed the digital rights management protection from its music store and 2) the Norwegian Banking Complaints Board agreed with a customer that a bank had sold him a savings product that could not possibly yield a positive return. When Agenda 2009 is presented by the Consumer Ombudsman, ICT and financial services will be among the most important areas of emphasis. Insurance products will be particularly important. The preceding year ended with massive campaigns for different pension products with tax benefits. Cancer insurance was marketed for large sums. Plus, can we have a good conscience and not subscribe to insurance on our children? I am focused on consumers needing to receive good and correct information through marketing activities, i.e. that they gain a correct impression of their own needs for insurance and that the marketing does not play on their feelings too intensely. After all, these companies are not selling weight-loss remedies, but rather insurance that provides payments in the event of serious illnesses due to cancer.

Mobile telephones and the Internet are important parts of the lives of children and young people. Yet, unfortunately, we see examples of children and young people being swindled when they buy ring tones, pictures and other things on their mobile phones. In addition, some individual Internet sites offer payment arrangements that are not suitable for those under 18 years of age. This really is not the way it should be. Safe use of mobile phones and the Internet are thus quite central and will comprise an important task for us in 2009.

As mobile phone customers, we often face a daunting task when we have to determine what the best offers are. Family and friend services, subsidised telephones and binding times make comparisons between A, B and C nearly impossible. During the course of the first several months of 2009, we will present a number of measures that will improve this situation and make it easier to compare subscriptions. We will also continue our efforts against spam and fraud as well as do our best to see to it that the broadband contracts you enter into as customers are reasonable and balanced.

The new Marketing Control Act will go into effect on 1 June. With it, the Consumer Ombudsman will gain better possibilities for imposing sanctions more rapidly and efficiently in order to halt unlawful marketing. The reservation register concerning telemarketing sales will become more effective. This will permit us to take care of our societal watchdog tasks of *working for an easier and safer daily life for the consumer* in a manner still better than today.

Oslo, January 2009
Bjørn Erik Thon, Consumer Ombudsman





FINANCIAL SERVICES

Priority areas in 2009:

- Loans and credit
- Savings
- Insurance
- Price information at bank web sites
- Payment solutions with e-commerce
- Marketing of financial services via telephone sales and stand sales
- Debt counselling

Background:

Large parts of Norwegian housekeeping budgets are connected with financial services. Nearly all consumers make use of financial services such as loans and credit, insurance and savings. In 2009, a number of proposed acts concerning financial services will be sent out for comments. The Consumer Ombudsman desires to affect the development of financial services in a direction favourable to consumers.

Loan and credit markets have experienced intense expansion in recent years. Throughout 2008, consumers constantly received new offers for different types of financial solutions. The Consumer Ombudsman will follow up during 2009 on the work of previous years in order to prevent a negative trend in this area.

In connection with the new product types, it is particularly important that the marketing be clear and the contractual conditions reasonable. Groups less able to defend themselves have traditionally been particularly vulnerable regarding unsecured credit. Despite the introduction of new rules for the marketing of loan offerings with information on effective interest rates, the Consumer Ombudsman continues to register marketing that does not satisfy the criteria. Further follow-ups in this area will thus become important during the coming year.

Savings

Extensive sales of composite savings products have led to large losses for many consumers. Such products are now out of the market, and the Norwegian Banking Complaints Board has ruled in favour of the consumers to the effect that the banks bear the liability for the losses they have suffered.

New forms of saving will arise, and the Consumer Ombudsman will follow these developments closely.

Since changes to the pension system have transferred more of the responsibility for pension savings to the individual consumers themselves, **individual pension saving (IPS) and pension insurance** are becoming continually more important to consumers. Such long-term and complicated savings arrangements can be difficult to understand. Since the choice of a savings plan has a direct influence on a person's basis for life as a retiree, it involves unusually important choices. The scope of IPS is expected to increase in extent and good information for the consumers is crucial for each individual to be able to determine whether IPS is a suitable alternative to other savings.





Insurance normally constitutes a significant expense for the individual since most consumers have one or more insurance agreements. A study in 2008 showed that quite a lot of consumers perceive the insurance industry to be difficult to understand, very non-transparent and at times it seems to be difficult to compare insurance offerings. Many were also of the opinion that there is a poor correlation between the insurance coverage such as it was marketed and such as it actually is.

Sales of **health insurance** and **child insurance** are increasing. It is particularly important that the marketing of such products not be formulated such that it is perceived to be especially obtrusive or unreasonably playing on the fears or bad consciences of the consumers. It is also important that misleading impressions not be promulgated of the extent of the insurance coverage.

Debt counselling is the responsibility of the municipalities in the Social Services Act. Regardless, there are a number of private participants operating in the same market. The Consumer Ombudsman presumes that during economic slow-downs there will be an increasing number of consumers who will have a need for assistance in getting their finances under control. Many of these consumers who are considering contacting a debt counsellor are more or less in desperate situations. Thus it is particularly important that any marketing of private debt counselling services not be capable of misleading these consumers. Since debt counselling is currently not subject to any special supervision and no license is necessary, the Consumer Ombudsman's oversight of this industry is extra important.

In addition, it is important for consumers to receive good **pricing information from the bank Web sites**, allowing them to become familiar with the market. It is also important to see to it that the consumers know their rights for different **payment solutions involving e-commerce**. The Consumer Ombudsman also wishes to contribute to **the marketing of financial services by telephone sales and stand sales** not being too aggressive and to the consumers receiving sufficient information about the products that are being sold in order to make their decisions.

What will the Consumer Ombudsman do?

The Consumer Ombudsman wishes to contribute to consumers being able to feel safe as regards the marketing of, and entering into, agreements involving financial services. This will be done through individual case processing, providing input on new legislation and implementing new EU directives. We wish to co-operate with other authorities, industrial organisations and business owners. It is also important that informational work be performed actively with consumers.





HOUSING

Priority areas in 2009:

Construction of new housing
Services provided by tradesmen
Residential lease contracts
Marketing of housing and estate agency services

Background:

For most consumers, buying a home is the biggest investment they will make in their lives. The Consumer Ombudsman therefore considers it very important that the marketing of both new and existing homes should not contain incorrect or misleading information and that contracts are not unreasonable.

Therefore, the Consumer Ombudsman will continue working with the housing industry in 2009, and will be prioritising the following areas in particular:

Construction of new housing. The Housing Construction Act and the Craft Services Act contain inalienable consumer rights. It thus is important that consumers become familiar with their rights and obligations through good and informative contracts. This applies for example to conditions concerning price, liabilities and completion.

Services provided by tradesmen. Tradesmen as a whole were among those who received the worst marks in the study of consumer satisfaction with different industries. The Consumer Ombudsman wishes to contribute to good contracts in this area, as well as to the contracts actually being used.

Residential lease contracts are becoming continually more important for consumers due to increased pressure in the leasing market. Hence in 2009 the Consumer Ombudsman will prioritise the work of seeing to it that standard contracts for leasing residences are clear, balanced and in accordance with applicable codes of regulations.

Marketing of houses requires correct and extensive information. In addition, the Consumer Ombudsman makes it a precondition that information in advertisements, prospectuses and the like not be misleading or incorrect. As there is intense competition in the real estate market, it is also necessary to monitor the **marketing of estate agent services** to ensure that it does not become too aggressive or misleading.

What will the Consumer Ombudsman do?

By means of individual cases and contact with the industry, ensure that marketing is in line with legislation, so that consumers can come to buying decisions based on correct and informative details with regard to both products and prices. Help to devise standard contracts which make it easier and safer for consumers to enter into lease contracts and requirements in the applicable industry norms for the marketing of houses.





ICT - INFORMATION AND COMMUNICATION TECHNOLOGY

Priority areas in 2009:

Price information, price comparisons and price structures
The TV market
Broadband contracts
Digital content
Internet fraud and spam

Background:

ICT products have great practical and financial significance for consumers and the office of the Consumer Ombudsman receives a great many complaints about this area every year.

All consumers are exposed to marketing of – and enter agreements for – the purchase of ICT products and services. Such products and services are often complicated and this creates a special need for good marketing and clear, reasonable and balanced contracts.

Price information and price comparisons in the marketing of ecom services will continue to be a priority area for the Consumer Ombudsman. The extensive use of ties between ICT products and various ecom services poses substantial requirements for their marketing, which easily can become misleading and insufficiently instructive.

The tough battle over consumers is making marketing ever more aggressive. Pricing is becoming more creative and ever-changing price structures make it difficult for the consumer to compare offers and come to a good decision. This combination causes the picture of the pricing that is presented in the marketing to seldom provide a complete overview of the most central price-related preconditions. During 2008, the Consumer Ombudsman worked together with the Norwegian Post and Telecommunications Authority, the Norwegian Council and the National Institution for Consumer Research to survey the price structures in the mobile telephony market. This co-operation will be continued in 2009.

The TV market will continue to be a central theme during 2009. The switching off of the analogue TV signals continues to take place and there is a large need for information among the consumers. In order to brace for the new competition situation in the market and to capture new customers, massive marketing is being conducted. The Consumer Ombudsman receives many complaints from consumers who are displeased with their TV services and we thus see a need to appoint a complaints tribunal for such cases.

Internet access is an extremely important part of the daily life of the consumers. In the society of today, consumers are dependent upon these services in order to carry out a great deal of their business. Continually increasing numbers have TV (IPTV) and telephony (broadband telephony) included in their broadband subscription, and the use of contracts/providers who cover multiple services is growing. The Consumer Ombudsman thus sees it as important to work for the **broadband contracts** being balanced and reasonable for the consumers.





Digital content includes software, music, film, pictures and text that are distributed digitally via the Internet and mobile telephones. This type of commerce has exploded in recent years; however the rights of the consumers have at present only been secured to a minimal extent through legislation.

Continually being developed through the constant addition of new services and suppliers, it is also a difficult market to gain an overview of. A lack of knowledge causes consumers to be vulnerable to being fooled by misleading marketing. Children and young people constitute a particularly vulnerable group.

Through the iTunes case, the Consumer Ombudsman has been involved in issues involving Apple's product-locking and DRM, in addition to unreasonable contractual conditions. A lack of interoperability and problems with lock-in have been a general problem in the industry. Decisions from this case will thus be followed up on with respect to other market participants.

Internet fraud and spam have become a growing problem as a result of the growing use of the Internet and electronic communication. Norwegian and international fraudsters use the Internet, the mobile phone networks and other electronic communications channels to expose consumers to wildly misleading marketing and/or fraud and spam in general. Spam and fraud concepts are to a large extent a cross-border phenomenon.

What will the Consumer Ombudsman do?

The Consumer Ombudsman intends to create a simple and safe ICT market for consumers by ensuring that marketing and contract conditions are in accordance with the Marketing Control Act. This will be done by pursuing individual cases, through collaboration with the various industries and through information.

Collaboration with governmental organisations and the authorities of other countries are important in the work with the ICT field since many relevant sets of problems involve different bodies of authority and extend across national boundaries.





TRANSPORT

Priority areas in 2009:

Marketing of air tickets and package tours
Airlines' contract conditions
Package tour operators' and sellers' contract conditions
Public transport
Parking
Holiday clubs

Background:

Consumers are travelling more and more. At the same time, the number of participants in the market offering travel to Norwegian consumers is increasing.

We are still receiving a number of communications from consumers complaining that complete pricing is not given in **the marketing of air tickets**, and from consumers who can't find air tickets and package tours at the advertised prices.

Tough competition in the travel industry in recent years has caused changes to the **airlines' contract conditions**, for example changes to baggage rules. The Consumer Ombudsman wishes to follow up on what types of changes are being performed, and if necessary to take action against unreasonable conditions.

The Internet is becoming continually more important for searching for and purchasing travel. The Consumer Ombudsman intends to see to it that the rules in the industry norm for the informational obligations for **package tour arrangers and travel agents** when selling air tickets and travel via the Internet are followed up on.

The Consumer Ombudsman is of the opinion that consumers should be entitled to better rights for **public transport**. An EU regulation securing train passengers minimum rights concerning cancellations and delays must be implemented on a national level in 2009.

The Consumer Ombudsman desires more uniform regulation of **parking enterprises** and a revision of the present regulations that govern public parking enterprises.

Norwegian consumers going on holidays to Southern Europe often enter into agreements concerning memberships in **holiday clubs**. Many of these clubs are pure frauds.

What will the Consumer Ombudsman do?

By means of individual cases and negotiations, we will contribute to the marketing not being misleading, to the processes of entering into agreements being consumer-friendly and the agreement conditions being clear and balanced. We must be active in European collaboration through the international networks ICPEN and CPC in order to secure the rights of the Norwegian consumers also in relation to foreign participants in the market.





ELECTRIC POWER

Background:

Electric power is an essential purchase and represents a significant amount of the household budget for a lot of people.

The tough competition for customers has sometimes led to somewhat aggressive marketing by the power suppliers. Developments in the last year have shown that more and more suppliers are going over to aggressive selling by telephone, door-to-door, on the streets and from stands. A number of the smaller suppliers are not particularly sound financially either.

In addition, we are seeing a gradual change in the market with more consumers having gone over to market power products where the price follows the trend on the electricity market more directly.

During the course of the past year there has been a steadily growing focus on environmental considerations when buying electricity.

What will the Consumer Ombudsman do?

By means of pursuing individual cases the Consumer Ombudsman wishes to work to prevent misleading and aggressive marketing and sales activity involving electrical power. We also wish to collaborate with the Norwegian Electricity Industry Association, the Norwegian Water Resources and Energy Directorate and the Norwegian Competition Authority on conditions concerning the position of consumers in the power market.





HEALTH

Priority area in 2009:

Alternative medicine

Background:

The Consumer Ombudsman conducts supervision of the marketing of alternative medicine. According to alternativ.no/Alternativopplysningen there are approx. 12,000 individuals providing treatment and more than 250 forms of treatment in Norway. Our experience is that many treatment providers do not know what requirements are posed of their marketing.

Around every other Norwegian has used alternative treatment, either within or outside the auspices of the national public health service, according to a study from the National Information Center for Complementary and Alternative Medicine, Norway (NIFAB). The experience of the Consumer Ombudsman is that many people do not know, regardless, that governmental/approved requirements are not posed of the education of alternative treatment providers and that the treatment itself is not subject to any particular supervision.

The Consumer Ombudsman has made the Ministry of Health and Care Services aware that the present body of regulations are not satisfactory from a consumer perspective.

What will the Consumer Ombudsman do?

The Consumer Ombudsman will in addition to individual case processing also carry out a study in collaboration with the National Institution for Consumer Research concerning the experiences and attitudes of consumers towards alternative treatment. An informational brochure will be prepared for users of alternative treatments.





CHILDREN AND YOUNG PEOPLE

Priority areas in 2009

Children and electronic media

Children and unhealthy food

Background:

Children and young people constitute a popular consumer group and are subjected to a lot of marketing and commercial pressure. The Consumer Ombudsman is receiving a continually increasing number of complaints in this area, especially involving parents who are complaining on behalf of their children. Most of the complaints concern sets of problems connected with children and young people using products and services involving the Internet or mobile telephony.

Because children are a vulnerable consumer group, special care must be shown in marketing directed towards children or that children are exposed to. In the new Marketing Control Act, a separate chapter has been inserted with special provisions concerning the protection of children. The law confirms the well-established administrative practice that the Marketing Control Act must be interpreted more strictly than otherwise when children are the target group.

Children are regular users of **electronic media**, which in turn poses extra challenges concerning, for example, entering into agreements electronically and the dissemination of personal information. As an overall measure, the Consumer Ombudsman sees a clear need for a clarification of the ability of children to enter into digital agreements and make payments. We are also working in particular with improving the parental controls involving the use by children of mobile telephones.

Children and unhealthy food is a theme having been given emphasis by the Consumer Ombudsman for a long time. In Norway, over 90 percent of the children ingest too much sugar, and 15-20 percent of children aged 8-12 years old are obese or overweight, according to figures from the Norwegian Institute of Public Health.

What will the Consumer Ombudsman do?

The goal of the Consumer Ombudsman is to prevent commercial market participants from exploiting the impressionability, gullibility, trust and lack of experience of children and young people. We wish to see to it that children are not subjected to business practices that are unreasonable or in violation of good marketing practices.

The Consumer Ombudsman is actively committed to the work of the European WHO network in order to reduce the marketing of nutritionally deficient and energy-concentrated food and drink to children and young people.



ENVIRONMENT AND ETHICS

Priority areas in 2009:

Climate-related claims and climate labelling
Environmental information
Nordic and international collaboration

Background:

Interest in Norway in the environment and ethics has increased in recent years. Both politically as well as in the media, there has been a strong focus on climate changes and on what the authorities and the individual can do to reduce CO2 emissions. Ethical problems connected with products and services have also received increased attention.

A continually increasing number of consumers are preoccupied with taking environmental or ethical considerations into account in their consumption. The Consumer Ombudsman sees at the same time that more businesses are conducting their marketing through profiling environmental or ethical values, and new products and services are constantly being marketed with environmental or ethical benefits.

We have also seen a clear trend in the past year for marketing with the use of climate-related claims such as "climate neutral" and "climate balance". The Consumer Ombudsman is working on getting general guidelines in place for the use of climate concepts in marketing.

One of our primary goals is for the consumers to be able to safely perform ethical and environmentally conscious choices. Consumers who desire environmental information concerning goods and services may request that such be submitted on the basis of the Environmental Information Act. During 2009, we will assess whether to look at the body of problems associated with environmental information in further detail.

We have experienced much international attention in connection with our standpoints concerning the use of environmental claims. The reports from the UN's Climate Panel and the Copenhagen Summit in the autumn of 2009 will constitute international milestones in the environmental and climate work, and will substantiate the need for the Consumer Ombudsman to be prioritising this area.

What will the Consumer Ombudsman do?

The Consumer Ombudsman wishes to contribute to the business operators not utilising environmental and ethical claims in an incorrect or misleading manner in their marketing, and to work for the consumers receiving good and relevant information on ethical and environment-related conditions involving goods and services.

We will do this through, among other things, preparing guidelines in the area, international collaboration, contact with stakeholder organisations and authorities and by individual case processing. We are working continuously on providing information on our standpoints, both nationally and internationally.



DISTANCE SELLING

Prioritised areas:

Telephone sales
Door-to-door selling and sales from stands
E-commerce
Black market sales

Background:

Remote selling concerns agreements on buying and selling via remote communications methods, for example the telephone or the Internet. The Consumer Ombudsman is receiving very many complaints about this area. Many consumers are experiencing these forms of sales as obtrusive and undesirable. Several of the Consumer Ombudsman's largest cases in recent years have been associated with remote sales, and telephone sales in particular.

In the new Marketing Control Act, there will be some individual changes in the rules for **telephone sales**. These will include the timespan for lawful calls being reduced, and requirements being posed for written entry into contracts. The Consumer Ombudsman will also receive the supervision of the reservation register for telephone sales and addressed advertising in 2009. The consumers must be made aware of the improved reservation arrangements.

Many consumers are experiencing **door-to-door sales, street sales** and **sales from stands** as being aggressive forms of sales. The Consumer Ombudsman also receives many inquiries concerning negative selling in connection with sales outside a fixed place of business.

Many **Internet shops** have been too deficient at informing the consumers of their rights and obligations. It is important that the terms and conditions of the agreements be reasonable and easily accessible.

As per our experiences, there is a need for information to both the consumers and the business operators on the ban on **black market sales** of tickets during certain periods of the year.

What will the Consumer Ombudsman do?

The Consumer Ombudsman will work for consumers not entering into agreements on the basis of misleading marketing. The process of entering into agreements must be easy and safe, and the terms and conditions of the agreements must not be unreasonable. Reservations of consumers against telephone sales, addressed and unaddressed advertisements and free newspapers must be respected.

We will try to do this through individual case processing, effective use of sanctions, revision of guidelines with respect to the new Marketing Control Act, informational work concerning business operators and consumers, control actions and collaboration with relevant organisations and bodies.



PRICE INFORMATION

Priority areas in 2009:

Price guarantees

Bait advertising and limited offers

Background:

The Consumer Ombudsman has for many years placed a substantial emphasis on price marketing. Experience dictates that price information may be lacking, incorrect or misleading and/or insufficiently guiding, particularly for goods and services with a complicated price structure.

In 2008, the Consumer Ombudsman performed a number of controls and halted a number of misleading sales campaigns. The Market Council has also made decisions in important cases, including with respect to sales marketing and price guarantees. The Consumer Ombudsman has addressed such sets of problems in a number of industries, and will also give priority to this work during 2009.

This last year, a number of business operators have started to market themselves with the use of **price guarantees** and/or different forms of lowest cost claims. Price guarantees are a highly effective method in marketing, because they give the consumers a signal that it is unnecessary to investigate the prices of competitors. The Consumer Ombudsman has seen that the business operators seldom fulfil the requirements that are being posed for the use of such guarantees.

In 2008, the Consumer Ombudsman has also intervened against a number of business operators who have conducted **bait advertising**, without there having been sufficient information about the limitations in the offer. We are constantly receiving complaints that the business operators are marketing goods that are not available for purchase. In some cases, so few goods are being set out that they are being sold out immediately. In other cases, the goods are not in the shop at all.

What will the Consumer Ombudsman do?

By means of pursuing individual cases, contact with the industry, control actions and the effective use of sanctions, we can help to ensure that consumers receive good and truthful price information about goods and services and that price-based marketing aimed at consumers is not misleading.

We wish to place a special emphasis on the following industries: convenience goods, automobiles, sports, furniture, building supplies, home, power, transport, ICT and taxi businesses.



INTERNATIONAL WORK

Background:

International work and collaboration is becoming ever more important for the Consumer Ombudsman. There are several reasons for this. For example trading across national borders is on the increase and consumer fraud is growing in volume and becoming more sophisticated. It is therefore important that the Consumer Ombudsman should work actively towards making international collaboration, both in the EU and otherwise, as effective as possible.

Through the EEA Agreement, the EU's body of regulations in the consumer area is being implemented in Norwegian law. The so-called collaboration regulation sets up obligatory collaboration between EU countries. The Consumer Ombudsman is participating actively in this work. When the new Marketing Control Act enters into effect in the spring of 2009, it will implement the EU directive concerning unreasonable trading practices. It will be important to follow practices from the administrations and courts in the other EU countries, and possibly also from the European Court of Justice.

Before Christmas in 2008, the European Commission submitted its draft for a directive concerning consumer rights. It is a comprehensive directive, which proposestotal harmonisation of central parts of EU contract law. An opinion will be issued both to the Ministry of Justice in Norway and directly to the European Commission. The Consumer Ombudsman sees it as being extremely important to promote the rights of Norwegian consumers to the decision-makers, and will take an active part in the processing of the proposed directive.

The Consumer Ombudsman will be working closely together with the other Nordic countries in addition to co-operating with supervisory authorities from the entire world through the ICPEN network.

What will the Consumer Ombudsman do?

We will be active in giving input to the EU in connection with the proposal for a new consumer directive, including by participating in consultation processes and responding to requests for comments. We will also process individual cases and participate in collaborative projects with a basis in the collaboration regulation (for example in holiday clubs/timeshares, air travel, fake lotteries).

We will work with Nordic consumer organisations on controls on marketing and the terms and conditions of contracts in the Nordic countries in individual cases and in the development of joint standpoints and guidelines.

Through active participation in ICPEN and OECD, we also wish to contribute to increased international collaboration and sharing of knowledge, as well as better routines for the management of cross-border cases, including those that go beyond Europe.



IMPLEMENTATION OF THE NEW MARKETING CONTROL ACT

The new Marketing Control Act will go into effect on 1 June 2009. The act implements the EU directive concerning unreasonable trading practices. At the same time, a review has also been performed of the other rules in the law.

The primary parts of the act, i.e. the rules on misleading and unreasonable trading practices, will now be in line with the corresponding provisions in Europe in general. The act has, after input from the Consumer Ombudsman, received a separate chapter concerning the protection of children as consumers. The Market Council and the Consumer Ombudsman have been given new sanctions in the form of penalty fees for violations in order to be able to more effectively intervene against market participants who are behaving in non-serious manners in the market.

A new act will involve substantial changes for the Consumer Ombudsman, both administratively and legally. All informational material and all legal documents must be changed and adapted to the new act. A new archiving key must also be prepared before the new act goes into effect on 1 June.

The Consumer Ombudsman will be conducting extensive informational activity for the business community about the new act, in the form of seminars, issuing guidelines, information at the Web site, contact meetings, etc. Information for the consumers will preferably occur through other media.

