**Rules for the out-of-court settlement of consumer disputes**

**(ADR)**

Pursuant to the provisions of Section 20x of Act No. 634/1992 Coll., On Consumer Protection, as amended, (hereinafter the “Act”), the Czech Trade Inspection Authority issues these rules for out-of-court settlement of consumer disputes, which regulates in detail the procedure for out-of-court settlement of consumer disputes. (hereinafter referred to as the "Rules").

**PART ONE**

**Introductory provisions and management principles**

Article 1

These Rules regulates the procedure of the Czech Trade Inspection Authority in the out-of-court settlement of consumer disputes (hereinafter also referred to as "ADR").

Article 2

1) The Czech Trade Inspection Authority is a subject of out-of-court settlement of consumer disputes, unless this competence is entrusted by law to a specialized subject of out-of-court settlement of consumer disputes.

2) The specialized entity for out-of-court settlement of consumer disputes is:

a) in the field of financial services, the financial arbitrator within the scope specified by the legal regulation governing the activities of the financial arbitrator,

b) in the field of electronic communications and postal services, the Czech Telecommunication Office within the scope specified by the legal regulation governing electronic communications and postal services,

c) in the field of electricity, gas and heating The Energy Regulatory Office within the scope specified by the legal regulation governing electricity, gas and heating.

3) Tasks related to the professional, organizational and technical support of the out-of-court dispute resolution entity are performed within the Czech Trade Inspection Authority by a separate Out-of-Court Dispute Resolution Unit (hereinafter referred to as the “ADR Unit”).

4) On behalf of the Czech Trade Inspection Authority, acts in proceedings to resolve out-of-court settlement of consumer disputes are assigned to the head of the ADR Unit, his/her deputy and other employees of the ADR Unit, to the extent determined by the head of this Unit.

Article 3

1) The aim of out-of-court settlement of consumer disputes is to reach an amicable settlement of the dispute and the agreement of the parties on the basis of mutual communication through the ADR Unit. If it is appropriate to achieve the purpose of the proceedings, the ADR Unit actively communicates with the parties during the proceedings and leads them to reach an agreement.

2) The ADR Unit is obliged to proceed in resolving consumer disputes impartially, fairly and without delay and only on the basis of facts established in accordance with the law and these Rules. The CTIA staff authorized to carry out the ADR procedure shall without any delay notify the direct superior of any circumstances that could affect their independence and impartiality, or which could give rise to a conflict of interest, or which could be perceived as such, by one of the parties to the dispute. The obligation to report such circumstances continues throughout the dispute settlement procedure. The party to the proceedings may also file an objection of bias, in which case he/she shall also indicate the evidence in support of hi/her claim. The employee's direct superior decides on the bias. In such a case, the direct superior of the staff member shall, in such cases, ensure that the staff member concerned is replaced by another staff member authorized to carry out the ADR procedure; or, if that is not possible, the staff member concerned has waived the ADR procedure and shall propose to the parties to submit the dispute to another ADR entity competent to deal with the dispute.

Article 4

1) The ADR Unit cooperates with ADR entities in the other Member States of the European Union and in the other countries forming the European Economic Area and the institutions of the European Union. The ADR Unit and the authorities mentioned above exchange best practices on the resolution of cross-border and domestic disputes on a regular basis.

2) The ADR Unit cooperates with other institutions and supervisory authorities for consumer protection in the Czech Republic. In justified cases, the ADR Unit provides them with the information and findings it has obtained in the course of its activities, unless it is contrary to other legislation. The ADR Unit publishes information about its activities in a way that is appropriate.

Article 5

1) In the case of cross-border disputes, the European Consumer Center of the Czech Republic assists consumers in accessing the competent body for out-of-court settlement of consumer disputes. European Consumer Center of The Czech Republic is the contact point for the settlement of online disputes within the meaning of Regulation (EU) No 524/2013 of the European Parliament and of the Council, and shall only perform functions within the meaning of this legislation if the parties to the dispute are not habitually resident in the same Member State.

2) In case there is a complaint referred to the ADR through the online Consumer Disputes Platform within the meaning of Regulation (EU) No 524/2013 of the European Parliament and of the Council, the ADR Unit informs the parties without undue delay, whether the ADR Unit would deal with the dispute or refuses to deal with it, based on Directive 2013/11/EU, Art. 5 (4). If the ADR Unit agrees to deal with the dispute, it shall also inform the parties to the dispute of its procedural rules and, where applicable, of the possible costs of the ADR procedure in question.

3) In the event that the proposal of the ADR Unit has been forwarded through online consumer dispute platform within the meaning of Regulation (EU) No 524/2013 of the European Parliament and of the Council, ADR shall notify the dispute resolution platform without delay of the date of receipt of the complaint file, the subject of the dispute, the termination date and dispute settlement procedure.

Article 6

The ADR Unit cooperates with the European Consumer Center of the Czech Republic, especially in resolving consumer disputes, where the seller has its usual registered office in another Member State of the European Union, the United Kingdom, Norway or Iceland.

**PART TWO**

**Out - of - court dispute resolution proceedings**

Article 7

Initiation of proceedings

1) The out-of-court settlement of a consumer dispute is initiated at the request of the consumer.

2) The proposal pursuant to paragraph 1 shall contain:

a) identification data of the parties to the dispute,

b) a complete and comprehensible description of the decisive facts,

c) an indication of what the petitioner is seeking,

d) the date on which the claimant exercised his/her right in dispute with the seller for the first time,

e) a statement that the case has not been decided by a court, no arbitral award has been issued and no agreement has been reached between the parties in the out-of-court settlement of a consumer dispute, nor has court proceedings, arbitration or out-of-court settlement of a consumer dispute been initiated,

(f) the date and signature of the applicant.

3) The proposal to initiate proceedings is usually submitted on a form issued by the ADR Unit, accessible at the CTIA inspectorates and on the CTIA website. If the consumer submits a request for the initiation of proceedings in another form, the ADR Unit may ask him/her to fill in this form.

4) The proposal may be submitted in writing or orally or electronically via the online form provided on the Czech Trade Inspection Authority's website, signed by a recognized electronic signature or sent via the data box of the person submitting the proposal. Provided that the proposal is confirmed or supplemented within 10 days by one of the methods listed in the first sentence, it may be submitted by other technical means, in particular by fax or public data network without the use of a recognized electronic signature.

5) In the event that the proposer submits the proposal via the ADR online form on the CTIA website, in addition to signing with a recognized electronic signature or sending via a data box, he/she has the opportunity to confirm such a proposal by a short written statement generated in the online form. In the event of a cross-border consumer dispute, the ADR Unit may also accept a simple electronic signature of the applicant, unless there are doubts about the identity of the applicant.

6) The applicant may file a proposal with the seller for the first time no later than 1 year from the date on which he/she exercised his/her right, which is the subject of the dispute.

7) The application shall be accompanied by a proof that the claimant has not been able to resolve the dispute directly with the other party and other documents substantiating the alleged facts, if available. A power of attorney shall be attached to the proposal if the applicant is represented on the basis of a power of attorney.

8) If the proposal does not contain the prescribed requirements or if the documents are not attached, the ADR Unit will ask the applicant to complete it within 15 days. After this period, the ADR Unit will reject the proposal.

Article 8

(1) The ADR Unit shall also reject a proposal if it finds from the proposal, its annexes or otherwise that:

a) the dispute does not fall within its material scope,

b) the matter has already been decided by a court or an arbitral award has been issued or court proceedings or arbitration proceedings have been initiated, or out-of-court settlement of a consumer dispute has already been initiated or terminated in accordance with the law in the same matter,

(c) the applicant has made the proposal after the expiry of the time limit laid down in Article 7 (6), or

(d) the proposal is manifestly unfounded.

2. The proposal is manifestly unfounded, in particular if

(a) the proposal is re-filed and the claimant fails to demonstrate, when submitted, that he or she has complied with the conditions laid down, where applicable, in the previous out-of-court settlement of the consumer dispute; or

(b) by filing it, the claimant is clearly pursuing an abuse of his rights to the detriment of the other party.

3) In exceptional cases, the application may also be considered unfounded if the applicant's request is manifestly unjustified or objectively unenforceable.

4) The proposal may also be considered unfounded if insolvency proceedings have been initiated against the seller pursuant to Act No. 182/2006 Coll., On Bankruptcy and Ways of Resolving It (Insolvency Act), and the effects of this insolvency proceedings continue; or if the seller has entered into liquidation pursuant to Act No. 89/2012 Coll., the Civil Code, and the applicant has not yet exercised his/her right, which is the subject of the dispute.

5) In case of rejection of the proposal due to unfoundedness, the ADR Unit may provide the applicant with qualified advice. However, the legal assessment of the case by the ADR Unit is not legally binding and may differ from any subsequent court or other decision.

Article 9

The ADR Unit shall inform the parties to the dispute of the rejection of the application, together with the reasons for the rejection, within 15 days of its receipt, unless it finds out later the facts giving rise to the rejection. In such a case, it shall inform the parties about the rejection without undue delay from the moment it becomes aware of the reasons for the rejection of the application.

Article 10

**The course of proceedings**

(1) The out-of-court settlement of a consumer dispute shall begin on the date on which the ADR Unit receives the application referred to in Article 7 (1).

2) If the ADR Unit does not reject the proposal, it shall notify both parties to the dispute of the initiation of the out-of-court settlement of the dispute and instruct them that

a) they do not have to be represented by a lawyer,

b) may benefit from independent advice or representation or assistance from a third party,

c) the consumer may terminate his/her participation in the out-of-court settlement of the consumer dispute at any stage,

d) have the right to express their opinion on the matter,

e) may inspect and comment on documentation relating to the dispute, obtain copies or transcripts of allegations, evidence, documents and facts submitted by the other party;

f) in the cases referred to in Article 14, be informed in paper form or on another durable medium of the termination of the out-of-court settlement of a consumer dispute and of the facts which led to the termination of the out-of-court settlement of the consumer dispute,

(g) the opening of an out-of-court settlement of a consumer dispute shall not affect the right of the parties to the dispute to seek protection of their rights and legitimate interests through the courts.

3) If the nature of the consumer dispute allows it, the scope of the consumer's factual statements and the documents submitted by the consumer, the ADR Unit may send a preliminary statement on the subject matter of the dispute together with the notification of the commencement of the consumer dispute. In that statement, it shall make a brief assessment of the facts set out in the application and the subsequent legal assessment of the subject-matter of the dispute.

Article 11

1) If, in order to reach an agreement on the subject of a dispute, it is necessary to resolve an issue which can only be considered by an expert or expert institute in the field (hereinafter "expert in the field"), the ADR Unit may propose the list of expert institutes. If a large number of experts in the field is available, the ADR Unit will propose at least two, preferably from the region in whose district the petitioner resides.

2) In the case of the procedure under paragraph 1, the ADR Unit shall inform the parties to the dispute about the costs of the expert's activity in the field and about the need for the parties to agree on the costs.

3) If the parties to the dispute agree to use the activities of an expert in the field and agree to bear the costs, but do not agree on one of the experts in the field proposed under paragraph 1, then he/she shall be selected by the ADR Unit.

Article 12

1) The seller is obliged to provide the ADR Unit with an opinion on the facts stated in the proposal within 15 working days of receiving the notification pursuant to Article 10 (2).

2) The seller is obliged to cooperate closely and provide the ADR Unit with the cooperation necessary for the effective course of out-of-court settlement of a consumer dispute.

Termination of proceedings

Article 13

1) The out-of-court settlement of a consumer dispute must be completed within 90 days of its commencement.

(2) In the case of particularly complex disputes, the ADR Unit may extend the period referred to in paragraph 1 by a maximum of a further 90 days. The parties shall be informed without undue delay of the extension of this period and of the total time until which the out-of-court settlement of the consumer dispute can be expected to be completed.

Article 14

The out-of-court settlement of a consumer dispute terminates

a) by concluding an agreement between the parties to the dispute,

b) a unilateral declaration by the consumer of the termination of the participation in the settlement of the dispute notified to the ADR Unit,

c) death, declaration of death, declaration of missing or termination of one of the parties to the dispute without a legal successor,

(d) on expiry of the period referred to in Article 13

(e) rejecting a proposal pursuant to Article 8.

Article 15

1) On the termination of out-of-court settlement of a consumer dispute pursuant to Art. 14 (b) or (c) informs the ADR Unit without undue delay of the other party of the dispute. If the out-of-court settlement of a consumer dispute is terminated pursuant to Art. 14 d), it shall inform both parties to the dispute without undue delay. The information is provided by the ADR Unit in writing or on another durable medium.

2) Agreement pursuant to Art. 14 (a) must be in writing.

3) If an agreement is reached between the parties within the meaning of Art. 14 a), the ADR Unit considers this agreement to be concluded on the basis of the consent of the parties, or on the basis of the applicant’s confirmation that the subject of the dispute between the parties under this agreement has been dropped out. The ADR Unit shall enter into a concluded agreement between the parties only if one of the parties to the dispute expressly so requests.

4) The ADR Unit shall ensure that the parties are informed about the legal consequences of such consent before giving their consent. In addition, the ADR Unit shall ensure that the parties are given a reasonable period to consider, if they wish so, before agreeing to the proposed solution or conciliation agreement.

5) If the ADR Unit finds it appropriate, it may issue a reasoned non-binding opinion on the subject matter of the dispute, which it shall deliver to the parties together with the notice of termination of the dispute within the meaning of paragraph 1.

Common provisions for the conduct of proceedings

Article 16

Delivery

1) The obligation to deliver a document to the parties to the dispute is fulfilled if it is delivered via the public data network to the addressee's data box, to the address specified in the proposal to initiate out-of-court settlement of consumer disputes or to an electronic adress. The document is considered delivered even if the addressee isn’t aware of its delivery due to circumstances on his/her part.

2) In the event that the address of the seller stated in the proposal differs from his/her registered office in the public register, the ADR Unit has the opportunity to inform the applicant of this fact and invite him/her to supplement the proposal with the seller's registered office.

3) In the event that a party to the proceedings communicates to the ADR Unit its electronic address, or such address of the ADR Unit is known from its previous activities or traceable from publicly available sources, the ADR Unit also has the possibility to deliver electronically to this address. If the ADR Unit deems it appropriate, it may deliver to the parties at several addresses, or in various forms, provided that the time limits under the law and these Rules are calculated from delivery to the first address of the party to the dispute.

4) The ADR Unit is justified to refuse the delivery address provided by the party to the dispute if it is not possible to deliver to this address, or if it is clear that delivery to that address would be unreasonably high or otherwise difficult.

Official language

Article 17

1) The proceedings are conducted and the documents are usually submitted in the Czech language. The participants in the proceedings may act and the documents may also be submitted in the Slovak language. In justified cases (especially the conduct of cross-border proceedings), the proceedings may also be conducted in English and, if justified, documents may be submitted in other languages.

2) A party who invokes a document prepared in a language other than Czech, Slovak or English in the proceedings is obliged to submit a translation of the document into Czech, Slovak or English at the request of the other party to the dispute or the ADR Unit.

File

Article 18

In each dispute, the ADR keeps a marked file. The file consists of a proposal, including appendices, all other actions of the parties to the dispute, actions of the ADR Unit and other submissions related to the dispute. The ADR Unit can also keep the file electronically, or in written or electronic form. The parties have the right to inspect the file and the right to receive copies of the documents placed on the file.

Proving

Article 19

1) The party to the proceedings is obliged to indicate the evidence in support of its claims. If the party to the proceedings invokes the contents of the document, it shall submit a copy thereof.

2) The ADR Unit is not bound by the evidence of the participants and is entitled to provide evidence itself if it deems it appropriate in view of the course of the proceedings. In resolving disputes and communicating with the parties to the dispute, it is based on the facts of the case and freely evaluates the evidence. All evidence can be used to take evidence resources which are suitable for ascertaining the state of affairs and which are not obtained or carried out as an infringment of the law. These are mainly documents, searches, witness statements and expert opinions.

3) The ADR Unit may also turn to entities that are not parties to the proceedings during the proceedings, if their explanations may be relevant to the course or outcome of the proceedings. The requested party is not obliged to comply with the ADR request. If he/she satisfies it, he/she shall not be entitled to reimbursement of the costs of providing co-operation under this provision.

4) The proceedings are usually conducted in writing. If appropriate for the purpose of the proceedings, the ADR Unit may, with the agreement of the parties to the dispute, order an oral hearing.

Costs

Article 20

1. Each party bears its own costs.

2) There is no charge.

Protection of personal data

Article 21

When submitting a proposal, the ADR Unit has the opportunity to verify the identity of the applicant in the Population Register. The personal data of the parties to the dispute and of any other entities of which it becomes aware during its activities shall be processed by the ADR Unit in accordance with the law. Except in accordance with the procedure referred to in Article 15 (1), it shall not disclose such data or pass it on to third parties.

Common, transitional and final provisions

Article 22

1) Proceedings for the out-of-court settlement of consumer disputes initiated before the entry into force od these Rules shall be completed in accordance with the existing Rules.

2) All proceedings shall be carried out in accordance with the Administrative Procedure Code, unless otherwise provided by law or these Rules.

3) These Rules come into force on the day of publication on the CTIA website and take effect on
10th January 2022.

4) Changes and repeals of these rules will be published by the Czech Trade Inspection Authority on the website, as a rule at least 15 days in advance of their entry into force.

5) These Rules are published on the CTIA website and are available to the public on request at the CTIA inspectorates in paper form or on another permanent data carrier.

In Prague on 21st December 2021

**Vlastimil Turza**

Deputy Director General

Czech Trade Inspection Authority