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Consultation on the implementation of the EU Directive on Consumer Alternative Dispute Resolution and the EU Regulation on Consumer Online Dispute Resolution

**June 2014** 

#### INTRODUCTION

The EU Directive on Consumer Alternative Dispute Resolution ("the Directive")<sup>1</sup> and the EU Regulation on Consumer Online Dispute Resolution ("the Regulation")<sup>2</sup> came into force in July 2013. The Directive must be transposed into national law by Member States by the 9<sup>th</sup> July 2015 and the Regulation is directly applicable in Members States from the 9<sup>th</sup> January 2016<sup>3</sup>.

The Directive and the Regulation are two interlinked and complementary legislative instruments and are intended to contribute to the achievement of a high level of consumer protection by Member States ensuring that disputes between consumers and traders can be submitted to out-of court entities offering impartial, transparent, effective and fair alternative dispute resolution procedures, without restricting consumers access to the court, thereby contributing to the functioning of the internal market.

### DIRECTIVE ON CONSUMER ALTERNATIVE DISPUTE RESOLUTION

#### **BACKGROUND**

The Directive obliges the State to ensure-

- that consumers have access to quality out of court alternative dispute resolution ("ADR") procedures to deal with any contractual dispute arising from the sale of goods or the provision of services between a consumer and a business;
- that entities acting as ADR entities meet certain quality criteria including independence, transparency, expertise, effectiveness and fairness etc.;
- that traders inform customers in relation to ADR entities/schemes which cover the trader's sector and whether or not the trader subscribes to those ADR schemes;
- appoint a competent authority charged with the monitoring the functioning of ADR entities established on its territory;
- that qualified ADR entities resolve disputes within 90 days and ADR procedures should be free of charge or of moderate costs for consumers.

ADR entities can take the form of procedures where the ADR entity brings the parties together with the aim of facilitating an amicable solution (conciliation), or procedures where the ADR entity proposes a solution (mediation) or procedures where the ADR entity imposes a solution (arbitration). They can also take the form of a combination of two or more such procedures. The Directive is a minimum harmonisation instrument and Member States may maintain or introduce rules that go beyond those established in the Directive in order to ensure a higher level of consumer protection.

The Directive<sup>4</sup> does not provide for, *inter alia*, disputes initiated by a trader against a consumer, disputes between traders and disputes relating to services of general interest, health and further or higher education.

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<sup>&</sup>lt;sup>1</sup> Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC, OJ L 165, 18.6.2013, p. 63-79. Available at <a href="http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0063:0079:EN:PDF.">http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0063:0079:EN:PDF.</a>
<sup>2</sup> Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer

<sup>&</sup>lt;sup>2</sup> Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC, OJ L 165, 18.6.2013, p. 1-12. Available at <a href="http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0001:0012:EN:PDF">http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0001:0012:EN:PDF</a>.

<sup>&</sup>lt;sup>3</sup> with the exception of Article 2(3) which requires Member States to notify the Commission about whether or not national legislation provides for disputes initiated by a trader against consumers to be resolved by the intervention of an ADR body and Article 7(1) which requires Member States to designate an ODR contact point, both of which will apply from the 9<sup>th</sup> July 2015.

<sup>4</sup> Article 2(2).

#### ADR LANDSCAPE IN IRELAND

In the State, there are only a limited number of sectors where ADR procedures currently exist to deal with any contractual dispute arising from the sale of goods or the provision of services between a consumer and a business and as a result there are significant gaps in coverage. As noted in a report by the European Consumer Centre Ireland (ECC) in 2012<sup>5</sup>, in Ireland there are two types of ADR bodies, public ADR bodies and those that are set up privately by specific industries or ADR providers with both systems using a variety of ADR techniques including mediation, arbitration and adjudication. The report details a number of selected well-established publically funded Ombudsman schemes and a number of private sector schemes.

As part of its statutory mandate, the National Consumer Agency ("NCA") is charged with the responsibility of promoting the development of ADR as a means of resolving disputes arising out of consumer transactions<sup>6</sup>. In 2012, market research carried out by the NCA<sup>7</sup> found that 56% of Irish consumers were unaware of out of court procedures for settling consumer In a recent ongoing survey, the European Commission reported that 50% of retailers knew one or more ADR bodies whilst only 7% had used an ADR mechanism in Ireland<sup>8</sup>.

The NCA market research also noted that the Small Claims Court is the first port of call for unresolved complaints dispute resolution. The Small Claims procedure<sup>9</sup>, an alternative method of commencing and dealing with a civil proceeding in respect of a small claim, is a service provided by District Court offices and is designed to handle consumer claims and business claims cheaply without involving a solicitor. In 2012, the Small Claims Court received 3,067 application forms<sup>11</sup>.

The European Commission has previously endeavoured to promote the greater use of ADR procedures in resolving consumer disputes and issued two Recommendations 98/257/EC<sup>12</sup> and 2001/310/EC<sup>13</sup> which contain principles which ADR bodies are encouraged to adhere to but the Recommendations have no immediate legal force. ADR bodies that are evaluated and found to apply the Commission's principles are said to be "notified" organisations. The Department of Jobs, Enterprise and Innovation is responsible for notifying organisations to the Commission and have nominated five ADR bodies<sup>14</sup> in Ireland adhering to the Recommendations.

 $\underline{http://www.courts.ie/Courts.ie/library3.nsf/(WebFiles)/87BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20Service\%20Annual\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20Service\%20Annual\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20Service\%20Annual\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20Service\%20Annual\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20Service\%20Annual\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20Service\%20Annual\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20Service\%20Annual\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20Service\%20Annual\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20Service\%20Annual\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20Service\%20Annual\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20Service\%20Annual\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20BE463114EF96FF80257BA20033953B/\$FILE/Courts\%20BE463114EF96FF80257BA20035B/\$FILE/Courts\%20BE463114EF96FF80257BA20035B/\$FILE/Courts\%20BE463114EF96FF80257BA20035B/\$FILE/Courts\%20BF9665B/\$FILE/Courts\%20BF9665B/\$F80257BA20035B/\$FILE/Courts\%20BF9665B/\$F80257BA20035B/\$FILE/Courts\%20BF9665B/\$F80257B/$ 

<sup>&</sup>lt;sup>5</sup> ECC Ireland -The Implication of the Proposed ADR Directive for the Resolution of Consumer Disputes in Ireland, December 2012, p.8. Available at <a href="http://www.eccireland.ie/wp-content/uploads/2013/07/ECC\_ADR\_Research\_Project\_2012.pdf">http://www.eccireland.ie/wp-content/uploads/2013/07/ECC\_ADR\_Research\_Project\_2012.pdf</a>.

Section 8(3)(f) of the Consumer Protection Act 2007 (No. 19 of 2007). Available at http://www.irishstatutebook.ie/2007/en/act/pub/0019/ 7 National Consumer Agency - Market Research Findings: Making Complaints - Consumer Behaviour and Experiences, September 2012.

Available at <a href="http://corporate.nca.ie/eng/Research\_Zone/Reports/NCA-Market-Research-Consumer-Complaints-Sep-2012.ppt">http://corporate.nca.ie/eng/Research\_Zone/Reports/NCA-Market-Research-Consumer-Complaints-Sep-2012.ppt</a>. 
The Consumer Conditions Scoreboard – Consumers at home in the Single Market, (9th ed.), July 2013, p50. http://ec.europa.eu/consumers/consumer\_research/editions/docs/9th\_edition\_scoreboard\_en.pdf.

provided for under the District Court (Small Claims Procedure) Rules, 1997 & 1999 as amended by Statutory Instrument No. 519 of 2009. Order 53A.

<sup>&</sup>lt;sup>10</sup> The Small Claims Court fee is €25 and the maximum award amount is €2,000.

<sup>&</sup>lt;sup>11</sup> Courts Service – Annual Report 2012, p 26. Available at

OReport% 202012.pdf.

12 European Commission Recommendation 1998/257/EC on the principles applicable to the bodies responsible for out-of-court settlement of consumer disputes, OJ L 115. 17.04.1998. p.31-34

http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31998H0257&from=EN.

13 European Commission Recommendation 2001/310/EC on the principles for out-of-bodies involved in the consensual resolution of consumer disputes, OJ L 109. 19.04.01. p. 56-61.

http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32001H0310&qid=1401955449220&from=EN.

14 The Financial Services Ombudsman, the Office of the Pensions Ombudsman, the Scheme for Tour Operators, Chartered Institute of Arbitrators, the Advertising Standards Authority of Ireland (ASAI) and the Direct Selling Association of Ireland.

The primary purpose of the Arbitration Act<sup>15</sup>, which came into operation on 3 June 2010, is to apply the United Nations Commission on International Trade Law (UNCITRAL) Model Law on International Commercial Arbitration to all arbitrations which take place within the State. In general terms, the Model Law covers all stages of the arbitral process and it gives the parties to the arbitration process greater autonomy than previously as it minimises the possibility for court intervention.

The Mediation Directive 2008/52/EC<sup>16</sup> was transposed into national law by the European Communities (Mediation) Regulations 2011<sup>17</sup> with the objective of promoting mediation and applies to cross-border disputes only in civil and commercial matters. These Regulations followed the Rules of the Superior Courts (Mediation and Conciliation) 2010<sup>18</sup> whereby a High Court judge may adjourn legal proceedings to allow the parties engage in mediation, conciliation or any other dispute resolution process approved by the High Court.

In March 2012, the general scheme of the Mediation Bill<sup>19</sup> was published by the Minister for Justice to give effect to the undertaking in the Programme of the Government for National Recovery (2011 - 2016) to encourage and facilitate the use of mediation to resolve civil. commercial and family disputes and build on the recommendations of a Law Reform Commissions Report on ADR<sup>20</sup>. The text of the Bill is expected to be published in late 2014.

The instrument transposing the Directive will build on the existing legislation relating to ADR and aim to promote and foster a culture of ADR as a means to resolving consumer disputes in the State.

Q. 1 Do you think significant gaps exist in the provision of ADR in the State to deal with any contractual dispute arising from the sale of goods or the provision of services between a consumer and a trader, if so, where do you think they exist?

## ACCESS TO ADR PROCEDURES AND REQUIREMENTS APPLICABLE TO ADR **ENTITIES AND PROCEDURES**

### Access to ADR procedures

The Directive requires the State to facilitate access by consumers to ADR procedures for domestic and cross-border disputes concerning contractual obligations stemming from sales contracts or service contracts in all sectors and to ensure those procedures comply with the requirements set out in the Directive. Chapter II of the Directive sets out requirements for Member States to ensure access to ADR entities and procedures and the quality principals applicable to ADR entities:

<sup>&</sup>lt;sup>15</sup>Arbitration Act 2010 (No. 1 of 2010). Available at <a href="http://www.irishstatutebook.ie/2010/en/act/pub/0001/">http://www.irishstatutebook.ie/2010/en/act/pub/0001/</a>.

<sup>&</sup>lt;sup>16</sup>Directive 2008/52/EC of the European Parliament and of the Council of 21 May 2008 on certain aspects of mediation in civil and commercial matters, OJ L 136, 24.5.2008, p. 3-8. Available at

http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008L0052&from=EN. 

17 S.I. No. 209/2011. Available at http://www.irishstatutebook.ie/2011/en/si/0209.html.

 $<sup>^{18}</sup>$  S.I. No. 502/2010. Available at  $\overline{\underline{\text{http://www.irishstatutebook.ie/2010/en/si/0502.html}}.$ 

<sup>&</sup>lt;sup>19</sup> Available at <a href="http://www.justice.ie/en/JELR/MedBillGSFinal.pdf/Files/MedBillGSFinal.pdf">http://www.justice.ie/en/JELR/MedBillGSFinal.pdf</a>/Files/MedBillGSFinal.pdf.

<sup>&</sup>lt;sup>20</sup> Law Reform Commission Report, Alternative Dispute Resolution: Mediation and Conciliation, November 2010, LRC 98-2010. Available at http://www.lawreform.ie/\_fileupload/Reports/r98ADR.pdf.

- 1. *Expertise*, *independence and impartiality*: (Article 6) Member States shall ensure the natural persons in charge of the ADR process possess the necessary expertise and are independent and impartial.
- 2. *Transparency:* (Article 7) Member States shall ensure that ADR entities make publically available on their website and in a durable medium information relating to the entity and its ADR procedure.
- 3. *Effectiveness:* (Article 8) Member States shall ensure ADR procedures are effective by fulfilling a number of requirements including, *inter alia*, that the procedure is easily accessible, free or of moderate costs, the procedure is completed within 90 days.
- 4. *Fairness:* (Article 9) sets out the criteria in order to ensure the fairness of the ADR procedure and specific criteria for ADR procedures where a solution is proposed.
- 5. *Liberty:* (Article 10) agreements reached prior to the dispute in which the consumer and the trader decide to submit a complaint to an ADR entity will not be binding if the agreement was concluded before the dispute materialised and has the effect of depriving the consumer of his right to bring an action before the courts.
- 6. **Legality:** (Article 11) in procedures which aim at resolving a dispute by imposing a solution, the solution imposed must not result in the consumer being deprived of the protection afforded to him by the law governing the circumstances.

The Directive provides that the State may fulfil this obligation by the existence of a residual ADR entity where no existing ADR entity is competent and may also fulfil this obligation by relying on ADR entities established in another Member State<sup>21</sup>. The Directive further provides that where an ADR entity dealing with disputes in a specific sector is competent to consider disputes relating to a trader, who is a not member of the association forming or funding the ADR entity, the Member State is deemed to have fulfilled its obligation for that sector<sup>22</sup>.

The ECC's Report on the implementation of the proposed ADR Directive <sup>23</sup> put forward a number of possible models of consumer ADR schemes on how the State may meet the requirements of the Directive-

- the establishment of a residual cross-sectoral entity accompanied by a number of specific sectoral schemes,
- the establishment of sector specific ADR entities to ensure full consumer ADR coverage, and
- the establishment of a residual cross-sectoral entity with determinative functions outsourced.

Q.2 Can you identify ADR entities which cover disputes in specific sectors? If so, in your opinion are these entities in a position to comply with the requirements of the Directive?

Q.3 In your view, is there an existing body which could fill the lacuna in ADR coverage?

Q.4 Can you propose a specific model that the State may use to implement the Directive?

<sup>22</sup> Article 5(7).

<sup>&</sup>lt;sup>21</sup> Article 5(3).

<sup>&</sup>lt;sup>23</sup> ECC, *supra* note 5 at p62.

Q.5 How would the model proposed under Q.4 be funded (public funds, business, business organisations, case fees or a mixture)?

Q.6 What are your views on relying on an ADR entity/entities established in another Member State or regional, transnational or pan-European dispute resolution entities?

The Directive does not a apply to dispute resolution procedures where the person(s) in charge of the dispute resolution procedures are employed or remunerated exclusively by the individual trader unless Member States allow for such procedures to be recognised by the Directive<sup>24</sup> and provided that those entities are in complete conformity with specific additional independence and transparency<sup>25</sup> requirements and as long as those entities provide the designated competent authority with the information necessary to evaluate their compliance with those specific requirements<sup>26</sup>.

Q.7 In your view, should the implementing legislation provide for ADR procedures where the person(s) in charge of such procedures are employed or remunerated exclusively by the individual trader to be covered by the Directive provided they meet specific requirements?

Q.8 Can you identify any specific ADR procedures which may fall under this category?

### Grounds for refusing to deal with a dispute

Article 5(4) of the Directive provides Member States with the discretion to permit ADR entities to maintain and introduce procedural rules for refusing to deal with a given dispute with the caveat that such rules shall not significantly impair consumers' access to ADR procedures including cross-border disputes. The grounds on which a dispute may be refused are –

- a) the consumer did not attempt to contact the trader concerned in order to discuss his complaint and seek, as a first step, to resolve the matter directly with the trader;
- b) the dispute is frivolous or vexatious;
- c) the dispute is being or has previously been considered by another ADR entity or by a court;
- d) the value of the claim falls below or above a pre-specified monetary threshold;
- e) the consumer has not submitted the complaint to the ADR entity within a prespecified time limit, which shall not be set at less than one year from the date upon which the consumer submitted the complaint to the trader;
- f) dealing with such a type of dispute would otherwise seriously impair the effective operation of the ADR entity.

Q.9 Should the implementing legislation provide for ADR entities to use all, some or none of the exemptions in its procedural rules as provided for in the Directive? Please provide an explanation for your suggestions.

<sup>&</sup>lt;sup>24</sup> Article 2(2)(a).

<sup>&</sup>lt;sup>25</sup> Article 6(3) and 7(2)(d).

<sup>&</sup>lt;sup>26</sup> Article 19(2).

#### Award thresholds for claims

Article 5(5) of the Directive states that when ADR entities are permitted to establish prespecified monetary thresholds in order to limit access to ADR procedures, those thresholds may not be set at a level at which significantly impair the consumers' access to complaint handling by ADR entities. In this context, it should be taken into account whether the value of the claim is disproportionately lower than the actual costs of the ADR procedure. It should also be considered when providing for a monetary threshold that the real value of a dispute may vary among Member States and consequently, setting a disproportionately high threshold in a Member State could impair access to ADR procedures for consumers from other Member States. The Regulations which give effect to the Consumer Rights Directive provides that the Regulations<sup>28</sup> do not apply to off-premises contracts for which the payment to be made by the consumer does not exceed €50.

Q.10 Should the State prescribe minimum and maximum claim thresholds, if so, how much and the reason for the stated amounts.

#### **Cost to the Consumer**

The recitals leading up to the provisions of the Directive indicate that ADR procedures should preferably be free of charge for the consumer and Article 8(c) of the Directive proceeds to provide that Member States should ensure that ADR procedures are free of charge or at a nominal fee for consumers. The Arbitration Act  $2010^{29}$  provides that parties to an arbitration agreement may make such provision in relation to the costs of an arbitration as they see fit and failing such agreement, the arbitral tribunal has full discretion in relation to this matter. The Act also specifies that any term in an arbitration agreement to which one of the parties is a consumer, and which provides that each party is to bear his or her own costs, is deemed to be an unfair term for the purposes of the European Communities (Unfair Terms in Consumer Contracts) Regulations 1995 and  $2000^{30}$ .

Q.11 Should ADR procedures be free of charge to the consumer or should a nominal fee be charged, if so, how much and why?

#### **Participation by Traders**

The Directive requires all traders to inform consumers about the ADR entities under which those traders are covered and whether or not those traders commit to or are obliged to use those entities to resolve disputes with consumers. This information shall include the website address of the ADR entities' and must be included on the traders' website, where one exists, and if applicable in the general terms and conditions of sales or service contracts between the trader and the consumer<sup>31</sup>.

<sup>&</sup>lt;sup>27</sup> Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council, OJ L 304, 22.11.2011, p. 64–88. Available at <a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011L0083&rid=1">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011L0083&rid=1</a>.

<sup>28</sup>European Union (Consumer Information, Cancellation and Other Rights) Regulations 2013, S.I. No. 484/2013. Available at

<sup>&</sup>lt;sup>28</sup>European Union (Consumer Information, Cancellation and Other Rights) Regulations 2013, S.I. No. 484/2013. Available at <a href="http://www.djei.ie/publications/sis/2013/si484.pdf">http://www.djei.ie/publications/sis/2013/si484.pdf</a>.

<sup>&</sup>lt;sup>29</sup> Supra note 15, section 21.

<sup>30</sup> Ibid.

<sup>31</sup> Article 13.

The Directive does not require the participation of traders in ADR procedures to be mandatory or the outcome of such procedures to be binding on traders, when a consumer has lodged a complaint against them. The Directive does not preclude national rules making the participation of traders in such procedures mandatory or subject to incentives or sanctions or making their outcome binding on traders, provided that such legislation does not prevent the parties from exercising their right of access to the judicial system.

Q.12 Should the implementing legislation provide that the decisions of notified ADR entities, which aim at resolving a dispute by imposing a solution, are binding on traders?

Q.13 What are your views on the mandatory participation of traders in notified ADR procedures, which fulfil the requirements of the Directive, in other areas which are not already mandatorily required (eg. financial services)?

### Effect of ADR procedures on limitation and prescription periods

The Directive requires that parties who choose to use an ADR procedure, the outcome of which is not binding, are not prevented from bringing an action before the court as a result of the expiration of the limitation or prescription periods during the ADR procedure<sup>32</sup>. The State intends to provide for a stay on the limitation period for taking judicial proceedings in order to accommodate the resolution of ADR disputes governed by the Directive.

The Statute of Limitations Act 1957<sup>33</sup> provides for a six year time limit from the date on which the cause of action accrues for actions for breach of contract (unless the contract is under seal, the time limit of which is 12 years). In accordance with the Communities (Mediation) Regulations 2011 which governs cross border disputes in civil and commercial matters, in reckoning any period of time for the purposes of any limitation period specified by the Statute of Limitations Act 1957, the period beginning on the day on which the relevant dispute is referred to mediation and ending on the day which is 30 days after the mediation process is concluded shall be disregarded<sup>34</sup>.

Q.14 Is the period beginning on the day on which the relevant dispute is referred to an ADR procedure and ending on the day which is 30 days after the ADR procedure has concluded sufficient time to extend the limitation period for taking judicial proceedings? If not, why?

Q.15 Are you aware of any other Irish legislation where the limitation periods may require amendment in order to meet the requirements of the Directive?

### INFORMATION AND COOPERATION

In relation to disputes arising from cross-border or service contracts, Member States shall ensure that consumers can obtain assistance from their European Consumer Centres and shall

<sup>32</sup> Article 12(1)

<sup>33</sup> Section 11 (No. 6 of 1957) Available at: <a href="http://www.irishstatutebook.ie/1957/en/act/pub/0006/index.html">http://www.irishstatutebook.ie/1957/en/act/pub/0006/index.html</a>.

ensure that a list of notified ADR bodies are publically available on their websites. Member States may also confer this responsibility on consumer organisations or on any other body<sup>35</sup>.

The Directive requires Member States to ensure that ADR entities cooperate in the resolution of cross-border disputes and conduct regular exchanges of best practices as regards the settlement of both cross-border and domestic disputes. Member States are also required to ensure cooperation between ADR entities and the national authorities responsible for the enforcement of Union legal acts on consumer protection which shall include information on specific business sectors about which consumers have repeatedly lodged complaints and the provision of technical information/assessment by national authorities to ADR entities where such information/assessment is necessary for the handling of individual disputes that is already available. Member States shall ensure the cooperation and exchange of information will adhere to data protection rules<sup>36</sup>.

### **DESIGNATION OF COMPETENT AUTHORITY**

Each Member State shall designate one or more competent authorities (if more than one is appointed, a single point of contact must be identified)<sup>37</sup>. The Directive defines competent authority as a public authority established at a national, regional or local level<sup>38</sup>.

The role of the competent authorities is to receive the information (types of dispute dealt with, procedural rules, fees, volume and types of dispute received etc.) that must be notified by dispute resolution entities which intend to qualify as ADR entities under the Directive, assess the information and produce a list of entities meeting the requirements set out in the Directive and notify the European Commission of the list and any changes to it.

If a listed ADR entity no longer complies with the requirements of the Directive, the competent authority concerned shall contact that ADR entity, stating the requirements the dispute resolution entity fails to comply with and requesting it to ensure compliance immediately. If the dispute resolution entity after a period of three months still does not fulfil the requirements, the competent authority shall remove the dispute resolution entity from the list and notify the European Commission<sup>39</sup>.

Q. 16 Do you have any views, on the designation of competent authorities? Should the State designate one competent authority or more (sectoral regulators responsible for particular areas)?

#### **PENALTIES**

Article 21 of the Directive requires Member States to provide for penalties applicable to infringements of the national provisions adopted and, in particular, in relation to consumer information provided by traders and must take the measures necessary to ensure that they are implemented. The penalties must be effective, proportionate and dissuasive.

<sup>35</sup> Articles 14 and 15.

<sup>36</sup> Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, OJ L 181, 23.11.1995, p. 31-50. Available at http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31995L0046:en:HTML.

Article 18. <sup>38</sup> Article 4(1)(i).

<sup>&</sup>lt;sup>39</sup> Article 20.

### REGULATION ON CONSUMER ONLINE DISPUTE RESOLUTION

#### **ODR PLATFORM**

The Regulation<sup>40</sup>creates a European online platform ("ODR Platform") which takes the form of an interactive website which will provide a single point of entry for consumers and traders seeking to resolve cross border disputes out-of-court concerning online sales and service contracts. The European Commission shall be responsible for the ODR platform as regards, inter alia, to its development, operation, maintenance and data security.

ADR entities established in the Member States which have been notified to the Commission in accordance with the Directive<sup>41</sup> 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 and free of charge. The platform will check if a complaint can be processed and seek the agreement of the parties to transmit it to the ADR entity which is competent to deal with the dispute. The ODR platform will offer a free of charge electronic case management tool which will enable ADR entities to conduct the ADR procedure with the parties through the ODR platform. The platform will check if a complaint can be processed and seek the agreement of the parties within 30 days from the day of the submission of the complaint, to transmit it to the ADR scheme competent for dealing with the dispute.

# **ODR CONTACT POINT<sup>42</sup>**

The Regulation provides for the establishment of a network of online dispute resolution facilitators ("ODR contacts points network") which will consist of one contact point for online dispute resolution in each Member State. The State will designate a national contact point which will provide support for the resolution of disputes submitted via the ODR platform by providing general information on consumer rights and redress in relation to online purchases, assist with the submission of complaints and facilitate communication between the parties and the competent ADR entity through the ODR platform.

### APPLICATION OF THE REGULATION

The Regulation provides that the ODR platform may be used for the resolution of disputes initiated by a trader against consumer and Member States must inform the European Commission by 9<sup>th</sup> July 2015 whether or not national legislation will provide for such disputes to be resolved by the intervention of an ADR entity<sup>43</sup>. The Directive<sup>44</sup> does not provide for disputes initiated by a trader against and a consumer and in order to avoid ambiguity the State is considering not including such disputes in the legislation giving effect to the Regulation.

Q. 17 In your view should disputes initiated by a trader against a consumer be included in the legislation giving effect to the Regulation. If so, why.

<sup>&</sup>lt;sup>40</sup> Supra, note 2.

<sup>41</sup> Supra, note 1, Article 20(2). 42 Article 7.

<sup>&</sup>lt;sup>43</sup> Article 2(3).

<sup>44</sup> Supra, note 1, Article 2(2)(g).

#### PARTICIPATION OF TRADERS

The Regulation provides that all traders established within the European Union engaged in online sales or service contracts must provide on their websites an easily accessible electronic link to the ODR platform and shall also state their email address. Additionally, traders who are committed or obliged to use one or more ADR entities to resolve disputes with consumers, must inform consumers about the existence of the ODR platform and the possibility of using it for resolving their disputes<sup>45</sup>.

#### ANY OTHER VIEWS

Q.18 The Department would welcome any other views on issues relating to the Directive and the Regulation which you may wish to provide.

### **QUERIES**

If you have any queries regarding this consultation, please contact the Competition and Consumer Policy Section by email at <a href="mailto:conspol@djei.ie">conspol@djei.ie</a> or you may call 01-6312612 or 01-6312618.

Competition & Consumer Policy Section Department of Jobs, Enterprise and Innovation Earlsfort Centre Earlsfort Terrace Lower Hatch Street Dublin 2

### **CLOSING DATE**

Responses to the consultation should be returned by email with ADR Consultation in the subject line to conspol@djei.ie by close of business Friday, 25<sup>th</sup> July 2014.

#### FREEDOM OF INFORMATION

Applicants should be aware that submissions may be disclosed by the Department in response to requests under the Freedom of Information Acts 1997-2003. Any information that respondents do not wish to be made public should be clearly identified as 'confidential' in the application. In the event of a request under the Freedom of Information Acts, the Department will consult with respondents about information identified by them as commercially sensitive before making a decision on a freedom of information request.

<sup>45</sup> Article 14.