

Which?

Strengthening ADR frameworks: advancing fair and effective consumer dispute resolution

Policy paper on ADR

October 2025

POLICY REPORT

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Executive Summary

When a flight is cancelled, a new car turns out to be faulty, or a home improvement project goes wrong, the financial cost is only half the story. For millions of consumers across the UK, the stress, wasted time, and sheer helplessness of fighting a losing battle with a business can be overwhelming. These everyday disputes add up to a staggering £71.2 billion in consumer harm each year, leaving individuals feeling powerless and abandoned.

Alternative Dispute Resolution (ADR) offers a way for consumers to find justice without the cost and complexity of going to court. It covers processes like mediation and arbitration, where an impartial third party helps resolve the dispute. In the UK, ADR plays a vital role in consumer protection, giving people a way to solve problems with businesses efficiently, without needing to go to court or rely on public authorities to step in. It isn't a substitute for a robust public consumer enforcement system that deters businesses from breaching consumer law. But it should be a quick, fair, and accessible pathway for consumers to privately seek redress when they are unfairly treated. Yet, for too many, this system is broken. Our analysis shows that getting fair and effective redress remains far too difficult, with access to justice often depending more on the economic sector or the business involved than on the fairness of their claim.

This isn't just a matter of consumer rights; it's about economic health and integrity of the marketplace. When people can resolve complaints easily, they feel more confident, and our economy benefits¹. But the current system is a confusing patchwork of different rules and providers. In some sectors, like aviation, major companies have simply walked away from the process², leaving air passengers with no real path to resolving their complaints. In others, a lack of oversight means the scales are tipped in favour of businesses, not consumers.

The result is a system that too often fails those who need it most. We've found that:

- **The system is inconsistent.** There is a confusing patchwork of provision across different sectors. Consumers in some areas have no access to an ADR provider at all, while in others, multiple providers may compete to attract businesses rather than ensuring fair outcomes for people. This undermines confidence and leaves people without a reliable path to justice.
- **Oversight is often weak.** A significant imbalance exists in how ADR schemes are monitored. Regulated sectors like energy and financial services have mandatory ombudsman schemes overseen by sector-specific regulators. In contrast, a single authority oversees a vast range of schemes in unregulated sectors, creating a huge gap in the level of scrutiny.

¹ Consumer Detriment Survey 2024, Competition and Markets Authority (CMA)
<https://assets.publishing.service.gov.uk/media/67e2c07374e40de685195b55/consumer-detriment-survey-2024.pdf>

² Are Alternative Dispute Resolution schemes working for consumers?, Which?, Policy report April 2021
<https://www.which.co.uk/policy/consumers/7428/adrschemes>

- **Awareness is worryingly low.** Consumer awareness of ADR is a major barrier, with just 20% of people recognising the term³. Signposting is poor even in regulated sectors⁴, meaning many only discover ADR after a dispute has already escalated, losing the chance for an early resolution.
- **Access isn't guaranteed.** In many high-complaint sectors, businesses are not required to participate in ADR. This has allowed major companies, such as Ryanair in the aviation sector, to withdraw from schemes after unfavourable decisions, leaving their customers with no option but the courts.
- **The process can be slow, costly, and frustrating.** To be a true alternative to court, ADR must be free and timely. However, some schemes impose fees on consumers, while lengthy and unclear timeframes for decisions erode confidence and disproportionately harm those already facing financial hardship.
- **Enforcement is weak.** Even when a consumer wins their case, there's no guarantee the business will comply. When participation is voluntary, traders can simply walk away from schemes after an unfavourable outcome⁵, leaving consumers with a hollow victory and no real redress.

The Digital Markets, Competition and Consumers Act 2024⁶ (DMCC Act) is a step in the right direction as it paves the way for the government to introduce secondary legislation that will make some improvements to the current regime in terms of quality, consistency and visibility. But it doesn't go far enough. Building on our previous research, this report aims to provide the government with a clear blueprint for legislative reform. Decisive action is needed to fix this broken system and put consumers first. Our key recommendations are crucial reforms designed to ensure consumers can resolve problems with businesses efficiently:

1. **A single ombudsman for key sectors:** The government should work towards primary legislation to establish a single ombudsman in high-complaint areas like aviation, home improvements, and used car sales. This would end the confusion for consumers over which scheme applies, ensure consistency, and provide a single, trusted place for consumers to turn for help.
2. **Ensure effective oversight:** The government should establish criteria for selecting effective competent authorities for high-detriment markets in the forthcoming secondary legislation for the DMCC Act and primary legislation where relevant. These bodies must be empowered to approve ADR providers, set performance standards, and ensure schemes operate fairly and transparently.

³ Modernising consumer markets Citizens Advice formal consultation response, Citizens Advice, 2018.

⁴ Ibid.

⁵ <https://www.propertyreporter.co.uk/dozens-of-agents-expelled-from-property-redress-for-non-compliance.html>

⁶ The Digital Markets, Competition and Consumers Act 2024, which came into force in April 2024, has revoked the EU derived 2015 ADR Regulations.

4 STRENGTHENING ADR FRAMEWORKS: ADVANCING FAIR AND EFFECTIVE CONSUMER DISPUTE RESOLUTION

3. **Make it mandatory:** The government should introduce legislation to make ADR participation mandatory for businesses in high-detriment sectors. If this cannot be established by the forthcoming secondary legislation in the DMCC Act, then new primary legislation should be established. Justice shouldn't be optional, and this would guarantee consumers access to fair dispute resolution when they need most.
4. **Guarantee it's free and fast:** No one should be priced out of redress. The government should use the forthcoming secondary legislation for the DMCC Act to ensure ADR is free for consumers and to require all schemes to meet clear, enforceable timeframes for resolving cases.
5. **Give it teeth:** ADR decisions must be binding and easily enforceable. The government should explore a broader update of the ADR framework to strengthen compliance, including mechanisms like financial penalties and public reporting for businesses that refuse to cooperate.
6. **Spread the word:** The government should mandate clear and consistent signposting of ADR options in the forthcoming secondary legislation for the DMCC Act. This should be supported by public awareness campaigns to ensure everyone knows their rights and where to go for help.

Strengthening ADR is also an essential way to protect consumers, ensuring a level playing field, and building a fairer market for everyone. By implementing these reforms, we can help to restore trust, reduce the immense stress and financial harm caused by unresolved disputes, and create a system where consumers' concerns can be effectively addressed.

Background

The different types of consumer ADR

Alternative Dispute Resolution (ADR) encompasses a range of methods and structures designed to resolve conflicts outside the formal judicial system. It offers a more flexible, cost-effective, and expedient approach to resolving complaints that consumers have failed to resolve with a business compared to having to resort to litigation through the courts. ADR is typically used when direct negotiations between a consumer and a business fail to reach a resolution, necessitating the involvement of a neutral third party.

ADR is becoming increasingly relevant in helping consumers navigate the growing complexity of modern consumer transactions, where there is often a significant imbalance in information and resources between businesses and consumers. Recent data⁷, suggests that consumer detriment is on the rise, yet many consumers are still unable to secure redress. The proportion of consumers reporting at least one problem with a purchase increased from 69% in 2021 to 72% in 2024. While 78% of consumers took some form of action to address the issue, 22% did not. Among those who acted, most sought a refund, replacement, or repair and were generally satisfied with the outcome. However, in 25% of cases, the seller or supplier took no action at all.

ADR methods commonly used to help resolve consumer disputes include, but are not limited to, mediation, conciliation, adjudication, and arbitration. While all offer structured processes to facilitate fair outcomes, they differ in procedure and enforceability:

- Mediation⁸ involves a neutral mediator who facilitates discussion to help participants negotiate a voluntary settlement.
- Conciliation is similar to mediation but more interventionist, with the conciliator actively suggesting solutions.
- Adjudication and arbitration involve a neutral third party reviewing evidence and issuing a decision. In adjudication, decisions are typically binding on businesses, while consumers retain the option to accept or reject the outcome.

ADR structures, governance and the consumer journey

ADR can be provided to consumers through a variety of structures, including independent ombudsman schemes, private arbitration and mediation bodies

⁷ Consumer Detriment Survey 2024, Competition and Markets Authority (CMA)
<https://assets.publishing.service.gov.uk/media/67e2c07374e40de685195b55/consumer-detriment-survey-2024.pdf>

⁸ Mediation is a voluntary process that occurs only when both parties agree to seek a resolution. It is entirely confidential, meaning that discussions remain private and are not disclosed to anyone outside the mediation session. While mediation itself is non-binding, the outcome can become legally enforceable if both parties sign a formal mediation agreement.

(sometimes linked to trade associations or professional bodies), government-affiliated schemes, sector-specific providers, and court-based ADR programmes. Ombudsman schemes, in particular, play a vital role in delivering impartial, free, and accessible redress to consumers. They can help build public confidence by investigating and resolving complaints, identifying systemic issues, and feeding back lessons to improve service delivery and complaints handling in their respective sectors⁹.

ADR schemes differ in how they are governed and how they include consumer representation. Some statutory bodies like the Financial Ombudsman Service (FOS) are wholly independent bodies, whilst others often have independent boards or oversight committees that include consumer advocates, supporting transparency and fairness¹⁰. In contrast, many unregulated schemes lack formal consumer input, potentially raising concerns about impartiality. Some models, especially in sectors like energy and communications, use joint governance, where consumer and industry representatives share oversight. Where bodies cannot be wholly independent, the use of an independent board can be seen as a useful mechanism to build trust and ensure transparency and accountability.

ADR is an option for consumers once informal resolution attempts with the business have failed and a deadlock has been reached. The consumer's ADR journey varies depending on the ADR method used, the capabilities and practices of the provider, and the legal and professional frameworks governing the process. While ADR is an alternative to court, it does not usually preclude legal action. Courts often consider whether parties have attempted ADR before proceeding and may adjust awards accordingly. However, many consumers may give up on their rights if they have to reach court to enforce their consumer rights.

The suitability of a particular ADR method depends largely on the nature of the dispute. While consumers may occasionally have a choice, the available options are often shaped by contract terms and the structure of ADR provision within a given sector, especially whether the sector is regulated or unregulated. Some ombudsman make use of different ADR methods at different stages of the ADR process: for example, the Motor Ombudsman uses mediation as the first step, which, if unsuccessful, is followed by adjudication.

The scale and impact of consumer detriment

The need for accessible redress is far from a niche issue, affecting a vast majority of the population. A recent survey conducted by the Competition and Markets Authority (CMA) provides a stark picture of the landscape. Data from the Consumer Detriment Survey (CDS)¹¹, gathered between May 2023 and April 2024, reveals the extensive and multifaceted harm experienced by consumers across the United Kingdom.

⁹ Ombudsman Association: [2021.10.29 - MoJ - Dispute Resolution in England & Wales.pdf](#)

¹⁰ <https://researchbriefings.files.parliament.uk/documents/CBP-7336/CBP-7336.pdf>

¹¹ Consumer Detriment Survey 2024, Competition and Markets Authority (CMA)
<https://assets.publishing.service.gov.uk/media/67e2c07374e40de685195b55/consumer-detriment-survey-2024.pdf>

The survey estimated that 72% of UK consumers, which equates to approximately 38.5 million people, encountered at least one instance of consumer detriment over the year. This culminated in nearly 295 million individual problems. The financial cost associated with these issues is significant, with the total value of the detriment reaching £71.2 billion. For many, the impact was severe, as the CDS found that 22% of these experiences had a negative or very negative effect on household finances¹².

Beyond the significant financial repercussions, the stress and frustration of unresolved conflicts can have serious consequences on health and well-being. The CDS highlighted this impact, finding that 24% of detrimental experiences had a negative effect on mental health, while 14% adversely affected physical health. This demonstrates that the harm extends deep into personal lives, impacting both well-being and productivity.

Gaps in consumer redress: Why courts and regulators aren't enough

While courts provide a legal backstop, they are often inaccessible to consumers with low-value disputes due to cost, time, and procedural complexity. Even small claims can feel disproportionately burdensome, especially given the delays in the court system. This is especially so for vulnerable groups, including younger consumers, those in financially precarious situations, and individuals with long-term health conditions, who are more likely to experience detriment and face negative outcomes.

There is an urgent need to reform Trading Standards to ensure it can meet the challenges of the modern world. This should be complemented by processes that support the resolution of individual complaints. Regulatory bodies such as Trading Standards, who are local authority services that enforce consumer law, often lack the structure and capacity to intervene in every case. The CMA, as the UK's primary regulator for competition and consumer protection, does not intervene in individual cases, leaving many consumers without a clear path to redress. As a result, consumers, faced with lengthy processes or bureaucratic hurdles, may feel discouraged, give up on seeking redress, or simply accept poor treatment or financial loss, leading to distrust in businesses and the wider economy.

ADR: Bridging the gap and delivering wider benefits

Without ADR, barriers to redress can disproportionately affect the economic and social welfare of consumers dealing with lower-value issues, effectively tipping the balance in favour of unscrupulous traders. When implemented effectively, ADR delivers fairer outcomes and lasting resolutions. It fosters positive consumer experiences and reinforces trust in businesses and industries. This trust encourages spending, repeat engagement, and brand loyalty, all of which contribute to a more dynamic and resilient economy.

Beyond individual redress, ADR also delivers broader economic and regulatory benefits. It reduces operational costs for businesses by avoiding litigation, allowing

¹²ibid.

them to focus on innovation, service quality, and growth. ADR schemes generate valuable data on consumer experiences, which can inform regulatory action and help raise industry standards. Strong ADR systems support smarter regulation by identifying patterns in disputes and highlighting areas where consumer protections can be improved. When businesses, regulators, and consumers collaborate through ADR, markets become more transparent, accountable, and efficient.

An effective ADR framework is an essential element of a robust consumer protection regime and is crucial for a fair and thriving economy as it strengthens consumer confidence, and promotes responsible business practices. Investing in robust, accessible ADR mechanisms is not only a matter of justice, it is a strategic imperative for economic growth. Unfortunately the current system of ADR provision has a number of failings.

The oversight of ADR in regulated and unregulated sectors

In 2015, the UK government introduced the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations¹³ ('the ADR Regulations'), implementing the EU Directive on Consumer ADR (2013/11/EU)¹⁴. These regulations marked the first formal step towards strengthening ADR provision across the UK, requiring all approved ADR providers to meet minimum standards and be certified by a designated competent authority.

The aim was to improve the governance, quality, and oversight of ADR schemes. However, as highlighted in a Which? April 2021 Policy Report,¹⁵ challenges persisted, particularly around participation, consumer awareness, service quality, and enforcement.

The ADR Regulations created a legal framework for the oversight of all ADR schemes by 'competent authorities' that would be responsible for approving and monitoring approved schemes. However, despite this guidance, the bodies that had this role took very different approaches. In regulated sectors such as financial services, energy, water, aviation, and telecommunications, the competent authority is typically the sector's regulator. For example, the Financial Conduct Authority (FCA) oversees ADR in most financial services, Ofcom in communications, and the Civil Aviation Authority (CAA) in aviation. Some of these sectors operate under a single mandatory ombudsman scheme, such as the Financial Ombudsman Service or the Energy Ombudsman. Businesses are required to participate in these schemes, ensuring that consumers have access to a consistent and enforceable route to redress.

In contrast, non-regulated sectors operate under a voluntary ADR model. Businesses may choose to join an approved ADR scheme, often linked to a trade association. These schemes provide structured mechanisms for resolving disputes,

¹³ The Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 <https://www.legislation.gov.uk/uksi/2015/542/contents>

¹⁴ EU Parliament. (2013). Directive 2013/11/EU of the European Parliament and of the Council on alternative dispute resolution for consumer disputes. Official Journal of the European Union.

¹⁵ Are Alternative Dispute Resolution schemes working for consumers?, Which?, Policy report April 2021 <https://www.which.co.uk/policy/consumers/7428/adrschemes>

but participation is not mandatory. The Chartered Trading Standards Institute (CTSI) acts as the competent authority for these sectors, responsible for approving ADR providers, maintaining a public register, and monitoring compliance. However, the voluntary nature of participation has led to fragmentation, with multiple schemes operating in the same sector, varying in quality, scope, ADR methods and accessibility. This has created confusion for consumers and raised concerns about consistency and impartiality¹⁶.

To address some of these issues, the Digital Markets, Competition and Consumers (DMCC) Act 2024 enables important changes that have the potential to reshape some aspects of ADR oversight including:

- Stricter accreditation standards – ADR providers must be accredited or exempt under the new rules to ensure high-quality dispute resolution services. Only approved ADR providers can offer their services to consumers.
- Standardised fees and procedures – The DMCC Act aims to increase consistency across ADR providers by regulating fees and procedural transparency, ensuring fair costs for consumers, including the prohibition of ADR procedures in consumer contracts unless the ADR provider is accredited or exempt under the new rules.
- Trader responsibilities for awareness – Businesses will be required to notify consumers about their ADR arrangements, ensuring greater awareness of dispute resolution options.

Although the new provisions aim to improve ADR services and consumer redress, more work is needed. The secondary legislation the government will be introducing to implement these provisions won't be enough to establish the reforms needed. For example, establishing a single ADR in high-detriment sectors such as aviation, home improvements, and used car sales will require further primary legislation.

The DMCC Act is viewed as a missed chance to overhaul existing issues and other inconsistencies. It is important that forthcoming secondary legislation is used to ensure effective implementation of the provisions that are in the Act, but broader changes are still necessary to improve the unregulated sector and strengthen the ADR regime. These issues will be explored further in the below sections. Ultimately, the report's purpose is to move the conversation from problem identification to suggestions for practical steps the government can take to help ensure effective and fair dispute resolution.

Weaknesses with current ADRs

The UK has robust consumer protection and increasingly strong regulations acknowledging the role of ADR in delivering fast, affordable access to justice, most recently via the DMCC Act 2024. However, in some sectors, ADR remains constrained by limited availability, weak regulatory frameworks, inconsistent oversight, whilst consumers remain unaware of when they can use ADR. In many instances, ADR is unavailable because businesses refuse to participate¹⁷, or no

¹⁶ Ibid.

¹⁷ Resolving Consumer Disputes. Alternative Dispute Resolution and the Court System, Department for Business, Energy and Industrial Strategy, 2018.

effective ADR is available. Even where ADR is available, there is a lack of consumer awareness of their options at the point of need. When they do discover it, they must navigate a fragmented and complex system before they can file a dispute. For those who manage to submit a case, trust in the process is frequently low, and delays lead to frustration and disengagement.

In some sectors, such as home improvement, motor vehicles¹⁸ and aviation,¹⁹ these issues are particularly acute. In the home improvement sector, for example, the Dispute Resolution Ombudsman offers ADR services, but participation is voluntary, and many traders are not members. Similarly, in the motor vehicle sector, the Motor Ombudsman covers only those businesses that choose to register, leaving many consumers without recourse unless they pursue court action. These sectors consistently rank among the highest for consumer complaints in the CDS survey, yet access to ADR remains patchy and unreliable.

In the aviation sector, despite being a regulated sector, with two ADR providers, ADR participation is not mandatory. This has led to significant gaps in coverage. For instance, when AviationADR ruled against Ryanair in a number of cases, the airline withdrew from the scheme. Other airlines have also opted out, and, at that time around 20% of UK air passengers were not covered by any ADR scheme²⁰. This leaves millions without a viable alternative to court proceedings in a sector with high-value transactions and significant consumer detriment.²¹ The ability of businesses to exit schemes when outcomes are unfavourable undermines the credibility and effectiveness of ADR. Moreover, where multiple ADR providers operate in a sector this can lead to forum shopping²² as businesses can choose between them, there is a risk that schemes may compete on terms that favour businesses, such as lower costs or more lenient rulings, rather than on fairness or consumer outcomes.

Effective oversight is particularly critical in these multi-provider environments. Without mandatory participation and consistent standards, there is little incentive for businesses to comply with ADR outcomes and while trustworthy businesses will engage with ADR schemes, many others, not only unscrupulous operators, may reject consumer requests for independent redress. Consequently, while ADR may be available, its widespread adoption remains uncertain²³. In many cases, the only sanction for non-compliance is removal from the scheme, an outcome that may have little consequence for the business but leaves consumers without redress.

¹⁸ These were the sectors highlighted by BEIS in their response to the consultation on Reforming competition and consumer policy, 2021.
<https://www.gov.uk/government/consultations/reforming-competition-and-consumer-policy/outcome/reforming-competition-and-consumer-policy-government-response>

¹⁹ Chapter 10, Improving courts and ADR to help vulnerable consumers access justice by C. Graham in *Vulnerable Consumers and the Law-Consumer Protection and Access to Justice*, C. Riefa, S. Saintier, Eds., 2020, Routledge

²⁰ Are Alternative Dispute Resolution schemes working for consumers?, Which?, Policy report April 2021
<https://www.which.co.uk/policy/consumers/7428/adrschemes>

²¹ Ibid.

²² Pablo Cortes, *The Law of Consumer Redress in an Evolving Digital Market*, Cambridge University Press, 2017

²³ Ibid

By contrast, statutory ombudsman schemes, such as the FOS, offer a more robust model. The FOS provides a vital route for consumers to resolve disputes without the cost and complexity of court proceedings. While there is still room for improvement, particularly in enhancing the transparency of published decisions and expanding accessibility for digitally excluded consumers, the FOS has, over the years, provided vital support to individuals who might otherwise struggle to resolve their disputes before reaching court. Additionally, it has offered key insights through metrics and trends, shedding light on sector-wide practices that would otherwise remain obscure.

A similar statutory-backed ombudsman model is currently lacking in high-detriment sectors such as home improvement, veterinary services, motoring, and aviation. Where businesses are not members of an ADR scheme, consumers are left with no option but to pursue claims through the small claims court, a route that is often costly, time-consuming, and inaccessible for many. Research by BEIS in 2018²⁴ found that 70% of consumers who did not use ADR before going to court said it was because the trader refused to participate. This highlights the urgent need to make ADR participation mandatory in these sectors.

What needs to change, and how can this be achieved

Without a strong, accessible, and well-regulated ADR system, consumers may struggle to assert their rights, while businesses that fail to provide redress or ignore consumer complaints can effectively avoid accountability. Regulated sectors do benefit from clearer oversight and mandatory participation, but the broader unregulated landscape remains fragmented. The DMCC Act may help address this by tightening controls on who can operate as an ADR provider and by reinforcing the role of competent authorities in ensuring quality and awareness. Yet by promoting competition among multiple accredited providers, rather than endorsing a single scheme per sector, the DMCC Act leaves open critical questions about how consumer awareness will be increased and how businesses can contribute to this²⁵.

Alongside the DMCC Act, a number of sector-specific initiatives present further opportunities to strengthen ADR.

- In aviation, the government has stated that it intends to require airlines to join CAA-approved dispute schemes for flight delays and cancellations, ensuring passengers have a clear path to redress.
- Ofcom, whilst retaining a multi-ADR model within the telecom sector, is enhancing telecoms and postal ADR frameworks by mandating rigorous scheme accreditation, reducing the timeframe to access ADR from eight to six weeks. Ofcom are adopting a 6 month implementation period for these

²⁴ Resolving Consumer Disputes. Alternative Dispute Resolution and the Court System, Department for Business, Energy and Industrial Strategy, 2018.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/698442/Final_report_-_Resolving_consumer_disputes.pdf

²⁵ Citizen Advice Scotland, June 2023:

https://www.cas.org.uk/sites/default/files/2025-03/citizens_advice_scotland_evidence_on_the_digital_markets_competition_and_consumer_bill.pdf

changes to, amongst other reasons, support updating external communications.

- Financial services will see a renewed focus on the Financial Ombudsman Service, with plans to upgrade its case-handling systems, modernise its digital processes and tighten governance to improve efficiency and accessibility for consumers.
- The CMA's recent market study into veterinary services²⁶ has recommended introducing mandatory ADR provisions to protect pet owners and promote transparent pricing to improve trust in the sector.
- A new Ombudsman will be created in the water sector following the Independent Water Commission's final report, published on 21 July 2025²⁷. The new ADR provider, established as part of the root and branch review, will provide a single, free point of contact for consumers, and will have legal powers to resolve disputes and enforce decisions.

Ensuring consistency across these measures, particularly in how competent authorities are selected and overseen, will be vital to embedding a modern, trustworthy ADR landscape grounded in fairness, accessibility, and impartiality.

To address these ongoing challenges, and building on the principles set out in ADR legislation, including the DMCC Act 2024, targeted reforms and continuous improvement of ADR structure, governance, oversight, and operational processes are needed. These reforms should form the backbone of a more effective, trusted, and equitable ADR framework for consumers and the government should take decisive action to achieve these refinements as part of a broader reform agenda, ensuring a more comprehensive and effective dispute resolution framework that truly serves the interests of consumers.

Changes to ADR structure, governance and oversight

To ensure ADR is effective and trusted, this section sets out our recommended changes, to ADR structure, governance and oversight:

Establishing a single ombudsman in key economic sectors, with adequate oversight mechanisms

A crucial component of an effective ADR is the need to be available across the entire ADR landscape covering all economic sectors and hence addressing current gaps in ADR coverage. A single ombudsman in key sectors would provide a consistent and authoritative mechanism for resolving consumer disputes in sectors where ADR is currently fragmented or voluntary.

This model has already proven effective in sectors such as financial services, where the FOS is the point of call for consumers, and traders are obliged to inform consumers of their role at the point of dispute as established by law. The Financial

²⁶ CMA, Remedies- Vets Market Investigation Working, 01 May 2025 Paper
https://assets.publishing.service.gov.uk/media/68130b11c47c2060a912172b/Remedies_-_vets_market_investigation_working_paper__1_.pdf

²⁷ <https://www.gov.uk/government/news/powerful-water-ombudsman-to-support-customers-with-complaints>

Market Act 2000 provides statutory footing for the FOS to investigate complaints against insurance companies, financial institutions and banks. This structure has reduced fragmentation in the sector, provides clear signposting to the FOS service, and a standardised set of expectations for resolution processes and outcomes. In contrast, sectors like home improvement and used car sales rely on voluntary schemes with limited coverage. For example, the Dispute Resolution Ombudsman and the Motor Ombudsman, differently from the FOS, only cover businesses that choose to join, leaving many consumers without access to redress. A single ombudsman in both the motor and home improvement sectors would ensure universal coverage, consistent standards, and enforceable decisions, improving outcomes for both consumers and responsible businesses.

A further example is veterinary care, where, despite the complexity and high costs consumers often face, the only ADR available is a voluntary mediation scheme (the Veterinary Client Mediation Service or VCMS). Here a mandatory and comprehensive ADR scheme is needed to provide consistent and fair resolution. Here, the creation of an ombudsman, dedicated to handling veterinary service complaints for pet owners would help signposting for consumers, and ensure an authority to investigate complaints, adjudicate disputes, and enforce decisions effectively²⁸.

To maintain the standard of consumer address across an ombudsman-led ADR landscape, enhancements in ADR oversight to ensure a robust quality assurance are also essential. Decisions made by sectorial ADR schemes should be subject to review by a competent and independent authority.²⁹ This highlights the critical role of effective competent authorities in overseeing ADR schemes, ensuring consistency, and upholding consumer confidence across all sectors.

Making ADR participation mandatory for businesses in high-detriment sectors

In several consumer-facing sectors there is currently no requirement for businesses to participate in ADR. This gap in mandatory engagement has significant consequences for consumer protection. Mandatory participation in ADR is essential in sectors where consumer detriment is high and voluntary compliance has proven unreliable.

In the aviation sector, for instance, participation in ADR is not compulsory, and several major airlines, including Ryanair, have withdrawn from schemes following unfavourable rulings in the past³⁰ as discussed above. By contrast, in financial services, mandatory participation ensures that FCA regulated firms are subject to the FOS, providing consumers with a guaranteed route to redress. Extending this requirement to other high-complaint sectors would close significant gaps in consumer protection.

²⁸ Which? Complaints and redress in veterinary report: services

<https://www.which.co.uk/policy-and-insight/article/complaints-and-redress-in-veterinary-services-a5z611X9tZzf>

²⁹ Voet, Stefaan; Hodges, Christopher; 2017. [Consumer Dispute Resolution Mechanisms: Effective Enforcement and Common Principles](#). From common rules to best practices in European Civil Procedure; 2017; pp. 353 - 377 Publisher: Nomos, Hart Publishing

³⁰ Are Alternative Dispute Resolution schemes working for consumers?, Which?, Policy report April 2021 <https://www.which.co.uk/policy/consumers/7428/adrschemes>

Improving signposting and awareness of ADR options for consumers

Consumer awareness of ADR or how to access it is low, with only around 20% of people currently aware of the term ‘ADR’³¹. Levels of awareness vary significantly by sector. In sectors such as home improvement and motoring, consumers often only discover whether a business is part of an ADR scheme after a dispute has already occurred, by which point the opportunity for early resolution may have passed.

The need for clearer signposting has been recognised in multiple government consultations. In the 2025 consultation³², Ofcom highlighted that even in regulated sectors, consumer awareness remains low, with signposting rates as low as 19%³³. These findings underscore the need for more visible and consistent communication about ADR options. Clearer signposting, for example on websites, customer service communication, and receipts, would help ensure that consumers are informed at the right time. Public awareness campaigns and consistent branding of ADR schemes could further enhance visibility and build trust.

The DMCC Act 2024 includes a clause on signposting, but its effectiveness will depend on how it is implemented and enforced. Currently there is a plurality of individual case handling portals in numerous sectors, mostly financed by industry or financial organisations, as well as mediation, ombudsman and arbitration portals which can be confusing for consumers to use. Signposting measures should be expanded to include provision of a framework that seamlessly connects the various providers, transforming them into a unified and efficient system, such as a central digital platform, to guide consumers through the redress process and provide accessible information about available ADR schemes.

A centralised digital platform would help fill the gap left for consumers by the closure of the EU-wide Online Dispute Resolution (ODR) platform and its contact points³⁴. Established under the EU's ODR Regulation (2013), the platform sought to counter the Europe-wide fragmentation of ADR entities. Its goal was to increase the use of ADR by providing a single point of access for consumers with national or cross-border disputes over goods and services. The ODR contact point acted as a dedicated support service, guiding users through the process by explaining their rights, assisting with complaints, clarifying procedures, and directing them to alternative solutions when necessary.

Whilst this service has been discontinued, the European ODR framework offers some important lessons. Under those rules, all online traders across the EU were

³¹ Modernising consumer markets Citizens Advice formal consultation response, Citizens Advice, 2018.

³² [Consultation Review of ADR in the telecoms sector](#)

³³ Ofcom (2025) Review of ADR in the telecoms sector. Available at:

<https://www.ofcom.org.uk/siteassets/resources/documents/consultations/category-1-10-weeks/review-of-adr-in-the-telecoms-sector/main-and-supporting-docs/consultation-review-of-adr-in-the-telecoms-sector.pdf?v=389566>

³⁴ Launched in 2016, the EU ODR platform was an interactive website established designed to provide a single point of entry for consumers and traders seeking to resolve disputes out-of-court. It was available for disputes concerning online purchases of goods and services, covering all EU member states. The platform was multilingual and free to use, aiming to facilitate a simple, efficient, and low-cost resolution process. For the United Kingdom, access to the European ODR platform for both consumers and businesses ceased following its departure from the European Union.

required to include an easily accessible link to the EU ODR platform on their websites. However, this led to low trader uptake because, while publishing the link was mandatory, using the ADR mechanism itself remained optional. To remedy such issues, stronger structural changes may be needed. For example, adopting a single ADR provider per sector could significantly improve consumer awareness. A single, recognisable brand, similar to the Financial Ombudsman Service, would be far easier to promote and for consumers to establish trust in.

Ensuring ADR schemes are free to access, with clear timeframes for decisions

For ADR to serve as a meaningful means to achieve redress, it must be accessible to all consumers, regardless of income. This requires ADR schemes to be free at the point of use, as is the case with ombudsman services. Whilst the majority of ADR schemes in the UK are currently free for consumers, in some voluntary schemes consumers may face fees or encounter unclear processes³⁵, which can deter them from pursuing redress and undermine the purpose of ADR. For instance, the Centre for Effective Dispute Resolution Airlines (CEDR)³⁶, charges a fee at time of application even in cases of flight delays or cancellations. Whilst clause 294 of the DMCC Act³⁷ stipulates that ADR providers must not charge the consumer a fee in respect of ADR being carried out, there are conditions which allow fees to be charged, including approval by the Secretary of State. Given this clause is yet to come into effect, it is important that finalised provisions in secondary regulations maintain free access for consumers to ADR schemes.

Timeliness is equally critical to ensure accessibility. Lengthy dispute resolution processes create unnecessary burdens and discourage participation, effectively forming barriers to justice³⁸. For example, users of AviationADR have previously reported extended wait times for decisions³⁹, potentially contributing to dissatisfaction and a lack of trust in the system. To address this, all ADR schemes should be subject to clear and enforceable service standards, including maximum timeframes for accepting and resolving cases. This would help ensure that ADR delivers fair and efficient outcomes.

The need for timely access is particularly urgent in sectors where rising costs are compounding consumer detriment⁴⁰. Streamlined ADR procedures that minimise

³⁵N. Creutzfeldt and C. Gill, The Impact and Legitimacy of Ombudsman and ADR Schemes in the UK, https://www.law.ox.ac.uk/sites/default/files/migrated/the_impact_and_legitimacy_of_ombudsman_and_adr_schemes_in_the_uk.pdf

³⁶ Section 6 of the CEDR Aviation Adjudication Scheme Rules <https://www.cedr.com/wp-content/uploads/2021/10/Aviation-Adjudication-Rules-Nov-2020-v2.pdf>

³⁷ <https://www.legislation.gov.uk/ukpga/2024/13/section/294#section-294-3>

³⁸ Williams, J., Gill, C., Creutzfeldt, N. and Vivian, N. (2020) Participation as a Framework for Analysing Consumers' Experiences of Alternative Dispute Resolution (ADR). *Journal of Law and Society*, 47 (2). pp. 271-297. ISSN 0263-323X.

³⁹ Independent expert audit of ADR decision making for the Civil Aviation Authority, Verita, 2019 in Are Alternative Dispute Resolution schemes working for consumers? Which? Policy report April 2021 <https://media.product.which.co.uk/prod/files/file/gm-f5046213-9774-44d2-9800-e1bdf7c19564-60a3915155246-adr-report-v9-2.pdf>

⁴⁰

<https://www.motortrader.com/motor-trader-news/automotive-news/customers-skip-repairs-due-rising-costs-says-motor-ombudsman-07-01-2025>

delays can enhance consumer confidence, reduce barriers to participation, and increase engagement. Which? has advocated for reducing the timeframe to access ADR from eight to six weeks, as delays within this period can cause unnecessary harm, according to consumer research⁴¹. Ofcom's recent telecoms ADR review proposes tougher performance indicators. They have also confirmed that they are reducing the time that consumers need to wait before escalating a complaint from eight to six weeks. Protracted disputes often lead to frustration and a loss of faith in redress mechanisms. Early intervention through ADR can provide clarity, efficiency, and fairness, reassuring consumers that their rights will be protected. It also prevents financial harm and builds trust in the system by demonstrating that it is responsive and effective.

The Ministry of Justice (MoJ) has recently undertaken a significant reform in the UK civil justice system aimed at promoting ADR, particularly mediation, for small claims under £10,000⁴². While the introduction of mandatory mediation for small claims is a positive step in terms of increasing the usage of ADR, it paradoxically requires consumers to initiate litigation before accessing ADR. So rather than allowing consumers to engage in mediation directly to resolve their dispute informally, the process still starts with formal litigation. This can be confusing and counterintuitive, as ADR is often promoted as a simpler and more accessible alternative to going to court. By requiring consumers to take legal action before they can use ADR, the system may unintentionally discourage individuals who are seeking a less adversarial and more cost-effective resolution process. The government should therefore strengthen access to ADR much earlier in the consumer journey, ideally soon after a dispute arises. This is especially important given that far more consumers experience detriment than pursue legal action.

In high-complaint sectors such as motoring, home improvement and veterinary services, delays in resolving disputes can lead to significant financial strain and emotional stress. Whether dealing with faulty vehicles or poor workmanship, consumers need timely redress to avoid escalating harm. The longer a dispute drags on, the more likely consumers are to feel that the system is not working in their favour. Ensuring ADR is both free and timely is essential to restoring trust and delivering fair outcomes.

Strengthening compliance mechanisms to ensure businesses follow through on outcomes

Even when ADR schemes issue decisions in favour of consumers, enforcement can be weak, particularly in voluntary schemes. In the aviation sector, for example, businesses can withdraw from ADR schemes if they disagree with rulings. A notable example occurred in the aviation sector in 2018, when Ryanair withdrew from the AviationADR scheme. This followed a series of disputes related to compensation claims for flight disruptions caused by staff strikes. The UK Civil Aviation Authority

⁴¹ Survey conducted by Yonder, on behalf of Which? Of 2145 UK adults online between 13th and 15th August 2021. Data were weighted to be representative of the UK population by age, gender, region, social grade, tenure and work status

⁴² [About us - Civil Procedure Rule Committee - GOV.UK](#) and consultation document: [adr-consultation-document.pdf](#)

(CAA) believed that these strikes did not qualify as "extraordinary circumstances" under the EU Regulation (EC) No 261/2004, and therefore passengers were entitled to compensation. However, Ryanair disagreed with this interpretation and chose to terminate its agreement with the ADR provider, effectively removing itself from the process that had been resolving these complaints. This undermines the credibility of ADR and leaves consumers without meaningful recourse. In contrast, statutory ombudsman schemes such as the Financial Ombudsman Service (FOS) have stronger compliance frameworks, including legally binding decisions on the relevant firm, and publicly reporting non-compliance. These mechanisms help ensure that businesses are held accountable and that consumers receive the redress they are entitled to.

For ADR to be truly effective, decisions must be enforceable and implemented swiftly. When businesses delay or ignore rulings, it erodes trust in the system and discourages consumers from using ADR as a viable alternative to litigation. Some ADR schemes and professional bodies have introduced compliance incentives, such as penalty point systems that can lead to expulsion for repeated non-compliance, or "naming and shaming" practices that expose non-compliant traders. While these tools can be effective, they are not consistently applied across sectors and lack the legal backing needed to ensure universal compliance. Introducing statutory obligations for businesses to comply with ADR outcomes, particularly in sectors with high volumes of consumer complaints, would significantly strengthen the system. This could include financial penalties, regulatory consequences, or public reporting for non-compliance.

In addition to the above, improved oversight by competent authorities is essential to monitor compliance and enforce standards. In sectors such as aviation, home improvement, veterinary services, and motoring, where consumer detriment is common, stronger compliance mechanisms would not only protect consumers but also enhance the credibility and effectiveness of ADR schemes. Ensuring that businesses follow through on outcomes is critical to restoring trust and delivering fair, timely redress. Specifically, secondary legislation is needed to grant competent authorities explicit powers to monitor ADR scheme compliance systematically and impose meaningful sanctions on non-compliant businesses.

By creating this clear legal mandate for both enforcement of decisions and the oversight of ADR schemes, the system moves from one of voluntary incentives to one of guaranteed accountability, ultimately building the consumer trust necessary for ADR to function as a credible route to consumer redress.

Ensuring the effectiveness of ADR processes

While the government and sectoral regulators have taken steps to address some of the challenges facing ADR, significant gaps remain in terms of accessibility, fairness, consistency and competency. A more structured and consumer-focused approach is needed to ensure that ADR delivers on its promise across all sectors.

Accessibility, procedural consistency, and fairness

A vital component of an effective consumer ADR system is ensuring that it is accessible, procedurally consistent, and fair⁴³. These principles are essential to guarantee that all parties, regardless of background or circumstance⁴⁴, are treated equally and given a fair opportunity to present their case. To achieve this, ADR processes must be inclusive, user-friendly, and designed to accommodate the diverse needs of the population.

Accessibility means more than simply offering an ADR service, it requires that all consumers, regardless of age, income, education, location, or cultural background, can understand and engage with the process. Particular attention must be paid to vulnerable consumers⁴⁵, who may face additional barriers to participation. Addressing power imbalances⁴⁶ is central to procedural fairness. Consumers with limited knowledge, digital access, or confidence may be disadvantaged when facing businesses with greater resources or legal expertise. Without adequate support, these consumers risk being excluded⁴⁷ or receiving unfair outcomes.

Evidence from a BEIS survey⁴⁸ highlights these disparities: ADR users were found to be predominantly male (69%), over 50 years old (nearly 70%), highly educated (66% with at least a degree), and from higher-income households (42% earning over £50,000). These figures suggest that ADR is not reaching a representative cross-section of the population. If the users of ADR differ significantly from the broader consumer base, systemic barriers may be limiting access to justice and undermining the potential of ADR as a widely adopted alternative to court.

To address these gaps, ADR schemes must proactively remove barriers to participation. This includes using plain language⁴⁹, offering accessible documentation, and providing translation services for non-native speakers. Information about ADR should be disseminated through multiple channels to reach underrepresented groups, and targeted outreach should focus on those least likely to engage with the system.

Procedural consistency is also essential. Consumers often struggle to understand what evidence to submit, what to expect from the process, and how decisions,

⁴³ Procedural justice in Alternative Dispute Resolution: Fairness judgments among users of Financial Ombudsman services in Germany and the United Kingdom, *Journal of European Consumer and Market Law*, 7 (5) 188-200 (2018), Ben Bradford and Naomi Creutzfeldt.

⁴⁴ ECC-net Joint Project on ADR, Cross-border dispute resolution mechanisms in Europe – practical reflections on the need and availability. [adr report final.pdf](#)

⁴⁵ ODR and access to justice for vulnerable consumers, The case of the EU ODR Platform, by *Elisabetta Sciallis*, [Vulnerable Consumers and the Law](#), in *Vulnerable Consumers and the Law* Consumer Protection and Access to Justice, edited by Christine Riefa, Severine Saintier, Routledge, 2020.

⁴⁶ Pablo Cortes, *Dispute Resolution Processes in England and Wales: Justice, Settlement and Technology* (Cambridge University Press, 2026-forthcoming).

⁴⁷ Consumer ADR Delivering Fairness and Justice for Consumers, Business and Markets Conference 18 and 19 March 2019, Dr John Sorabji, [post-conference report 0.pdf](#)

⁴⁸ Resolving Consumer Disputes. Alternative Dispute Resolution and the Court System, Department for Business, Energy and Industrial Strategy, 2018.

⁴⁹ [ECC Network - position paper - Alternative Dispute Resolution in Europe.pdf](#)

particularly compensation, are made. Research by Jigsaw⁵⁰ found that consumers most often searched for information about ADR on websites not affiliated with the schemes themselves, indicating a lack of clear, accessible guidance from providers.

To ensure continuous improvement, competent authorities should regularly review how often consumers require accessibility adjustments and assess the effectiveness of these measures. This data should be published in ADR providers' annual reports to support transparency and accountability. Such monitoring would help evaluate whether ADR schemes are meeting the needs of consumers in vulnerable circumstances and inform improvements in service delivery.

Embedding accessibility, consistency, and fairness into ADR systems is foundational to building a just and inclusive consumer redress framework. While this is only one part of a broader reform agenda, it is a critical step toward ensuring that ADR fulfils its promise as a fair, effective, and trusted alternative to litigation.

Transparency of the process and wider use of data to drive improvements

Transparency is a cornerstone of an effective and trusted ADR system. It ensures that processes are clear, accessible, understandable, and open to scrutiny. When consumers and businesses understand how decisions are made and what principles guide them, confidence in the system increases.⁵¹ Greater accessibility, through clear communication and open procedural standards, empowers all users, especially vulnerable groups, to navigate dispute resolution with ease. Transparency also supports accountability and helps ensure that outcomes are consistent and fair.

While confidentiality is important in ADR, allowing parties to speak freely and resolve disputes without public exposure, it should not come at the expense of transparency for the wider consumer landscape. If outcomes remain entirely private, it becomes difficult to assess whether similar cases are being treated consistently, potentially disadvantaging future consumers.

A balanced approach is possible. For example, some UK ombudsman schemes publish anonymised case summaries that preserve confidentiality while offering valuable insights into how decisions are reached⁵². These summaries help consumers understand their rights and likely outcomes, and they provide businesses with guidance on best practices. Publishing procedural guidelines and decision-making criteria further enhances transparency and reinforces trust in the impartiality of ADR schemes⁵³.

In addition to transparency in individual cases, ADR providers should make better use of the data they collect. Publishing aggregate data on case volumes, outcomes, resolution times, and common complaint types can help identify systemic issues and

⁵⁰ [Annex 8b - consumer research jigsaw full report](#)

⁵¹ Bradford, Ben and Creutzfeldt, Naomi (2018) Procedural Justice in Alternative Dispute Resolution: Fairness Judgements among users of Financial Ombudsman Services in Germany and the United Kingdom. *Journal of European Consumer and Market Law*.

⁵² <https://www.financial-ombudsman.org.uk/decisions-case-studies/ombudsman-decisions>

⁵³ Consumer ADR Delivering Fairness and Justice for Consumers, Business and Markets Conference 18 and 19 March 2019, Dr John Sorabji, [post-conference report 0.pdf](#)

inform improvements. This information is valuable not only to consumers but also to regulators, businesses, and consumer advocacy groups.

Currently, many ADR schemes fall short in using data to drive change. Although regulations require data collection, this information is often underutilised. There is a need for greater transparency in ADR processes. Providers should be required to analyse and publish data in a clear and consistent format⁵⁴. Making this information publicly available would enhance accountability and allow consumers, regulators, and industry stakeholders to understand how disputes are handled, track outcomes, and assess the effectiveness of the ADR mechanisms. This transparency would, in turn, help promote higher standards, support informed decision-making, and encourage cultural change across sectors⁵⁵.

Separately, ADR schemes should be better integrated with the enforcement and regulatory ecosystem. Collaborating with regulators, businesses, and consumer groups to share insights from complaint patterns can help identify systemic issues, inform enforcement priorities, and guide proactive intervention. Rather than functioning in isolation, ADR data could serve as an early warning system for persistent consumer harm, enabling coordinated responses that prevent recurrence and protect vulnerable users.

The DMCC Act is a step in the right direction. If implemented effectively, it could support more detailed and consistent reporting, enabling ADR data to be used as a tool for continuous improvement.

By embedding transparency and data-driven insights into ADR systems, we can ensure that dispute resolution is not only fair and accessible but also responsive to emerging consumer needs and capable of driving sector-wide improvements.

Competence and impartiality

The legitimacy and effectiveness of ADR hinge on two non-negotiable pillars: competence and impartiality. Without public confidence in the ability and integrity of those resolving disputes, no ADR system can fulfil its promise of fair and efficient redress.

Competence in ADR demands that mediators, arbitrators, and other neutral third-party⁵⁶ possess the requisite expertise to manage complex and often high-stakes cases⁵⁷. This entails rigorous training, relevant sector or legal experience, and recognised professional qualifications. Allowing parties to participate in selecting the mediator or arbitrator can further enhance confidence in the

⁵⁴ Chapter 11, ODR and access to justice for vulnerable consumers: The case of the EU ODR Platform by E.Sciallis in *Vulnerable Consumers and the Law-Consumer Protection and Access to Justice*, C. Riefa, S. Saintier, Eds., 2020, Routledge

⁵⁵ Which? policy report 2021: <https://www.which.co.uk/policy/consumers/7428/adrschemes>

⁵⁶ Protecting the confidentiality of dispute resolution proceedings a guide for federal workplace ADR program administrators Interagency ADR Working Group Steering Committee April 2006

⁵⁷ The central London county court pilot mediation scheme evaluation report- professor Hazel Genn, Faculty of Laws University College London- [THE CENTRAL LONDON COUNTY COURT PILOT MEDIATION SCHEME EVALUATION REPORT](#)

process⁵⁸ by granting users a sense of agency and assurance in the ADR professional's abilities.

Impartiality is equally essential. ADR providers must not only be free from bias but must also be seen to be independent, both structurally and financially. Transparency is key: ADR bodies should publicly disclose their governance arrangements, panel appointment procedures, and funding structures. Making the biographies and credentials of dispute resolution professionals accessible contributes to public trust and institutional credibility. Our survey⁵⁹ reinforces this imperative: 64% of consumers feel reassured when ADR schemes adhere to recognised national standards for fairness and consistency. Additionally, 61% would place greater trust in schemes overseen by an independent approval and review body.

Moreover, organisational transparency, including on financial operations, streamlined structures, quality assurance mechanisms, and regular service evaluations, supports not just impartiality but administrative efficiency.

The UK's evolving regulatory landscape makes these principles particularly urgent. With the enactment of the DMCC Act 2024, the government has repealed the EU-derived 2015 ADR Regulations, redefining the framework with new accreditation and signposting obligations to be detailed in forthcoming regulations. Despite this new legislation, longstanding concerns about fairness, power imbalances, and unequal access to information⁶⁰ persist. Consumers who lack legal literacy or resources may therefore struggle to assert their rights, leading to outcomes that fall short of statutory protections.

Conclusions and recommendations

In conclusion, an effective and accessible system of redress is essential to ensure that consumer rights are supported, by helping to deter poor practices and to help individual consumers on the occasions when something may have gone wrong. ADR is often faster, less adversarial, and more accessible than traditional litigation, making it a preferred option for consumers to enforce their rights. But in order to ensure that ADR works it should be built on a more effective ADR framework for consumers. If the alternative redress landscape is unclear, if certain businesses within a sector are not covered, or if compliance with ADR decisions is low, these factors increase the risk of consumers being denied access to justice and redress.

Ensuring that ADR is simple, transparent, and effective is essential, not only to prevent consumers from abandoning disputes in frustration, but also to reinforce trust in market fairness, promote responsible business practices, and support long-term economic stability.

⁵⁸ Williams, J., Gill, C., Creutzfeldt, N. and Vivian, N. (2020) Participation as a Framework for Analysing Consumers' Experiences of Alternative Dispute Resolution (ADR). *Journal of Law and Society*, 47 (2). pp. 271-297. ISSN 0263-323X.

⁵⁹ Which? survey in [MoJ consultation on Dispute Resolution in England and Wales - Which? response - Which? Policy and insight](#)

⁶⁰ The central London county court pilot mediation scheme evaluation report- professor Hazel Genn, Faculty of Laws University College London- [THE CENTRAL LONDON COUNTY COURT PILOT MEDIATION SCHEME EVALUATION REPORT](#)

Establishing an efficient ADR regime across key sectors and maintaining trust in the ADR system require a number of changes. The government should prioritise the following recommendations in order to ensure ADR delivers for consumers, strengthens consumer trust, and boost economic growth whilst ensuring equitable access to dispute resolution, as this will guarantee ADR mechanisms as an established and integrated part of a successful consumer law landscape.

Recommendations

Consumers must have access to a single ombudsman in key economic sectors with adequate oversight mechanisms.

The government should establish a single mandatory ombudsman to assist consumers in sectors with high levels of consumer detriment, particularly where transactions are complex or high value, complaints are frequent, and ADR coverage is limited or inconsistent. While mandatory ombudsman services already exist in many regulated sectors, such as financial services, energy and rail, they should be introduced in aviation which stands out amongst the regulated sectors for not having mandated membership of a single ADR scheme. Similarly, single mandatory schemes must be introduced in high-risk non-regulated sectors including home improvement, motoring, veterinary services.

All ADR schemes should be overseen by effective competent authorities.

In regulated sectors, ADR schemes are typically approved and monitored by the relevant sectoral regulator acting as the competent authority (e.g. the FCA and Ofgem). In contrast, in unregulated sectors, oversight is currently provided by a single generic competent authority which must manage a fragmented and complex ADR landscape. To address this imbalance, and improve consumer outcomes, the government should introduce, in the forthcoming secondary legislation for the DMCC Act and primary legislation where relevant, criteria to select effective competent authorities to operate in high-detriment unregulated markets. These bodies should be empowered to approve and review ADR providers, set and enforce performance standards, and ensure schemes operate transparently with sound governance. Each body must be properly resourced and staffed, underpinned by a strong consumer protection mandate, and granted the legal authority to enforce compliance.

Make ADR participation mandatory for businesses in high-detriment sectors

To strengthen consumer protection, the government should make ADR participation mandatory for businesses in high-detriment sectors. Mandatory participation, as seen in financial services with the FOS, guarantees access to fair dispute resolution and should be extended to other high-risk sectors such as aviation, home improvement, and used car sales and veterinary services. This would close critical gaps in redress, reduce pressures on the court, and provide a level playing field for responsible businesses.

Improve signposting and awareness of ADR options for consumers

To improve consumer access to redress, the government should mandate in the forthcoming secondary legislation a clear and consistent signposting of ADR options at key consumer touchpoints, such as websites, customer service interactions, and receipts, across all sectors. Signposting measures should be expanded to include

provision of a framework that seamlessly connects the various providers, transforming them into a unified and efficient system, such as a central digital platform. However, lessons from the EU's ODR platform show that enhancements to signposting alone, such as mandatory links and unified databases are insufficient without proper oversight. To maximise effectiveness, signposting requirements should be backed by public awareness campaigns, consistent ADR branding, and the introduction of a single, sector-specific ADR provider, to simplify messaging and build consumer trust.

Ensure ADR schemes are free at the point of access for consumers

With the cost-of-living crisis making even small expenses difficult for many, no consumer should be discouraged from using ADR services due to the imposition of fees by ADR providers, even if they are refundable in certain circumstances. The government should ensure, via the forthcoming secondary legislation, that all ADR providers, in both regulated and non regulated sectors, are expressly prohibited from charging consumers any fees for dispute resolution without exceptions. The obligation should apply in the first instance to high-complaint, high-detriment sectors (for example, aviation, home improvement, veterinary services, motoring) and extend thereafter to all ADR schemes.

Ensure ADR schemes have clear timeframes

Evidence shows that prolonged ADR processes deter consumers and erode trust. To ensure ADR delivers fair and efficient outcomes, the government should introduce secondary legislation requiring all ADR schemes to meet clear, enforceable service standards, and, most critically, maximum timeframes for case acceptance and final decisions/outcomes. We are advocating to cut access and resolution periods from eight to six weeks to minimise harm and frustration. Establishing public reporting against these time-based KPIs will drive accountability, boost consumer confidence, and reinforce ADR as a genuine mechanism for consumer redress.

Strengthen compliance mechanisms to ensure businesses follow through on ADR outcomes.

To strengthen compliance and ensure businesses follow through on ADR outcomes, the government should legislate for statutory obligations requiring companies to implement outcomes within a set timeframe under threat of tiered financial penalties, regulatory sanctions and public “naming and shaming” in quarterly compliance league tables. Regulators should be empowered to audit ADR decisions, issue binding compliance notices and escalate repeat non-compliance by offending businesses.

Ensure ADR processes are consistent, fully accessible for consumers

Ensuring ADR is truly accessible means designing processes that all consumers can understand and use, regardless of their background. The government should mandate via secondary legislation that all ADR schemes adopt inclusive design standards, including plain language, translation services, and accessible formats. Case forms and guidance should be written in plain language, and translation, interpretation, and alternative formats, such as large print or audio, must be offered without charge. Dedicated support services, like pro-bono advisers or digital navigators, should be made available to help vulnerable consumers overcome barriers related to confidence, resources, or digital literacy.

Increase transparency and wider use of data to drive improvements and compliance

Beyond the DMCC Act provisions on this, the government should enact secondary legislation to mandate that competent authorities regularly review and publish data to monitor performance and identify areas for improvement. ADR providers should publish anonymised case summaries and standardised aggregate data on a quarterly basis. The summaries must strip personal identifiers while clearly outlining the facts, legal reasoning, and outcomes of disputes. The aggregate reports should cover key metrics such as case volumes, average resolution times, outcome distributions, and complaint categories in a uniform template. In parallel, the forthcoming secondary legislation should empower an oversight body to audit compliance, with clear sanctions for providers that fail to publish or analyse data effectively.

ADR schemes must be formally integrated into the broader enforcement and regulatory ecosystem

The government should appoint a stakeholder forum, including regulators, regulated and non-regulated sector ADR providers, consumer groups, and industry representatives. The forum should regularly review ADR data trends derived from published ADR data as described above. This should be used to help coordinate proactive interventions, and ensure dispute resolution becomes a dynamic, data-driven tool for preventing consumer harm and driving continuous sector-wide improvement.

Improved accountability, competency and independence

To strengthen consumer protection and market fairness beyond what is currently proposed in the DMCC Act, the government should require in the forthcoming secondary legislation that all ADR providers meet stringent competency standards, including mandating accredited qualifications for sector-specific expertise, and continuous professional development through independent oversight and periodic revalidation. It should enshrine the independence and impartiality of ADR providers by enforcing strict conflict-of-interest rules, requiring transparent governance, including the use of independent boards, and financial disclosures to uphold public trust and accountability.

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