

Republic of the Philippines
House of Representatives
Quezon City, Metro Manila
TWENTIETH CONGRESS
Second Regular Session

House Bill No. 11027



INTRODUCED BY REP. PATRICK MICHAEL "PM" D. VARGAS

AN ACT
REQUIRING CONSUMER-FACING BUSINESS ESTABLISHMENTS TO
MAINTAIN AN ACCESSIBLE AND RESPONSIVE CUSTOMER FEEDBACK
AND INCIDENT REPORTING MECHANISM, PROVIDING FOR IMMEDIATE
RECEIPT AND ACKNOWLEDGMENT OF CONSUMER REPORTS, AND FOR
OTHER PURPOSES

EXPLANATORY NOTE

The Constitution recognizes the vital role of the private sector in nation-building and mandates the State to protect consumers from trade malpractices, substandard and hazardous products, and other forms of unfair business practices.

Republic Act No. 7394, otherwise known as the "Consumer Act of the Philippines," recognizes the protection of consumer interests, the promotion of consumer welfare, and the provision of adequate rights and means of redress as matters of public policy.

Customers are frequently the first persons to observe unsafe conditions, defective products, improper conduct, sanitation concerns, discriminatory practices, harassment, poor service, or other incidents occurring within business establishments. They are likewise in a unique position to recognize employees and establishments that demonstrate exceptional service.

Existing complaint mechanisms, however, may not always provide consumers with a convenient and immediate means of bringing their concerns directly to the attention of the establishment where the incident occurred.

This Act seeks to institutionalize an accessible customer feedback and incident reporting mechanism in consumer-facing business establishments. It shall enable customers to immediately communicate complaints, safety and security incidents, suggestions, and commendations through physical or electronic means.

The measure does not require establishments to immediately resolve every complaint. Rather, it requires establishments to provide a reliable means for the immediate receipt and acknowledgment of consumer reports and to establish reasonable procedures for evaluation, investigation, response, and appropriate action.

The measure further recognizes the differing capacities of businesses. Accordingly, compliance requirements shall be proportionate to the size and nature of the establishment, with simplified requirements for micro and small enterprises, while maintaining the consumer's fundamental right to a reasonable means of reporting urgent concerns.

The customer feedback mechanism established under this Act shall not diminish, restrict, or delay any right of a consumer to seek redress directly from the appropriate government agency, law enforcement authority, or court.

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



REP. PATRICK MICHAEL "PM" D. VARGAS
Fifth District of Quezon City

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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 “*Consumer Immediate Feedback and Reporting Mechanism Act*”.

SECTION 2. Declaration of Policy. It is the policy of the State to:

- (a) Protect consumers and promote their general welfare;
- (b) Provide consumers with accessible and reasonable means of reporting complaints, incidents, suggestions, and commendations;
- (c) Encourage business establishments to respond promptly and responsibly to legitimate consumer concerns;
- (d) Promote early identification and resolution of consumer safety, service, and operational concerns;
- (e) Encourage establishments to use consumer feedback as a means of improving the quality, safety, and reliability of goods and services; and
- (f) Ensure that consumer feedback mechanisms do not unduly burden micro, small, and medium enterprises or impair their legitimate business operations.

SEC. 3. Definition of Terms. For purposes of this Act:

(a) *Covered Establishment* refers to any person, natural or juridical, whether a sole proprietorship, partnership, corporation, cooperative, association, franchise, or other juridical entity, including a government-owned or -controlled corporation or a government entity when exercising proprietary functions, that is engaged in or doing business in the Philippines and offers, sells, leases, distributes, or provides goods or services directly to consumers.

The term shall include, but shall not be limited to, retail stores, supermarkets, department stores, shopping establishments, restaurants and food establishments, hotels and lodging establishments, recreational establishments, repair and service establishments, personal service establishments, pharmacies, service centers, kiosks, branches, outlets, and other establishments that transact directly with consumers.

For establishments operating through multiple branches, outlets, or locations, the requirements of this Act shall apply to each consumer-facing location, provided that the establishment may maintain a centralized customer feedback system accessible from each such location. The appropriate implementing agency may prescribe additional categories of covered establishments through rules and regulations, consistent with the purposes of this Act.

(b) *Consumer* refers to a natural person who is a purchaser, lessee, recipient, or prospective purchaser, lessee, or recipient of consumer products, services, or credit, consistent with Republic Act No. 7394, otherwise known as the "Consumer Act of the Philippines."

(c) *Customer Feedback and Incident Reporting Mechanism* refers to any physical, electronic, digital, telephone-based, or other reasonably accessible system established or maintained by a covered establishment through which a consumer may submit a complaint, incident report, suggestion, inquiry, or commendation concerning the goods, services, facilities, employees, or operations of the covered establishment.

(d) *Incident Report* refers to a report concerning an actual or alleged event occurring within, involving, or directly connected with the operations of a covered establishment, particularly those involving health, safety, security, sanitation, harassment, discrimination, misconduct, defective products, or other circumstances that may adversely affect consumers.

(e) *Complaint* refers to an expression of dissatisfaction by a consumer concerning a product, service, transaction, employee, facility, or business practice of a covered establishment.

(f) *Commendation* refers to positive feedback recognizing an employee, product, service, facility, or practice of a covered establishment.

(g) *Feedback Officer* refers to the person designated by a covered establishment to receive, document, monitor, and facilitate the appropriate handling of consumer feedback.

(h) *Urgent Report* refers to a complaint or incident report involving an actual or reasonably suspected immediate threat to the life, health, safety, or security of a consumer or another person.

SEC. 4. *Right of Consumers to an Accessible Feedback Mechanism.*

Every consumer shall have access to a reasonable means of communicating with a covered establishment regarding a complaint, incident, suggestion, inquiry, or commendation arising from or relating to a consumer transaction or the operation of the establishment.

No covered establishment shall deliberately prevent, obstruct, or unreasonably discourage a consumer from submitting legitimate feedback.

SEC. 5. *Mandatory Customer Feedback and Incident Reporting Mechanism.* Every covered establishment shall maintain at least one accessible mechanism through which consumers may submit feedback.

The mechanism may include:

- (a) A physical feedback form or logbook;
- (b) A QR code linked to an electronic feedback form;
- (c) A website or online customer feedback portal;
- (d) A mobile application;
- (e) A telephone, text-based, or other communication channel; or
- (f) Any combination of the foregoing.

For establishments primarily serving consumers in a physical location, at least one means of reporting shall be reasonably accessible to customers at the establishment itself.

The implementing rules and regulations shall prescribe minimum standards for the visibility, accessibility, and functionality of the mechanism.

SEC. 6. Notice to Consumers. Every covered establishment shall prominently display a notice informing consumers of the availability of its customer feedback and incident reporting mechanism.

The notice shall contain:

- (a) A statement that consumers may submit complaints, incident reports, suggestions, and commendations;
- (b) Instructions for accessing the mechanism;
- (c) The establishment's designated feedback channel; and
- (d) Such other information as may be prescribed by the implementing agency.

The implementing agency shall develop a standard notice or visual identifier that establishments may use for purposes of uniformity and consumer recognition.

SEC. 7. Immediate Receipt and Acknowledgment. A covered establishment shall provide a reasonably immediate means for receiving a consumer's complaint or incident report during its operating hours.

Where an electronic mechanism is used, the establishment shall, whenever technically practicable, provide an automated acknowledgment upon submission.

Where a physical mechanism is used, the establishment shall provide a receipt, reference number, or other reasonable confirmation of receipt upon request. The acknowledgment of a complaint or incident report shall not constitute an admission of liability, fault, or wrongdoing by the covered establishment.

SEC. 8. Immediate Reporting Distinguished from Resolution. Nothing in this Act shall be construed to require the immediate resolution of every complaint or incident report.

The obligation of a covered establishment upon receipt of a report shall be to:

- (a) Receive and appropriately document the report;
- (b) Immediately identify and elevate an Urgent Report to the responsible personnel;

- (c) Determine the appropriate procedure for evaluation or investigation;
- (d) Take reasonable measures to prevent continuing harm where circumstances warrant; and
- (e) Provide the consumer with appropriate information regarding the status or disposition of the report, subject to applicable law.

The implementing rules and regulations shall establish reasonable periods for acknowledgment, evaluation, response, and resolution according to the nature and seriousness of the concern.

SEC. 9. Urgent Reports. Upon receipt of an Urgent Report, the covered establishment shall immediately refer the matter to the appropriate responsible personnel and take reasonable measures within its capacity to address the immediate concern.

Where the circumstances indicate the commission of a crime, serious threat to public safety, medical emergency, fire, or other matter requiring government intervention, the establishment shall, when appropriate and consistent with applicable law, coordinate with the competent government authority. Nothing in this Act shall prevent a consumer from directly contacting law enforcement, emergency services, or the appropriate government agency.

SEC. 10. Designation of Feedback Officer. Covered establishments shall designate a Feedback Officer or responsible employee for the administration of the customer feedback mechanism.

For micro and small establishments, the owner, proprietor, manager, or designated employee may perform the functions of the Feedback Officer.

The Feedback Officer shall:

- (a) Ensure the availability of the feedback mechanism;
- (b) Receive and document complaints and incident reports;
- (c) Ensure the immediate elevation of Urgent Reports;
- (d) Monitor unresolved complaints;
- (e) Coordinate appropriate responses; and
- (f) Maintain records as required by this Act and its implementing rules.

SEC. 11. Non-Retaliation. No covered establishment, owner, manager, employee, or representative shall retaliate against a consumer for submitting a complaint, incident report, suggestion, or other legitimate feedback in good faith. Retaliatory acts include threats, intimidation, harassment, discriminatory

treatment, unlawful refusal of service, or other acts intended to punish or discourage a consumer from exercising rights under this Act. Nothing herein shall prevent an establishment from taking lawful action against knowingly false, fraudulent, malicious, or abusive submissions.

SEC. 12. *Data Privacy and Confidentiality.* All personal information collected through a customer feedback and incident reporting mechanism shall be processed in accordance with Republic Act No. 10173, otherwise known as the "Data Privacy Act of 2012," and its implementing rules and regulations. Covered establishments shall collect only information reasonably necessary for the receipt, evaluation, resolution, documentation, or lawful enforcement of a complaint or incident report.

Where personal information is collected, the establishment shall provide an appropriate privacy notice.

A consumer shall not be required to disclose personal information when such information is not reasonably necessary for the nature of the feedback being submitted.

SEC. 13. *Recordkeeping.* Covered establishments shall maintain reasonable records of complaints and incident reports, including, where applicable:

- (a) Date and time received;
- (b) General nature of the concern;
- (c) Action taken;
- (d) Date of resolution or disposition; and
- (e) Such other information as may be prescribed by the implementing rules.

The implementing rules shall establish proportionate recordkeeping requirements based on the size and nature of the establishment. No provision of this section shall require the unnecessary retention of personal information.

SEC. 14. *Consumer Feedback and Service Improvement.* Covered establishments are encouraged to periodically review consumer feedback for the purpose of:

- (a) Improving products and services;
- (b) Identifying recurring safety or operational concerns;
- (c) Improving employee training;

- (d) Recognizing employees for exemplary service; and
- (e) Developing measures to prevent recurring complaints.

Commendations may be used for employee recognition and service improvement, subject to applicable labor and data privacy laws.

SEC. 15. *No Waiver of Existing Consumer Remedies.* The customer feedback and incident reporting mechanism established under this Act shall not be considered a substitute for any right, remedy, complaint procedure, administrative proceeding, or judicial action available to a consumer under existing law.

A consumer may directly file a complaint with the appropriate government agency or seek judicial or other lawful remedies without first submitting a complaint to the covered establishment.

No covered establishment shall require a consumer to exhaust its internal feedback mechanism as a condition for exercising a right or remedy granted by law.

SEC. 16. *Prohibited Acts.* It shall be unlawful for a covered establishment to:

- (a) Fail to maintain the customer feedback and incident reporting mechanism required under this Act;
- (b) Deliberately disable, conceal, or obstruct the mechanism for the purpose of preventing or discouraging legitimate consumer feedback;
- (c) Destroy, alter, conceal, or deliberately fail to record a complaint or incident report;
- (d) Retaliate against a consumer in violation of Section 11;
- (e) Require a consumer to withdraw a legitimate complaint as a condition for receiving a lawful remedy or service; or
- (f) Knowingly misrepresent to a consumer that no feedback or complaint mechanism is available when such mechanism is required under this Act.

SEC. 17. *Proportionate Compliance for MSMEs.* The implementing agency shall establish graduated and proportionate compliance requirements taking into consideration the size, capitalization, number of employees, nature of business, number of branches, volume of consumer transactions, and technological capacity of covered establishments.

Micro and small enterprises shall be permitted to comply through simplified mechanisms, including a physical feedback form, logbook, telephone number,

text-based channel, or other low-cost mechanism prescribed by the implementing agency.

Nothing in this section shall exempt a covered establishment from providing a reasonable means for consumers to report Urgent Reports. The implementing rules shall avoid imposing unnecessary technological, recordkeeping, or administrative requirements that would disproportionately burden micro and small enterprises.

SEC. 18. Administrative Enforcement. The Department of Trade and Industry (DTI) shall have primary responsibility for monitoring compliance with this Act insofar as consumer transactions and establishments under its jurisdiction are concerned.

The DTI may:

- (a) Issue compliance orders;
- (b) Conduct inspections in accordance with law;
- (c) Receive and investigate complaints concerning violations of this Act;
- (d) Require establishments to produce records relevant to compliance; and
- (e) Impose administrative sanctions as authorized by this Act and its implementing rules.

Nothing in this section shall diminish the jurisdiction of other government agencies over matters falling within their respective mandates.

SEC. 19. Administrative Penalties. A covered establishment found to have violated this Act shall be subject to proportionate administrative penalties, taking into account the nature, gravity, frequency, and circumstances of the violation and the size of the establishment.

For establishments that are micro or small enterprises, the implementing rules shall provide for appropriate warning, compliance periods, and reduced administrative penalties for first or minor violations, except where the violation involves retaliation, deliberate obstruction of an Urgent Report, falsification or destruction of records, or other serious misconduct.

For medium and large enterprises, the implementing rules may prescribe higher administrative penalties commensurate with the nature and gravity of the violation.

Repeated or willful violations may be subject to progressively higher penalties.

The imposition of administrative penalties under this Act shall be without prejudice to civil, criminal, or administrative liability under other applicable laws.

SEC. 20. Coordination with Other Government Agencies. The DTI shall coordinate, as appropriate, with:

- (a) The National Privacy Commission on matters involving personal information;
- (b) The Department of Health on matters involving health and sanitation within its jurisdiction;
- (c) The Department of Labor and Employment on matters falling within labor laws;
- (d) Local government units on matters within their respective regulatory powers;
- (e) Law enforcement agencies on matters involving criminal acts or threats to public safety; and
- (e) Such other government agencies as may have jurisdiction over specific classes of establishments or consumer transactions.

SEC. 21. Implementing Rules and Regulations. Within ninety (90) days from the effectivity of this Act, the DTI, in consultation with relevant government agencies, consumer organizations, business organizations, and other stakeholders, shall promulgate the implementing rules and regulations necessary to carry out the provisions of this Act.

The implementing rules shall establish, among others:

- (a) Minimum accessibility standards;
- (b) Standard consumer-facing notices or signage;
- (c) Appropriate acknowledgment periods;
- (d) Response and resolution periods based on the nature of complaints;
- (e) Procedures for Urgent Reports;
- (f) Recordkeeping requirements;
- (g) Graduated compliance requirements for micro, small, medium, and large enterprises;
- (h) Administrative procedures and penalties; and
- (i) Standards for digital and non-digital feedback mechanisms.

SEC. 22. Information and Education Campaign. The DTI shall conduct or facilitate information and education campaigns to inform consumers and covered establishments of their rights and responsibilities under this Act. The campaign shall emphasize that the customer feedback mechanism is

intended to promote communication, accountability, safety, service improvement, and early resolution of legitimate concerns.

SEC. 23. Appropriations. The amount necessary for the initial implementation of this Act shall be charged against the current appropriations of the DTI and other concerned agencies.

Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 24. Separability Clause. If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

SEC. 25. Repealing Clause. All laws, decrees, orders, rules, regulations, and other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 26. Effectivity. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation, pursuant to applicable law.

Approved,