

Daily Journal

www.dailyjournal.com

FRIDAY OCTOBER 17, 2025

Putting hospitality disputes to bed through mediation

Hotel disputes -- from guest injuries to vendor or event conflicts -- are often best solved through mediation, which is faster, cheaper, private, and preserves relationships.

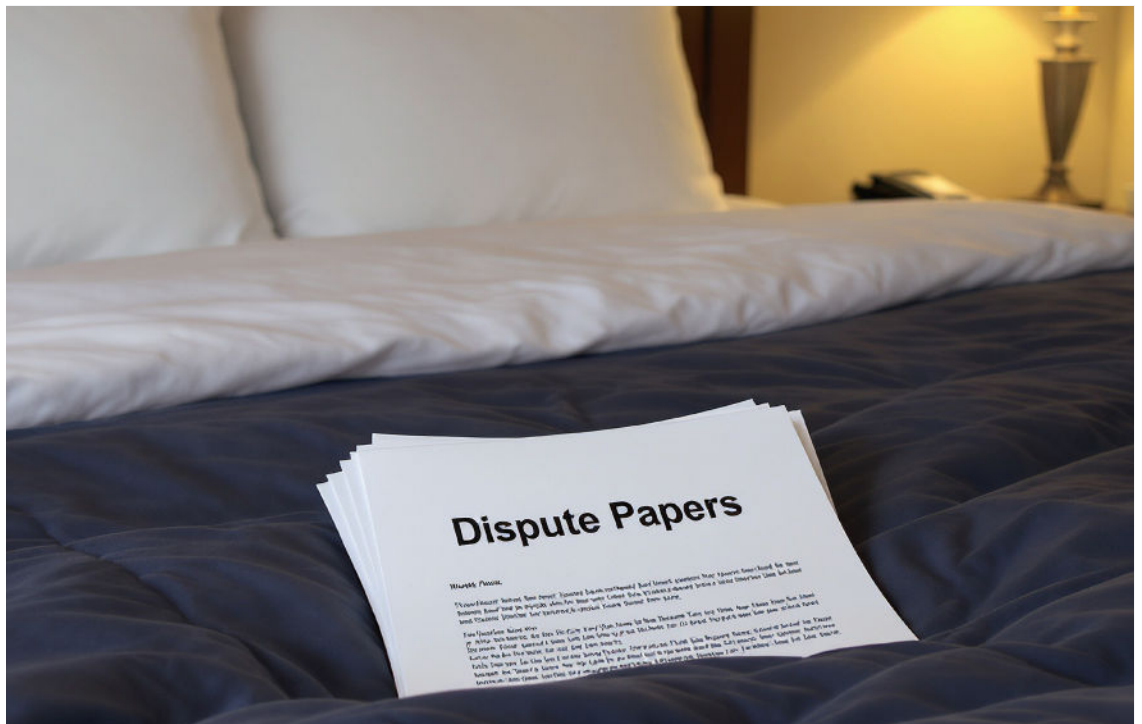
By David Samuels

When we travel, we expect our accommodations to be clean, safe and affordable — a reasonable expectation given the marketing hype of the country's major hotel chains — so when there are problems, there are lawsuits.

From bed bugs to slippery floors, claims related to negligent management and operations (i.e., housekeeping, maintenance, safety and security inspections) are a constant reality. Patrons may also assert claims for serious, sometimes fatal injuries caused by uneven stairs, malfunctioning gym equipment, furniture breaking or collapsing, or other such incidents. Then there are the attendees at conferences, weddings and galas who contract food poisoning, suffer allergic reactions to hotel-supplied food, or are otherwise brought low by a hotel's alleged acts or omissions.

Beyond personal injury claims, there are myriad other ways hotels may become embroiled in disputes. An event wasn't put on the schedule so a wedding party scrambles to find a last-minute replacement; a flower order was cancelled but the florist wasn't notified; a disabled guest was kept from his or her room because elevator service went out.

Such lawsuits can be extremely bad news in a reputation-driven industry. Large verdicts put well-known brands on the front page and may drive away business. Without the public's trust, hospitality providers can lose loyalty from the customer base and face significant economic challenges.



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Hospitality disputes — for both hoteliers and claimants — are perfect candidates for mediated settlements because the issues can be handled quickly and discreetly, with minimal disruption to business and the claimants' personal lives. These are some of the many benefits to mediating, rather than litigating, disputes involving hotels and other providers of hospitality services.

Confidentiality

Mediation is a private process and, without court filings and media coverage, it protects the parties from negative press, online reviews and social media blowups as they try to resolve the dispute. Mediation is also sensitive to keeping personal

information and operational details out of the press and helping to protect brand image, especially in guest-related incidents or employee claims.

In contrast, litigation involves public filings and public proceedings that can expose proprietary practices or negative incidents. Settlement means that there is no public "winner/loser" narrative. Litigation, in contrast, is adversarial by design; it can damage trust permanently. Public records can easily amplify reputational harm, especially in the case of guest or employee disputes.

Confidential settlement terms agreed to by the parties mean that sensitive personal information and operational details never become public. That confidentiality language can

protect both the hotel's brand reputation and the guests' or employees' privacy.

Preserving relationships

Disputes often involve ongoing partnerships, such as those with vendors, staff, franchisors/franchisees and guests. Mediation encourages respectful dialogue, helping the parties salvage their existing relationships.

Brand value for hospitality providers often depends on loyal repeat customers, trusted vendors, and harmony between owners and operators. Mediation fosters problem-solving over blame, making it more likely the parties will continue doing business with one another.

Speed and efficiency

Litigation can involve months or years before there is resolution. Multiple court appearances disrupt personal lives and business operations and can distract leadership. Mediations, in contrast, are typically resolved in days or weeks, with flexible scheduling. Sessions can be arranged outside business hours to minimize disruption.

The parties can even agree upon timelines for resolution of their dispute to avoid conflicts with personal obligations, event cancellations or operational disruption. Without the distraction of pending trial dates and lengthy discovery, hotel staff can focus on providing excellent service to their guests and claimants can focus on living their lives.

Cost

Mediation involves a single mediator, limited time investment and minimal filing fees, if any. Even complex disputes that are resolved through mediation rarely approach the legal bills associated with full litigation. Court trials are guaranteed to involve significant attorney fees, discovery costs, expert witnesses, and court fees — expenses that often outweigh the amount in dispute. With less focus on costs, the parties can be open and creative in fashioning a solution that works for both sides.

Control over outcome

When a hospitality dispute goes before a judge and a jury, the end result must fit inside a set of prescribed boundaries, limited to legal remedies. There is no room for customized, business-friendly outcomes. In mediation, however, the parties can craft unique solutions that may include creative, non-monetary terms such as modified contracts, staff training, apologies, future stays and joint PR statements.

Settlement agreements can address business realities in ways that a rigid court ruling simply cannot.

They can provide for brand-consistent solutions that address plaintiffs' concerns without tarnishing defendants' reputations. Settlements that align with brand values can include public or private apologies in brand tone, service recovery gestures such as free stays or vouchers, and operational changes designed to prevent recurrence of the problem.

In litigation, compliance with required changes is often done grudgingly; it is primarily driven by enforcement, risk of appeals and delayed payments. In mediation, in contrast, the negotiated solutions will often include forward-looking commitments such as new policies, performance reviews and joint marketing. Hence, the parties are far more likely to comply with agreements that they themselves shaped.

Hospitality disputes suited to mediation

With the exception of urgent matters requiring immediate court action, such as IP infringement or safety shutdowns, just about any type of hospitality dispute is a good candidate for mediation. Whether related to guests, vendors and suppliers, employment and workplace, events and catering, franchise and brand, reputation and PR, or physical property, almost every hospitality matter can be better resolved through mediation.

Guest-related disputes ideal for mediation include service complaints that escalate into claims for refunds, damages or free services; allegations of discrimination or harassment; accidents or injuries on premises with contested liability but openness to compromise; and booking or overbooking issues involving high-value events such as weddings and conferences.

Vendor and supplier disputes that can be mediated involve late or incomplete deliveries that impact service; quality disputes (such as linens, food, or décor) that can affect brand standards; and contract disagree-

ments — particularly with long-term or exclusive supply arrangements.

Employment and workplace disputes that are good candidates for mediation include wage and hour claims capable of being resolved without litigation, scheduling or work condition complaints, and staff conflicts that disrupt operations.

Event and catering disputes for which mediation should be considered involve cancellations, deposit disputes, or rescheduling issues for large events; quality or service complaints from corporate or wedding clients, and menu or dietary accommodation disputes.

Franchise and brand conflicts that might benefit from mediation include disagreements over brand standards and operational compliance, marketing fee disputes or cooperative advertising disagreements, and conflicts over territory or non-compete clauses. Reputation and PR matters may involve disputes with influencers or travel bloggers over reviews or sponsored stays, as well as guest complaints that went viral and now require a careful, negotiated settlement.

Shared-use and property management issues might include conflicts between co-located businesses such as a hotel and on-site restaurant operator; parking, noise, or shared amenity usage disputes; and lease or sublease disagreements involving hospitality spaces.

Most hospitality contracts call for some form of alternative dispute resolution. Many agreements will require arbitration of all disputes, others may mandate mediation before pursuing litigation, while yet others will include a tiered dispute resolution clause that requires good-faith mediation as a first step with a move to arbitration if mediation fails.

Conclusion

When parties try settling their disputes before filing in court, they have a better chance of reaching agreement and salvaging their re-

lationship. This is especially true when the dispute involves a vendor, franchisee or event contractor. With the parties' agreement, if they are unable to resolve their dispute through mediation, the mediator — someone with experience in hospitality operations or franchising — can step into the arbitrator role and issue a binding decision based on evidence from the mediation. This can be useful in high-stakes disputes, providing closure without drawn-out litigation.

For all types of hospitality disputes, seeking resolution outside the courtroom supports a culture of responsiveness. Internally, mediation signals to stakeholders that the hotel takes all concerns seriously and acts proactively. Externally, it can reinforce an image of professionalism, fairness, and accountability.

David Samuels is a neutral with Signature Resolution whose background includes more than three decades of personal injury litigation and mediation. He has successfully resolved thousands of personal injury matters, including high-exposure cases in construction, hospitality, commercial auto and property, ridesharing, trucking, and dangerous conditions of public property.

