

## New rules of protection of consumer rights for business entities engaged in commercial activities

From August 1, 2025, it is necessary to be guided by new legislative amendments intended to the protection of consumer interests which are summarized herein.

The following three acts have been amended in the main:

1. The "Protection of Economic Competition" Act of RA (from August 1, 2025, "Economic Competition and Consumer Interests Protection" Act of RA),
2. The "Consumer Rights Protection" Act of RA,
3. The "Trade and Services" Act of RA (hereinafter collectively referred to as the Law).

### Consumers and violations against consumer interests: general overview

By virtue of the amendments under discussion, henceforth in the context of economic competition, consumer rights, and interests protection a consumer is exclusively a natural person who appears and acts beyond his/her commercial activity, business, craft or professional activity. It should be specified that in contrast, before the amendments under discussion legal entities and state bodies were also considered consumers under the legislation regulating the protection of economic competition.

In the context of protecting consumer interests during commercial activities any behavior, action or inaction is prohibited if it affects or may affect the interests of consumers or a group of consumers. At that, the specified behavior, action or inaction is qualified as a violation of consumer interests if:

- it contradicts laws, other regulatory legal acts or good business practices, or
- it violates the principles of good faith, honesty, justice, truth or impartiality towards consumers.

The following practices are specifically emphasized and prohibited for business entities as particular cases of aforesaid:

1. Unfair commercial practices,
2. Unfair or unlawful advertising or advertising carried out in violation of the reliability or faithfulness requirements set forth under the "Advertising" Act,
3. Violation of legislative requirements for subscription or general terms and conditions of the contract,
4. Violation of requirements on the quality, quantity and other characteristics of the product,
5. Violation of the price condition of the product.

The actions considered unfair commercial practices are briefly presented below:

### Unfair commercial practices

Such practices are described under the "Protection of Consumer Interests" Act of RA. Pursuant to the Act a commercial practice is unfair if:

- the practice contradicts the principles of good faith, honesty, fairness, truth or impartiality, and
- has or may have impact on the behavior of a conventional consumer or group of consumers, and

- > the target of this impact is that concrete conventional consumer or group.

As types of unfair commercial practice, the legislator has identified and detailed:

- > those actions or inactions of a business entity which are qualified as misleading, and
- > those commercial practices of a business entity which should be qualified as aggressive.

At that, it is important to emphasize that although the legislator has listed misleading (34 actions are listed) and aggressive actions (6 actions are qualified as aggressive in any case) but this list is not exhaustive. If an action meets the conditions of the general rule necessary to qualify it as misleading or aggressive, the business entity may face the risk of qualifying its action as a violation of the consumer interests. Taking into account the total number of actions listed and in order to avoid overburdening this material neither the conditions of the general rule for qualifying the action nor all individual cases will be presented here.

However, to give some idea of the changes, let us present a few examples of such actions.

For example, following arrangements of a business entity will be considered misleading commercial actions (we emphasize once again that these are those selected by the authors as examples out of 34 actions):

- > declaring that the product (work, service) may help to win in games with a prize,
- > announcing a competition or prize incentive failing to award the described prizes or their equivalent,
- > presenting the product (work, service) as "gratuitous", "free of charge", "for no money" or in a similar way if the consumer is have to make payments other than the costs associated with receiving the product (work, service) or its delivery,
- > indicating that the reviews presented on the electronic trading platform regarding

a product (work, service) have been reported by consumers who actually used or purchased the product (work, service) when any adequate and reasonable steps have not been taken to establish that those reviews have been reported by those consumers,

- > creating false reviews or making other misleading arrangements on an electronic trading platform by a business entity or other persons on its behalf in order to promote the sale of products (work, services) including presenting a false number of reviews,
- > presenting the update of software as a necessary condition for maintaining its functionality when it is aimed at improving the functionality of individual functional elements of the product.

Examples of aggressive commercial practices:

- > direct appeal to children in advertising to purchase the advertised product (work, service) or to persuade a parent or other adult to purchase it,
- > creating a false impression that the consumer has already won or will win a prize when in fact there is no prize or a payment or other expense is required to receive it, etc.

## **Advertising, subscription agreements, general terms and conditions of contracts, product specifications**

The terms and conditions related to advertising, subscription agreements, general terms and conditions of contracts as well as product specifications and their maintenance have remained unchanged. The regulation on qualifying these violations as violations of consumer interests is emphasized in amendments at the same time stipulating that the proceedings on those violations will consider offences against consumers' interests.

### **Presentation of the price of the product**

Two new concepts are introduced: “selling price” and “unit price”. If the selling price is the final price of the product, including all applicable taxes and mandatory payments, the unit price is the price of the unit (per kilogram, per liter, per meter, per square meter, per cubic meter, etc.), including all applicable taxes and mandatory payments, on which, in essence, the formation of the selling price depends.

The simultaneous presentation of the selling price and the unit price of the products to the consumer is now mandatory under the threat of qualifying the action as a violation of the consumer's interests. At that, the seller may indicate the selling price or unit price of the product in cases prescribed by law. At the same time, it was established that these rules are also mandatory for goods sold, services provided, and works performed via electronic trading platforms.

### **Liability for violation of consumer interests**

In case of violation of consumers' interests the Competition and Consumer Protection Commission (formerly the Competition Protection Commission) will be able to initiate proceedings on offences against consumers' interests. The proceedings may result in a decision of the Commission to impose liability if as a result of the proceedings the fact of the violation is confirmed.

For an offence against consumers' interests a fine may be imposed at the rate of up to 5 percent of the revenue of the business entity in the year preceding the offence. The decision of the Commission may be appealed by the business entity in the manner and within the time limits established for appealing administrative acts.

In case of the violation of the rule related to the presentation of the price of a product the business entity may admit fault in committing

the offence, remedy a failure, and pay a fine in the amount of 50,000 AMD. However, in this case, the business entity may not in the future deny the fact of commitment of offence.

## About Authors

### Narine Beglaryan

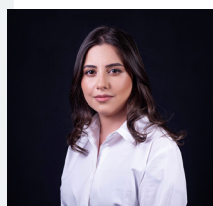
#### Senior Partner, Attorney



Narine Beglaryan leads the firm's corporate law and M&A area of practice, as well as banking law and capital markets, data protection and privacy practices. Her role encompasses providing expert legal advice and litigating on behalf of clients. Narine Beglaryan has been a licensed attorney since 2012. Joined the Concern Dialog team in 2013. With over 15 years of experience, her expertise is recognised internationally, as evidenced by her inclusion in the main ranking lists such as the prestigious Chambers Global, Chambers Europe, and IFLR1000, as well as being featured in the Legal500 ranking of leading individuals. Prior to joining the Concern Dialog team, she worked for seven years in a bank and in the telecommunication sector ( in-house counsel).

### Arianna Adamyan

#### Associate



Arianna Adamyan specializes in corporate law, M&A, and contract law. She is involved in providing expert advice in these fields. Joined Concern Dialog team in 2023. Previously, Arianna Adamyan worked at a business consulting firm and has experience working in a notary office.

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