

Alternative Dispute Resolution (ADR): FACT SHEET

What is Alternative Dispute Resolution (ADR)?

- ✓ In **2013**, the EU introduced the ADR directive which the Government implemented through the **Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations** in **2015**.
- ✓ ADR refers to any way of resolving a dispute outside of the courtroom. There are lots of different types of ADR, ranging from **mediation**, where a neutral party helps both parties reach an agreement, to **adjudication**, where an impartial body, such as The Motor Ombudsman, will make a decision on the complaint.
- ✓ ADR is designed to **complement** your in-house complaints procedure, not substitute it, and shows your customers that you are committed to acting both **transparently** and **fairly**.
- ✓ Providers of ADR can now be approved by a competent authority, such as the Chartered Trading Standards Institute (CTSI), and demonstrate that they meet the standards expected of them under the Regulations. This includes making decisions within 90 days of receiving the complete file, or three weeks in cases where the ADR provider can't help, and ensuring disputes are only refused if they fall into a limited set of circumstances.
- ✓ The Motor Ombudsman, previously known as Motor Codes, has been an approved provider of ADR by CTSI since the Regulations came into force in 2015.

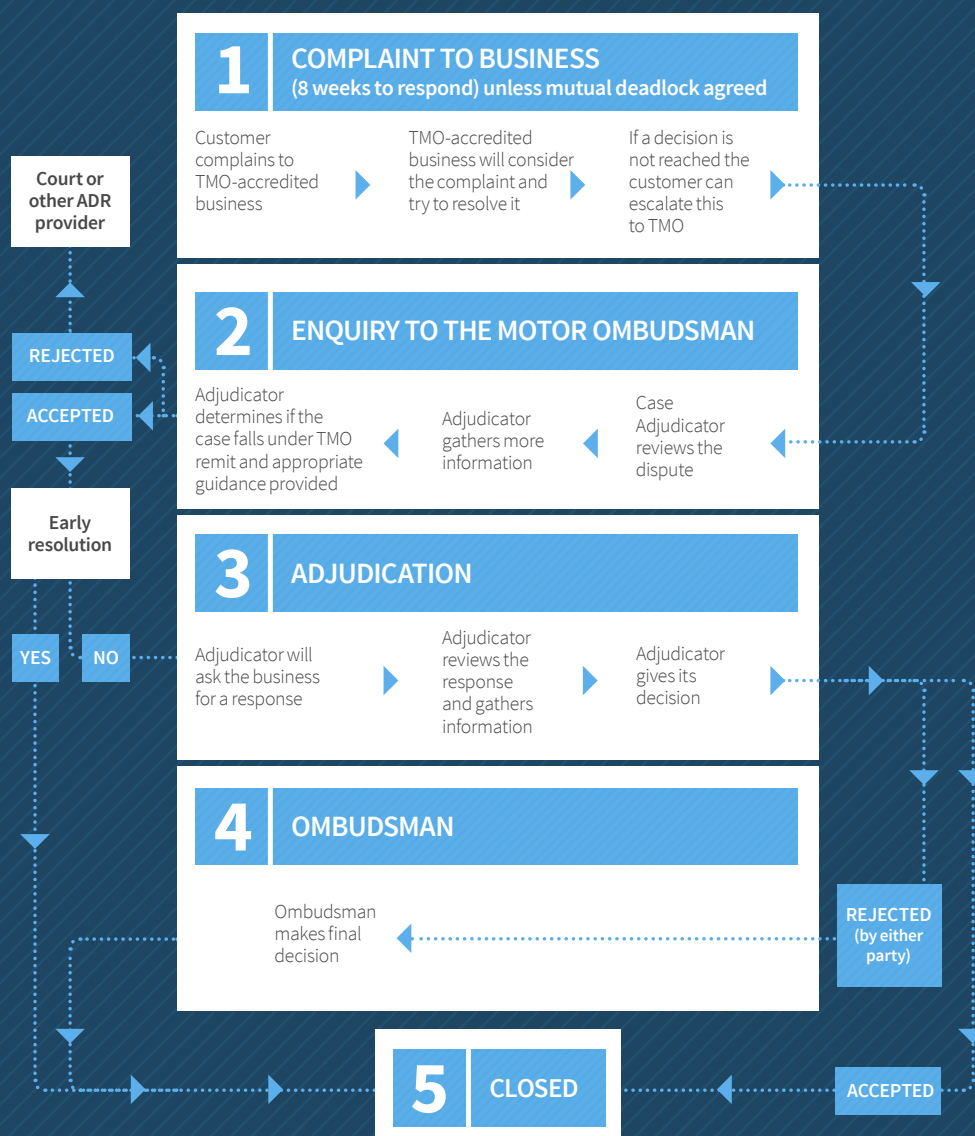
Do I have to engage in ADR?

- ✓ If you cannot settle a complaint directly with a consumer, it is **mandatory** for every business to signpost the individual to an approved ADR provider, including the ADR provider's name and website, and to let the customer know if you will engage with that provider.
- ✓ Accreditation to The Motor Ombudsman means that you **must** participate in ADR and use The Motor Ombudsman's adjudication service if you cannot resolve a dispute directly with the customer in the first instance.
- ✓ Everything a customer would need to know to contact The Motor Ombudsman can be found on The Motor Ombudsman's website here - **www.themotorombudsman.org/consumers/make-a-complaint**. Alternatively, they can call: **0345 241 3008** or by e-mail: **consumer@tmo-uk.org**.

What are some of the key benefits of ADR?

- ✓ Disputes are often resolved more **quickly** than court proceedings, and without the **cost** of legal representation, thereby allowing you to get on with running your business.
- ✓ ADR procedures can be more **flexible** in terms of their outcome, and whether and how they apply strict rules of law.
- ✓ ADR procedures are considered **less confrontational** than legal action, which helps to maintain an **ongoing relationship** with customers, whilst avoiding the risk of adverse publicity and reputational damage that could arise from a court case.

How does The Motor Ombudsman's ADR process work?



- 1 You have up to **eight** weeks to conclude the dispute directly with a customer before it can be brought to The Motor Ombudsman, although you should look to resolve the dispute as quickly as possible. Within this period, you need to set out your final position to the consumer and provide the information required under the Regulations.
- 2 The Motor Ombudsman will assess whether there has been any potential **breach** of the Codes and determine if the complaint falls within **remit**. If yes, a case file will be created. They will also determine whether the dispute is suitable for **early resolution**, which is where the issue could be resolved without the need for a full investigation or formal adjudication.
- 3 If early resolution is not possible, the process of adjudication will start. Evidence will be gathered from yourself and the consumer in order to reach a fair and swift **outcome** based on the facts presented, The Motor Ombudsman's Code of Practice and any relevant legislation.
- 4 If the adjudication outcome is rejected by yourselves or the consumer, the case will be passed to the ombudsman for a **final decision**. This is where the ombudsman will assess the case in full, review any new evidence submitted by either party, and come to their conclusion. If the final decision is accepted by the consumer, it is **legally binding** on your business to carry out the necessary remedy. This formed part of the terms and conditions when you became accredited to The Motor Ombudsman's Code of Practice.
- 5 If the final decision has been accepted by the consumer, the case will be **closed**. However, if the consumer rejects the decision, they will be free to pursue the case in court. Although, as you have engaged with the ADR process this could be looked favourably upon in court.