



More Questions? Contact Georgia Watch's Health Access Program  
Local: (404) 525-1085 | Toll-Free: (866) 339-2824 | [www.georgiawatch.org](http://www.georgiawatch.org)

# KNOW YOUR RIGHTS! MANDATORY ARBITRATION

Many common transactions involve contracts, which are increasingly beginning to include arbitration clauses. Arbitration is a method of handling a dispute that includes a third-party decision-maker, instead of a judge or jury. By signing a document with a mandatory arbitration clause, you are agreeing to resolve any potential disputes that may arise under the contract without using the court system. An arbitrator will issue a final, binding decision about a disagreement in these types of cases.

## GEORGIA LAW PERMITS MANDATORY ARBITRATION IN CERTAIN SITUATIONS

### ALLOWED

- Employment
- Home Building
- Car Loans & Leases
- Service Contracts
  - » Cell Phone
  - » Cable
- Online Agreements
  - » iTunes
  - » Netflix
- Credit Cards
- Retirement, Investment & Checking Accounts
- Nursing Facilities

### NOT ALLOWED

- Consumer Goods Purchases
  - » Cars
- Insurance Contracts
- Provisions Related to Injuries Resulting from Medical Care
  - » Medical Malpractice
- Provisions Related to Personal Bodily Injury or Wrongful Death
- Loans Where the Debt Amount is \$25,000 or Less at the Time of Signature

### BE AWARE

- Arbitration agreements that place the cost of arbitration on the consumer
- Entities that attempt to pressure you into signing an optional arbitration agreement
- Arbitration clauses hidden in fine print or as an addendum to the contract
- Companies changing terms of a contract after an agreement is signed
- An agreement that allows the company to choose the arbitrator or location for arbitration

### CONSIDER BEFORE SIGNING

- **NO RIGHT TO A JURY TRIAL OR AN APPEAL** Arbitration clauses typically deprive consumers the right to a jury trial and the right to appeal. The arbitrator's decision is usually final and the results are often confidential.
- **REDUCED COMPENSATION & CLAIM** Arbitration generally results in lower compensation to the harmed consumer than jury trials. When a claim is won, the award may not cover the cost of the original harm and arbitration.
- **PREVENTION OF CLASS ACTION SUITS** A class action is formed when a large group of consumers combine claims. Businesses can legally prevent class action arbitration.
- **INCREASED CHANCE OF CONSUMER LOSS** Arbitrators are more likely than juries to rule in their favor of a company. The chance of a business winning is increased further if allowed to choose the arbitrator.
- **ARBITRATION CAN BE OPTIONAL** Some contracts allow consumers to opt out of arbitration. Contract can typically be negotiated as well. Don't hesitate to refuse terms or language to which you do not agree.

### FOR MORE INFORMATION

#### Consumer Financial Protection Bureau

<http://www.consumerfinance.gov>

(855) 411-2372

#### National Association of Consumer Advocates

<https://www.consumeradvocates.org/>

(202) 452-1989

#### National Consumer Law Center

<http://www.nclc.org/>

(617) 542-8010

#### Public Citizen

<http://www.citizen.org>

(202) 588-1000