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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations implement most provisions of Directive 2013/11/EU of the European Parliament and of the Council of 21st May 2013 on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (OJ L 165 18.6.2013, p.63) (the “Directive”). The remaining provisions of the Directive will be implemented in future regulations. A Transposition Note detailing how these Regulations implement the Directive in the UK is available from the BIS website at [www.gov.uk/bis](http://www.gov.uk/bis).

Regulation 2 contains an obligation on the Secretary of State to review the Regulations. Regulations 3 to 7 set out the definitions used in the Regulations and provides that the Regulations do not apply to contracts for health services.

Regulation 8 and Schedule 1 make provision as to the persons which are a competent authority for the purposes of these Regulations, and the bodies or areas in respect of which a competent authority exercises its functions.

Regulation 9 requires a body seeking to be an approved provider of ADR services to provide certain information, specified in Schedule 2, to the relevant competent authority. The competent authority may only grant approval to an applicant ADR entity if it is satisfied that it meets the requirements specified in Schedule 3, and in certain cases additional requirements, as provided in paragraph (5).

Regulation 10 requires a competent authority to maintain a list, containing the information specified in Schedule 4, in relation to all the ADR entities which it approves.

Regulation 11 requires an ADR entity to produce an annual activity report which contains the information specified in Schedule 5 and to publish it on its website. Every two years, the ADR entity must provide the competent authority which approved it with the information set out in Schedule 6, and Regulation 12 places an obligation on the competent authority to assess whether the ADR entity still meets the requirements for approval set out in Schedule 3 when it receives that information.

Regulation 13(1) requires a competent authority to notify an ADR entity if the competent authority has reason to believe that the body no longer meets any of the requirements set out in Schedule 3 for a reason which is within the control of the ADR entity. Paragraph (3) provides that where the ADR entity has failed to meet the requirements within 3 months of receiving notification from the competent authority, the competent authority must withdraw its approval from the ADR entity, if it believes the failure is sufficiently serious.

Regulation 14 sets out the notification requirements of a competent authority.

Regulation 15 provides that the Secretary of State may charge a fee in relation to work carried out in evaluating an application for approval made by an applicant under regulation 9 and for work carried out in pursuance of functions conferred under regulations 10 to 14. These fees must not exceed the reasonable costs and expenses incurred, (including a sum equal to the number of days per person spent in carrying out the functions calculated at the rate of £750 per day).

Regulation 16 and Schedule 7 make consequential amendments to the Financial Services and Markets Act 2000.

Regulation 17 designates the Secretary of State as the single point of contact.

Regulation 18 requires the single point of contact to prepare a consolidated list of approved ADR entities notified to it by each competent authority and to forward this list to the European

**Status:** This is the original version (as it was originally made).

Commission. The single point of contact must also publish a report, on or before 9th July 2018 and every successive period of four years, on the development and functioning of ADR entities and must send the report to the European Commission.

Regulation 19(1) requires those traders who are obliged to use alternative dispute resolution to provide information regarding the ADR entity they use on their websites and in their general terms and conditions. Regulation 19(2) requires every trader to provide a consumer with information regarding the availability of alternative dispute resolution when the trader has exhausted its internal complaint handling process in relation to a complaint brought by that consumer

Part 5 of the Regulations amends Schedule 13 to the Enterprise Act 2002 and Schedule 5 identifies those parts of the Regulations which are specified for the purposes of section 212 of that Act.

An impact assessment of the effect that this instrument will have on the costs of business, the voluntary sector and the public sector will be published alongside the second set of regulations implementing the Directive to be laid before Parliament in the summer of 2015.

An Explanatory Memorandum (together with a transposition note) is available alongside the instrument on [www.legislation.gov.uk](http://www.legislation.gov.uk).