

Press release: CMA to investigate 'loyalty penalty' super-complaint

The Competition and Markets Authority (CMA) will now investigate concerns raised that people who stay with their provider – often on default or roll over contracts – can end up paying significantly more than new customers. Citizens Advice refers to this as a 'loyalty penalty'.

The super-complaint identifies five 'essential' markets where Citizens Advice has concerns about such penalties:

- savings accounts
- mortgages
- household insurance
- mobile
- broadband

Citizens Advice has also asked the CMA to focus on vulnerable customers, who it fears can be hardest hit.

The CMA will now consider the concerns raised, and what should be done about them. This will include engagement with relevant regulators such as the FCA and Ofcom.

It will publish a response within 90 days and possible outcomes include:

- making recommendations to government to change legislation
- action by sectoral regulators
- taking competition or consumer enforcement action
- launching a market investigation or market study
- deciding there is no action required

This list is not exhaustive and there could be more than one outcome depending on the results of the investigation.

Daniel Gordon, Senior Director at the CMA said:

We will now carefully consider the concerns raised by Citizens Advice, and any further evidence on this issue. Our response will set out the CMA's views on this important issue and any next steps we think are needed to make sure businesses don't take unfair advantage of their long-standing customers.

The CMA is inviting interested parties to provide any evidence which may be useful to its assessment.

Find out more on the loyalty penalty super-complaint page.

Notes for editors

1. The Enterprise Act 2002 (the Act) makes provision for designated consumer bodies to make super-complaints. A super-complaint, as defined by section 11(1) of the Act, is a complaint submitted by a designated consumer body that 'any feature, or combination of features, of a market in the United Kingdom for goods or services is or appears to be significantly harming the interests of consumers'. Citizens Advice is a designated consumer body. Within 90 days after the day on which a super-complaint is received, the CMA must say publicly how it proposes to deal with it.
2. In its super-complaint Citizens Advice defines vulnerable consumers as those on low incomes, older people, people with health problems and those with lower levels of formal education.
3. Enquiries should be directed to the CMA's press team: press@cma.gov.uk, or 020 3738 6460.