

CMA to investigate concerns about cancellation policies

Through its Covid-19 Taskforce, which monitors market developments and identifies the big problems facing consumers, the Competition and Markets Authority (CMA) has seen increasing numbers of complaints in relation to cancellations and refunds.

These now account for 4 out of 5 complaints being received into the Taskforce and so far include concerns about businesses refusing refunds or firms pressuring people to accept vouchers for holiday accommodation, which can only be used during a more expensive period.

Based on the complaints received, the CMA has identified 3 sectors of particular concern:

- weddings and private events
- holiday accommodation
- nurseries and childcare providers

It will tackle these areas as a priority and then move on to examine other sectors, based on the information received by the taskforce.

The CMA acknowledges that most businesses are acting reasonably in what are unprecedented circumstances, and the current crisis is placing everyone under pressure, but consumer rights cannot be ignored.

If it finds evidence that companies are failing to comply with the law, the CMA will take appropriate enforcement action, including moving quickly to court if a firm does not address its concerns. Individuals can also take their own legal action against unfair terms should they choose to.

As well as examining specific sectors, the CMA is [issuing a statement](#) on its views on consumer protection law in relation to cancellations and refunds during the current crisis.

For most consumer contracts, the CMA would expect a full refund to be issued where:

- a business has cancelled a contract without providing any of the promised goods or services
- no service is provided by a business, for example because this is prevented by the restrictions that apply during the current lockdown
- a consumer cancels or is prevented from receiving the service, for example due to the restrictions that apply during the current lockdown

It also advises that businesses should not be profiting by 'double recovering' their money from the Government and customers.

Andrea Coscelli, CEO of the CMA, said:

Our Covid-19 taskforce is shining a light on some of the big issues facing consumers in wake of this pandemic. Alongside price-gouging reports, we're now seeing cancellation issues in their thousands. So far, the CMA has identified weddings, holiday accommodation and childcare as particular areas of concern.

The current situation is throwing up challenges for everyone, including businesses, but that does not mean that consumer rights can fall by the wayside. If we find evidence that businesses are failing to comply with consumer protection law then we will get tough – that means launching enforcement cases and moving to court action where there is a strong reason to do so.

If people have been affected by unfair cancellation terms in wake of Covid-19, they can report them to the CMA using the [online form](#).

Whilst the CMA is not able to respond directly to every complaint it receives, the information provided will help the CMA to decide which issues to address as part of this rolling programme of work.

Notes to Editor

1. The [Covid-19 Taskforce](#) was launched on 20 March to scrutinise market developments, identify harmful sales and pricing practices as they emerge and take enforcement action if there is evidence firms may have breached competition or consumer protection law.
2. Protecting consumers during the coronavirus (COVID-19) pandemic: [update on the work of the CMA's Taskforce](#).
3. The key pieces of consumer protection legislation relevant to the CMA's investigation are the Consumer Rights Act 2015 (CRA) and the Consumer Protection from Unfair Trading Regulations 2008 (CPRs). The CRA prohibits the use of unfair terms in contracts between businesses and consumers. The CPRs prohibit unfair commercial practices by businesses towards consumers.
4. For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.