

Consumer protection: Council and Parliament reach a deal to modernise alternative dispute resolution rules

The Council and the European Parliament have reached a provisional agreement to update, simplify and facilitate the existing alternative dispute resolution (ADR) framework, with the aim of making these procedures more accessible, appealing and better suited to the digital age. ADR refers to out-of-court procedures that help resolve disputes between consumers and traders, typically with the help of a neutral third party.

The agreement introduces deadlines for companies to respond to ADR bodies regarding specific cases and promotes stronger cooperation between ADR entities and consumer protection authorities. It clarifies how automated systems – such as artificial intelligence, machine translation and other IT solutions – should be used to make ADR procedures more efficient, especially in cross-border cases.



Efficient and accessible methods for resolving disputes outside the courtroom have already shown their potential in simplifying and speeding up the process for both consumers and businesses. To keep pace with the digital transformation, these solutions must evolve, offering more widespread access and tackling a broader spectrum of conflicts. This will not only strengthen consumer trust in digital platforms but also reduce burdens on companies and ease the pressure on our judicial systems.



Krzysztof Paszyk, Polish Minister for Development and Technology

Scope of the directive

Inside the EU (including cross-border) the agreement keeps the scope of the ADR directive to disputes stemming from a contract, including precontractual obligations (e.g. advertising, information provision). The agreement extends the scope to disputes between a consumer resident in a member state and a trader in a third country that direct their activities to that member state, if both agree to use to the ADR procedure.

Duty to reply

When a trader is contacted by an ADR entity about a commercial dispute, it will have 20 days to reply (or 30 in exceptional or very complex circumstances). If there is no reply after this period, the ADR entity may presume that the trader has refused to participate, close the case and inform the consumer accordingly.

Incentives

Member states will be required to adopt measures to promote the use of ADR. These incentives may be:

- financial, such as reduced fees for compliant traders, free participation for businesses, reimbursement of costs for a set number of cases, training schemes for staff or co-financing the creation of sector-specific ADR bodies
- non-financial, such as public awareness campaigns or certification for participating businesses

Sectors of special attention

When establishing measures to promote participation in ADR among both companies and consumers, member states are encouraged to pay particular attention to specific business sectors with low participation in ADR procedures or with a high number of consumer complaints (e.g. air transport or tourism).

EU-wide IT tool

The Commission will create a user-friendly and free-of-charge digital tool that provides general information on consumer redress. This new tool will include practical guidance on using ADR in a cross-border context, as well as links to ADR entities and information on consumer rights. To facilitate ADR in cross-border consumer disputes, the tool will also include a machine translation tool, which will also be available to the ADR entities and national ADR contact points.

Automated systems

While acknowledging the benefits and risks of automated systems (i.e. AI or bots) in ADR, the agreement requires that consumers be informed in advance if such means are used in handling their disputes. Furthermore, consumers will have the right to request a human review of the outcome.

Next steps

This agreement is provisional and subject to final adoption by both institutions.

Background

In any commercial relationship, traders and consumers may have disputes to resolve (for instance, if a product or service is not delivered on time or in good condition, or if the consumer has not paid the full purchase price). With the development of online shopping, the number of disputes has increased substantially. Solving a dispute in court could be lengthy and entails the involvement of lawyers and considerable procedural costs. However, there are alternative ways to solve problems without going to court.

According to the 2023 Consumer Conditions Scoreboard, 25% of consumers experience a problem worthy of complaint, but one third of them do not act. As a result, there are only 300 000 eligible disputes solved via ADR annually in the EU.

The most recent European legislation to regulate out-of-court consumer redress was adopted in 2013 and has not been amended since. On 17 October 2023, the Commission proposed a new package of measures to modernise and simplify ADR rules. The package included a directive amending the ADR directive and a regulation to discontinue the Online Dispute Resolution platform, which was used less than expected. This ODR regulation was formally adopted on 19 November 2024.

- [ADR council's negotiating mandate](#)
- [Council calls for the closure of the ODR platform and its replacement with a better tool \(press release, 19 November 2024\)](#)
- [Commission proposal on alternative dispute resolution](#)
- [Consumer dispute resolution \(background information\)](#)

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