



NEYTENDASTOFA

## **Consumer Agency – Iceland**

### **Annual Report 2010 – Summary**

#### **I Introduction**

The Consumer Agency was established 1 July 2005 and therefore the Agency celebrated its five year anniversary in 2010. The Agency has a very vast area of enforcement compared to other Nordic and European countries.

The Consumer Agency is the Consumer Ombudsman of Iceland and is responsible for the enforcement of the legislation on unfair trade practices, misleading advertisements and various special acts that have been adopted to protect consumers.

In the year nearly six hundred notifications were received through the electronic portal of the Agency an increase of 12% from the total number of notifications through this portal from the previous year.

#### **II Focus in 2010**

The most common cases were formal administrative decisions in the field of market practices, insufficient price indications, misleading advertisements and consumer credits as well as cases on misleading use of domains.

Increasing focus has been given to enforcement in the area of safety of goods due to new EU Regulations for better market surveillance. The Consumer Agency is the competent authority for general product safety, safety of toys, safety of electrical goods (LVD), safety of personal protective equipments (PPE) and measurement instruments. Annually the Consumer Agency is responsible for the drawing up of the National Market Surveillance Plan of Iceland (NMSP), found at its website: <http://www.neytendastofa.is/lisalib/getfile.aspx?itemid=2572>.

The Consumer Agency is responsible authority in the field of metrology. The Agency is responsible for the monitoring in the field of legal metrology such as to ensure that economic operators fulfil their legal obligations and have their measuring instruments are re-verified every other year as provided for in the legislation. Examples of such instruments are for instance weighing instruments, fuel pumps, utility meters, etc. In the area of industrial metrology the Agency operates a calibration service that is accredited by UKAS in area such as mass and heat measurements.

Increasingly the public as well as economic operators seek information and assistance on various issues in the field of consumer protection. During the past five years since the Consumer Agency was established increasingly the media and public give attention to the legal and economic rights of consumers. Information is given through the telephone help line and various other type of outreach activities such as seminars, press releases and interviews.

The Consumer Agency actively participates in the lawmaking process. In 2010 the Agency made 14 communications to Alþingi (Parliament) in respect to draft bills submitted the Parliament. Furthermore draft regulations in the area of consumer rights and metrology were prepared and submitted to the Ministry of the Interior.

### **III The Consumer Agency and its divisions**

The Consumer Agency has four divisions:

*Administrative division* (Stjórnsýslusvið) is responsible for finances, computer support and other horizontal issues. In this field are three and a half man-years that five employees share responsibility for.

*The Consumer Rights* division (Neytendaréttarsvið) is the unit that corresponds to the Nordic Consumer Ombudsmen. The division has four lawyers and during 2010 there two employees shared responsibility for one and half man years in the field of inspection of price indications and other on-site inspections in the area of consumer rights. The division had 2630 interventions from consumers in 2010. Most common were telephone calls (1836), then e-mail (447) and thirdly notifications on the electronic platform were many (347). In total 252 cases regarding unfair trade practices were handled thereof 55 resulted in formal decisions which was an increase by 45% from the previous year.

Participation in European cooperation has been given priority over Nordic cooperation due to budget constraints after the economic crises in 2008 based on the fact European cooperation is usually a legal obligation according to the EEA Agreement. The participation in European cooperation is however kept to a minimum but meetings have been attended mainly in the CPC-Committee on enforcement cooperation within the EEA. Meetings in EFTA Consumer Working Groups are also attended but very often via video conference equipment.

*The Metrology division* (Mælifræðisvið) is responsible for legal and industrial metrology. The division has four man years and four staff members. Also a part time assistant is helping out on hourly basis with calibration services. Two staff employees are responsible for matters relating to legal metrology and enforcement of the regulation in respect to re-verification of measuring instruments. One of them also is responsible for courses that take place 3 – 4 times a year, one week at a time, in order to educate official weighers who are responsible for the measuring of all fish catch brought to harbours in Iceland. This monitoring of the catch is an important part of administration of the fisheries in the Icelandic economic zone. Re-verification is privatized in Iceland and the company therefore re-verifies measuring instruments on behalf and on the basis of a mandate given by the Consumer Agency. The officials of the Agency however organise inspections in order to verify and have overview of

the situation. In 2010 only in 69% of the cases weighing instruments had not passed their reverification period and 31% of cases their re-verification was due at the time of inspection. The situation in the area of fuel pumps was much better where only 13% of the pumps checked had passed the control period for re-verification. In the field of calibrations two employees and part time assistant take care of calibrations for economic operators. The revenue from this activity is however not sustainable but this service must however be accessible for various businesses that need calibration of sensitive instruments that can't be shipped overseas for calibration e.g. scales used in the pharmaceutical industry as well as laboratories in the fishing industry.

International cooperation in this field is kept to minimum. However meetings were attended at EURAMET and WELMEC. One Nordic meeting was attended; namely Nordjust.

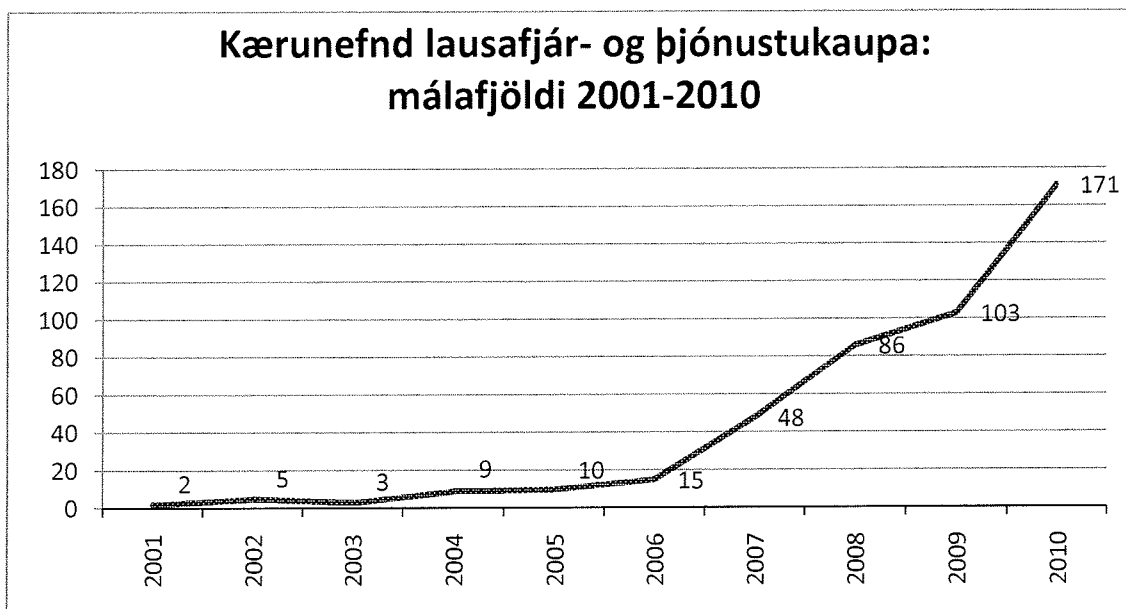
The Safety Division (Öryggisvið) is responsible for the general product safety, safety of toys, PPE, LVD, electronic signatures and precious metals. In this area two man years and three employees work in a special team under direct administration of the Director, and carry out the daily work of this division. Product safety has become increasingly important and due to Council Regulation 765/2008/EU more active market surveillance is necessary in the field of product safety. The Consumer Agency in 2010 received 2200 notifications from the RAPEX database. In 39 cases formal reactions were delivered from Iceland in respect to goods found on our national market. The Consumer Agency actively informs the media as well as importers of notifications received in respect to recalls and sales bans made by other market surveillance authorities in Europe. This division is also responsible for the market surveillance of energy consumption labelling of various household products. A survey was made in 2010 in order to check if Icelandic retailers did comply with the regulation and mark their products in their shops with the common European energy labels. In 99% of cases the retailer failed to mark their products with the energy label. Furthermore only in 19% of the cases the required information sheet on the energy consumption was provided for in Icelandic language.

In this area the Consumer Agency participated in a PROSAFE joint action on helmets that is financed by the European Commission. Four helmets used for skiing, bicycle and equestrian sports were sampled and sent for testing in SP in Sweden. All of the equestrian helmets of German origin did fail the test. The case is still being processed by the Consumer Agency.

European cooperation takes mainly place in the GPSD Committee of the EU. Also meetings have been attended to the SOGS (Senior Official Group on Standardisation and market surveillance). Meeting have also been attended in FESA (Forum of European Supervisory Authorities) in the field of electronic signatures. One meeting was also attended in Hallmarking Convention for precious metals as well as some PROSAFE meetings that are funded by the joint actions.

#### IV Secretariat for the Dispute settlement committee – Sale of Consumer Goods and Craftsmen services

According to Act No 48/2003 on Sale of Goods to Consumers and Act no 42/2000 on Sale of Craftsmen services to consumers a dispute settlement committee is appointed by the Minister of Economy and Trade. The Consumer Agency took over the secretariat function for the committee in 2006. The number of cases in this committee has increased tremendously during the past five years as can be seen from the chart below.



#### V Final remarks

The Consumer Agency and its employees have been busy during 2010 as previous years in their enforcement activities as well as services to the consumers and public at large. It is important that these services are not reduced despite difficult economic circumstances at present. It is clear that consumers need these services and assistance in order for them to obtain the legal protection that they have been given by the legislator.

Reykjavík, in July 2011

Tryggvi Axelsson, Director.