

Online dispute resolution for consumer disputes (Regulation on consumer ODR)

2011/0374(COD) - 29/11/2011 - Legislative proposal

PURPOSE : to contribute to the functioning of the internal market, and in particular its digital dimension, and to the achievement of a high level of consumer protection by providing a platform facilitating the impartial, transparent, effective and fair out-of-court resolution of disputes between consumers and traders online.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: with the development of e-commerce, the scope and size of markets in which businesses and consumers operate have grown significantly and extend beyond national borders. **The lack of effective redress for complaints resulting from cross-border online transactions has adverse consequences** both for consumers and businesses. Consumers as well as traders, however, perceive it as risky to engage in cross-border e-commerce transactions because they fear that relevant disputes might not easily be resolved due to the virtual character of the transaction.

The Europe 2020 flagship initiative ["Digital Agenda for Europe"](#) announced an EU strategy to improve ADR systems. The [2011 Single Market Act](#) included amongst its key priorities the establishment of simple, fast and affordable out-of-court settlement procedures for consumers and protecting relations between businesses and their customers. This action will also include an electronic commerce dimension.

At present, the offer of ADR schemes to resolve consumer disputes related to e-commerce transactions is **scattered and incomplete**. In addition, while half the existing ADR schemes offer consumers the possibility of submitting their complaint online, very few offer consumers the possibility of conducting the entire procedure online (via online dispute resolution – ODR). Handling the entire process online would produce time savings and ease communication between the parties.

IMPACT ASSESSMENT: the Commission has carried out a detailed impact assessment, analysing a range of policy options for (i) Alternative Dispute Resolution (ADR) coverage, information and quality and (ii) Online Dispute Resolution (ODR) for cross-border e-commerce transactions.

The IA concluded that **only a combination of two instruments on ADR and ODR** can ensure access to impartial, transparent and effective means to resolve consumer disputes linked to cross-border e-commerce transactions out-of-court.

LEGAL BASIS: Article 114 TFEU.

CONTENT: the proposed Regulation aims at establishing **an EU-wide ODR system** that will facilitate the resolution of disputes related to the cross-border online sale of goods or provision of services between a trader and a consumer.

The main points of the proposal are as follows:

ODR platform: the proposal aims at establishing a European online dispute resolution platform ("ODR platform"). This ODR platform takes the form of an interactive website which offers a single point of entry to consumers and traders who seek to resolve out-of-court a dispute which has arisen from a cross-border e-commerce transaction. The platform can be accessed in all official languages of the EU and its

use is free of charge. ADR schemes established in the Member States, which have been notified to the Commission in accordance with the Directive on consumer ADR, will be registered electronically with the ODR platform.

Consumers and traders will be able to submit their complaints through an electronic complaint form which will be available on the platform's website in all official languages of the EU. The platform will check if a complaint can be processed and seek the agreement of the parties to transmit it to the ADR scheme that is competent to deal with the dispute. The competent ADR scheme will seek the resolution of the dispute in accordance with its own rules of procedure within 30 days from the date of receipt of the complaint. The ADR scheme will have to notify to the platform some data in relation to the development of the dispute (date when the complaint was notified to the parties; date when the dispute was resolved; outcome of the dispute).

Under the proposal, a network of online dispute resolution facilitators ("ODR facilitators' network") will provide support to the resolution of disputes submitted via the ODR platform.

Information on the EU-wide ODR system: traders established within the EU that engage in cross-border e-commerce to inform consumers about the ODR platform. This information shall be made easily, directly, prominently and permanently accessible on the traders' websites as well as when the consumer submit a complaint to the trader.

Monitoring: an annual activity report will be drawn up on the operation of the platform. The compliance by ADR schemes with the obligations set out in the Regulation will be monitored by the competent authorities to be established in the Member States in accordance with the Directive on consumer ADR. Every three years the Commission will report to the European Parliament and the Council on the application of the Regulation.

Data Protection rules: the data entered in the ODR platform by the parties and the ADR schemes will be stored in a database and will be subject to the relevant legislation on data protection.

BUDGETARY IMPLICATIONS: this action is part of the [Consumer programme 2014-2020](#). The budgetary impact will be addressed by redeployment for the years 2012 and 2013. The financial appropriations for implementing this proposal from 2012 to 2020 will amount to **EUR 4,586 million in current prices**.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the EU.