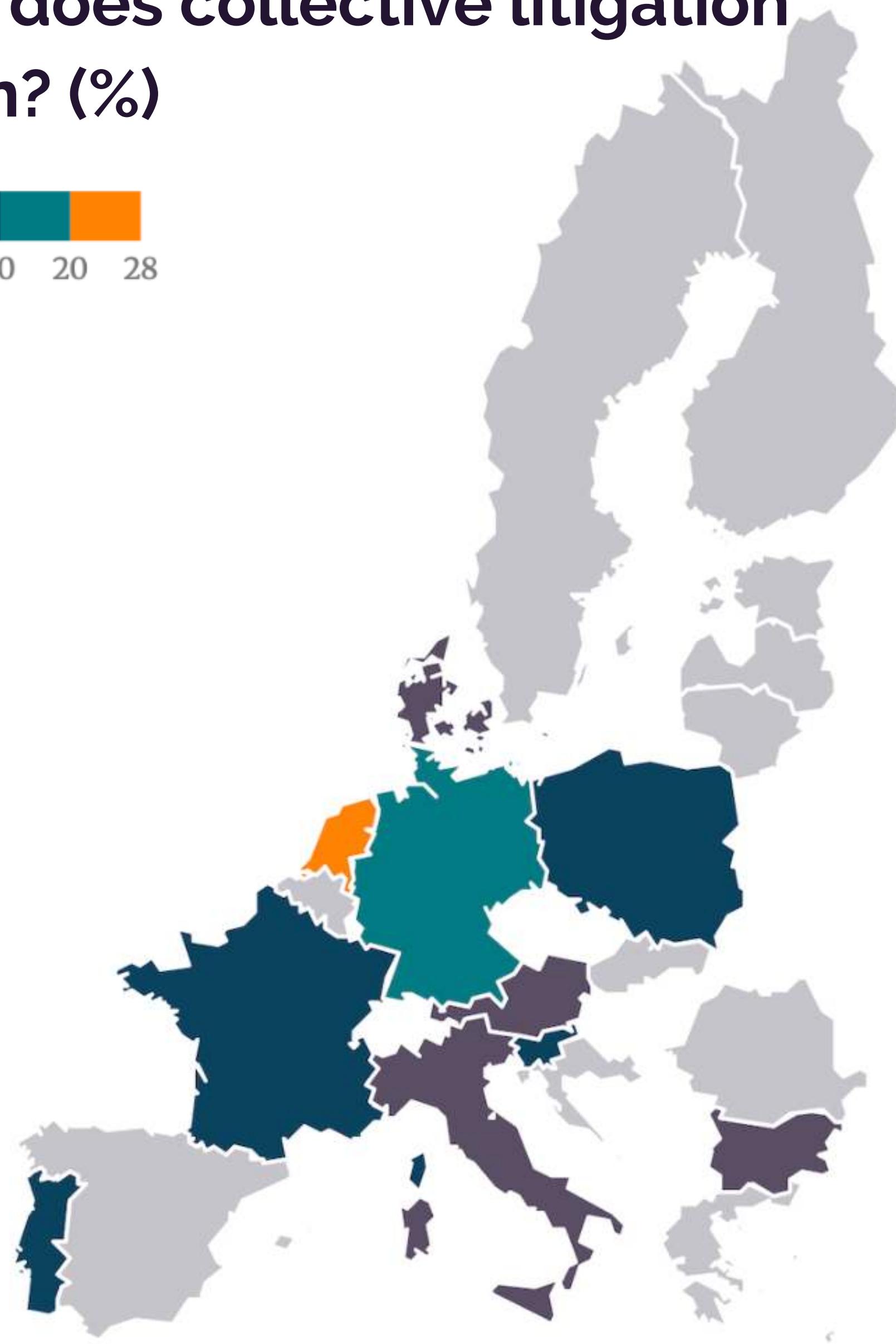


COLLECTIVE LITIGATION

A false economy and justice. The EU must avoid the US model.

Where does collective litigation happen? (%)

0 2 5 10 20 28



Rising collective litigation in the EU weakens economic growth and offers limited benefits to claimants, and introduces challenges similar to those present in the US model.

What are Collective Actions?

Collective actions involve a group of claimants with shared interests pursuing legal action against one or more defendants.



The EU should **avoid replicating the US model** of mass litigation, which leads to **high legal costs, lengthy battles, and minimal benefits** for claimants.

Why are Collective Actions becoming easier to launch?

Easier access

Opt-out systems, unrestricted access to courts, and minimal cost liability encourage more collective actions.

More funding

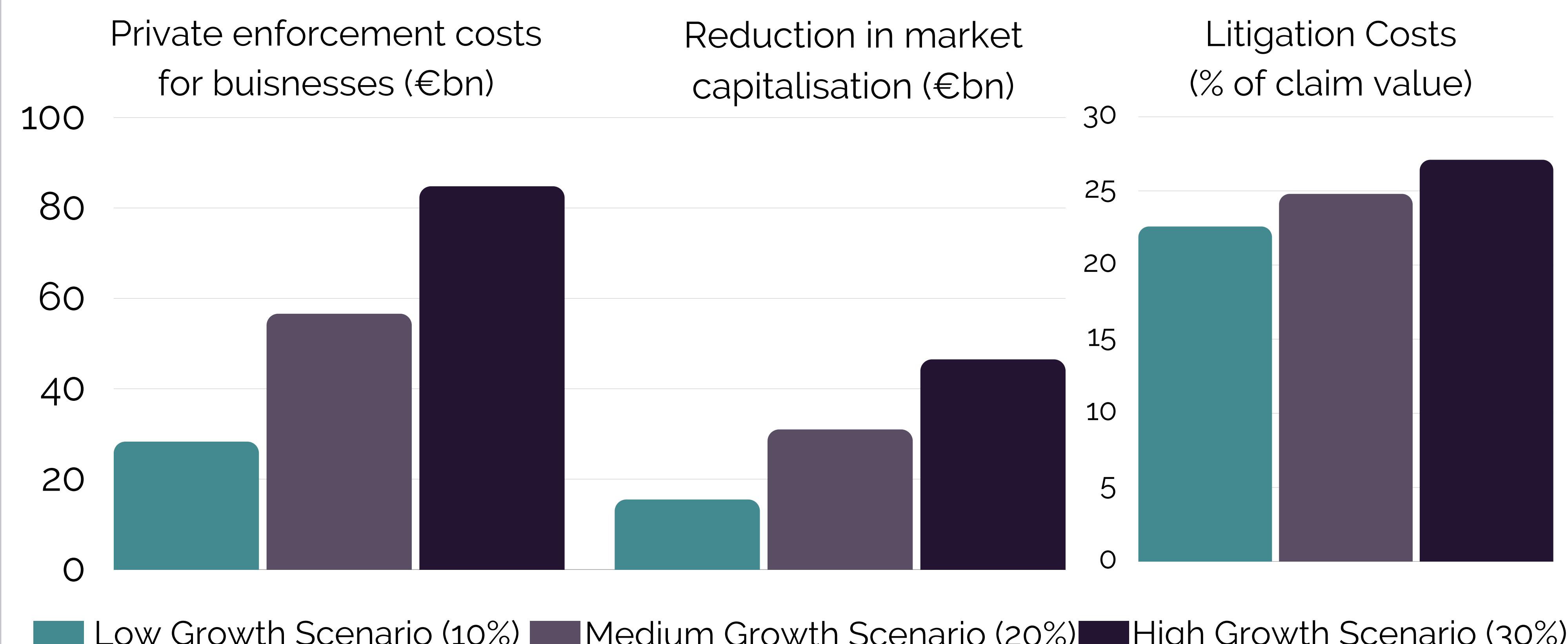
Ad hoc entities and rising third-party litigation funding drive more actions.

Expanding scope

New laws like RAD, DMA, and PLD extend collective redress to more areas, including software and data loss.

Collective actions **raise business costs** through legal fees, settlements, and insurance premiums, **hindering innovation and EU competitiveness**. Consumers often **receive little compensation**, as most funds go to legal practitioners and funders, **questioning their effectiveness** of the system.

Economic Effects of Collective Actions in the EU



- EU policymakers must critically assess the consequences of expanding collective litigation.
- Alternative dispute resolution methods such as strengthening Ombuds
- Bodies can provide more efficient and cost-effective consumer redress.
- Strict safeguards are needed to prevent the exploitation of collective actions by legal and financial entities, ensuring consumers remain the primary beneficiaries.

