<u>Press release: CMA launches</u> <u>enforcement action against hotel</u> <u>booking sites</u>

As part of its ongoing investigation, the Competition and Markets Authority (CMA) has identified widespread concerns, including:

- Search results: how hotels are ranked, for example to what extent search results are influenced by factors that may not be relevant to the customer's requirements, such as the amount of commission a hotel pays the site.
- Pressure selling: whether claims about how many people are looking at the same room, how many rooms may be left, or how long a price is available, create a false impression of room availability or rush customers into making a booking decision.
- Discount claims: whether the discount claims made on sites offer a fair comparison for customers. For example, the claim could be based on a higher price that was only available for a brief period or not relevant to the customer's search criteria, such as comparing a higher weekend room rate with the weekday rate for which the customer has searched.
- Hidden charges: the extent to which sites include all costs in the price they first show customers or whether people are later faced with unexpected fees, such as taxes or booking fees.

The CMA will be requiring the sites to take action to address its concerns, where they are believed to be breaking consumer protection law. It can either secure legally binding commitments from those involved to change their business practices or, if necessary, take them to court.

Andrea Coscelli, Chief Executive of the CMA, said:

"Booking sites can make it so much easier to choose your holiday, but only if people are able to trust them. Holidaymakers must feel sure they're getting the deal they expected, whether that's securing the discount promised or receiving reliable information about availability of rooms. It's also important that no one feels pressured by misleading statements into making a booking.

"That's why we're now demanding that sites think again about how they're presenting information to their customers and make sure they're complying with the law. Our next step is to take any necessary action – including through the courts if needed – to ensure people get a fair deal."

In addition to its enforcement activity, the CMA has sent warning letters to a range of sites, demanding they review their terms and practices to make sure they are fair and comply with consumer protection law.

It is also referring a number of concerns around online hotel booking sites'

price guarantees and other price promises to the Advertising Standards Authority (ASA). The CMA has asked the ASA to consider whether statements like 'best price guarantee' or 'lowest price' mislead customers and what conditions must be met for companies to make such claims.

The CMA continues to assess the evidence it has gathered on the practices of other online hotel booking sites and could launch further enforcement cases in due course.

Anyone wishing to provide further evidence on the issues being considered can do so on <u>the online hotel booking case page</u>.

Notes for editors

- 1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law. For CMA updates, follow us on <u>Twitter</u>, <u>Facebook</u> and <u>LinkedIn</u>.
- 2. The CMA launched its investigation into hotel booking sites on 27 October 2017.
- 3. The key pieces of consumer protection legislation relevant to the CMA's investigation are the Consumer Protection from Unfair Trading Regulations 2008 (CPRs) and Part 2 of the Consumer Rights Act 2015 (CRA). The CPRs contain a general prohibition against unfair commercial practices and specific prohibitions against misleading actions, misleading omissions and aggressive commercial practices. Part 2 of the CRA aims to protect consumers against unfair contract terms and notices, and requires contract terms to be fair and transparent.
- 4. The CMA has not reached a final view on whether the terms and practices it is concerned about breach consumer protection law, and will listen to operators' responses to its concerns. If necessary the CMA will take action through the courts to enforce that law under Part 8 of the Enterprise Act 2002. Ultimately, only a court can rule that a particular term or practice infringes the law.
- 5. Media enquiries should be directed to press@cma.gov.uk or 020 3738 6191.