RESPONSE TO THE EUROPEAN COMMISSION CONSULTATION PAPER ON THE USE OF ALTERNATIVE DISPUTE RESOLUTION AS A MEANS TO RESOLVE DISPUTES RELATED TO COMMERCIAL TRANSACTIONS AND PRACTICES IN THE EUROPEAN UNION

Response from:

LEASEUROPE

Boulevard Louis Schmidt, 87
1040 Brussels

Email : r.knubben@leaseurope.org

Tel: +32 2 778 05 68 Fax: +32 2 778 05 78
Leaseurope ID: 16013361508-12

15/03/2011

About Leaseurope

Leaseurope brings together 45 member associations representing the leasing, long term and/or short term automotive rental industries in the 32 European countries in which they are present. The scope of products covered by Leaseurope members' ranges from hire purchase and finance leases to operating leases of all asset categories (automotive, equipment and real estate) . It also includes the short term rental of cars, vans and trucks.

The Federation's mission is to represent the European leasing and automotive rental industry, ensuring the sector's voice is heard by European and international policy makers.

General observations

Leaseurope welcomes the European Commission's renewed focus on out-of-court settlement mechanisms such as Alternative Dispute Resolution (ADR) as a means to resolve disputes related to commercial transactions and practices in the European Union.

ADR enables consumers to seek redress in a low cost and efficient manner, where the consumer continues to keep the ability to seek damages in a court of law, if dissatisfied with the outcomes of the ADR.

A number of Leaseurope's members have put in place ADR services addressing consumer complaints. For example, the British Vehicle Rental and Leasing Association (BVRLA) has gained more than 15 years of positive experience of operating a successful ADR service for its Members and customers in the UK. The operation of its industry Code of Conduct and ADR has encouragingly received favourable comments, including comments contained in a series of reports published independently by the European Consumer Centre[1] (ECC) network.

In addition, in July 2010 Leaseurope facilitated the development of the European Car Rental Conciliation Service (ECRCS). The ECRCS helps customers with unresolved complaints concerning cross border vehicle rentals within Europe, and is currently operating as a pilot scheme including a small number of European vehicle rental operators – Alamo, Avis, Budget, Europcar, Sixt and Hertz. These companies are bound to abide by any decision made by the conciliation service, although the complainant is not bound by the decision and is free to seek legal remedy through the courts.

The ECRCS will investigate potential breaches of Leaseurope's Code of Best Practice, which sets out the standards it expects from the vehicle rental industry. These standards cover areas including advertising, customer information, vehicle condition, pre- and post-rental inspections and billing. In order to do this the ECRCS utilises the back office expertise of the BVRLA for day to day management of the project.

---

[1] ECC Ireland Car Rental Contracts Report 2008.

Consumer and business awareness of ADR

1. What are the most efficient ways to raise the awareness of national consumers and consumers from other Member States about ADR schemes?

The provision of information through websites, promotional material, correspondence, inclusion within any Customer Charters etc.

2. What should be the role of the European Consumer Centres Network, national authorities (including regulators) and NGOs in raising consumer and business awareness of ADR?

The European Consumer Centres Network can provide consumers with information regarding existing ADR services and details of how to access them.

3. Should businesses be required to inform consumers when they are part of an ADR scheme? If so, what would be the most efficient ways?

Businesses which are members of ADR schemes should inform their consumers about the mechanism in place, its main characteristics and details of how to access the ADR.

4. How should ADR schemes inform their users about their main features?

The basic information about ADR services should be made available on relevant websites, using easy and understandable language.

Involvement of traders/suppliers

6. Should adherence by the industry to an ADR scheme be made mandatory? If so, under what conditions? In which sectors?

ADR membership tends to be based upon adherence to a Code of Conduct, thus the ability and willingness to comply with this Code should be the deciding factor whether or not to join an ADR. In addition, voluntary adherence shows commitment by the industry in finding an alternative solution. This will also allow consumers to make an informed choice of selecting a supplier who confirms to a Code and ADR when purchasing goods and services.

8. Should ADR decisions be binding on the trader? On both parties? If so, under what conditions? In which sectors?

In order to ensure compliance with ADR decisions, Leaseurope feels that the ADR decisions should be binding on the business involved. The consumer will always retain the ability to seek legal recourse in the courts.

Funding

> *14. What is the most efficient way to fund an ADR scheme?*
> *15. How best to maintain independence, when the ADR scheme is totally or partially funded by the industry?*

Depending on the nature of the ADR service, funding can originate from a variety of sources, including the businesses that have signed up to the ADR scheme. An ADR service should be judged by its ability to resolve disputes objectively, which could be optimal even when partially or totally funded by industry.

> *16. What should be the cost of ADR for consumers?*

In principle the ADR service should be available to consumers at the lowest cost possible, and if possible free of charge at least for complaints that are found against the supplier.