The *Saeima* 1 has adopted and

the President has proclaimed the following Law:

**Law On Out-Of-Court Consumer Dispute Resolution Bodies**

**Chapter I**

**General Provisions**

**Section 1. Terms Used in this Law**

The following terms are used in this Law:

1) **out-of-court dispute resolution** — resolution of disputes performed by an out-of-court dispute resolution body in accordance with this Law or other laws and regulations laying down the procedures for out-of-court dispute resolution;

2) **out-of-court dispute resolution** **body** — a person, including an institution, which offers to resolve disputes out-of-court, conforms to the provisions of this Law and is on the list of out-of-court dispute resolution bodies;

3) **cross-border dispute** — a dispute between a consumer whose permanent place of residence on the sales or service contract date is in another European Union Member State, and a trader or service provider pursuing its commercial or professional activity in the Republic of Latvia (if the trader or service provider is a legal person or an association of persons without any legal status), or having its legal address in the Republic of Latvia (if the trader or service provider is a legal person);

4) **dispute** — a disagreement arising from the contractual obligations of a consumer and a trader or service provider related to the sales or service contract;

5) **rules governing the dispute resolution proceedings** — the procedures for dispute resolution laid down in laws or regulations or prescribed by the by-laws, rules of procedure, articles of association or another document developed by the out-of-court dispute resolution body.

**Section 2. Purpose of this Law**

The purpose of the Law is to lay down uniform requirements for the out-of-court dispute resolution bodies, in order to enable consumers to exercise and protect their lawful rights through independent, impartial, transparent, efficient, fast, and fair out-of-court dispute resolution.

**Section 3. Scope of the Application of this Law**

(1) The Law shall be applicable to out-of-court dispute resolution bodies handling an out-of-court dispute, including a cross-border dispute, between a consumer and a trader or service provider.

(2) Disputes arising from the Law On Regulators Of Public Utilities or the laws and regulations governing the sector subject to regulation shall be handled by the Public Utilities Commission in accordance with the procedures laid down in the Law On Regulators Of Public Utilities. The Public Utilities Commission, in the capacity of an out-of-court dispute resolution body, shall be independent from the institutional and functional aspect.

(3) This Law shall not apply to:

1) resolution of out-of-court disputes, if the natural person in charge thereof has employment legal relations with the particular trader or service provider, or if the trader or service provider is paying it a compensation;

2) resolution of out-of court disputes if arranged by the trader or service provider on its own;

3) negotiations between the trader or service provider and the consumer;

4) claims to the consumer if raised by the trader or service provider.

(4) This Law shall not be applied to disputes:

1) between traders or service providers;

2) in the field of overall significance (public) services, where the provision of a service is not related to economic or commercial considerations;

3) in the health care area;

4) arising from implementation of a higher education (academic or vocational) or further education programme provided by a public person;

5) concerning actions or failure to act by sworn notaries or sworn bailiffs.

(5) This Law shall not concern the laws and regulations laying down a mediation procedure.

**Section 4. Obligation of a Trader or Service Provider to Participate in the Out-of-Court Dispute Resolution**

A trader or service provider has an obligation to participate in the out-of-court dispute resolution. The out-of-court dispute resolution body may not refuse to handle the dispute if the trader of service provider has failed to respond to the consumer's submission or does not respond to the request by the out-of-court dispute resolution body.

**Chapter II**

**Obligations of an Out-of Court Dispute Resolution Body and the Requirements to be Set Forth in Respect of Out-of-Court Dispute Resolution**

**Section 5. Accessibility of the Out-of-Court Dispute Resolution**

(1) An out-of-court dispute resolution body handling disputes in the respective area has an obligation to accept the consumer's submission regarding a dispute and to handle it, unless prescribed otherwise by this Law or other laws and regulations governing out-of-court dispute resolution.

(2) The out-of-court dispute resolution body has an obligation to handle cross-border out-of-court disputes, including disputes to which Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on on-line dispute resolution for consumer disputes applies.

(3) Unless prescribed otherwise by other laws and regulations governing out-of-court dispute resolution, the out-of-court dispute resolution body shall refuse to handle a dispute in the following cases:

1) the consumer before filing of a submission to the out-of-court dispute resolution body has failed to address the submission to the trader or service provider in order to discuss the claim and seek to settle the dispute via negotiation;

2) the dispute is currently being considered or has been considered by another out-of-court dispute resolution body or a court;

3) at least one year has elapsed since the date of filing the submission by the consumer to the trader or service provider.

(4) The rules governing the dispute resolution proceedings may provide for a right to refuse to handle a dispute if:

1) the dispute is frivolous or vexatious;

2) this dispute concerns goods or services with a price below the minimum amount pre-set by the out-of-court dispute resolution body or above the maximum amount pre-set by the out-of-court dispute resolution body;

3) solving of the dispute would cause serious disturbances in efficient operation of the out-of-court dispute resolution body.

(5) The rules governing the dispute resolution proceedings, including criteria serving as the grounds for the out-of-court dispute resolution body to refuse to handle a dispute, may not be a serious constraint for the consumer access to dispute resolution.

(6) If the out-of-court dispute resolution body refuses to handle a dispute in accordance with Paragraphs three and four of this Section, it shall provide a reasoned refusal to the consumer and trader or service provider within three weeks after having received the submission, and specify the reasons thereof.

**Section 6. Obligations of an Out-of Court Dispute Resolution Body**

(1) An out-of-court dispute resolution body shall ensure:

1) the maintaining and updating of the website, as well as convenient access for the parties to the dispute to the information regarding the procedures for out-of-court dispute resolution, including the rules governing the dispute resolution proceedings;

2) a possibility for a consumer to file a submission regarding the dispute and related documents in writing (including electronically);

3) a possibility for the parties to the dispute to exchange information electronically or by mail.

(2) The out-of-court dispute resolution body shall draw up rules governing the dispute resolution proceedings ensuring their conformity with the provisions of this Law.

(3) Upon request by the parties, the out-of-court dispute resolution body shall supply them with information in a durable medium regarding the following:

1) the procedures for dispute resolution, including regarding the rules governing the dispute resolution proceedings (Paragraph two of this Section);

2) the outcome of the dispute resolution, including the type of the dispute resolution outcome and the grounds thereof (Section 9, Paragraph two, Clause 3).

(4) The information referred to in Paragraph three, Clause 2 of this Section, upon request, shall be provided also in writing.

(5) Upon request, the out-of-court dispute resolution body shall provide information in a durable medium as well as by employing other means, which it deems appropriate, in a manner so that it is accessible to general public, clear and easy to understand:

1) the information, which has been provided thereby on its website (Section 8);

2) the annual report for the previous year (Section 13).

(6) The out-of-court dispute resolution body shall ensure that the dispute resolution procedures developed thereby are efficient, enable the parties to the dispute to settle the dispute, and meet the following requirements:

1) accessibility to general public (including electronically) irrespective of the place where the parties to the dispute are located;

2) the parties to the dispute have no obligation to use a service by a sworn advocate or lawyer, yet, at any stage of the dispute resolution, they have the right to use the assistance of an independent specialist or engage a third party as their representative, or to receive a third-party assistance;

3) the dispute resolution is free of charge or for a commensurate fee.

(7) If the out-of-court dispute resolution body handles the dispute in a collegial manner, the number of natural persons representing the interests of consumers and those representing the interests of performers of economic or professional activities shall be equal.

(8) The out-of-court dispute resolution body shall ensure that the natural person involved in the dispute resolution is independent and impartial in respect of the dispute concerned, and meets the following requirements:

1) it has the necessary knowledge and skills in out-of-court consumer dispute resolution or in resolving of disputes in the court, as well as general knowledge regarding legal norms and principles;

2) its term of office is sufficiently long for ensuring independence, and it cannot be discharged without a valid reason;

3) it is not subject to the instructions of the parties to the dispute or their representatives under employment relations or any other legal relations;

4) its remuneration is not based on the outcome of the dispute resolution.

(9) If the person involved in the out-of-court dispute resolution is employed or remunerated by an association where the trader or service provider is a member, the association shall set up a separate budget for the out-of-court dispute resolution body that would be sufficient for fulfilment of its tasks. This requirement shall not be applied if the out-of-court dispute resolution body handles the dispute in a collegial manner when the number of representatives of the interests of consumers and those representing the interests of performers of economic or professional activities is equal.

**Section 7. Independence and Objectivity in Resolution of a Dispute**

(1) A natural person involved in a dispute resolution has an obligation to promptly notify the out-of-court dispute resolution body on any circumstances that affect or might affect its independence or impartiality, or on circumstances where the out-of-court dispute resolution affects or might affect the personal or economic interests of its relatives in the first or second degree of kinship, a spouse or business partners. The obligation to notify the parties to the dispute shall remain valid throughout the entire out-of-court dispute resolution period.

(2) In accordance with Paragraph one of this Section, a business partner is a person who, while performing its economic or professional activities, is or has been in contractual relations with the natural person involved in the our-of-court consumer dispute resolution within three years prior to its charging with the dispute resolution task.

(3) The out-of-court dispute resolution body shall ensure that the rules governing the dispute resolution proceedings lay down the procedures for how, in the cases referred to in Paragraph one of this Section:

1) the person in question who is handling the dispute is replaced by another person;

2) the person who is handling the dispute refrains from resolving the dispute, and, if possible, the out-of-court dispute resolution body proposes the parties to the dispute to address the submission to another out-of-court dispute resolution body;

3) the out-of-court dispute resolution body informs the parties to the dispute thereof, and the person handling the dispute is entitled to proceed with the dispute resolution, provided that the parties to the dispute do not have any objections after they have been informed regarding the circumstances referred to in Paragraph one of this Section and their right to voice their objections.

(4) The disclosure obligation laid down in Paragraph three of this Section shall have no effect on the rights of the parties to the dispute referred to in Section 12, Paragraph four, Clause 1 of this Law.

(5) If the out-of-court dispute resolution body is a natural person, the disclosure obligation laid down in Paragraph one of this Section shall not be applied. In such case, the out-of-court dispute resolution body shall act in accordance with Paragraph three, Clauses 2 and 3 of this Section.

**Section 8. Requirements for the Website of the Out-of-Court Dispute Resolution Body**

(1) The out-of-court dispute resolution body shall provide the following information on its website:

1) contact details of the out-of-court dispute resolution body, including mail address and e-mail address;

2) a statement that the out-of-court dispute resolution body has been included in the list referred to in Section 14, Paragraph one of this Law;

3) the procedures for appointing to office and term of office of the person who handles the dispute;

4) participation of the out-of-court dispute resolution body in networks facilitating the resolution of cross-border disputes;

5) the disputes to be handled by the out-of-court dispute resolution body, including the minimum and maximum claim amount;

6) the rules for the out-of-court dispute resolution proceedings and conditions according to which the out-of-court dispute resolution body may refuse to handle a dispute in accordance with Section 5, Paragraph four of this Law;

7) the languages in which submissions may be filed and in which the out-of-court dispute resolution body offers to conduct the handling of cross-border disputes;

8) the legal norms, legal principles (including fairness), as well as the rules (including best practices codes) applied by the out-of-court dispute resolution body while handling a dispute;

9) the conditions that are to be fulfilled by the parties to the dispute prior to start the out-of-court dispute resolution, including the consumer's obligation to first approach the trader or service provider;

10) the right of the consumer and the trader or service provider to refuse from out-of-court dispute resolution;

11) the fee for dispute handling, if any, including information regarding the right to decide on reimbursement of the fee after completion of the dispute handling;

12) expected time taken to resolve out-of-court disputes;

13) legal consequences of the outcome of the out-of-court dispute resolution, including consequences for a failure to comply with the solution determined by the out-of-court dispute resolution body if the solution is binding on the parties to the dispute;

14) enforceability of the decision of the out-of-court dispute resolution body, if applicable.

(2) The out-of-court dispute resolution body shall publish on its website the list of the out-of-court dispute resolution bodies in the European Union, concurrently pointing to the European Commission website where the list is available.

**Section 9. Requirements for Handling of Out-of-Court Disputes**

(1) As soon as all the documents necessary for handling of a dispute have been received, the out-of-court dispute resolution body shall notify the parties to the dispute thereof.

(2) The out-of-court dispute resolution shall be conducted with an assurance that the dispute resolution procedures are fair in respect of the parties to the dispute, and they have been informed regarding their rights concerning the following:

1) within a reasonable period of time, to express their point of view, to receive the explanations and written evidence provided by the opposite party to the dispute, including expert opinions and points of view, as well as to express their opinion on them;

2) not to use services of a sworn advocate or lawyer, yet, at any stage of the dispute resolution, to use the assistance of an independent specialist, as well as regarding the right to engage a third party to represent them, or to receive a third-party assistance;

3) to receive information regarding the outcome of the dispute resolution, including the type of the outcome of the dispute resolution in accordance with Section 12, Paragraph two of this Law, and the grounds thereof.

**Section 10. Agreement on Addressing a Dispute to an Out-of-Court Dispute Resolution Body**

No agreement on addressing a dispute to an out-of-court dispute resolution body shall be binding on the consumer if it has been made before the dispute arose and where it prevents the consumer from seeking redress before the court.

**Section 11. Effect of Resolving a Dispute Out-of-Court on the Prescription Periods**

If the solution offered by the out-of-court dispute resolution body is not binding on the parties to the dispute, the prescription period laid down in laws and regulations shall be suspended at the moment when the consumer files a submission to the out-of-court dispute resolution body.

**Section 12. Outcome of the Out-of-Court Dispute Resolution**

(1) The out-of-court dispute resolution body shall ensure the handling of the dispute and notify the parties to the dispute on the outcome of the dispute resolution within 90 days from the date when it has received all the documents related to the dispute resolution. In case of complicated disputes, the out-of-court dispute resolution body is entitled to extend the abovementioned term. In such case the out-of-court dispute resolution body shall inform the parties to the dispute regarding the extension of the term and the time the dispute resolution is expected to take.

(2) The out-of-court dispute resolution body may, in accordance with laws and regulations or the rules governing the dispute resolution proceedings, do the following:

1) propose a solution to the dispute;

2) impose a solution to the dispute;

3) bring together the parties to the dispute in order to facilitate a settlement between the consumer and the trader or service provider.

(3) The outcome of the dispute resolution may not be contested or appealed.

(4) If the out-of-court dispute resolution body proposes a solution to the dispute:

1) the parties to the dispute have a possibility to withdraw at any stage of the dispute resolution proceedings. Prior to commencing the resolution of the dispute, the out-of-court dispute resolution body shall inform the consumer regarding its rights to withdraw from the proceedings;

2) the parties to the dispute, prior to agreeing to the solution to the dispute proposed by the out-of-court dispute resolution body or undertaking the relevant actions, shall be informed regarding:

a) their right to agree or disagree to the solution to the dispute proposed by the out-of-court dispute resolution body and its implementation,

b) the right to seek redress before the court,

c) the fact that the solution to the dispute proposed by the out-of-court dispute resolution body may differ from that if the dispute is solved by the court;

3) the parties to the dispute, prior to agreeing to the solution to the dispute proposed by the out-of-court dispute resolution body or starting its implementation, have been informed regarding the legal consequences arising from agreeing to the solution to the dispute proposed by the out-of-court dispute resolution body or from commencing its implementation;

4) the parties to the dispute, prior to agreeing to the solution to the dispute proposed by the out-of-court dispute resolution body or starting its implementation, are given sufficient time for expressing their consent.

(5) The outcome of the out-of-court dispute resolution imposed by the out-of-court dispute resolution body shall be binding on the parties to the dispute only if they have been informed regarding the binding nature of the outcome in advance, and they have agreed thereto.

**Section 13. Annual Report of the Out-of-Court Dispute Resolution Body**

The out-of-court dispute resolution body shall, by 1 March each year, publish its annual report for the previous year on its website. The abovementioned report shall contain the following information regarding out-of-court disputes:

1) the number of submissions received and the types of disputes;

2) systemic and serious problems that are the reasons for disputes between consumers and traders or service providers. The abovementioned information may include recommendations on how to prevent or address the respective problems in order to promote that the traders or service providers follow best practices, as well as to facilitate the exchange of information and best practices;

3) the share of disputes, including in percentage terms, that the out-of-court dispute resolution body has refused to handle in accordance with Section 5, Paragraphs three and four of this Law;

4) the share of disputes in percentage terms when the out-of-court resolution was discontinued, as well as the reasons for discontinuation, if known;

5) the average time taken to resolve out-of-court disputes;

6) the share of compliance with the outcomes of the out-of-court dispute resolution, if known;

7) information regarding the co-operation of the out-of-court dispute resolution body, if any, with the networks of out-of-court dispute resolution bodies, thus facilitating the handling of cross-border disputes.

**Chapter III**

**List of Out-of-Court Dispute Resolution Bodies, Single Contact Point and Co-operation**

**Section 14. List of Out-of Court Dispute Resolution Bodies**

(1) The Consumer Rights Protection Centre shall compile a list of the out-of-court dispute resolution bodies (hereinafter – the list). The list shall include out-of-court dispute resolution bodies that meet the requirements laid down in Chapter II of this Law.

(2) The Consumer Rights Protection Centre shall, according to the information at its disposal, evaluate the compliance of the out-of-court dispute resolution body with the requirements laid down in Chapter II of this Law and decide on its inclusion in the list. The Consumer Rights Protection Centre shall include the institutions, for which the out-of-court dispute resolution procedures have been prescribed by other laws and regulations, in the list without carrying out their evaluation in accordance with the requirements laid down in Chapter II of this Law.

(3) An out-of-court dispute resolution body that wishes to be included in the list shall provide the following information to the Consumer Rights Protection Centre:

1) the name, if the out-of-court dispute resolution body is a legal person, or the given name and surname if the out-of-court dispute resolution body is a natural person;

2) the contact details and website address;

3) the structure and funding, including information regarding remuneration, term of office and employer of the person (or several persons) who is in charge of the out-of-court dispute resolution;

4) the procedures for the out-of-court dispute resolution, including information regarding the fact whether dispute resolution is conducted in oral or written proceedings, as well as information whether the outcome of the out-of-court dispute resolution is binding or non-binding in its nature;

5) the fee for out-of-court dispute resolution, if any;

6) the expected time taken to resolve out-of-court disputes;

7) the languages in which submissions may be filed and in which the out-of-court dispute resolution body offers to conduct the handling of cross-border disputes;

8) the disputes handled by the out-of-court dispute resolution body;

9) the cases when the out-of-court dispute resolution body may refuse to handle a dispute in accordance with Section 5, Paragraph four of this Law;

10) certification that the out-of-court dispute resolution body conforms to the requirements laid down in Chapter II of this Law and is eligible to be included in the list.

(4) The list shall include the following information:

1) the name of the out-of-court dispute resolution body, contact details, and website address;

2) the fee for handling of a dispute out-of-court;

3) the languages in which submissions may be filed and in which the out-of-court dispute resolution body offers to conduct the handling of cross-border disputes;

4) the disputes handled by the out-of-court dispute resolution body;

5) the areas in which the out-of-court dispute resolution body resolves disputes, and categories of disputes;

6) the fact whether the dispute resolution is carried out in oral or written proceedings;

7) the fact whether the outcome of the out-of-court dispute resolution is binding or non-binding in its nature;

8) the cases when the out-of-court dispute resolution body may refuse to handle a dispute in accordance with Section 5, Paragraph four of this Law.

(5) If the out-of-court dispute resolution body is an institution for which the procedures for dispute resolution have been laid down in other laws and regulations, it shall disclose to the Consumer Rights Protection Centre the information referred to in Paragraph four of this Section.

(6) The out-of-court dispute resolution body shall, without delay, notify the Consumer Rights Protection Centre on any changes in the information referred to in Paragraph three or four of this Section.

(7) If the Consumer Rights Protection Centre establishes that an out-of-court dispute resolution body included in the list does not conform to the requirements laid down in Chapter II of this Law, the Consumer Rights Protection Centre shall inform the out-of-court dispute resolution entity thereof, specifying the requirements that are not conformed to, and request immediate rectification of the non-conformities.

(8) If the out-of-court dispute resolution body has failed to rectify the abovementioned non-conformities within three months after the date when the Consumer Rights Protection Centre notified the out-of-court dispute resolution body in accordance with Paragraph seven of this Section, the Consumer Rights Protection Centre shall delete this out-of-court dispute resolution body from the list.

**Section 15. Single Contact Point**

(1) The Consumer Rights Protection Centre shall be the single contact point for communication with the European Commission.

(2) The Consumer Rights Protection Centre shall communicate the list to the European Commission, as well as shall, without delay, notify on any changes in the list or in the information referred to in Section 14, Paragraph three or four of this Law, which have been communicated to the Consumer Rights Protection Centre by the out-of-court dispute resolution bodies.

(3) The Consumer Rights Protection Centre shall publish on its website the list of the out-of-court dispute resolution bodies in the European Union, concurrently pointing to the European Commission website where the relevant list is available.

(4) Upon request, the Consumer Rights Protection Centre shall provide information regarding the out-of-court dispute resolution bodies in the European Union on a durable medium or in writing.

**Section 16. Training Programmes for Out-of-Court Dispute Resolution Bodies**

(1) In order to ensure the compliance of the persons involved in out-of-court dispute resolution with the requirements laid down in Section 6, Paragraph eight, Clause 1 of this Law, the out-of-court dispute resolution body may provide training to these persons.

(2) If the out-of-court dispute resolution body is developing a training programme for the persons involved in out-of-court dispute resolution, if necessary, the Consumer Rights Protection Centre shall provide assistance and recommendations for the development of the programme.

**Section 17. Co-operation**

(1) The out-of-court dispute resolution bodies shall co-operate in the resolution of cross-border disputes and share best practices.

(2) The out-of-court dispute resolution bodies and authorities having the competence of surveillance and control over the respective area shall co-operate and exchange information regarding such actions of traders and service providers, which have been a recurrent subject-matter in submissions of consumers.

(3) The authorities having the competence of surveillance and control over the respective area, if necessary, shall issue opinions and other information to the out-of-court dispute resolution bodies, which is necessary for out-of-court dispute resolution.

**Section 18. Information Regarding Out-of-Court Dispute Resolution**

The out-of-court dispute resolution bodies shall, by 1 March every other year, disclose the following information to the Consumer Rights Protection Centre:

1) the number of submissions received and the types of disputes;

2) the share of disputes, the handling of which was discontinued prior to reaching an outcome in the out-of-court dispute resolution;

3) the average time taken to resolve disputes;

4) systemic and serious problems that are the reasons for disputes between consumers and traders or service providers, including recommendations for addressing the abovementioned problems, if any;

5) evaluation of the efficiency of the co-operation, if any, with cross-border out-of-court dispute resolution networks;

6) information regarding training programmes, if any, for the persons involved in out-of-court dispute resolution;

7) evaluation of the out-of-court dispute resolution efficiency and recommendations for improvement thereof.

**Section 19. Report on the Development of Out-of-Court Dispute Resolution Bodies**

(1) The Consumer Rights Protection Centre shall, by 1 March once every four years, draw up a report on the out-of-court dispute resolution in Latvia, based on the information received in accordance with Section 18 of this Law. The report shall contain at least the following information:

1) examples of the best practices of the out-of-court dispute resolution bodies;

2) the deficiencies identified in out-of-court dispute resolution, which are a constraint in the work of out-of-court dispute resolution bodies, where necessary, supported with statistical data;

3) recommendations for improvement of the operational efficiency of out-of-court dispute resolution bodies.

(2) The Consumer Rights Protection Centre shall deliver its report on the development of out-of-court dispute resolution bodies to the Ministry of Economics and the European Commission, as well as publish it on its website.

**Transitional Provisions**

1. An out-of-court dispute resolution body shall draw up its first annual report referred to in Section 13 of this Law by 1 March 2017.

2. An out-of-court dispute resolution body shall make its first disclosure of information referred to in Section 18 of this Law by 1 March 2018.

3. The Consumer Rights Protection Centre shall prepare its first report referred to in Section 19, Paragraph one of this Law by 1 March 2020.

**Informative Reference to European Union Directives**

The Law is the result of transposition of the legal norms arising from Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC.

This Law shall come into force on 9 July 2015.

This Law was adopted by the *Saeima* on 18 June 2015.

President A. Bērziņš

Riga, 2 July 2015