



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10213

Introduced by Representative **ANTONINO B. ROMAN III**

EXPLANATORY NOTE

Republic Act. No. 7394, or the Consumer Act of the Philippines, has stood as the country's principal consumer protection statute since 1992. It was designed for a predominantly physical, retail-based economy. In the more than three decades since its enactment, Philippine commerce has been transformed by e-commerce, digital marketplaces, subscription-based services, and cross-border online transactions — developments the Act did not originally contemplate.

While Republic Act No. 11967 (the Internet Transactions Act) and Republic Act No. 11765 (the Financial Products and Services Consumer Protection Act) have partially addressed these gaps, consumer protection in the Philippines remains fragmented across statutes and agencies, redress mechanisms remain slow and inaccessible for small-value claims, penalties have not kept pace with inflation or the scale of modern commercial harm, and there is no unified, low-cost venue for consumers to pursue collective or individual complaints.

This bill amends RA 7394 to:

1. Clarify the liability of online marketplaces and digital platforms for products and services sold through them;
2. Establish an accessible, low-cost Consumer Redress Mechanism for small-value claims;
3. Provide a clear collective redress (class complaint) procedure for consumer harms affecting multiple persons;

4. Update and index penalties to inflation, and strengthen enforcement powers of the Department of Trade and Industry (DTI);
5. Close the product recall gap by making the sale of recalled products a distinct offense;
6. Regulate subscription traps, forced auto-renewal, and dark patterns in digital transactions, including a "click-to-cancel" requirement;
7. Establish an Inter-Agency Consumer Protection Coordinating Council to harmonize enforcement across DTI, the Bangko Sentral ng Pilipinas (BSP), the Securities and Exchange Commission (SEC), the National Telecommunications Commission (NTC), and other sector regulators; and
8. Strengthen enforcement against foreign merchants and platforms targeting Filipino consumers.

This measure builds on the consumer protection gains of the Internet Transactions Act and the Financial Products and Services Consumer Protection Act by closing the gaps that remain in the core Consumer Act itself, so that every Filipino consumer — whether transacting in a public market or on a mobile application — has equal access to protection and redress.

In view of the foregoing, the passage of this bill is earnestly sought.



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AN ACT
STRENGTHENING CONSUMER PROTECTION IN THE PHILIPPINES BY
AMENDING REPUBLIC ACT NO. 7394, OTHERWISE KNOWN AS THE
"CONSUMER ACT OF THE PHILIPPINES," TO EXTEND PROTECTION TO
ONLINE AND DIGITAL TRANSACTIONS, ESTABLISH ACCESSIBLE
REDRESS MECHANISMS, STRENGTHEN ENFORCEMENT, AND FOR OTHER
PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Short Title. – This Act shall be known as the “Enhanced Consumer Protection Act.”

SEC. 2. Declaration of Policy. – Article 2 of Republic Act No. 7394 is hereby amended to read as follows:

“ART. 2. Declaration of Basic Policy. – It is the policy of the State to protect the interests of the consumer, promote the general welfare, and establish standards of conduct for business and industry, whether such business or industry operates through physical, online, or digital means, and whether the seller, supplier, manufacturer, or service provider is domestic or foreign, provided that the transaction targets or affects consumers in the Philippines. Towards this end, the State shall recognize the eight (8) basic consumer rights, namely: the right to basic needs, the right to safety, the right to information, the right to choose, the right to redress, the right to consumer education, the right to representation, and the right to a healthy

environment, and shall ensure that redress for violations of these rights is accessible, affordable, and timely.”

SEC. 3. Definition of Terms. – Article 4 of Republic Act No. 7394 is hereby amended to add the following definitions:

- (bb) *Online Marketplace* refers to any website, application, or digital platform that enables third-party sellers, suppliers, or service providers to offer, advertise, or sell consumer products or services to consumers in the Philippines, regardless of whether the operator of the platform is the seller of record.
- (cc) *Online Marketplace Operator* refers to any natural or juridical person, whether domestic or foreign, that owns, operates, or controls an online marketplace.
- (dd) *Digital Dark Pattern* refers to any user interface or user experience design, in a website or application, that is intended or has the effect of subverting or impairing a consumer’s autonomy, decision-making, or choice, including but not limited to designs that make it substantially more difficult to cancel a service than to subscribe to it, or that obscure material terms, fees, or conditions of a transaction.
- (ee) *Recalled Product* refers to any consumer product that a manufacturer, distributor, importer, or seller, or a government regulatory agency, has publicly announced or ordered to be withdrawn from the market due to a defect, hazard, or non-compliance with applicable safety or quality standards.
- (ff) *Cross-Border Merchant* refers to a seller, supplier, or online marketplace operator not established in the Philippines that targets or maintains substantial commercial interaction with consumers located in the Philippines.

SEC. 4. Online Marketplace Liability. – A new Article 98-A is hereby inserted into Title III, Chapter V of Republic Act No. 7394, to read as follows:

“ARTICLE 98-A. Liability of Online Marketplace Operators. – (a) An online marketplace operator shall be jointly and severally liable with a third-party seller for any violation of this Act involving a product or service sold through its platform where:

- (1) the operator failed to disclose, or misrepresented, the true identity, business address, and contact details of the third-party seller upon request by the consumer or the Department;
- (2) the operator had actual knowledge of the defective, hazardous, or non-compliant nature of the product or service and failed to remove the listing within a reasonable period; or
- (3) the operator held itself out to consumers, through branding, guarantees, or representations, as the seller or as being responsible for the transaction.

(b) An online marketplace operator shall maintain a verified registry of third-party sellers operating on its platform, containing at minimum the seller's legal name, business registration number (if applicable), and a working contact address, and shall make this information available to consumers and to the Department upon request.

(c) An online marketplace operator shall provide consumers with a clear and accessible mechanism to report defective, counterfeit, or non-compliant products or services, and shall act on verified reports within fifteen (15) days.

(d) Nothing in this Article shall be construed to impose liability on an online marketplace operator for the independent acts of a third-party seller where the operator has complied with subsections (a) to (c)."

SEC 5. Consumer Redress Mechanism. – A new Article 159-A is hereby inserted into Title V, Chapter III of Republic Act No. 7394, to read as follows:

"ARTICLE 159-A. Consumer Redress Mechanism. – (a) There is hereby established, within the Department, a Consumer Redress Mechanism to provide consumers with an accessible, expeditious, and low-cost venue for resolving consumer complaints not exceeding Four Hundred Thousand Pesos (₱400,000.00) in claimed value, without prejudice to a consumer's right to pursue any other remedy available under law.

(b) Proceedings under this Article shall be conducted through mediation in the first instance, and, failing settlement, through summary adjudication by a duly designated Consumer Arbiter. No formal rules of evidence or procedure applicable in regular courts shall be strictly applied, and legal representation shall not be required.

(c) A complaint under this Article may be filed online, and the Department shall establish and maintain a nationwide online complaints platform enabling consumers to file, track, and receive resolution of complaints without the need for physical appearance, except where the Consumer Arbiter determines that a hearing is necessary.

(d) A decision of the Consumer Arbiter shall be rendered within thirty (30) days from submission of the complaint for resolution, and shall be immediately executory unless appealed to the Secretary of Trade and Industry within fifteen (15) days from receipt.

(e) The Department shall periodically publish aggregated, anonymized data on complaints received, resolved, and pending, disaggregated by sector and by respondent, to promote transparency and inform future rule-making.”

SEC. 6. Collective Redress for Consumer Complaints. – A new Article 159-B is hereby inserted into Title V, Chapter III of Republic Act No. 7394, to read as follows:

“ARTICLE 159-B. Collective Consumer Complaints. – (a) Where a violation of this Act affects, or is likely to affect, twenty (20) or more consumers arising from substantially the same act or practice of a respondent, any of the affected consumers, an accredited consumer organization, or the Department *motu proprio*, may file a collective consumer complaint before the Consumer Redress Mechanism established under Article 165-A of this Act, notwithstanding the individual claim value of any single consumer.

(b) The Department shall promulgate rules governing notice to affected consumers, opt-in or opt-out procedures, and the distribution of any monetary award or restitution arising from a collective consumer complaint.

(c) Nothing in this Article shall be construed to limit the right of consumers to avail of class suits under the Rules of Court.”

SEC. 7. Penalties. – Article 60 of Republic Act No. 7394 is hereby amended to read as follows:

“ART. 60. Penalties. – (a) Any person who violates any provision of this Chapter shall, upon conviction, be subject to a fine of not less than One Hundred Thousand Pesos (₱100,000.00) but not more than Two Million

Pesos (₱2,000,000.00), or imprisonment of not less than one (1) year but not more than five (5) years, or both, at the discretion of the court.

(b) Where the violation is committed through an online marketplace, digital platform, or other electronic means, or where the violation is committed during a state of calamity, public health emergency, or similar declared emergency, the fine shall not be less than Two Hundred Thousand Pesos (₱200,000.00) but not more than Five Million Pesos (₱5,000,000.00).

(c) The Department shall review and adjust the amounts of fines under this Act every three (3) years to account for inflation, based on the Consumer Price Index published by the Philippine Statistics Authority, through the issuance of appropriate implementing rules, without need of further legislative amendment.

(d) In addition to the penalties above, the Department may, after due notice and hearing, order the suspension or revocation of a business permit, or the closure of an establishment, including an online marketplace listing or storefront, for repeated or willful violations of this Act.”

SEC. 8. Sale of Recalled Products Prohibited. – A new Article 98-B is hereby inserted into Title III, Chapter V of Republic Act No. 7394, to read as follows:

“ARTICLE 98-B. Prohibition on the Sale of Recalled Products. – (a) It shall be unlawful for any manufacturer, distributor, importer, seller, or online marketplace operator to sell, offer for sale, or continue to list for sale, any consumer product that has been recalled by a government regulatory agency or voluntarily recalled by its manufacturer or importer, from the date such recall is publicly announced or ordered.

(b) The Department, in coordination with the concerned regulatory agency, shall maintain a publicly accessible registry of recalled products.

(c) Any person who violates this Article shall be subject to the penalties provided under Article 60 of this Act, without prejudice to product liability claims under existing law.”

SEC. 9. Subscription, Auto-Renewal, and Dark Pattern Protections. – A new Article 52-A is hereby inserted into Title III, Chapter I of Republic Act No. 7394, to read as follows:

“ARTICLE 52-A. Protection Against Unfair Digital Practices. — (a) Any seller or supplier offering a subscription, membership, or recurring-billing service to consumers shall:

- (1) clearly and conspicuously disclose the cost, frequency, and terms of the recurring charge, and the terms of auto-renewal, before the consumer’s consent is obtained;
- (2) obtain a consumer’s affirmative, unambiguous consent to any recurring charge, separate from consent to any other term of the transaction; and
- (3) provide a mechanism for cancellation that is at least as simple as the mechanism by which the consumer subscribed, and which does not require the consumer to contact customer service by phone or in person if the subscription was entered into online.

(b) The use of digital dark patterns, as defined under Article 4 of this Act, in connection with a consumer transaction is hereby declared an unfair and unconscionable sales act or practice under Chapter I, Title III, Book II of this Act.

(c) The Department shall issue implementing rules further defining prohibited dark patterns, in consultation with the Department of Information and Communications Technology and the National Privacy Commission.”

SEC. 10. Inter-Agency Consumer Protection Coordinating Council. – A new Article 6-A is hereby inserted into Title II, Chapter I of Republic Act No. 7394, to read as follows:

“ARTICLE 6-A. Inter-Agency Consumer Protection Coordinating Council.
– (a) There is hereby created an Inter-Agency Consumer Protection Coordinating Council, to be chaired by the Secretary of Trade and Industry, and composed of representatives from the Bangko Sentral ng Pilipinas, the Securities and Exchange Commission, the Insurance Commission, the National Telecommunications Commission, the Department of Information and Communications Technology, the National Privacy Commission, the Food and Drug Administration, and the Department of Agriculture.

(b) The Council shall meet at least quarterly to:

- (1) harmonize consumer protection rules and avoid conflicting or duplicative regulation across sectors;
- (2) establish a unified referral protocol so that a consumer complaint filed with the wrong agency is promptly forwarded to the correct one without requiring the consumer to refile;
- (3) coordinate joint enforcement action against cross-border merchants and online marketplace operators; and
- (4) submit an annual report to Congress on the state of consumer protection enforcement in the Philippines.”

SEC. 11. Enforcement Against Cross-Border Merchants. – A new Article 98-C is hereby inserted into Title III, Chapter V of Republic Act No. 7394, to read as follows:

“ARTICLE 98-C. Cross-Border Enforcement. – (a) A cross-border merchant that targets or maintains substantial commercial interaction with consumers in the Philippines shall be subject to the jurisdiction of the Department and the provisions of this Act to the same extent as a merchant established in the Philippines.

(b) The Department may require an online marketplace operator to restrict or delist a cross-border merchant found, after due process, to have violated this Act and to have failed or refused to satisfy a judgment, order, or award rendered under this Act.

(c) The Department shall enter into cooperative arrangements with foreign consumer protection authorities for the exchange of information and mutual enforcement assistance, consistent with existing treaties and Philippine law.”

SEC. 12. Consumer Education. – A new Article 154-A is hereby inserted into Title V, Chapter II of Republic Act No. 7394, to read as follows:

“The Department shall integrate digital and e-commerce consumer literacy – including recognition of online scams, dark patterns, and the proper use of the Consumer Redress Mechanism – into its consumer education programs and into the consumer education curricula of the Department of Education and the Commission on Higher Education.”

SEC. 13. Implementing Rules and Regulations. – Within ninety (90) days from the effectivity of this Act, the Department of Trade and Industry, in coordination with

the agencies named in Section 10 hereof, shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 14. Appropriations. – The amount necessary for the initial implementation of this Act, including the establishment of the Consumer Redress Mechanism and its online complaints platform, shall be charged against the current appropriations of the Department of Trade and Industry. Thereafter, such sums as may be necessary shall be included in the annual General Appropriations Act.

SEC. 15. Separability Clause. – If any provision of this Act is declared invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

SEC. 16. Repealing Clause. - All laws, acts, decrees, executive orders, issuances, and rules and regulations or parts thereof which are contrary to and inconsistent with this Act are hereby repealed, amended or modified accordingly.

SEC. 20. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,