



HELLENIC REPUBLIC



Thursday, 6 March 2008

Attn.:

Members of the Consumer Policy Network (CPN)

PRESENTATION OF THE
HELLENIC CONSUMERS' OMBUDSMAN

The person to be appointed as head of the Hellenic Consumers' Ombudsman is chosen by the Cabinet, following a relative proposition submitted by the Minister of Development to the Special Permanent Committee on Institutions and Transparency of the Hellenic Parliament. The Ombudsman's tenure extends by law to a fixed term of five (5) years and cannot be renewed in order to ensure impartiality and independence.

1. Jurisdictions of the Ombudsman

The Hellenic Consumers' Ombudsman is a newly-founded **independent authority**, whose head enjoys personal and operational freedom during the performance of his/her duties and is simply supervised by the Minister of Development. According to its founding law (3297/2004), the authority's institutional role is **to intervene in consumer disputes and seek their out-of-court consensual settlement**. The advantage of such an alternative dispute resolution scheme is that it offers more flexibility than going to court and can better meet the needs of both consumers and professionals. Compared to going

to court, these schemes are cheaper, quicker and more informal, which means they are an attractive means for consumers seeking redress.

The Ombudsman **is also legally endowed with the power to issue public recommendations and directives to providers** in order to ensure the smooth operation of the market and the effective protection of consumers' rights from misleading and unfair commercial practices. Additionally, the Ombudsman **operates as a legal consultant to the state**, making concrete propositions and detailed legislative suggestions for tackling various market dysfunctions and promoting consumer protection in a constantly and rapidly changing world-wide economic environment.

2. Human resources

The Ombudsman employs twenty (20) special scientists with solid academic and professional background in the areas of law, politics, economics and informatics. Administration is carried out by seven (7) members of highly-trained and experienced staff.

3. Legal origins of the Ombudsman

The establishment of the authority **followed a series of legal texts of the European Union**, such as the results included in the Green Bible (a text elaborated by the EU in order to reinforce European competitiveness) concerning consumers' legal redress for the settlement of their disputes with providers, the Commission Recommendation of 30 May 1998 (98/257/EC) on the principles applicable to the bodies responsible for out-of-court settlement of consumer disputes, and also the Commission Recommendation of 4 April 2001 (2001/310/EC) on the principles for out-of-court institutions involved in the consensual resolution of consumer disputes. From this point of view, the Hellenic Consumers' Ombudsman facilitates convergence of local public administration with European and international patterns.

4. Principles of operation

When dealing with consumer disputes, **in order to guarantee the fairness of the outcome for the parties involved**, the Ombudsman **is dedicated to the objective and impartial investigation** of the disputes in accordance with the principles of:

- (a) **transparency** (rendering information about the functioning and availability of the settlement procedure readily available to the parties, so that they can access it before submitting a dispute)
- (b) **effectiveness** (cost-free and immediate reaction to the disputes submitted)
- (c) **liberty** (permitting freedom to the parties to accept or decline a proposed solution to the dispute)
- (d) **representation** (ensuring parties the right to be represented or assisted by a third party at all stages of the dispute settlement procedure)

5. Recent public actions and interventions of the Ombudsman of major social and economic impact:

- Code of Consumer Ethics: In February 2007, the Ombudsman laid down for public consultation an extremely important document, setting out in a coherent and meticulous manner the principles that should govern the relationship between consumers and providers. On completion of the consultation procedure, the Code of Consumer Ethics will be validated by Presidential Decree and will be integrated in local law order. The Code is expected to be a highly appreciated legal and binding document, which will be combined with existing law to facilitate the resolution of long-standing problems affecting the smooth operation of the market, and at the same time to preserve the status and the business profile of law-abiding providers.
- Public recommendation to providers offering slimming and cosmetic-aesthetic services (beauty care, depilation, slimming and body care), following numerous reports submitted by citizens, complaining about arbitrary or excessive payment methods, aggressive marketing practices,

potential health hazards from services provided by unskilled staff in unsuitable facilities and use of improper machinery that does not comply with desired technical specifications.

- Public recommendation to the media sector concerning the prohibition of the circulation of televised pernicious explicit pornographic material with newspapers and magazines, in order to protect the mental health of children unwillingly exposed to this material.
- Public recommendation to the bank sector concerning unfair and misleading advertising practices (e.g. inaccurate information concerning rates of interests and penalties for early debt payments) utilized for the commercial promotion of credit and loan products.

6. Annual report 2006-2007

The Ombudsman has the duty to compose and submit to the President of the Hellenic Parliament and the Prime Minister a detailed account of the authority's annual activities. During its second year of operation, the reports the Hellenic Consumers' Ombudsman received from citizens were increased by 700%. This notable piece of statistical evidence shows that the establishment of the Ombudsman came to cover a wide range of consumer issues, offering a modern and efficient approach that is being increasingly embraced by the public.

According to the findings of this year's annual report, on the top of the list of those problematic commercial sectors of the market that generate multiple consumer disputes lie telecommunication companies, mainly due to the fierce competition, following the corporate involvement of private actors in the telecommunication sector, in combination with the lack of wisdom to foresee the tremendous escalation of customer demand for cheaper services and work out appropriate solutions for its satisfaction.

Retail products and services attract an equally considerable number of citizens' complaints, mainly in relation to guarantees and after sales support, unfair contractual terms, and potential hazards to individuals' safety and health.

Finally, the bank sector is being reported for imposition of unfair charges to credit and loan products, irrational provision of such products to people with limited capacity to meet associated financial obligations, unauthorized circulation of customers' personal data to third parties, and misleading advertising practices.

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