



Automating the individual arbitration claims process is helping consumers to level the playing field | Photo source [Tim Gouw on Unsplash](#)

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STARTUP AUTOMATES INDIVIDUAL ARBITRATION PROCESS

 FINANCIAL SERVICES

FairShake has found a way to help consumers burdened by new laws that limit options for legal redress

Spotted: U.S. Supreme Court rulings over the last two decades have enshrined arbitration as the primary dispute resolution mechanism between consumers and companies. Companies argue that arbitration is more efficient than class-action lawsuits, but the result is that companies hold all the cards when it comes to settling disputes. Now, startup FairShake is using the internet to automate the process of going through individual arbitration, making it possible to file thousands of arbitration challenges all at once.

FairShake got its start when Teel Lidlow, a Silicon Valley entrepreneur with a law degree, was refused adequate compensation for an 8-hour flight that ended up taking three days. He realised that if he could simplify and automate the process of going through individual arbitration, he could return some of the balance of power to the consumer.

Arbitration clauses in contracts force individuals to file for arbitration instead of joining together in class action lawsuits. But FairShake allows huge numbers of arbitration claims to be filed all at once, and many companies can't handle the volume. In 2018, consumers used FairShake to file more than 1,000 arbitration claims against companies such as AT&T and Comcast, effectively forcing those companies to admit their arbitration processes were inadequate.

In a *New York Times* article, San Francisco employment lawyer Cliff Palefsky pointed out that these mass arbitrations were highlighting how unfair the practice is, saying, "There is no way that the system can handle mass arbitrations. The companies are trying to weasel their way out of the system that they created."

The use of automation to help speed up legal and financial processes could make a number of specialised areas more accessible for ordinary people. At Springwise, we have seen this in recent innovations such as a [robot lawyer](#) that can protect users' data and a platform that is partially automating the [Brexit compliance](#) process.

Written By: Lisa Magloff

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Takeaway:

FairShake also makes arbitration affordable for individuals, charging 20 per cent of any cash or credits the consumer wins in arbitration, and 10 per cent of any amount deducted from what the consumer owes the company. But they get nothing if the consumer loses. Other firms have started using a similar model to mount mass arbitration claims on behalf of gig workers with very similar legal complaints. The potential for this model has also caught the eye of venture funders – FairShake has already raised around €251 million in an initial funding round.