

Beat: Politics

MEPs back plans to facilitate recovery of small debts

Including claims based on employment law

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USPA NEWS - Plans to improve and broaden the use of a simplified procedure for low-value cross-border claims to recover money from abroad, so as to cut costs and paperwork for both consumers and businesses, were backed by the legal affairs committee on Thursday.

The proposed changes would make the procedure available for more cases, cap court fees and encourage the use of electronic communications, such as emails and videoconferences. "With the rise in cross-border trade in the EU, the need to provide effective redress mechanisms to support economic activity has become increasingly vital. I am pleased with the European Commission's proposal to make the procedure for the investigation of cross-border claims simple and easy to use for citizens, regardless of where they live or what language they speak, in addition to increasing the threshold to 10,000 €, allowing both individuals and SMEs to use this method of legal redress," said the lead MEP, Lidia Joanna Geringer de Oedenberg.

The European Small Claims Procedure, in use since 2009, is a simplified procedure based on standard forms for recovering money owed by someone in another EU country. For example, a Swedish shopper who buys an expensive TV from Germany online and receives a faulty product would simply need to submit a standard multi-language form to the competent court. If the latter rules in favor, the decision would be enforced in Germany.

While the Commission proposed to raise the threshold below which the procedure can be used from EUR 2,000 to EUR 10,000, legal affairs MEPs said the EUR 10,000 ceiling should only be for cases against legal persons (such as a company), to safeguard the procedural rights of citizens. If the claim is against a natural person, the procedure would only be available for recovering debts of less than EUR 5,000, MEPs propose.

MEPs also propose to change the name of the procedure to "European Simplified Procedure for Claims of up to EUR 10,000." MEPs proposed to cap the court's fees at 5% of the value of the claim compared to the 10 % proposed by the Commission. In addition, each member state should introduce a minimum income threshold under which there would be no requirement to pay any court fees, MEPs say.

Claims based on employment law, such as claims relating to salaries earned in different member states, should be included within the scope of the simplified procedure, the legal affairs committee proposes. The rapporteur received a mandate to start negotiations with the Council of the EU to seek agreement at first reading. It has been estimated that the European Small Claims Procedure has reduced the costs of litigation for cross-border small claims by up to 40% and the duration of litigation from two years and five months to an average of five months.

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