

[News story: CMA launches court action against Care UK](#)

Last December, the Competition and Markets Authority (CMA) told Care UK, one of the UK's largest care home providers, that it must refund over 1,600 residents who were charged a compulsory upfront 'administration' fee of as much as £3,000 or else face legal action.

The CMA believes the care home provider was breaking consumer protection law by requiring a substantial non-refundable administration fee from residents for which they received no services or products in return. It also believes that the company's description of the charge, and what it was for, was misleading and that residents were told about the fee too late in the admission process.

Whilst Care UK has stopped charging this fee following CMA intervention, it has not agreed to refund any residents. As a result, the CMA has issued court proceedings and is now seeking a court order to secure refunds for those affected. Ultimately, only a court can decide whether any conduct breaches consumer protection law.

The CMA will argue that in charging these administration fees, Care UK used contract terms and practices that were unfair and contrary to consumer protection law. The CMA will also argue that Care UK should be prevented from charging these – or similar fees – in the future.

The CMA's [consumer law investigation into care homes](#) has already led to positive changes in the sector, including residents receiving [£2 million in compensation](#) from one of the UK's major care home providers for paying upfront compulsory fees and Care UK reducing the length of time for which it charges fees after a resident's death.

In November 2018, the CMA issued comprehensive advice [to care homes](#) to help them understand their responsibilities under consumer protection law, as well as an [open letter](#) urging them to review their practices in light of the guidance immediately. Care homes should make sure that their contract terms and business practices are in line with this advice.