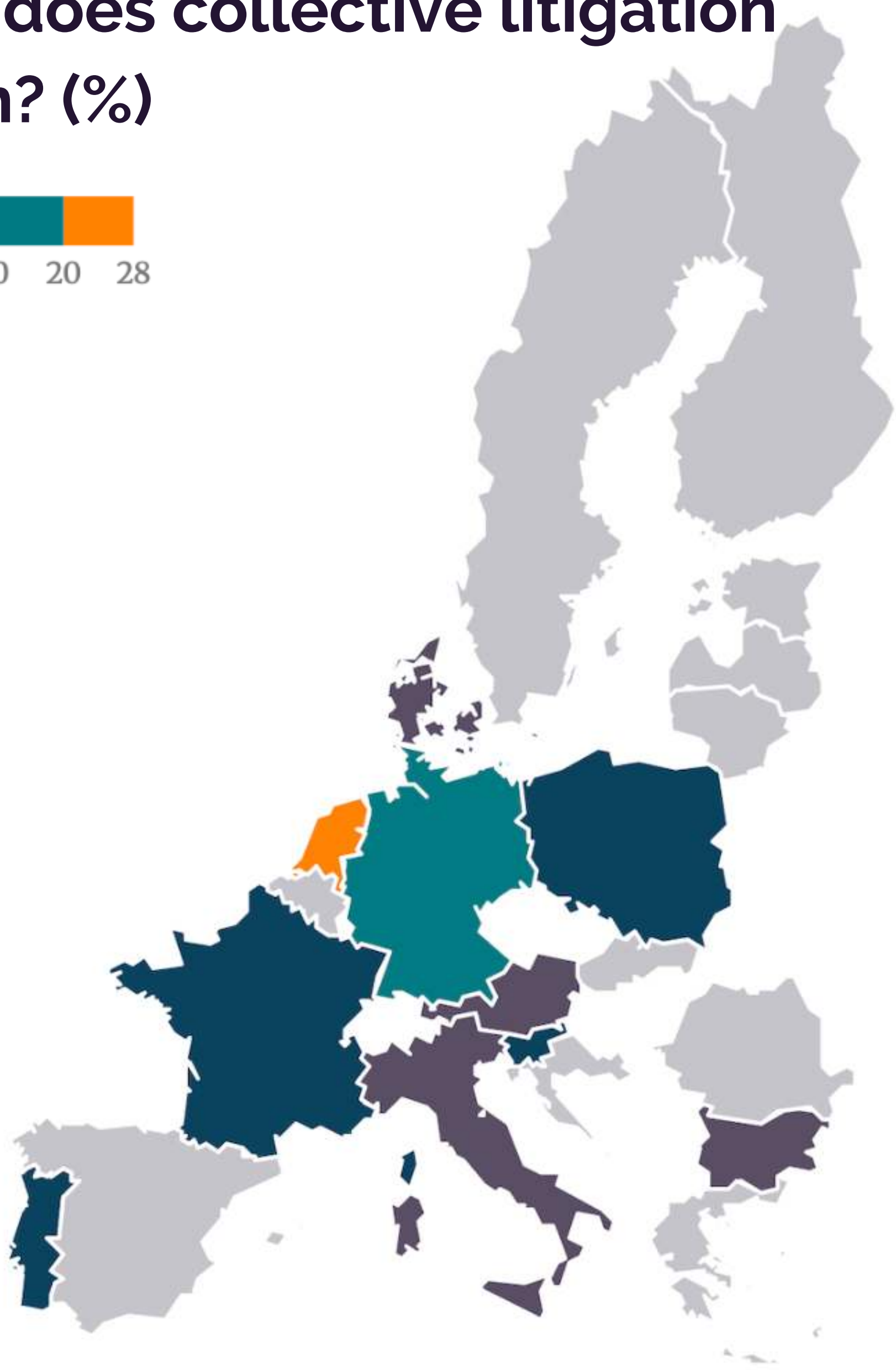
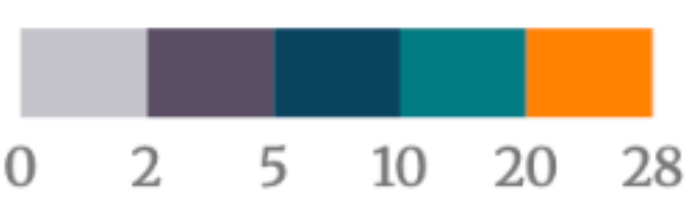


# COLLECTIVE LITIGATION

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

Where does collective litigation happen? (%)



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

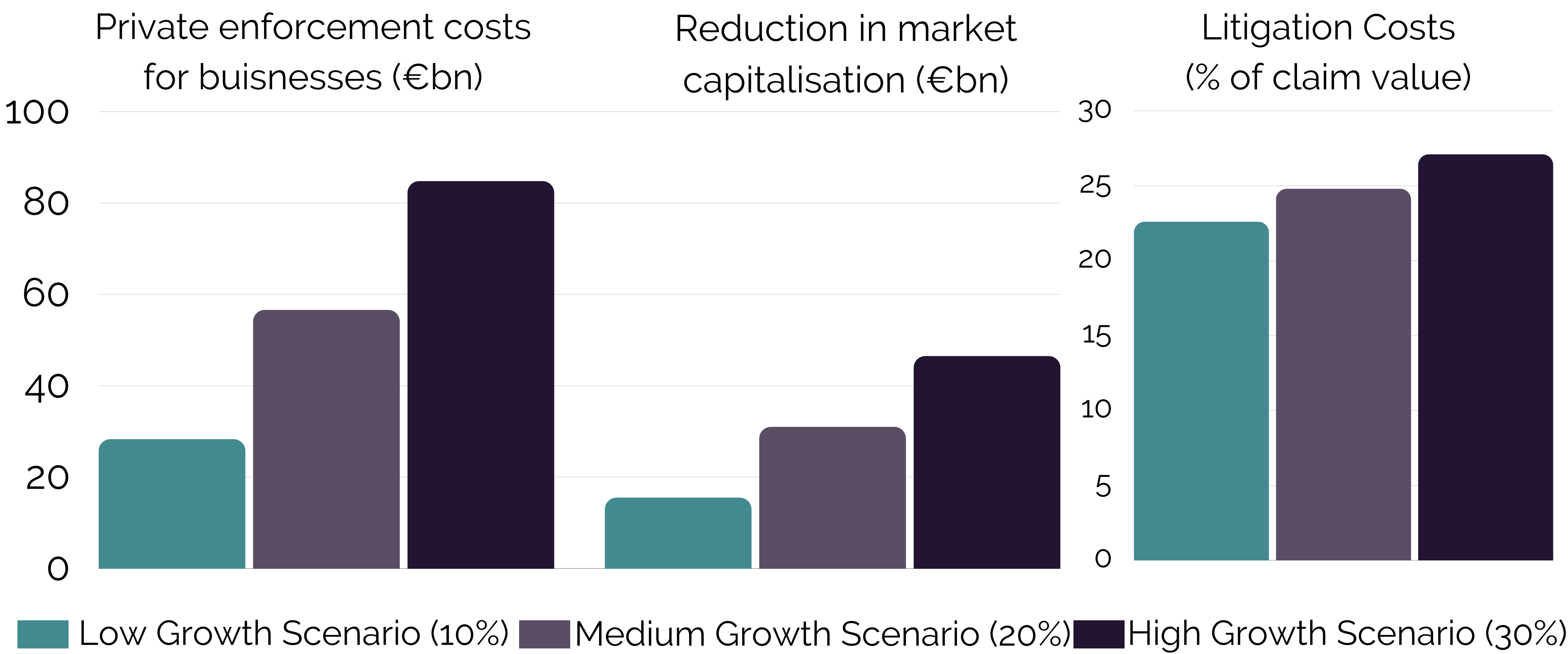
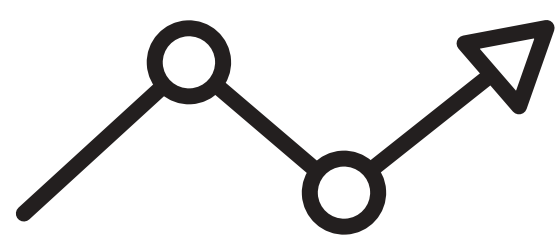
Ad hoc entities and rising third-party litigation funding drive more actions.

### 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.

