# Alternative dispute resolution for consumer disputes (Directive on consumer ADR)

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The Commission presented a report on the application of Directive 2013/11/EU of the European Parliament and of the Council on alternative dispute resolution for consumer disputes (ADR) and Regulation (EU) No 524/2013 of the European Parliament and of the Council on online dispute resolution (ODR) for consumer disputes.

Settling consumer disputes out of court holds considerable potential for consumers, retailers and the administration of justice in general. Directive 2013/11/EU and Regulation (EU) No 524/2013 aim to tap that potential by providing a legislative framework that ensures that consumers have access to high-quality ADR procedures for settling their contractual disputes with traders, including via a multilingual web-based ODR platform.

***Application of the legislative framework***

Consumer ADR and ODR has become an integral part of the EU’s toolbox for the public and private enforcement of consumer law. Today, EU consumers have access to high-quality ADR procedures across the Union and in virtually all retail sectors, regardless of whether  the dispute is domestic or cross-border and whether the purchase was made online or offline.

Directive 2013/11/EU has consolidated and complemented consumer ADR in the Member States, and upgraded its quality. Member States with previously no ADR culture have added consumer ADR to their national consumer dispute resolution landscapes.

Overall, the transparency of ADR entities and procedures has increased considerably, case handling times have been reduced, ADR entities offer more staff training and users are more satisfied with the services provided by ADR entities. The establishment of high-quality ADR infrastructures has also provided an incentive for traders to review and improve their internal complaint handling processes.

A number of Member States have established additional or more stringent quality requirements – either in the implementing legislation itself or by endowing their national competent authorities with the power to establish additional or more stringent requirements for the ADR entities under their supervision.

The German implementing legislation requires in addition that those persons be fully qualified lawyers or certified mediators. Under the Czech, Spanish, French, Lithuanian and Finnish implementing legislation consumer ADR is always free of charge for the consumer.

***A potential that is still under-used***

While the availability and quality of ADR has been reinforced in the entire Union, the uptake of the new framework is diverse across Member States. Overall, the new ADR framework is still underused. Based on the evidence gathered for this report, three main challenges can be identified that currently limit the framework’s full effectiveness:

***(1) ADR awareness and perceptions***: ADR awareness has increased among both consumers and retailers, awareness levels are still insufficient in some regions and retail sectors. Overall, ADR awareness is lower in SMEs than in large retailers. Traders sometimes consider ADR entities to represent consumers’ interests and therefore perceive them as biased in favour of the consumer. The situation is compounded by the diversity of the ADR landscapes that feature a large array of ADR models, names and procedures.

***(2) Navigating the national ADR landscapes***: The diversity of ADR landscapes makes them difficult to navigate for consumers and traders, in particular in the Member States with a large number of certified ADR entities. Overall, there is less clarity about the ADR entity to which consumers and traders can turn when there is more than one ADR entity per retail sector. A specific difficulty in navigating a Member State's ADR landscape arises when it features ADR entities whose scope is limited to specific aspects of a dispute in a given retail sector – to the effect that the consumer might need to turn to two ADR entities to have his or her issue dealt with fully.

***(3) Traders' participation in ADR procedures***: While overall traders' participation in ADR has slowly, but steadily increased since 2014, currently only one in three retailers is willing to use ADR. In a number of regions and retail sectors, the ADR models currently offered yield only insufficient participation rates for traders.

***Emergence of a community of stakeholders***

The European legislative framework for consumer ADR and ODR rests on a logic of shared responsibility and cooperation. The diversity of the national ADR landscapes and the exchanges between ADR stakeholders across Member States have created an 'ADR laboratory' where ADR models and design options are compared and critically assessed and emerging best practice is identified, shared and increasingly implemented.

***Follow-up***

The Commission will continue to facilitate the development of a Union-wide community of ADR stakeholders including, inter alia, ADR entities, consumer and business representatives, national competent authorities, regulators and academics.

In that context, the Commission will for example convene the second Union-wide ADR Assembly in 2020, further promote ADR and ODR in its 2019 communication campaign on consumer law and continue to support the capacity building by ADR entities through grants.