

# Press release: Business Secretary unveils reforms to give consumers a better deal

- Former Treasury Select Committee Chair Andrew Tyrie nominated to be new Chair of the Competition and Markets Authority (CMA)
- proposals to ensure new technology and data are used to benefit consumers, not to disadvantage them
- proposals to strengthen national enforcement of consumer rights, while maintaining strong levels of protection at local level
- improve consumers' access to alternative dispute resolution services to avoid costly court hearings
- establish a set of principles that will underpin how vulnerable consumers, such as those suffering mental ill health and conditions like Alzheimer's disease can expect to be treated

Proposals to modernise the approach taken by regulators; establishing rights for consumers to benefit from their own data; making terms and conditions simpler and more understandable and taking stronger action against scams are part of a new package of measures announced by Business Secretary Greg Clark today (11 April 2018).

The [Modernising Consumer Markets Green Paper](#) will set out how regulators should ensure that consumers are not being unfairly penalised by suppliers who hold information on their behaviour; look at how their own data can be made more accessible to consumers; and make it easier for people to switch to better value services.

Andrew Tyrie, the former Chair of the Treasury Select Committee and the Commission which oversaw the separation of the high-risk activities of UK banks from their core personal and business lending activities, has been nominated to be the Chair of the UK's independent competition authority. A new 'strategic steer' for the Competition and Markets Authority (CMA) has been published for consultation, which emphasises the place consumers have at the heart of the CMA's mission.

Business Secretary Greg Clark said:

Britain has long been a world leader in ensuring that markets work in the interests of consumers, taking innovative approaches to regulation that have been taken up by other countries across the world.

I am determined that we should renew that innovative, pro-consumer approach as new technologies present new challenges and opportunities.

Today's proposals are an important step in taking forward the objective of our Industrial Strategy to ensure that the British business environment is shaped by competition that benefits consumers in terms of keen prices, quality products and services and cutting-edge innovation.

Andrew Tyrie, nominated as Chair of the CMA, said:

Making markets work for the benefit of millions of people is what the CMA is all about. In the years ahead, competition can and should be put even closer to the centre of British economic life, reaching to every sector, rooting out monopoly and unfair trading practices, and enhancing Britain's global competitiveness into the bargain.

## **The government's 3 principles for modern consumer markets**

The green paper sets out 3 principles for responding to the challenges and opportunities of modern consumer markets:

- competition is central to our approach – the government has a role in ensuring that consumers are active in the marketplace and that firms compete to provide the best goods and services for the lowest price
- new tech that works in favour of the customer – consumers should benefit from new technology and new business models, with competition and regulation working for them
- redress for when things go wrong – consumers should be able to get redress with effective enforcement in cases of consumer harm

### **Competition to drive innovation**

The UK is an open, enterprising economy, built on innovation and competition which drive good outcomes for consumers.

As technology develops it presents new opportunities, as well as new challenges, especially for economic regulators. Suppliers increasingly hold detailed information on the habits of consumers that can be used positively to refine the service offered to them, but it can also be used against them. For example, loyal consumers may be put on to the highest tariffs, even though they may be vulnerable, and end up subsidising other consumers.

The government wants to ensure that consumers can access their own data held by companies, so that they can use it to obtain better deals.

We will keep our competition rules up to date by reviewing them to ensure that they are effective and actively applied.

We will take steps to encourage regulators to work together so that there is

a consistent approach taken across different sectors.

## **New tech that works in favour of the customer**

Emerging technologies, such as automatic switching services and apps, are making it easier for consumers to manage their services online and get the best deals. The government will ensure the development of digital technologies works for consumers, by enabling them to use their own data safely and securely to seek the most suitable product for their needs.

## **Redress for when things go wrong**

A strong set of consumer rights contributes powerfully to people's trust in business. When something does go wrong, the government wants people to feel confident about pursuing complaints to a swift conclusion.

Consumers made over 12 million complaints to financial services, energy and water suppliers last year. Hundreds of thousands of consumers' complaints are being resolved through 'alternative dispute resolution' (ADR) which offers an alternative to court action – for example, ombudsmen, independent mediation or arbitration. Research shows that 8 in 10 consumers who used alternative dispute resolution report that their problem would not have been resolved without it. The government believes more can be done to give consumers access to high quality dispute resolution services and to avoid costly court hearings and will help consumers enforce their rights by:

- improving consumers' awareness of and access to alternative dispute resolution and their experience of the process
- consulting on strengthening advocacy arrangements in the telecoms sector
- considering strengthening national enforcement of consumer rights, while maintaining strong levels of consumer protection at a local level.

## **Protecting the vulnerable**

The government will work with regulators to explore how best to ensure vulnerable consumers are protected by:

- identifying and sharing best practice policies and approaches to vulnerable consumers from across sectors;
- developing a set of principles to improve the service that consumers with mental ill health and Alzheimer's disease should expect to receive
- developing guidance for companies dealing with vulnerable consumers who rely on power of attorney.

The consultation will run for 12 weeks.

## **Notes to editors**

### **Key proposals**

## **Simpler terms and conditions**

- consumers need to understand what they have agreed to when accepting a contract or privacy notice. Consumers are more likely to read and understand terms and conditions (T&Cs) if they are shortened and simplified
- the Behavioural Insights Team will produce a concise, good practice guide for business on presenting T&Cs and privacy notices online. We will consult on whether T&Cs in some sectors should be required to reach a given level of comprehension, such as measured by online testing
- the Competition and Markets Authority (CMA) is working with sector regulators, trade bodies and trading standards to improve business compliance so as to minimise use of unfair terms in consumer markets

## **Cracking down on subscription traps**

- subscriptions are increasingly common online and many consumers who take up free trial or scam subscriptions end up inadvertently paying for unwanted services
- the Consumer Protection Partnership (CPP) will recommend how to make it easier for consumers to cancel unwanted subscriptions (including free trial subscriptions) and avoid unreasonable charges

## **Digital innovation**

- launching a review into how to make data portability work best for all consumers in regulated markets as part of a 'Smart Data' review, building on the approach pioneered by Open Banking
- we are consulting on consumer perceptions of personalised pricing and on the evidence of detriment to consumers
- the new Centre for Data Ethics and Innovation will seek to ensure that our governance, rules and regulations consider public concerns around data driven technologies, and address businesses' needs for greater clarity and certainty around data use

## **Driving better performance by suppliers in regulated markets**

- development of 'performance scorecards' for suppliers and digital comparison tools in regulated markets to hold them to account for the outcomes they deliver

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- we are consulting on the model of Alternative Dispute Resolution (ADR) that would deliver the best experience for consumers
- this includes seeking views on improving consumer awareness and take-up of ADR and raising business participation

## **Strengthening national enforcement of consumer rights, while maintaining strong levels of protection at local level**

- the government is keen to ensure that our whole system of consumer protection provides a robust response to both local and national threats
- we will consult on how to improve accountability for the enforcement of consumer law and strengthen our system of consumer protection while maintaining strong links to local authorities

## **Competition to drive innovation**

The government will carry out a statutory review of the competition powers, seeking views on whether the competition regime delivers competition for the benefit of consumers, provides the CMA and regulators with the tools they currently need to tackle anti-competitive behaviour and is sufficiently equipped to manage emerging challenges.