

# NEW OBLIGATIONS FOR BUSINESSES IN CONSUMER ALTERNATIVE DISPUTE RESOLUTIONS (ADR)

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Who does this affect?  
What's new?  
What are the risks?

With effect from 1 February 2016, a general right of consumers to ADR proceedings for resolution of consumer disputes has been added into the Czech Consumer Protection Act and new obligations for businesses have been introduced.

## a) Who does this affect?

All businesses that sell their products or provide services to consumers.

## b) What's new?

The most important novelty is that businesses must now state the fact that the consumer can use the ADR proceedings on their website, in their general terms or in any other relevant materials, and must also provide contact information for the ADR entity (incl. its website address). The competent ADR entity is the Czech Trade Inspection Authority (in Czech: *Česká obchodní inspekce* – "CTIA"), except for telecommunications (Czech Telecommunication Office), energy (Energy Regulatory Office) and financial services (Financial Arbitrator).

Unlike the specialised ADR entities, the CTIA has no decision-making power and acts only as a mediator between the parties of a consumer dispute. However, businesses are obliged to participate and fully cooperate with the CTIA during the ADR proceedings.

## c) What are the risks?

The CTIA may impose an administrative penalty of up to CZK 1 million (approx. EUR 37,000) for a breach of the above information or cooperation obligations.

*If you have any queries concerning consumer ADR or compliance with the new obligations, please do not hesitate to contact us.*



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