

EU modernises consumer dispute resolution: An overview of the new ADR Directive

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On 25 September 2025, the Internal Market and Consumer Protection Committee (IMCO) of the European Parliament approved the text of the political agreement on the Alternative Disputes Resolution for Consumer Disputes Directive. This Directive establishes a framework for resolving through ADR procedures contractual domestic and cross-border consumer disputes arising from the sale of goods or provision of services between consumers and traders within an EU context. The amendments to the prior Directive aim to modernise the existing framework in light of new consumer trends, such as the growth of e-commerce, and bring significant changes across several areas, enhancing the protection for consumers and clarifying obligations for traders and ADR entities. The Directive maintains its minimum harmonisation approach, allowing Member States to provide for stronger consumer protection.

Key changes introduced

Enhanced obligations for traders

- **Geographical scope:** The Directive's scope is extended to traders established in third countries who are willing to participate in an ADR procedure and direct their activities towards consumers in one or more Member States, within the meaning of the Rome I Regulation and the Brussels I bis Regulation (recast). To determine if a trader's activities are directed to a Member State, factors such as the language or currency used, the ability to order products, or the availability of an application in a national app store may be considered. Member States can also set conditions for the participation of these traders in ADR procedures, such as requiring the trader's consent for the dispute to be resolved based on the law of the Member State where the consumer resides.
- **Duty to reply:** Traders established in the Union will have a duty to reply

within, in principle, 20 working days when contacted by an ADR entity, stating whether they will participate in a procedure. This is not required where participation is mandatory by law, to fulfil a contractual obligation or when the ADR entity is entitled to reach an outcome even if the trader did not participate in the procedure. This period may be extended to a maximum of 30 working days for complex disputes, provided the consumer is informed of the extension. If a trader fails to reply within the prescribed deadline, the ADR entity may consider the non-reply as a refusal of the trader to participate and should inform the consumer accordingly.

- **Information and transparency:** To improve consumer awareness, traders must provide clear information about ADR, including on their websites.

Expanded material scope

- **Pre-contractual and post-contractual phases:** The Directive's material scope is extended to cover disputes arising from obligations in the pre-contractual and post-contractual phases. Examples include disputes related to misleading advertising, a failure to provide compulsory pre-contractual information required by the Consumer Rights Directive, or issues concerning the use of consumer-provided digital content after a contract has terminated.
- **Contracts paid for with personal data:** The scope now includes contracts for the supply of digital content or services where the consumer provides or undertakes to provide personal data instead of making a payment.
- **Member State discretion:** Member States are authorised to make trader participation in ADR procedures mandatory in sectors they deem fit, such as transport and tourism. They can also extend ADR procedures to other types of disputes under Union and national law, for instance in relation to competition law.

New requirements for ADR entities

- **Accessibility and fairness:** ADR procedures must be made accessible to all, including vulnerable consumers, through 'easily accessible and inclusive tools'. If a procedure uses automated means, both parties have

the right to have the process reviewed by a natural person. Furthermore, ADR entities should not refuse to deal with a dispute where a trader has established disproportionate rules for their own internal complaint handling systems that must be completed before the case can be referred to the ADR entity.

- **Bundling of cases:** To promote efficiency, Member States are to allow ADR entities to bundle similar cases into a single procedure where it may lead to a faster or more coherent resolution. Member States may require explicit consumer consent for this.
- **Training and transparency:** ADR entities must ensure that the natural persons in charge of dispute resolution have the necessary expertise, including a general understanding of private international law. They must also inform consumers in advance if non-high-risk automated means are used in the decision-making process.
- **Publication of reports:** ADR entities are required to publish activity reports to enhance transparency at least every two years. Therein, ADR entities must include information about traders who systematically refuse to comply with the outcomes of ADR procedures.

Promoting participation to the procedures

In principle, the Directive provides that the ADR procedures should be free of charge for consumers. In the event that costs are applied, those costs should not exceed a nominal fee. Member States should encourage ADR entities to reimburse consumers the nominal fee paid where and to the extent that their complaint is justified.

In that context, the Directive requires Member States to implement measures that promote participation in ADR procedures from both traders and consumers. These measures can be either financial or non-financial in nature.

A new role for ADR contact points

Following the discontinuation of the Online Dispute Resolution (ODR) platform, the tasks previously handled by ODR contact points will be taken over by newly established ADR contact points. These contact points will be, *inter alia*, responsible for:

- Providing assistance and guidance to consumers and traders on accessing

the competent ADR entity, particularly in cross-border disputes.

- Explaining the procedural rules of relevant ADR entities.

The ADR contact point is to be determined by the consumer's place of residence. Member States can choose to extend the mandate of these contact points to cover domestic disputes as well.

Consumer assistance and new digital tools

Consumers will have the right to be assisted by third parties, such as consumer organisations or businesses that specialise in claims management, though transparency must be ensured.

In addition, the Commission is mandated to develop a digital interactive tool to guide consumers to the correct ADR entity.

Next steps and national transposition

The next step is the formal adoption of the text by the European Parliament's plenary, which is expected to take place between 15 and 18 December. Following this, the text must also be formally adopted by the Council. Once the Council has formally adopted the text, it will be published in the Official Journal of the European Union. The Directive will then enter into force 20 days after its publication.

The timeline for the Directive's implementation is set out in Article 5. Specifically, Member States are required to adopt and publish the national laws necessary to comply with the Directive by 26 months after its entry into force. These new national measures must then be applied starting from 32 months after the Directive's entry into force.

Given this is a minimum harmonisation Directive, Member States retain discretion to introduce measures that empower consumers even further. For example, they may make ADR mandatory for certain disputes or further extend the material scope. It will therefore be crucial to monitor the national transposition of the Directive to understand how the legal framework will evolve in each Member State.