CONSUMER REDRESS IN E-COMMERCE IN NEED OF ATTENTION

No online dispute resolution service meets all criteria for good practice

Consumers International, the global federation of 260 consumer organizations in 120 countries, today issued the results of its survey of online Alternative Dispute Resolution (ADR) services for consumers in cross-border disputes with traders selling on the Internet.

“While we are pleased to see so much activity aimed at resolving consumer disputes online, so far none of the services we found met all of the criteria for effective consumer dispute resolution in the global electronic marketplace”, said Louise Sylvan, President of Consumers International.

“Low cost, easily accessible, and effective dispute resolution services are a critical element in any strategy to increase consumer trust and confidence in electronic commerce, as our 1999 survey of online retail practices showed,” she added, referring to Consumers International’s 1999 survey consumers@shopping, which highlighted numerous problems experienced by consumers in cross-border electronic transactions.

Although alternative dispute mechanisms do not ultimately take the place of the consumer’s right to take legal action in their own courts, they facilitate appropriate solutions for consumers. On the basis of its findings, Consumers International is calling for the development of international standards, consistent with legislation and governmental recommendations, as well as with the criteria used in its survey.

This year’s survey, conducted between May and August 2000, identified 30 providers of online business/consumer (“B2C”) dispute resolution services, and 36 distinct services, in operation as of August 31, 2000. These were assessed against a list of 38 criteria based on recommendations published by the European Commission and the Transatlantic Consumer Dialogue.

Most of the services are private business ventures, reliant on user fees. It is worth noting that the few consumer-run services, one of which is part of a broader e-commerce quality assurance scheme, rated higher than others.

Common weaknesses identified by Consumers International include linguistic limitations (most were English only), availability to certain merchants only, consumer fees which are higher than typical transaction values, lack of ability to fit the type of dispute resolution with the type of dispute, limited incentives for compliance with online ADR results, lack of transparency in respect of both dispute resolution results and the credentials of dispute resolution officers, and failure to include adequate consumer representation on the service’s governing board.
“Given the rate at which these services are proliferating and the wide range of services offered”, said Ms. Sylvan, “it’s time to establish standards of practice for B2C dispute resolution providers and mechanisms by which consumers can distinguish between the good and the bad ones. We need effective, neutral oversight mechanisms to ensure that consumers are in fact being well-served by these services.”

A copy of the full report *Disputes in Cyberspace* (in pdf or printed) is available for journalists from Consumers International (+44.(0)20.7226.6663 ext. 236 or 217, jmills@consint.org).

More information is also available on our website: [www.consumersinternational.org](http://www.consumersinternational.org) (executive summary, recommendations and the existing services summaries)

Several spokespersons are available for interviews. Please contact Rinske van Duifhuizen or Chris Gethin for more information (see details on top of this press release)

Consumers Internationals report will be launched at the OECD meeting ‘Building Trust in the Online Environment: Business-to-Consumer Dispute Resolution, which takes place in The Hague, The Netherlands on 11-12 December, 2000.

The conference is jointly organised by the Organisation for Economic Co-operation and Development (OECD), Hague Conference on Private International Law (HCPIL) and International Chamber of Commerce (ICC).

For agenda and additional information, please find the conference website at: [http://www.oecd.org/subject/e_commerce](http://www.oecd.org/subject/e_commerce)

For further information, and to register to attend the conference, journalists are invited to contact Megan Dissly in the OECD’s Media Relations Division (tel +33.1.4524.8094).