Legaltech for consumer protection

Opportunities & challenges of digital innovations to support enforcement

December 2024

In 2024, BEUC organised several workshops to further understand the role played by legal tech, its added value and limitations. Stakeholders coming from different horizons (regulators, academia, and consumer organisations) shared their views and experience. This paper builds on these exchanges and beyond to draw some preliminary conclusions.

- **Digital technologies have become increasingly relevant to support the work of consumer organisations, authorities and other stakeholders active in the area of enforcement.**

- **BEUC organised several workshops with various stakeholders in 2024 to exchange on the use of digital innovations for legal tech.**

- **Legaltech tools can be used to detect market patterns and illegal practices, to inform and signpost consumers as well as to structure collective redress claims.**

- **The development of legal tech tools also comes with several limitations and challenges. Further information and experience-sharing will therefore be needed to accompany the developments of legal tech in the coming years.**

The use of technology as a means to strengthen the enforcement of consumer rights has gained traction in Europe and beyond.[1] The term *legal tech* is used here in its broadest sense to refer to the use digital innovations (including technologies powered by artificial intelligence) to support law enforcement and monitor compliance.

Authorities and consumer organisations have actively been looking at the relevance of legal tech to support their tasks. Its added value has become all the more relevant in contexts of budgetary constraints where enforcers need to develop tools to perform their tasks, and in digital environments where the detection of illegal practices has been increasingly difficult and requires the analysis of complex market data.

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[1] See e.g., at UNCTAD level, https://unctad.org/meeting/introducing-enftech-technological-approach-consumer-law-enforcement

1. Added value of Legal tech

1.1. For consumer organisations

From the perspective of consumer organisations, legal tech tools can pursue several objectives:

- **Monitoring market patterns and detecting sectorial infringements:** several BEUC members are monitoring markets through legal tech tools. This is for instance the case of Altroconsumo in Italy with the tool called "*CICLE*"[2] allowing the detection of sectorial issues based on consumer complaints.

- **Assisting consumers when exercising their rights:** Several BEUC members use legal tech to inform consumers and help them exercise their rights. For instance, UFC-Que Choisir in France launched the campaign "*Je ne suis pas une data*"[3] which included a tool helping consumers exercise their rights under the GDPR. In Austria, VKI developed a "claim generator" consumers can use to generate letters that can then be used with traders to request redress when things go wrong. In Czech Republic, dTest is developing a "AI clinic" to provide further assistance and guide consumers.

- **Structuring collective redress cases**: Several BEUC members have developed digital tools to organise and structure mass claims. For instance, in Latvia, PIAA has developed a tool to allow consumers to register for representative actions. LCA in Lithuania has developed a similar tool. Other BEUC members (e.g. the Netherlands) have been using similar tools for several years.

1.2. For authorities

Many enforcement authorities are monitoring markets thanks to legal tech instruments. Digital innovations are used to detect illegal practices and to inform consumers. Among several examples:

- The European Commission has set up a so-called *eLab* to provide the CPC-Network with several digital tools supporting their activities (e.g. to facilitate the screening websites during "sweeps"). The eLab can also be used for mystery shopping or to detect possible unfair price reductions.

- In France, the platform *signalconso[4]* launched by the DGCCRF collects individual complaints and data about problematic traders/sectors.

- In Belgium, the platform *Meldpunt/point de contact[5]* launched by the Ministry of Economy allows consumers to signal rogue practices and scams.

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[2] www.altroconsumo.it/info/progetti-finanziati/cicle
[3] www.jenesuispasunedata.fr/
[4] https://signal.conso.gouv.fr/en
[5] https://meldpunt.belgie.be/meldpunt/en/welcome

- In the Netherlands, the Dutch Authority for Consumers and Markets (ACM) has launched a claim generator to help consumers vindicating their rights with traders.[6]

- In Poland, the consumer Authority (UoKiK) has developed an AI-powered tool for detecting unfair terms (called "ARBUZ"). In 2024, the UoKiK published a white paper on "advancing consumer law enforcement with artificial intelligence"[7] and identified several areas where AI-powered legal tech tool may provide significant assistance to authorities, namely for detecting unfair contract terms, identifying financial pyramid schemes, recognizing dark patterns and detecting deceptive practices used to mislead or discriminate consumers.

2. Challenges & way forward

The development of Legaltech tools comes with several challenges, including:

- **Costs and resources**: developing Legaltech is costly. They also require training staff and developing internal capacity (legal experts and tech specialists).

- **Ensuring human supervision**: Legal tech tool should remain under human supervision. AI-powered tool should have limited autonomy.

- **Design matters,** especially when the tools intend to engage directly with individual consumers. It should therefore be easily accessible and easily understandable.

- **Relying on high quality data and regulatory considerations**. Legal tech tools should build on reliable and workable datasets. Personal data should be handled carefully and comply with regulatory requirements (i.e. GDPR and other relevant pieces of legislation).

- **Risk of overlap, lack of coordination and further issues with the duplication of digital tools**. This may lead to a waste of resources and possible confusion for consumers. Where relevant, it may be useful to create one unique tool and to secure access to both authorities and consumer organisations.

- **The need to select the appropriate digital tool and technology depending on the task** to be achieved.

- **Considering the needs of consumers carefully** (in particular the most vulnerable ones). All consumers do not have the same level of digital literacy. An offline tool should remain at their disposal to vindicate their rights.

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[6] www.acm.nl/en/publications/acms-letter-generator-complaint-letters-makes-it-even-easier-exercise-your-rights

A way forward should include:

- **Organising experience and knowledge-sharing activities** between relevant stakeholders (consumer organisations, consumer authorities and others) to further discuss the success and the failures of legaltech tools.
- **Strengthening cooperation** for developing joint tools which could be used by several stakeholders.
- **Exploring possible funding sources** for developing Legaltech tools.

3. Annex: BEUC Legaltech workshops organised in 2024

Workshops 1: 17 April 2024

Legal tech for consumer rights enforcement: state of play, new trends and opportunities for consumer organisations (University of Reading - UK)
European Commission's e-Lab and how it supports the work of the CPC-Network and authorities (DG Justice & Consumers - European Commission)
CICLE Project (Altroconsumo - Italy)
« Je ne suis pas une data » (UFC-Que Choisir- France)
Q&A and way forward

Workshop 2: 20 November 2024

DTest's AI Clinic Project (dTest – Czech Republic)
How can AI facilitate consumers access to justice? (DECO – Portugal)
Q&A and way forward