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Dear Dr Munn,

## **EU ADR PROPOSALS – FURTHER COMMENTS**

The Financial Services Consumer Panel recently responded to your call for evidence on ADR, and would like to take this opportunity to respond to your list of further issues. Specifically:

### **1. To limit the scope of the legislation to disputes initiated by consumers, i.e. to exclude disputes initiated by businesses against consumers.**

The Panel strongly supports this limitation, as outlined in our earlier response. We believe that such a provision would not provide additional protection for traders which does not already exist through other avenues, and which could actively result in detriment if it were to lead to the possibility of a 'spoiling' counter claim against the consumer, discouraging them from taking part in the ADR process.

### **4. To allow Member States the discretion to set lower and upper level thresholds on the values of disputes that fall within scope**

The Panel is not generally in favour of limits to the value of disputes under consideration - there are certain circumstances, such as inheritance cases, where can involve very large sums indeed - but acknowledges that the Financial Ombudsman Service in the UK operates with a limit of £150,000. We would be concerned if any proposals at European level were to reduce this limit and would encourage this figure to be used as a starting point.

### **5. To remove the requirement for details of ADR bodies to be provided by businesses on invoices and receipts.**

We are concerned that if firms don't have to put details of the Ombudsman on agreements, invoices and receipts, consumers might not come to know of them. In the UK it is already quite hard to find details of how to make a complaint (this is most often hidden away on websites) and not all firms meet the requirement to tell customers who complain about FOS. We would propose that notification of ADR schemes should be prominent and timely.

**7. ADR bodies would only have to report to Competent Authorities every 2 years not every year**

We do not support the suggestion that ADR bodies would only have to report to Competent Authorities every two years and not every year. Any credible ADR body should not find it difficult to provide a report annually.

**8. A requirement that, in the case of cross-border disputes, any ADR outcome should not result in the consumer being deprived of the protection afforded by any mandatory provisions that apply in their Member State.**

We would support this.

We would be happy to discuss any of these points further.

Yours sincerely

Adam Phillips  
*Chair, Financial Services Consumer Panel*