

Alternative Dispute Resolution – BEUC comment

Members of the European Parliament today voted through a new EU-wide system for solving disputes between consumers and businesses. All 27 Member States will now put in place 3rd party mediation systems - such as ombudsmen or complaints authorities – in a process known as Alternative Dispute Resolution (ADR), and its internet-based variant Online Dispute Resolution (ODR).

These rules will apply to consumer complaints against traders about goods or services, bought online or in a shop, within a country or across a border. It will be applicable to all sectors apart from education and health.

So whether it is a malfunctioning electrical grid or overcharging on mobile phone networks, more help will be at hand.

The aim is to provide a ‘halfway-house’ to avoid consumers being left entirely helpless and the unlikely option of going to court.

Monique Goyens Director General of The European Consumer Organisation (BEUC) commented:

“Involving a third party can be an effective means of problem solving, but what is crucial is that the 3rd party is independent. They should not be appointed by the business involved, but unfortunately, this law gives leeway for a trader’s internal complaints procedure to satisfy their legal obligations.

“We hope businesses following through on this new law or updating their existing models make efforts to involve independent third parties instead. Only that way will we avoid this being a façade of assistance for consumers.

“The Achilles heel of this law is that it is also not mandatory for businesses, so this places a huge onus on businesses to do the right thing by their customers.

“Bringing ADR to Europe is welcome. But this shouldn’t distract from the fact that consumer protection in the EU remains incomplete until legislators stop stalling as they have in recent years and complete their work on Collective Redress. This would efficiently allow victims to go to court as one. With such an option we will then see a truly effective Single Market in which consumers can have confidence.”