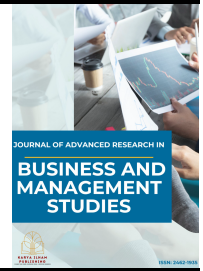




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# A Systematic Review of Alternative Dispute Resolution Mechanisms: The Tribunal for Consumer Claims Malaysia

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### ABSTRACT

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ADR is a significant mechanism in protecting consumers in the marketplace. In Malaysia, the Tribunal for Consumer Claims of Malaysia (TCCM) was established to provide a mechanism for dispute resolution with the purpose of providing a healthy redress for consumers. The cases filed with TCCM have grown, and many doubt on the effectiveness of the tribunal platform. Many researchers have explored the platform procedure; however, the research on it is scarce. Thus, the purpose of this paper is to conduct a systematic review of studies related to the Tribunal for Consumer Claims Malaysia (TCCM), focusing on its effectiveness as a dispute resolution mechanism. Twelve research papers were collected and examined. The assessment of the effectiveness according to TCCM indicated seven criteria, namely, convenience, speed, affordability, independence, fairness, justice, and legal standards. Mixed results were discovered regarding the effectiveness of TCCM. Of the seven criteria, only two have been deemed effective for TCCM.

## 1. Introduction

The consumer Alternative Dispute Resolution (ADR) is regarded as a semi-regulatory mechanism that aims to protect consumer rights [18]. Consumer ADRs offer a straightforward alternative for dissatisfied consumers to seek redress and pursue justice. The United Nations (United Nations Conference on Trade and Development [19] identifies eight consumer rights that include the right to redress and the right to be heard. The Tribunal for Consumer Claims of Malaysia (TCCM) is an alternative platform to civil courts for consumers to file redress claims against traders on claims outlined in the Consumer Protection Act 1999 [9]. The TCCM has the authority to adjudicate claims not exceeding RM50,000 and those filed within three years from the date of purchase.

The number of consumers who successfully submit claims to TCCM has increased by 15% since 2022, with 85% of the claims having been resolved (KDPN, 2023). The volume of cases rose 74.51%

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from the year 2021 to 2023, reflecting the TCCM's role in consumer dispute resolution in Malaysia. Nevertheless, a total of 1,589 cases remain unresolved from 2020 to 2023. Existing literature also found few flaws. For example, the total number of judicial cases is unknown and expected to be low [2]; only a limited number of reported cases reach mutual agreement during the hearing [14]; and settlement by way of the negotiation process is low, between 5% and 15%, between the years 2013 and 2017 [6]. Mokhtar [12] explained that TCCM should make its award within sixty days of the first day of the hearing before the Tribunal, and the TCCM is required to ensure transparency and accountability in the decision-making process. As TCCM marks over 25 years of service, the central question is, "How effective is the TCCM at protecting consumers in Malaysia?" As a statutory body that serves the public, the effectiveness of service depends on many factors. Since the establishment of TCCM, a few studies have explored its operations. Abdullah [1] explained that TCCM has to be more effective in protecting the rights of consumers. Thus, this study aims to conduct a systematic review of studies related to the TCCM.

## **2. Literature Review**

Tribunals exist in addition to the formal courts of law because they could provide quicker, cheaper, and easier access to justice [8]. The tribunal serves as a quasi-judicial and independent body designed to address the weaknesses of the court system [6]. The Tribunal for Consumer Claims Malaysia (TCCM) was set up to provide consumers a quicker and simpler way to file a complaint against traders [14]. Following is the summary of the dispute settlement process at the TCCM explained by the past studies [2,6,21]. A consumer may initiate a redress by opening a complaint with the TCCM accompanied by a payment of RM5. Either in person or by registered mail, the customer must deliver the claim to the trader. The trader is required to respond to the claim with the corresponding TCCM office within 14 days. After consumers fill a claim with TCCM within 60 days of filing, all claims have the promise to be heard in open court. The Tribunal will evaluate the case. The Tribunal will open a room for discussion with optimism and strive to reach a mutually acceptable agreement without a formal hearing or significant active participation. Both consumers and traders of services are prohibited from having legal representation. If no agreement is reached during the discussion, the Tribunal will be chaired by a president who helps both sides reach a mutually agreeable resolution regarding the claims or reward. A president has the authority to initiate an ADR process or negotiation if there is no mutual agreement during the hearing or pre-trial process. The negotiation process is conducted privately and is part of the TCCM proceeding process. The president will render a decision or grant an award based on the witness or evidence presented by the parties. The granted award is final and obligatory for all parties, regarded as a magistrate's court order. Any party may execute the award in the Magistrate's Court where it was granted within 14 days. Failure to comply with the award constitutes an offence.

### *Effectiveness*

The main goals of TCCM are to (1) offer an alternative platform to claim redress over goods and services in a convenient, fast, and low-cost manner; (2) hear and determine claims independently, fairly, and justly; and (3) develop consumer protection law by its decisions and rulings [9]. These goals provide explicit criteria for assessing the effectiveness of TCCM. The first objective contains three criteria: convenience, speed, and affordability. For the second objective, three criteria are independence, fairness, and justice. The third objective underscores the requirement to comply with legal standards. Since the operation of TCCM, it has incorporated the fundamental objective of the

CPA. The main action of the Consumer Protection Act 1999 should be to develop a more effective consumer protection platform [22].

### 3. Methodology

This study is designed to employ a systematic literature review method to assess the effectiveness of TCCM. A systematic literature review is used to identify and analyse data from prior literature (Snyder, 2019). The keywords used in all these searches were “Tribunal Consumer Claim Malaysia” and “Tribunal Tuntutan Pengguna Malaysia”. The search for literature was carried out in May 2025. Figure 1 illustrates the process of searching for relevant journal articles that match this research scope according to the guideline of Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRIMA). Two databases were used in searching: Scopus and Google Scholar. The final sample is twelve papers.

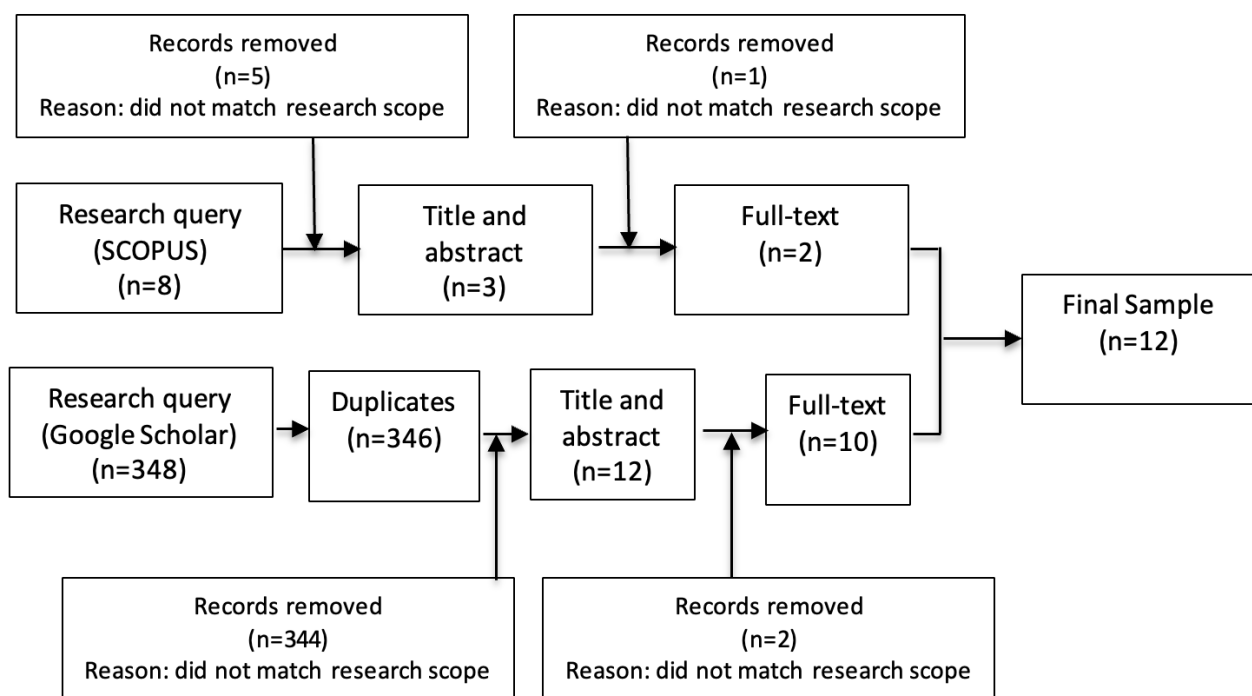


Fig. 1. Sample selection procedure

### 4. Results

In total, twelve journal articles that match this research scope were selected. Table 1 summarises the literature by defining problems and their underlying causes. Seven criteria, specifically convenience, speed, affordability, independence, fairness, justice, and legal standard, were employed to assess the effectiveness of TCCM.

#### Speed

Studies endorse the objective TCCM by providing speedy service [6,13]. To speed up the resolution of disputes, studies indicate that the president manages a diverse array of disputes, indicating a conflict between speed and accuracy [13]. Ismail and Osman [6] and Safei and Abdullah [14,15] endorse the notion that negotiations occur more rapidly when conducted directly between

the parties involved, without the involvement of third parties or mediators. Amin [2] agreed that TCCM has shown outstanding performance in settling disputes in a speedy manner. However, some studies still doubt the performance. For example, Ismail and Osman [6] indicated that the number of awards following the initial hearing is low in comparison to the total awards. Generally, the first hearing and proceeding occur simultaneously, but the proceeding confers the majority of case awards. This evidence implies that even if the hearing can take place within the 60 days, the overall resolution process might still take longer. Additionally, Amin [2] claimed that the number of pending cases has increased yearly due to the increased number of cases.

### *Convenience*

Of the twelve studies, only a few focused on conveniences related issues. The studies indicated that TCCM is less accessible. Some categories of consumers have difficulty accessing TCCM, such as consumers who purchase via social media sites [4], NGOs [1], credit sales [5], and vehicles [11]. Studies have claimed that the definitions of consumers and traders remain vague due to changes in the business model. These lead to many categories of consumers unable to file their claims to TCCM.[9] lists 16 TCCM branches in Malaysia. There is an average of one TCCM in each state in Malaysia. Mokhtar [12] indicated that TCCM provides a specific venue for consumers to access legal resources. However, TCCM is accessible only to consumers in big urban areas [2]. Consumers in larger states such as Sarawak, Sabah, and Pahang may encounter challenges in accessing this essential ADR.

### *Affordable*

The filing cost charge is RM5 (USD1.20) for a consumer to submit a claim or redress to TCCM. Similarly, a trader is also charged the same amount to respond to the claim. Based on the review, no studies have focused the discussion on the fees charged by TCCM. The TCCM provides dispute as the acceptable fees and may encourage more consumers to seek redress. However, Amin [2] raised a concern about the number of cases filed compared to the total population. The ratio between the annual number of claims in TCCM and the Malaysian population is low.

### *Independence*

From the twelve research papers, none of the studies have examined the issue related to the independence of TCCM. The president that chairs the negotiation session has to provide rewards based on the evidence provided by both parties: consumer and trader. This finding is not surprising because most studies focused on the competence of TCCM, specifically its ability to enforce the judgement [2,3,11,17,20]. Amin [2] explained that traders perceive TCCM as possessing inferior authority compared to ordinary courts, thereby affecting competence in the enforcement of awards.

### *Fairness*

The issue related to the absence of mediators or a third party during the hearing and negotiation session is widely discussed. Ismail and Osman [6] observed and discovered that traders are normally more dominant in the negotiation process compared to consumers who lack knowledge related to legal matters and their rights. Traders are able to provide more evidence that reflects the disadvantages of the consumer side. Although the dispute seems simple, the litigation process is actually complex [12]. Similarly, Abdullah [1] noticed the imbalance of power between consumers and traders. Traders have more knowledge or power compared to consumers, which leads to

impartiality when providing evidence for their claims. Safei and Abdullah [13,15] highlighted concerns regarding the lack of a third party and the skills of the president. Certain consumers may lack a comprehensive understanding of the ramifications of the agreements they have settled.

### *Justice*

The study of Liu *et al.*, [7] described that justice involves fair distribution, fair processes related to how recalls are handled, and fair treatment in how consumers feel they are treated. Four of the studies cast doubt on the justice issues of the tribunal. For example, Amin [2] stated that the decisions made by TCCM may be subject to court review, permitting traders to escalate the decision to the courts. Safei and Abdulllah [13] also expressed apprehensions regarding the president's decision, emphasising that prompt resolution is not possible for all consumer disputes. The awards given may not fully protect the consumer [3] and have limited jurisdiction [20].

### *Legal standard*

Abdullah [1] proposed that the ADR procedures should enhance their standards, given the consumer's limited comprehension of a significant amount of information. Consumers and traders cannot intervene without the involvement of a qualified third party. Ismail and Osman [6], Safei and Abdullah [14], and Mokhtar [12] agreed on the need for TCCM in adopting a mediator or third party to assist them, since consumers may have much knowledge on the role of the tribunal. Additionally, Mokhtar [12] also suggested that to enhance the role of TCCM in legal standard development, the definition of consumers should be broadened, not limited to individuals of specific goods and services.

**Table 1**  
 Summary of studies on TCCM

No.	Citation	Problem of TCCM	Causes	Themes
1.	Amin (2007)	Lack of power in enforcing the judgement, accessibility, publicity, judicial review, and efficiency.	Traders perceive the TCCM as less powerful than the ordinary court.	Justice
2.	Best and Cunningham (2013)	Jurisdiction limitation.  Use of a social media site is not a trade transaction.	Unclear definition of a social media consumer.	Accessibility
3.	Abdullah (2015)	Limited in its ability to uphold consumerism values.  Consumers or NGOs cannot represent the public unless they are personally affected.	Imbalance of powers between consumer and business operators  The absence of a public interest mechanism	Fairness  Justice  Accessibility
4.	Safei and Abdullah (2018)	Decision-making is questionable as the President may not have the technical knowledge on the respective areas.	A wide range of consumer disputes relating to goods and services in a speedy manner.	Justice
5.	Amin <i>et al.</i> , (2021)	Unable to fully guarantee protection to consumers	Jurisdiction in enforcing awards	Justice
6.	Ilias <i>et al.</i> , (2021)	Redress mechanisms accessible.	Only can resolve disputes related to credit sales.	Accessibility
7.	Ismail and Osman (2019)	Negotiation conducted fails to settle most of the consumer claims.	Negotiation is conducted without the help or presence of a third party.	Fairness
8.	Zakaria <i>et al.</i> , (2021)	Limited jurisdiction	1. Limited jurisdiction 2. Inadequate understanding of consumers concerning the role and function of the tribunal	Justice
9.	Safei and Abdullah (2022)	The settlement method is ambiguous.	Unmediated negotiation process between the consumer and the trader at the pre-trial process.	Justice  Legal standards
10.	Safei and Abdullah (2023)	The decision-making of the President of the TCC  Unequal ability of the parties in negotiating their dispute without the supervision of the said president	President lack of skills	Fairness
11.	Mohd Najid <i>et al.</i> , (2024)	Vehicles consumers with limited options for redress.	Unclear definition of supplier.	Justice
12.	Mokhtar (2025)	Complicated nature of litigation procedures.	The absence of mediation and arbitration.	Fairness  Legal standards

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Insufficient use of ADR  
mechanism.

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## 5. Discussion

This literature review includes 12 studies related to TCCM. The effectiveness of the TCTM is evaluated based on how well it supports the TCCM's overarching goals. The past studies on TCCM provided evidence of effectiveness that matched the criteria listed in the objectives, which included convenience, speed, affordability, independence, fairness, justice, and legal standards. This study identified two pieces of evidence of TCCM being effective, namely, the affordable fees and independence. No studies have questioned the two criteria. This study, therefore, concludes that all the studies agreed on two criteria for the effectiveness of TCCM. These findings suggest that TCCM exhibits marginal effectiveness, a thorough reassessment of the ADR mechanism is essential to adequately safeguard consumers and foster confidence in the community.

Based on the review, unexpectedly, past studies argue for four criteria that reflect the ineffectiveness of TCCM. First, the inconvenience of TCCM venues and the types of consumers who can engage with TCCM are the major challenges. Second, studies question the fairness issue and see the consumer as the weaker party because they lack in-depth legal knowledge. Third, since the president who finalised the decision has to decide for a wide range of products and consumers who lack legal knowledge without a mediator, TCCM justice criteria are considered ineffective. Fourth, a few studies suggested that TCCM could enhance the negotiation process due to its complexity and limited jurisdiction. These ineffective criteria are not separate. The absence of fairness correlates with perceived injustice, especially when consumers with limited legal knowledge must defend their rights without mediation. This imbalance signifies the tribunal's ineffectiveness in fulfilling its objective.

Past literature has reflected an inconsistent finding about the speed of service offered by TCCM. Based on the number of resolved cases, several studies agreed that TCCM is capable of conducting a dispute process within the promise period. However, some literature has raised a concern about the president's decisions, particularly those on a wide range of products and services in a short time, which are guided by limited evidence. A few studies have claimed that the process can be sped up if the initial hearing session is conducted effectively. However, the majority of data centres on the number of cases submitted to the tribunal, resulting in inadequate information to assess the effectiveness of service. Comprehensive data on the number of cases resolved before and after negotiations should be documented to better understand the effectiveness of the process.

Prior research has suggested the need for a third party. For example, Bank Negara Malaysia is in the process of including a third party to resolve disputes mechanisms [16]. Thus, TCCM should consider adopting a third party, such as an ombudsman or mediator, to assist consumers with little or no knowledge of legal matters. The participation of a third party facilitates negotiations conducted with fairness, justice, and compliance with legal standards, hence enhancing the effectiveness of TCCM.

This study is limited in assessing the effectiveness of TCCM guided to its stated objectives. Future research refers to a broader objective, such as the objectives stated by the Consumer Protection Act (CPA). Furthermore, the significance of 'benevolence' in the effective safeguarding of consumers should be considered in future research. This concept allowed research to examine consumer trust but also fosters a more transparent and accountable ADR mechanism. By aligning TCCM's mechanism with the concept of trust, consumers can more effectively safeguard their rights.

## 6. Conclusion

This review emphasises the effectiveness of TCCM in relation to its objectives. Mixed outcomes were found concerning the effectiveness of TCCM. Referring to the seven criteria, five have been identified as challenges in TCCM. Therefore, TCCM may need to revise their ADR process and procedures. The findings imply that a consumer tribunal that is affordable yet struggles with core objectives such as fairness, accessibility, and procedural justice risks undermining public trust. Neglecting these foundational elements, affordability alone may be inadequate to meet its consumer protection obligations.

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