



Arbitration: Providing Consumers an Alternative to Costly Court Cases

Florida's arbitration system is working and provides consumers and employees a way to resolve disputes quickly and efficiently and without having to endure lengthy and costly court cases.

Arbitration provides more favorable outcomes for consumers and employees than litigation.

Individuals fare at least as well, if not better than they would have in court. The National Workrights Institute found that employees were almost 20 percent more likely to win employment disputes in arbitration than those litigated in court. Additionally, a study by Ernst & Young found that consumers won or settled 79 percent of claims in lending arbitration claims. Unlike class action lawsuits, which typically result in plaintiffs' attorneys collecting huge contingency fees while consumers are left with coupons or awards of little value, arbitration ensures consumers receive significant awards.

Individuals receive favorable monetary recoveries through arbitration.

Individuals often receive the same or even larger awards through arbitration than they do in court. In fact, a study of adults who participated in arbitration found that over 70 percent were satisfied with the fairness of the proceedings and the outcome, according to a Harris Interactive Survey conducted by the U.S. Chamber of Commerce.

Arbitration is more affordable for consumers than litigation.

Consumers can file and pursue claims through arbitration at a minimal cost. In fact, consumers can pursue claims through arbitration for as little as an average of \$46.63 in arbitration fees.¹ Under the American Arbitration Association's consumer protection procedures, consumers cannot be asked to pay more than \$125 in total arbitration costs. In most cases, businesses are responsible for any remaining fees. In stark contrast to the rising cost of pursuing claims through litigation, a significant percentage of individuals who utilize the arbitration system pay nothing to pursue their claim, while they are subject to significant filing and attorney fees to pursue their claims in court.

Arbitration's doors remain open to consumers and employees with small claims.

Arbitration's low-cost structure and the growing number of companies that have agreed to pay for all arbitration costs, means that consumers and employees can bring arbitration claims without fearing that the costs will swallow up any recovery they make. Often arbitration claims brought by consumers and employees are for less than \$75,000.

Plaintiffs' attorneys' doors are closed to low-value claims.

Plaintiffs' attorneys will not take court cases without a certain level of expected recovery. Additionally, the attorneys often want a minimum in provable damages and also require individuals to pay significant contingency fees in the event of an award for the consumer or employee². Arbitration provides consumers who would otherwise have no hope for redress from the courts because of the low-level of their claim, the opportunity to have their case heard. Simply put, arbitration is a cost-effective and reasonable alternative to court for consumers with small claims.

¹ Mark Fellows, *The Same Result As in Court, More Efficiently: Comparing Arbitration and Court Litigation Outcomes*, METRO. CORPORATE COUNSEL 32 (July 6, 2006).

² Elizabeth Hill, *Due Process at Low Cost: An Empirical Study of Employment Arbitration Under the Auspices of the American Arbitration Association*, 18 Ohio St. J. ON DISP. RESOL. 777 (2003).