

A new risk for businesses: consumers can go to court collectively

Until now, collective actions were not possible in Latvia, and each consumer had to individually bring an action in court if it wanted to obtain damages from the seller of goods or from the service provider. However, with the implementation of the [European Union Directive 2020/1828](#) in Latvia, consumers can join forces and entrust litigation to so-called qualified entities. What does it really mean and how will it happen?

If the company has violated consumer rights by its actions and caused harm to at least five consumers, the qualified entity may bring an action in court in favor of consumers. This may be a claim for:

- (1) compensation for damage caused to them, or
- (2) the establishment and termination of a violation of rights together with compensation for the damage caused.

Types of damages include, for example, compensation, repairs, exchanges, price reductions, termination of the contract or repayment of the amount of money paid. Before going to court, consumers and the qualified entity must take a few procedural steps, for example, the entity must publish an invitation for consumers to apply for a specific class (representative) action, while consumers must apply to the entity to participate in the action and so on. In the proceedings, the plaintiff will be the qualified entity, and the consumers themselves do not have to be directly involved in the proceedings.

No qualified entity has yet been registered in Latvia, but, for example, the Latvian Consumer Advocacy Association plans to acquire this status soon. Qualified institutions in Latvia are registered and supervised by the Consumer Rights Protection Centre. Several qualified institutions have already been registered in other European Union countries, which are entitled to bring cross-border collective actions also in Latvian courts.

As this new mechanism makes litigation more accessible to consumers, entrepreneurs need to assess even more carefully the compliance of their actions with consumer rights and consider that any infringement affecting a wide range of consumers can potentially lead to collective litigation.

In Latvia, class actions were introduced with [amendments to the Consumer Rights Protection Law](#) and [amendments to the Civil Procedure Law](#) adopted in the second half of 2023.

A more detailed explanation with educational videos regarding this Representative Actions Directive is available at [European Commission website](#).



Katrīna Eimane

Associate, Dispute resolution practice group.
Additionally specializes in employment law.

katrina.eimane@ellex.legal