



**ALFERY**  
Audit Tax & Legal Services  
Member of WTS Alliance

**wts** TAX LEGAL CONSULTING

# NEWS 1/2016

## News No.1/2016

### Amendment to Act No. 634/1992 Sb., the Act on Consumer Protection

An amendment to Act No. 634/1992 Sb., the Act on Consumer Protection, was promulgated in the Collection of Laws on 28 December 2015. Some provisions of this act took effect on the day of promulgation, whilst the remaining provisions came into effect on 1 February 2016. The changes affect all entrepreneurs who come into contact with consumers by concluding contracts for the sale of goods or the provision of services. The amendment has implemented the obligations laid down in Directive 2013/11/EU of the European Parliament and of the Council (on alternative dispute resolution for consumer disputes) and Regulation No. 524/2013 of the European Parliament and of the Council (on online dispute resolution for consumer disputes).

The amendment aims, in particular, at specifying legal regulations concerning collusion, at strengthening consumer protection with regard to promotional events and facilitating the settlement of disputes with traders via out-of-court settlements.

#### **Out-of-court settlement of disputes**

The directive on alternative dispute resolution (hereinafter the "Directive") mainly requires that all disputes between entrepreneurs and consumers over contractual obligations relating to the sale of goods or the provision of services can be submitted to an extrajudicial body for a decision which seeks to resolve the dispute out of court. This applies to all online consumer contracts (such as those entered into through the an e-shop) as well as offline contracts (such as those entered into in a shop). The main reason for the implementation of this Directive is to enhance the enforceability of consumer claims against entrepreneurs which has, allegedly, been inadequate as consumers have often abandoned enforcement due to cost.

The out-of-court settlement of consumer disputes is not new to the Czech Republic. An arbitration clause has for some time been an option in contracts and commercial terms and conditions, entrusting the power to resolve the dispute to the Arbitration Court attached to the Economic Chamber and the Agricultural Chamber of the Czech Republic or to other arbitration authorities, such as to the Czech Telecommunication Office for disputes relating to electronic communications, the Energy Regulatory Office for disputes relating to contracts for electricity and gas supplies, and a financial arbiter for disputes arising from mortgage credit contracts, building loan contracts, etc.

The new duty to inform regarding out-of-court dispute resolution is the most significant change to have a real affect on all entrepreneurs. In addition to all information which is stated under the Civil Code and under the Consumer Protection Act, traders will be obliged, according to Sec. 14 (1), to state information regarding the extrajudicial body competent to resolve consumer disputes regarding the type of the product or service offered, sold, provided or brokered. Failure to meet this requirement is subject to a penalty of up to one million Czech crowns and traders are obliged to adjust their commercial terms and conditions within 3 months of the date the part of the act comes into effect, i.e. from 1 February 2016.

Besides the above authorities, the Czech Trade Inspection Authority shall be competent to resolve all disputes arising from consumer contracts. Moreover, the law allows for a body entrusted by the Ministry of Industry and Trade, laying down the criteria such a body should meet. However, currently no such body is expected to emerge. The Czech Trade Inspection Authority has been chosen, taking into account its experience of resolving complaints and pertaining to consumer affairs. Furthermore, it has established an infrastructure, technical and administrative background and has knowledge of consumer legislation, due to all of which low operational costs can be anticipated.

#### **Promotional events**

The amendment also extends obligations regarding organising events during which traders intend to sell, promote or offer products or provide services. The seller is already obliged to notify consumers and the Czech Trade Inspection Authority of the place and time of the event and to give a specification of the products or

Václavské nám. 40, 110 00 Praha 1

Fax: +420 221 111 788

Tel.: +420 221 111 777

E-mail: [info@alferypartner.com](mailto:info@alferypartner.com)

[www.alferypartner.com](http://www.alferypartner.com)



**ALFERY**  
Audit Tax & Legal Services  
Member of WTS Alliance

**wts** TAX LEGAL CONSULTING

# NEWS 1/2016

services to be offered there. Traders are now obliged to disclose the price at which the products or services will actually be offered to consumers at the events. Furthermore, the seller is not allowed to require or accept the purchase price of the product or service or another adequate performance from the consumer during the promotional event or within 7 days of the signing of the contract. Violation of this provision is not only subject to a fine but is also punishable by trade licence withdrawal.

Václavské nám. 40, 110 00 Praha 1

Fax: +420 221 111 788

Tel.: +420 221 111 777

E-mail: [info@alferypartner.com](mailto:info@alferypartner.com)

[www.alferypartner.com](http://www.alferypartner.com)

*Warning: All of the above mentioned is of a general indicative nature only and is not comprehensive. The purpose is only to draw attention to the most important points of the amendments and changes. No damage claims for steps made based on the information shall be accepted. If you use information included in this document, you will only do it at your own risk and responsibility.*

*Please do not use information in this material as a base for a specific decision-making. Instead, always use our professional services of qualified experts.*