

PCR travel tests

Advice to the Secretary of State for Health
and Social Care

8 September 2021

© Crown copyright 2021

You may reuse this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence.

To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/ or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Summary and Recommendations

1. The market for COVID-19 polymerase chain reaction (PCR) travel tests is different from many other markets. It has been created and shaped by policy decisions made for public health reasons during the pandemic. Policy decisions shape the demand for PCR tests, principally by requiring whether, and when, such tests are required. They also affect supply, for example by dictating the quality parameters and, potentially, by public provision of the tests themselves (including potentially as the sole provider).
2. In the UK, the market for PCR tests for international travel did not exist before December 2020 when the UK Government (the Government) launched 'test to release'. Accordingly, all international arrivals must be tested post-arrival and this testing must be PCR-based. The approach to testing in the UK is designed to protect against 'importing' COVID-19 cases to reduce infection and also to identify new strains of SARS-CoV-2 not in circulation in the UK. There are only limited exemptions from testing, even for the fully vaccinated.
3. Across the UK nations and internationally, governments have made different choices about whether to mandate public sector provision or to allow a market to develop with private sector provision.¹ In some countries – including England – governments have decided to enable private sector provision for travel testing (be that antigen or PCR-based). Other governments – including those in Scotland and Wales – have made different decisions based on their assessments of the issues in their countries, decisions which have produced their own market outcomes and which also have been subject to change during this review. It is not for the Competition and Market Authority (CMA) to comment on these political judgments. Our review has focused on the outcomes we observe in the market for PCR travel tests and action that could be taken to improve them.
4. Following the Government's decision to pursue a market-based approach in England, the number of firms went from 11 in December 2020 to at least 400 providers today offering travel testing services direct to consumers. Few

¹ The role of the state versus private enterprise is also affected by the nature of public health systems and whether based on health insurance - either public or private - and the purpose of testing. However, several countries such as France and Belgium, where tests are paid for but redeemable via insurance, have set price caps on the cost of tests. Most countries have tended to focus on pre-departure testing and with a wider range of testing technologies than just PCR (France, Germany, Spain). Those countries which do require PCR post-arrival (such as Ireland and Canada) tend not to charge consumers.

markets have developed so rapidly and had such an impact on people's lives. Estimates of the value of this market range between £138m² and £490m.³

The CMA's role to date

5. Since March 2020, the CMA has reoriented its activities to protect consumers during the COVID-19 pandemic. Our work to date has secured refunds for consumers in excess of £200m⁴; and responding to the pandemic is a priority in our Annual Plan for 2021/22.
6. The CMA's ongoing vigilance on the impact of the pandemic on consumers and markets has meant we have had interest in the emerging private PCR testing market since its creation, as part of the UK Government's roadmap to unlocking the economy and international travel. The CMA began considering the market issues in relation to PCR travel testing in March 2021; and in April and May 2021 shared with officials in the Department for Health and Social Care (DHSC) an initial assessment of the potential issues and our concerns on terms and conditions being used by test providers listed on GOV.UK.
7. Since then, DHSC has taken several steps to improve market outcomes for consumers. It has sought to improve information available to consumers on GOV.UK, including some indicative price information and filtering functionality, and the default sorting criteria. It has also twice reduced the price of NHS Test and Trace tests and, over the past two weeks, has taken action to delist providers with inaccurate pricing.
8. On 6 August 2021, the Secretary of State for Health and Social Care asked the CMA to conduct a high-level review of the market for COVID-19 PCR travel tests, and to advise him on what action might be taken to ensure that consumers do not face unnecessarily high costs or other poor provision.
9. On 13 August, the CMA gave its initial views to the Secretary of State, following on from earlier advice that the CMA gave to DHSC officials in April and May. This report, submitted on 8 September, summarises the findings of our review and our recommendations.
10. The Secretary of State asked what the CMA could do within its powers. We have analysed complaints data from the Citizens Advice database and the CMA's own COVID-19 webform, together with intelligence provided by others

² Based on DHSC analysis of provider returns to 3 August 2021. Given this excludes August, we expect the value of sales to date to be significantly greater than this.

³ Based on IATA analysis of NHS Test and Trace data and price of £100.

⁴ In the first year of the pandemic, the CMA was contacted over 148,000 times by members of the public. Full details of the CMA's programme of work can be found on [GOV.UK](https://www.gov.uk).

such as Which? and Trading Standards Services. We have used this to identify a range of practices which do not appear to comply with consumer protection law. These include pricing practices, unfair terms, failure to provide tests on time or at all, and problems with providing refunds due.

11. On 25 August, we wrote an [open letter](#) to PCR testing providers to put them on notice that if they breach consumer law they risk enforcement action by the CMA or Trading Standards Services. On 3 September, we announced that we have [opened a case](#) against *Expert Medicals* in respect of a number of possible consumer law breaches. The CMA has also written to a further 19 test providers warning them to improve their pricing information or risk action in the future. The CMA is concerned that these firms may be falsely advertising tests at very low prices when they are either not available at that price or include hidden conditions, such as where the tests must be collected from. We are considering whether enforcement action is needed in relation to other PCR test providers.
12. However, even with effective *ex post* enforcement of consumer law, we believe that some features of the PCR testing market make it less likely that it will deliver positive public health outcomes. There is a risk of a ‘race to the bottom’ or for providers to compete on grounds other than high clinical quality, with potential public health consequences. The potentially transitory nature of this market and ease of entry mean that some businesses will seek to make a return as soon as possible. Uncertainty about the market’s longevity may also reduce incentives to develop strong brand awareness and reputation. We therefore believe that tighter, specific *ex ante* (not just after the fact) regulation is needed to ensure consumers are protected from potentially harmful practices.

CMA recommendations

13. The CMA has found that competition alone will not deliver the right outcomes for consumers from the PCR testing market. A combination of regulation and enforcement is needed. Our eight recommendations below advise the Secretary of State on actions DHSC could take to address the concerns we have identified.
14. DHSC, given its central role in creating, shaping and directing this market and the outcomes it produces for the public is uniquely placed to decide how it should be regulated. If it decides that other bodies should take on an oversight, monitoring and enforcement role, it is crucial to ensure that any regulatory body is given appropriate powers and resources to deliver this.
15. We have prioritised providing this advice at speed, given the urgency of these issues. Our recommendations and advice are therefore based on the evidence we have been able to gather and assess in the time available. It is for DHSC to

consider and decide which recommendations could and should be taken forward and when, working with other parts of Government where needed, in light of the wider information to which it is privy, as well as other policy considerations.

16. We have set out the actions that the CMA has taken to date and the enforcement action that we are launching in parallel with our advice. However, in our view, regulation supported by effective monitoring and enforcement is needed to make the PCR testing market work more effectively and to provide better outcomes for consumers.
17. As we have set out, the Government and the policy decisions it makes about testing requirements are dictating the key features of this market. This puts the Government in a position to shape the market in a way that should lead to better consumer outcomes: lower prices, better choice, higher quality of service and greater levels of trust. Given the nature of this market, DHSC should work with the devolved administrations, as it has to date, to ensure that consumers across the UK are able to benefit from the impact of any of the interventions DHSC decides to pursue.
18. We make eight recommendations to DHSC which we set out in turn. Together we think these will produce better outcomes in the market for PCR testing.

Recommendation A: DHSC should enhance the basic rules and requirements to which retail test providers must adhere, as a pre-condition to getting on and remaining on the GOV.UK list. Non-compliance with these rules and requirements (which should include compliance with consumer law) should be grounds for DHSC to remove a test provider.

Recommendation B: DHSC should ensure a comprehensive monitoring and enforcement programme for retail test providers is set up, with appropriate sanctions.

Recommendation C: DHSC should ensure that it has robust quality monitoring procedures in place to assure the accuracy of test results.

19. These recommendations suggest that DHSC, working with other parts of Government as necessary, takes a more interventionist approach to shape behaviour in the market from the outset. This would supplement the role of the CMA and other bodies such as Trading Standards Services as *ex post* enforcers of consumer protection law. In addition to DHSC's recent action to remove providers from the GOV.UK lists, there is a range of other measures that could be put in place. Setting and enforcing enhanced basic rules and requirements and monitoring testing quality, as a condition of inclusion and retention on the GOV.UK lists, could operate as basic due diligence on providers' fitness to trade. The experience of consumers will be improved;

Government can be more confident in the reliability of test results, thereby improving public health outcomes; and those providers that are unable, or unwilling, to comply with these standards will be forced to leave the market.

20. Rules and requirements could include pre-listing checks on providers' and their officers' corporate histories and records, and should cover specific rules around pricing behaviour, timeliness of updates and service levels. Rules around pricing should cover the presentation of prices, reflecting specific regulations prohibiting the advertising of 'limited quantity' prices (to address bait pricing) and a requirement that headline prices should include all unavoidable costs such as delivery or administration charges (to address drip pricing).⁵
21. Market participants could make efforts to circumvent these rules and requirements, so it is critical that DHSC ensures that a comprehensive programme of market monitoring and enforcement (of the rules and requirements and conditions for inclusion and remaining on the GOV.UK lists) is set up. This will help to ensure provider compliance, and to determine whether outcomes are improving for consumers. These can work in tandem with the *ex post* enforcement functions of the CMA and others like Trading Standards Services.

Recommendation D: DHSC should develop the NHS Test and Trace PCR travel test currently listed on GOV.UK and use it to establish a 'benchmark' product to drive better market outcomes.

22. The NHS brand enjoys a high degree of trust and support from consumers, and NHS Test and Trace is the leading provider of PCR testing more widely. As a result, it sets a standard for quality and reliability in the travel testing market. NHS Test and Trace currently offers a paid-for PCR travel testing service to consumers. This provides a strong opportunity for DHSC, through its control of NHS Test and Trace, to influence the levels of quality and price in the market, should it continue to offer the paid-for service. The establishment of an NHS-branded 'benchmark product' will set an appropriate price and quality standard, against which other retail test providers have to compete. This should lead to lower prices (depending on the NHS price) and higher service quality, notwithstanding the need to ensure that there is sufficient capacity for non-travel PCR tests.

Recommendation E: We do not recommend that DHSC introduces a price cap at this stage. Instead, DHSC should monitor and gather evidence on price levels and costs on an ongoing basis. DHSC should be prepared to re-evaluate

⁵ Bait pricing relates to the use of advertising very low prices which are generally unavailable to generate sales of alternative products at a higher price point. Drip pricing relates to advertising low prices which do not include all relevant, unavoidable costs such as delivery costs.

this position if other measures it decides to take do not improve market outcomes.

23. We have also considered the option of a price cap but have concluded that the above measures, including the introduction of a benchmark NHS product set out above, may be able to achieve reductions in prices with lower levels of risk. These other measures should therefore be deployed as a priority. As a result, we do not recommend the introduction of a price cap at this stage.
24. In the CMA's experience, price caps can benefit consumers by working immediately to reduce detriment from high prices. However, the caps can be difficult to specify and calibrate accurately, and can lead to unintended consequences such as a fall in product quality or a reduction in price competition under the cap. The risks of these consequences occurring are increased both where there is limited evidence on costs and profits, and when caps are introduced rapidly.
25. Therefore, at this stage, we recommend that DHSC should actively monitor and gather evidence of price levels, costs and profitability in the market. If reductions in price do not come about as a result of the other measures DHSC decides to take, DHSC should evaluate this evidence and consider all available options and, if justified, be prepared to introduce a price cap in future.

Recommendation F: DHSC should improve the retail test provider listings on GOV.UK so that consumers can more easily search for, obtain and act on the information they need.

26. The list of providers on GOV.UK currently acts as the authoritative source of information on the providers in the market. However, there is little information on each provider or the range of services and price points that they offer. The search and filtering functionality is very limited. For consumers to find the best deals, they need to be able to compare easily, by filtering the deals that are relevant and providing the information needed to compare.
27. These improvements could include more consistent presentation of information, enhanced search and filtering options, pricing data for different products for each provider and – in the medium-term – the introduction of quality indicators gathered from consumer ratings and feedback.

Recommendation G: Subject to any legal restrictions, DHSC should make data on retail test providers available, for example through an open Application Programming Interface (API).

28. By allowing third parties access to its data on providers, subject to any legal constraints, we think that there is scope for innovative comparison services that can use new or existing comparison platforms to better allow consumers find

the best deals on travel tests. It would also allow third parties to combine the information DHSC chooses to publish on GOV.UK with other datasets, for example quality indicators from review services. By providing a live interface, such as an API, comparison services can be confident that they are giving consumers up-to-date and accurate data facilitating the removal of rogue providers from comparison listings. Careful consideration should be given to making any data available under an appropriate data licence.

Recommendation H: DHSC should work with HMRC to provide guidance to retail test providers on how VAT should be applied.

29. We have found concerns that different providers of self-swab testing services are adopting inconsistent VAT treatments, which may distort competition in this part of the market. DHSC should work with HMRC to support providers to understand and apply the appropriate VAT treatment.

Implementation of our recommendations

30. While there has been a natural focus of concern to date on the cost of travel tests over holiday periods, we anticipate that the ongoing presence of COVID-19 will mean that tests for travel in whatever form may continue to be required for some time. Although the market(s) will change and evolve with new risk assessments and policy decisions in response to them, it is important to take steps now to improve market outcomes and practices over the coming months and we expect that our recommendations will help shape the market(s) in a way that will improve outcomes for consumers now, and in the future.

PCR Testing Market Key Facts

11	The number of consumer-facing testing providers on the launch of <i>Test to Release</i> in December 2020
970+	The number of businesses currently listed on GOV.UK as providing general PCR testing services
400+	The number of businesses currently listed on GOV.UK as offering Day 2 or Day 2 & Day 8 testing packages
50%+	The market share of the two largest providers, [✂]
32+	Number of diagnostic laboratories analysing PCR travel tests
11	Number of those laboratories fully accredited by UKAS
£90	Median advertised price of a Day 2 self-swab test as at 31 July 2021
£165	Median advertised price of a Day 2 & 8 self-swab package as at 31 July 2021
£138m	Value of sales of Day 2 and Day 2 & Day 8 test kits reported to DHSC between 12 May and 3 August 2021
£59	DHSC estimate of average price paid for a Day 2 self-swab test
£103	DHSC estimate of average price paid for a Day 2 & 8 self-swab package
£9.99	Cheapest advertised price for a single test
[✂]	Cost to the NHS to post, receive and process a PCR test
[✂]	The cost to genomically sequence a positive test
1%	Proportion of tests which have returned positive and are subject to sequencing
79-184%	IATA estimate of the additional cost of PCR tests as a proportion of the average cost of flights.

Background

31. The PCR travel testing market has developed as Government requirements have been introduced and amended. Demand for travel tests (PCR and other) has also been affected by other countries introducing and changing pre-arrival test requirements. For most consumers, who self-swab at home, they will buy their test kit from a retail provider who will also either conduct the diagnostic laboratory-based testing or contract this testing to a third party. We understand that there are at least 32 businesses operating laboratories conducting PCR tests and over 900 businesses selling testing services to businesses or consumers. NHS COVID-19 tests (PCR or Lateral Flow Test (LFT)), which are provided for free, are not accepted as valid tests for the purposes of international travel.⁶
32. The Government's approach of requiring that travellers conduct both a post-arrival test and that the test(s) must be a PCR test is relatively uncommon, but one that is more rigorous and provides greater intelligence on viral strains. Other countries do not generally require a post-arrival test and this is especially the case if travellers are fully vaccinated or can prove recent prior infection. The countries we have identified that only accept a PCR test result for post-arrival testing, such as Ireland and Canada, tend to provide an exemption for those fully vaccinated or with recent prior infection and do not charge for a PCR test. Other countries (such as the Netherlands) may include PCR testing as an option, but alongside other types of test such as LFT or loop-mediated isothermal amplification (LAMP), or only require a PCR test if travellers wish to shorten quarantine (for example, Austria and Germany).
33. While there is a 'four-nation' approach to commissioning NHS PCR testing capacity, led by DHSC, each devolved administration determines how to allocate its testing capacity and any testing requirements for international travel. Travellers arriving in England and Northern Ireland have been able to use a private retail test provider (although consumers in Northern Ireland have a much smaller choice of providers), while arrivals in Scotland and Wales have been required to pay for an NHS test. Arrivals in Scotland since 6 September 2021 have been able to use a private retail test provider for self-swab at home services, if listed on GOV.UK.⁷ The price of tests purchased from the NHS for all four nations is set by DHSC and is charged at £68, following reductions from £88 in August 2021 and £105 (based on £210 for two) in May 2021.⁸ NHS tests

⁶ We understand that in exceptional cases, travellers may be able to request a PCR test from NHS Test & Trace should a provider have failed to deliver tests, but a valid booking reference from a paid-for PCR test will need to have been provided on the Passenger Locator Form (PLF) to be allowed to enter the country.

⁷ <https://www.gov.scot/news/international-travellers-to-scotland-will-be-able-to-use-private-sector-covid-tests/> The Health Protection (Coronavirus) (International Travel) (Scotland) Amendment (No. 17) Regulations 2021

⁸ <https://www.gov.uk/government/news/cost-of-nhs-travel-tests-to-be-reduced-and-private-provider-list-reviewed>

are currently sold through a portal managed by Corporate Travel Management (CTM).

34. The first testing requirements for international travel into the UK commenced on 15 December 2020 when ‘test to release’ was introduced to allow travellers to end self-quarantine earlier. When ‘test to release’ was launched there were 11 retail test providers. This increased to 357 by 27 May 2021 and 421 by the end of August 2021.⁹

35. Since 15 February 2021, travellers have been required to conduct PCR tests after arrival.¹⁰ There are now over 900 providers of PCR testing services, with over 400 providing services directly to consumers. Supporting these retail providers are at least 32 businesses providing laboratory services for private PCR tests.

36. Providers of PCR tests are subject to some regulation, the nature of which depends on the activities that a business conducts.¹¹ Retail providers of PCR test kits can be listed on GOV.UK following an assessment by UKAS of the retail provider’s self-declaration of compliance with ten criteria. These criteria are focused on technical, clinical and public health requirements.¹² There are no requirements in relation to pricing, customer service standards or redress. For example, prior to a business being added to the GOV.UK list, there are no checks as to whether individuals associated with a business may have criminal convictions, been declared bankrupt, been involved in a business which has failed, or been the subject of previous enforcement action. Businesses offering laboratory and clinical services (such as swab collection by a clinician) are required to obtain accreditation by UKAS by achieving compliance with relevant International Organisation for Standardisation (ISO) standards.

37. As of 25 August 2021, nine laboratories have been newly accredited, and two laboratories have had their existing accreditation extended to include PCR testing for COVID-19. A further 45 laboratories are at stage 2 of 3 of the accreditation process with 23 accredited laboratories requesting an extension of their existing accreditation.¹³

⁹ List of private providers of coronavirus testing on December 14 2020 - GOV.UK ([archive.org](#)); Providers of Test-to-release Kits on 27 May 2021 - GOV.UK ([archive.org](#)); Providers of Test-to-release Kits - GOV.UK ([find-travel-test-provider.service.gov.uk](#)) retrieved on 30 August 2021.

¹⁰ <https://www.gov.uk/government/news/government-to-introduce-tougher-measures-and-enforcement-rules-for-quarantined-passengers>

¹¹ The Health Protection (Coronavirus, Testing Requirements and Standards) (England) Regulations 2020 ([legislation.gov.uk](#))

¹² Self-declare as a private COVID-19 testing provider - GOV.UK ([www.gov.uk](#))

¹³ Some of these laboratories will be part of the NHS Lighthouse network of testing laboratories and others may relate to multi-site operations or not provide services to retail travel test providers.

38. DHSC publishes information on retail PCR test providers on GOV.UK. There are currently four lists. The three lists of retail providers offering respectively Day 2, Day 2 & 8, and ‘test to release’ (Day 5) tests include details of the testing partner laboratory, ‘prices from’, the testing method offered and website, telephone and email contacts. These lists allow filtering by nation or English region and testing method. The fourth list, of ‘general providers’¹⁴ includes less information: region of operation, telephone and email contacts. Some providers on the general list offer consumer-facing services including, for example, Day 2 testing.

Key features of the market

Prices

39. PCR test prices differ by test type (e.g. Day 2, Day 2 & 8, ‘test to release’), location of sample collection (at home, on-site), and across providers.

40. DHSC has estimated that the average prices consumers pay are £59 for ‘Green’ (Day 2) PCR tests and £103 for an ‘Amber’ package (Day 2 & 8 tests).^{15,16} Prices at these levels are likely to be a significant additional expenditure for consumers when engaging in foreign travel, particularly for family groups. The International Air Transport Association (IATA) said that its research found that two PCR travel tests could inflate the cost of flying by 79-184%.

41. Retail PCR test providers present prices to consumers on their own websites and via the GOV.UK list. DHSC’s recent audit of retail PCR test providers, conducted during the course of the CMA’s review, found that most retail providers were selling tests at the same price shown on the GOV.UK website.¹⁷ However, that review found that a large proportion of providers with very low listed prices on GOV.UK were selling those tests at much higher prices on their own websites. For example, of the 22 providers listed on GOV.UK as offering Day 2 & 8 self-swab at home tests for less than £60, 17 had prices on their

¹⁴ <https://www.gov.uk/government/publications/list-of-private-providers-of-coronavirus-testing/list-of-private-providers-of-coronavirus-testing#lists-of-private-providers>

¹⁵ DHSC calculated the weighted average price of PCR tests in Green and Amber packages by dividing the total weighted revenues (calculated as price per test multiplied by volume of sales for Green, and price per package multiplied by volume of packages sold for Amber) by the total volume of sales. We recognise there are some limitations to this analysis, including that the sales information is known to be an incomplete list of sales, the pricing data contains prices at different points in time and the price data may be incorrect since it was provided prior to auditing.

¹⁶ We have also assessed advertised prices using data from DHSC. We found, that depending on method of collection, the median advertised price was between £90–£120 for a Day 2 test, between £180–£210 for a Day 2 & 8 package and between £99–£130 for a ‘test to release’ (Day 5) test. These averages are higher than the volume weighted average of prices, which is intuitive if some of the products that are sold at higher prices achieve only small volumes of sales.

¹⁷ Based on DHSC’s systematic review of provider websites conducted during August 2021.

websites that were more than double that offered on GOV.UK and nine had prices that were more than five times the price listed on GOV.UK. These misleading prices are examples of ‘bait pricing’ where consumers are lured into a sale through a misleading initial offer.

42. There is significant variation in advertised prices for PCR tests for the same type of test. For example, prices for a Day 2 & 8 self-swab at home test package listed on GOV.UK range from £10 to £465.¹⁸ Even when we exclude the lowest 25% and highest 25% of prices to consider only the ‘central’ 50% of all prices offered, we find significant price differences for the same tests – for example, for a Day 2 & 8 self-swab at home test package, the remaining prices still ranged from £130 to £198 (a difference of £68). We found that similar significant price dispersion was present for all types of tests and this was supported by DHSC’s data on final checkout prices.¹⁹
43. While it is useful to look at the range of prices offered in the market, it is important to look at whether consumers are actually purchasing tests at those different prices. For example, while 56% of Day 2 tests were purchased from providers with prices between £40-£59 (and therefore at the lower end of price of listed prices), 19% of Day 2 tests were being purchased at around twice that price (prices between £100-£119).²⁰ Where many consumers are paying high prices, which cannot be explained by either higher quality or because products offered at lower prices have sold out, those unexplained high prices can be indicative of consumers getting a poor deal.
44. We considered whether differences between providers such as quality or location may account for this price dispersion. We found that significant price dispersion remained between providers in the same regions, providers listed as being out of stock or in stock when the pricing data was collected, and providers with the same turnaround times. This suggests that these differences do not account for the large price dispersion we observe in the market and indicates that competition is not working well.
45. We asked a set of retail PCR test providers²¹ for their view of the reasons for differences in prices between providers.²² They highlighted a range of factors related to different aspects of quality that may drive cost differences and in turn price differences, including: variation in customer support and service,

¹⁸ Provider self-reported data on advertised prices as provided by DHSC to the CMA. Prices as of 31 July 2021.

¹⁹ For example, Day 2 & 8 self-swab at home packages had an interquartile range from £135 and £190 based on final checkout prices.

²⁰ Volumes were based on data 12/05/21 to 03/08/21.

²¹ We sent information requests to 32 retail providers. Ten retail providers were selected from each of three strata of advertised price levels and two others.

²² “What are the primary reasons for differences in quality between providers of private PCR testing?”

differences in test kits, choice of delivery provider, differences in volumes, and systems in place. The reasons given by providers for variations in prices are all plausible reasons for why prices charged might be higher, but we have not been able to establish if they account for all the differences, or why consumers would choose significantly more expensive tests.²³

Costs

46. One possibility that we considered was that high prices may simply reflect high costs in the supply chain. We therefore reviewed the available evidence on the costs associated with the provision of PCR travel tests. We received cost data from DHSC as well as from a limited number of private retail test providers and private laboratories. The data focused on the direct costs of supply only. We have not been able, therefore, to conduct a fully robust assessment of profitability in the time available, which should identify ordinarily all other relevant costs, including an appropriate value for capital employed and an allowance for the cost of capital.
47. Notwithstanding these limitations, the range of cost benchmarks that we have received suggests that the prices charged to many consumers are not explained by high direct costs and that extremely high mark-ups on gross costs are being applied by some of the retail test providers listed on the GOV.UK website.
48. DHSC estimated that the direct cost of an at-home PCR test conducted by NHS Test and Trace is around [£] per test and that subsequent genomic sequencing, if required, costs an additional [£] per test. Further data provided by DHSC also indicated that around 1% of PCR travel tests are sent for genomic sequencing.²⁴ Therefore, the cost of sequencing is not a significant proportion of total costs.

Availability of discounts

49. Airlines have a key incentive to help passengers find good-value tests and comply with requirements. Airlines flying to the UK are liable to £2,000 fines for each passenger who does not have a correctly completed passenger locator form (PLF) (which includes a booking reference for post-arrival testing). We found that airlines make available information to passengers on testing requirements in the destinations they fly to, and the availability of testing services as required for entry. Airlines are sharing discount codes for PCR

²³ We recognise that providers have incentives not to suggest reasons for price variation that may imply exploitation on behalf of providers, for example, if some providers are charging higher prices because a proportion of consumers struggle to shop around.

²⁴ The latest available [statistics from NHS Test and Trace](#) show that around 1% of tests for arrivals in England between 22 July 2021 and 11 August 2021 were sequenced.

providers. The discounts offered varied and were either expressed as a 5-25% discount²⁵ or a flat rate discount of around £5.

Speed

50. Consumers must book their post-arrival PCR travel tests before travelling to the UK. One option they have is to order a test kit(s) to be delivered to them for home self-swabbing. Reliable and timely delivery of the test kit(s) is important to ensure that consumers are able to take the tests during the required period following their arrival into the UK (e.g., on or before Day 2).
51. We asked consumers who had arranged test kits by post whether the kits had arrived on time.²⁶ Most respondents (61 out of 82) said that all their test kits had arrived within the promised timescale, but a sizeable minority (13 out of 82) said that at least one or all of the test kits they needed had not arrived within the promised timescale.²⁷ Delays in receipt of test kits and results, or in some cases not arriving at all, are among the most significant problems we have seen reported by consumers both to Citizens Advice and through the CMA's own COVID-19 webform. Our research results and the prevalence of these issues in complaints are concerning evidence that test kits may be arriving late for a considerable proportion of consumers.
52. Once a test sample has been collected, the speed with which a test result can be reported to all interested parties is important for the consumer and for public health purposes. Timely results are important for consumers' peace of mind and their ability to end self-isolation promptly (in the event of negative results). They are also crucial to ensure NHS Test and Trace is informed promptly so it can enable the necessary public health measures to be taken (in the event of positive results).
53. The Government has set targets for providers, stating that test providers should endeavour to provide test results within 48 hours of sampling.²⁸ However, across laboratories currently, the average proportion of results reported to DHSC within 48 hours was 86%.^{29,30} Underlying this, there is significant variation between laboratories. Thirty out of 49 laboratories were reporting

²⁵ We do not have sufficient information to identify the monetary value of all discounts. In some cases, this was equivalent to £5-£10.

²⁶ Details of the survey are included in Annex C. CMA consumer research, Kantar OnLineBus, 20/08/21 to 26/08/21. Q: Did your test kit(s) by post arrive within or outside the timescale promised by the provider? Base: 82 adults in England who arranged/had arranged one or more PCR test kits by post.

²⁷ A further four respondents said there was still time (at the date of interview) for the test kits to arrive within the promised timescale.

²⁸ Point 15, <https://www.gov.uk/guidance/testing-on-day-2-and-day-8-for-international-arrivals>

²⁹ Across laboratories the average rate of reporting results within 72 hours of the test being taken by consumers was 95%.

³⁰ Data received from DHSC for week ending 1 August 2021.

100% of their results within 48 hours, but eight out of 49 laboratories were reporting less than 70% of their results within 48 hours.

54. We asked consumers whether they had received their test results on time.³¹ Most (96 out of 141) said that all the results they needed arrived within the promised timescale.³² However, 30 out of 141 said that at least one result they needed had not arrived within the promised timescale.
55. These research results are concerning evidence suggesting test results may be arriving late for a significant proportion of consumers and that consumers are getting a poor deal. Despite the requirement for providers to endeavour to provide results within 48 hours, there are no apparent sanctions or mandated forms of redress for consumers who receive their results late. The complaints we have seen suggest problems are compounded for consumers by inadequate, or in some cases non-existent, customer service arrangements that mean they are unable to contact the business and raise queries or complain.

Service/Quality/Reliability

56. Levels of customer service are inherently difficult to observe, by us and by consumers. This means that providers may be able to save costs by offering lower quality service since it may have little impact on sales. In some markets, reputation or consumer reviews mitigate the unobservability of service quality, but this is a new market so there has been limited time for reputation to emerge. The fact that the market may be short-lived also affects the incentives of firms to invest in developing brand – including through reputation. As the GOV.UK list does not facilitate reviews, consumers have limited means to assess the quality of service they will receive from providers in advance. While there are some comparison websites that include both price information and consumer ratings, these offer limited coverage.
57. The quality of tests must meet minimum standards set by the Government requirements related to the accuracy of the tests (clinical sensitivity, clinical specificity and detection limit).³³ There may be a misalignment in incentives for firms (who may favour cheaper, lower-quality testing provision) and wider society, including at least some consumers³⁴ (who would prefer higher-quality). This misalignment of incentives is unlikely to be corrected through consumer

³¹ CMA consumer research, Kantar OnLineBus, 20/08/21 to 26/08/21. Q: Did your test results arrive within or outside the timescale promised by the provider? Base: 141 adults in England who arranged/paid for one or more PCR tests for themselves/had one or more PCR tests arranged/paid for them.

³² Those who stated there was still time for the results to arrive or where the test had not yet been taken were not included in this analysis.

³³ See point 17, <https://www.gov.uk/guidance/testing-on-day-2-and-day-8-for-international-arrivals>

³⁴ Some consumers may place less value on the quality of the test results, for example, where they are only undertaking the test for the sake of satisfying the regulatory requirements for entering England.

decision-making to prefer higher-quality providers, since consumers cannot observe quality.

58. We do not have a direct measure of the accuracy of tests used by different laboratories. Instead, we observed that positivity rates varied between laboratories with a maximum of 2.36% and a minimum of 0.38% tests being positive. The highest positivity result is therefore six times higher than the lowest positivity rate.³⁵ We note that there may be factors that could impact the positivity rates of specific laboratories, however, particularly high or low positivity rates could be used to screen laboratories for quality standards.

Concentration

59. Markets where supply is concentrated among a small number of providers can be susceptible to weaker competition. We have looked at the concentration in this market, both among retail test providers and among laboratories.

60. In the retail supply of PCR tests we found that, although one supplier has the largest share of supply by some margin at around 20 – 30%, the market currently does not appear to be highly concentrated at the retail level, with a number of providers with non-trivial shares.^{36,37}

61. Similarly at the laboratory level, we found that although one particular provider has the largest share of supply by some margin at [20-30%] share, the market does not appear to be highly concentrated with two laboratories having between 10% and 20% share and a number of other laboratories with non-trivial shares.³⁸ Further, we found that laboratories had significant excess capacity, with only around 6% of total laboratory capacity being used in the first week of August.³⁹

62. The lack of high levels of concentration and significant barriers to entry at the retail level, and modest concentration combined with significant excess capacity

³⁵ We recognise that a wide range of factors may influence the positivity rate (including if providers have a greater share of tests in different areas and passengers arriving from countries with different case rates are not uniformly distributed across the country).

³⁶ Based on volume shares of supply at provider level for Green and Amber Route PCR tests sold to consumers entering the UK, 05/07/21 to 13/08/21.

³⁷ However, we do note that there was substantial volatility over time which may represent a trend to increasing concentration, particularly in relation to the strength of one provider that doubled its share of supply in Green tests over the 5-week period, between the week starting 05/07/21 and the week starting 13/08/21, from [20-30%] to [40-50%].

³⁸ Based on volume shares of supply at laboratory level for Green and Amber Route PCR tests sold to consumers entering the UK, 02/08/2021 to 08/08/2021

³⁹ Laboratory capacity data was provided on a voluntary basis by laboratories in response to the question "What is your current daily testing capacity for international travel testing?" on 7 July 2021. On this basis, it appears likely that laboratories will have included capacity for fit-to-fly PCR testing, as well as, inbound UK mandated PCR testing, whereas volume figures do not include fit-to-fly testing. Additionally, there is difference in time periods between the capacity data and volume data which covers 02/08/2021 to 08/08/2021.

at the laboratory level, suggests that concentration is not currently leading to weakened competition and poor outcomes in private PCR travel testing.

Consumer experiences

63. We asked consumers who had arranged PCR travel tests about their experience of finding and choosing a provider. Consumers need clear information on service features to be able to compare providers and find their best option. The information they need may differ depending on the product a consumer is searching for and providers may offer this information in different formats. This can make it harder for consumers to compare products and to compare prices across providers.

64. We asked consumers how easy or difficult they found it to compare retail test providers. While 95 out of 181 told us they had found it easy (very or fairly easy), around one in four (42 out of 181) had found it difficult (fairly or very difficult).^{40,41} These results indicate that, while the majority of consumers were able to easily make comparisons, a substantial proportion of those surveyed found it difficult to do so.

65. We asked consumers how clear they found the information provided on a range of different aspects of the product/service from the provider they decided to purchase from. Most consumers found information on aspects of the product/service to be clear, but a sizeable minority did not find the information to be clear, even from the provider they used. For example, 135 out of 181 respondents found the information on who to contact in event of a problem to be clear, but 25 out of 181 respondents found the same information not clear.^{42,43}

66. We also asked consumers how confident they were that the provider that they ended up using was the best option for them. The majority (155 out of 181) of those surveyed were either very or fairly confident that they had used the best provider for them, and a minority (22 out of 181) were not confident.⁴⁴

⁴⁰ CMA consumer research, Kantar OnLineBus, 20/08/21 to 26/08/21. Q: If you compared providers, how easy or difficult did you find it to compare them? Base: 181 adults in England who arranged/paid for one or more PCR tests.

⁴¹ It is worth noting that most consumers surveyed had tried to compare providers – only 16 said expressly that they did not do so.

⁴² CMA consumer research, Kantar OnLineBus, 20/08/21 to 26/08/21. Q: Thinking about the provider you decided to buy from, to what extent did you find the information on the following topics clear or not? Base: 181 adults in England who arranged/paid for one or more PCR tests.

⁴³ A further 10 respondents said they had looked for information about who to contact in the event of queries or problems but could not find it.

⁴⁴ CMA consumer research, Kantar OnLineBus, 20/08/21 to 26/08/21. Q: Thinking about the provider you arranged and bought your test(s) from, how confident are you that using this provider was the best option for you? Base: 181 adults in England who arranged/paid for one or more PCR tests.

67. Overall, the main difficulty that consumers experienced in making their decisions was challenges in comparing providers.

Consumer protection

68. PCR test providers offering testing services to consumers must comply with consumer protection law, in particular:⁴⁵

- (a) The Consumer Protection from Unfair Trading Regulations 2008 (CPRs), which require businesses to treat consumers fairly.
- (b) The Consumer Rights Act 2015 (CRA), which give consumers certain legal rights and prohibit unfair terms in consumer contracts.
- (c) The Consumer Contracts (Information, Cancellation and Additional Information) Regulations 2013 (CCRs), which contain certain information requirements and give consumers certain cancellation and refund rights.

69. We have obtained information from a variety of sources which suggests that some PCR test providers may be failing to comply with their obligations under consumer law.

70. Businesses which do not comply with consumer protection law risk enforcement action from the CMA or local authority Trading Standards Services. This could include taking a business to court to stop them breaking the law and seeking compensation for consumers.

Issues identified

71. The issues identified so far include:

- (a) So-called 'bait' advertising – for example, attracting consumers by advertising cheap PCR tests (including on GOV.UK) which are only actually available in very small quantities or are not available at all.
- (b) Drip pricing – advertising up-front prices for PCR tests which do not include additional charges that everyone must pay.
- (c) Failing to disclose important caveats upfront, particularly in relation to cheaper PCR tests – for example, failing to make clear that consumers must attend a specific venue at a specific time.

⁴⁵ This does not cover every consumer law that PCR test providers must comply with, and there may also be legislation specific to the PCR testing sector.

- (d) Making false claims about the provision of tests and results within particular timescales.
- (e) Terms and conditions not being available on providers' websites or which are unclear and confusing.
- (f) Terms and conditions which seek to exclude, or have the effect of excluding, consumers' statutory rights.
- (g) Blanket terms and conditions which seek to limit the PCR test provider's liability or exclude liability altogether.
- (h) Problems with refunds and cancellations, including a wider variety of administration fees connected with cancellation.
- (i) Failing to deliver PCR tests or provide results within stated timescales (or in a timely way), or at all.
- (j) Refusing to provide consumers with refunds where tests are not provided within advertised and/or agreed timescales (or in a timely way), or at all.
- (k) Significant difficulties in contacting PCR test providers when problems arise.

Enforcement

72. On 25 August 2021 the CMA published an [open letter](#) to providers of PCR tests on how they should comply with consumer law. This letter was sent to all providers listed on GOV.UK. The letter explained the problems we had found as part of our review and provided guidance to providers to ensure their practices complied with consumer law.

73. We have also continued to investigate the information and complaints we have received, along with intelligence received from Citizens Advice, Trading Standards Services, and Which?, to determine whether appropriate enforcement action should be taken against specific PCR test providers to help improve compliance across the sector as whole.

74. As a result, we have [opened an enforcement investigation](#) into one PCR test provider, *Expert Medicals*. How the case proceeds will depend on our assessment of the evidence we obtain. Possible outcomes include legal commitments from the provider to change the way they do business and the CMA can seek refunds for consumers. If a business is unwilling to comply the CMA could take them to court. We are continuing to consider whether action is needed in relation to other PCR test providers as well and have issued warnings to providers about whom we have received complaints of misleading advertising. We will take further enforcement action if necessary.

75. We are open to providing further advice to DHSC on how its actions, such as what it requires of PCR test providers to appear or remain on the GOV.UK list, can be shaped to improve consumer outcomes in this market, and mitigate the need for enforcement action. For example, as part of an *ex ante* scheme that seeks to prevent harm arising in the first place. This could involve ensuring that background checks are carried out on the business and associated individuals prior to them being added to the list. This would build further on the advice we provided to DHSC in April of this year.

Actions

76. Based on the evidence we have been able to gather and assess in the time available, and the CMA's experience of other markets, this section outlines a number of possible approaches to making this market work better for consumers and sets out eight recommendations on how Government could address the problematic market features and poor consumer outcomes we have found. The aim of our recommendations is to provide better value and additional protection for consumers, and to increase the effectiveness of how competition works in the market for PCR travel tests. This should lead to better consumer outcomes: lower prices, better choice, higher quality of service and greater levels of trust.

77. It is for DHSC to consider and decide which recommendations could and should be taken forward and when, working with other parts of Government where needed, in light of the wider information to which it is privy, as well as other policy considerations.

Enhancing the basic rules and requirements for retail test providers

78. In the absence of a formal licensing scheme for retail test providers, and in the context of a nascent and fast-moving market with limited reliable information about the quality of service offered by different retail test providers, DHSC's control over the listing process and who is included in the data published on the GOV.UK website is a powerful tool in shaping and improving retail test providers' behaviour. We have found evidence suggesting poor pricing practices by retail test providers, including drip pricing and bait pricing. This evidence is set out in more detail in paragraph 71.

79. To stamp out these practices, **DHSC should enhance the basic rules and requirements to which retail test providers must adhere, as a pre-condition to getting on and remaining on the GOV.UK list. Non-compliance with these rules and requirements (which should include compliance with consumer law) should be grounds for DHSC to remove a test provider**

(Recommendation A). To supplement the role of the CMA and other bodies such as Trading Standards, as *ex post* enforcers of consumer protection law, DHSC, working with other parts of Government as necessary, should take a more interventionist approach to shape behaviour in the market from the outset. In addition to DHSC's recent action to remove providers from the GOV.UK list, there is a range of other measures that could be put in place. For example:

- (a) Ensuring that background checks are carried out on the business and associated individuals prior to them being added to the GOV.UK list.
- (b) Advertising 'limited quantity' prices should be prohibited (to address bait pricing).
- (c) Headline prices should include all unavoidable costs such as delivery or admin charges (to address drip pricing).
- (d) Advertising the price most often charged for a particular test, rather than the lowest price charged.
- (e) Notifying DHSC within a short time period (e.g., 24 hours) to update its listings when tests at the advertised price are not available.
- (f) Complying with all applicable consumer laws and regulations.

80. In addition, the rules and requirements to which retail test providers must adhere could include measures to provide an acceptable level of service, such as provision of a customer helpline, a clear complaints procedure and a commitment to providing pricing, performance and complaints data to DHSC for monitoring and enforcement purposes.

81. These changes should be applied retroactively (i.e., to existing retail test providers as well as new ones) to ensure a level playing field. These measures should increase the quality of service from retail providers and build consumer trust and confidence. To ensure effectiveness, they should be deployed alongside a programme of ongoing monitoring and enforcement.

Monitoring of supplier behaviour

82. Comprehensive monitoring of retail test providers' and laboratories' behaviour and compliance with basic standards and other regulation can be a powerful tool in shaping positive and more competitive outcomes for consumers. We welcome DHSC's recent audit, which led to the removal of 57 non-compliant providers from the GOV.UK lists and the warnings issued to 82 others along with the subsequent removal of Expert Medicals from the lists, but note that this should not be seen as a one-off event. **We recommend that DHSC should**

ensure a comprehensive monitoring and enforcement programme for retail test providers is set up, with appropriate sanctions

(Recommendation B). Monitoring should include initial checking of retail test suppliers' information submitted as part of the process for inclusion on the GOV.UK lists, as well as ongoing checking of compliance.

83. This monitoring should be backed up with strong and visible enforcement, with sanctions including 'naming and shaming', the threat of, and actual suspension (with a fee for re-listing) or removal from, the GOV.UK list. These measures can shape behaviour in the market and work in tandem with the *ex post* enforcement functions of the CMA and others like Trading Standards Services.

84. **We recommend that DHSC should ensure that it has robust quality monitoring procedures in place to assure the accuracy of test results (Recommendation C).** Given the importance of accurate testing for public health, we recommend ongoing monitoring and, where appropriate, investigation of testing accuracy. This could include additional requirements on providers and/or laboratories to submit regular evidence on positivity rates and testing accuracy to the DHSC, as well as ensuring that an appropriate monitoring body is sufficiently resourced to assess the accuracy of testing in the market and to investigate any outliers (e.g., where a very low positivity rate is observed for a particular provider or laboratory).

Reducing prices

NHS benchmark product

85. NHS Test and Trace currently offers a paid-for PCR travel testing service to consumers, which uses CTM as its 'front end' retail test provider. Our evidence gathering has found that consumers are confused about the CTM branding and whether this means that it is CTM or the NHS which is providing the test.

86. The NHS brand enjoys a high degree of trust and support from consumers, and NHS Test and Trace is the leading provider of PCR testing more widely. As a result, it sets a standard for quality and reliability in the travel testing market. This provides a strong opportunity for DHSC to influence the levels of quality and price in the market more, should it continue to offer this service.

87. **We recommend that DHSC should develop the NHS Test and Trace PCR travel test currently listed on GOV.UK and use it to establish a 'benchmark' product to drive better market outcomes (Recommendation D).** This test should set a standard for quality (e.g., guaranteeing on-time delivery), consumer protection (through clear contract terms and transparent pricing), and price (by setting a competitive price relative to its costs).

Consumers would then be able to evaluate the offers of other retail test providers by comparing them to the NHS benchmark product. Suppliers would also be incentivised to compete with the benchmark product, for example, by passing efficiency savings on to consumers in the form of lower prices or providing better levels of service. This could in turn lead to better outcomes for consumers through lower prices (depending on the NHS price) and higher service quality.

88. One effect of the establishment of an NHS-branded 'benchmark product' is that NHS Test and Trace may experience an increase in demand for processing of travel tests. We understand that the level of NHS Test and Trace capacity for travel tests depends on the volume of wider clinical testing that is taking place (i.e., for non-travel PCR tests). In periods where clinical testing increases and capacity becomes constrained, we would recommend that DHSC introduces a volume cap, restricting the number of tests for sale to the available spare capacity. While this may mean that not all demand for NHS tests for travel will be satisfied, the presence in the market of this benchmark product should still constrain the prices and enhance the quality of competitors' offerings.

Price caps

89. In the CMA's experience, price caps can be a direct and effective way of limiting how far consumers pay excessively high prices.
90. However, price caps can be difficult to specify and calibrate accurately and can cause significant unintended consequences if not properly implemented, such as driving out efficient providers or those providing an important source of capacity (if set too low) or creating a focal point around which providers' prices may cluster, limiting the incentive to offer lower prices even where these would still be profitable for providers (if set too high). Price caps can also inhibit companies from innovating or providing higher quality services by limiting the potential rewards from improved quality. These risks are increased both where there is limited evidence on costs and profits, and when caps are introduced rapidly.
91. Given that we have identified other measures, including the introduction of a benchmark NHS product set out above, which may be able to achieve reductions in prices with lower levels of risk, **we do not recommend that DHSC introduces a price cap at this stage. Instead, DHSC should monitor and gather evidence on price levels and costs on an ongoing basis. DHSC should be prepared to re-evaluate this position if other measures it decides to take do not improve market outcomes. (Recommendation E).**

Improvements to websites/consumer information

92. The GOV.UK website is an important, trusted source of information for consumers and currently acts as the authoritative source of information on providers in the market. However, there is little information on each provider or the range of services and price points that they offer, and the search and filtering functionality is very limited. To help consumers choose a retail test provider, and to promote effective competition between retail test providers, the website needs to be easy to navigate with accurate, clearly presented and comparable information on which consumers can rely and act.

93. We note that the website is being regularly updated and improved, reflecting developments such as DHSC's provider audit and subsequent update on 23 August 2021. However, **we recommend that DHSC improve the retail test provider listings on GOV.UK so that consumers can more easily search for, obtain and act on the information they need (Recommendation F)**. These improvements could include:

- (a) Enhancing search and filtering options.
- (b) Displaying results in a random order rather than alphabetically.
- (c) Determining which default filtering and ordering options work best for consumers.
- (d) Including pricing data for different products for each provider.
- (e) Displaying quality indicators (see below) and allowing consumers to filter or sort their results to show higher-quality providers.

94. The above list provides some examples of potential improvements, based on the CMA's knowledge of other markets. However, the importance of the GOV.UK website for consumers means that any proposed changes and improvements should be tested using techniques such as A/B testing.⁴⁶ This should ensure that the consumer experience is optimised. Moreover, as misleading pricing or other practices are addressed, other practices may emerge, which implies that continued monitoring may be necessary.

95. One of the major barriers to consumers being able to determine the relative quality of retail test providers is the lack of prominent and accurate information. Recent research has shown that quality indicators are valued by consumers and

⁴⁶ A/B testing is an approach to allow a website operator understand how changes to the design of the website affect the behaviour of users.

can lead to switching away from lower-quality options, making suppliers react by improving the quality of their products.⁴⁷

96. We therefore recommend that DHSC considers the introduction of quality indicators, in the medium-term, gathered from consumer ratings and feedback. These quality indicators could be based around key dimensions of service such as whether the tests were received on time, whether the instructions were clear, or other aspects of customer service. One way of collecting this feedback would be for DHSC to send an email to all consumers after they have received their result.

97. **We recommend that, subject to any legal restrictions, DHSC should make data on retail test providers available, for example through an open Application Programming Interface (API) (Recommendation G).** By allowing third parties access to DHSC's data on providers, subject to any legal constraints, we think that there is scope for innovative comparison services that can use new or existing platforms to better enable consumers to find the best deals on travel tests. It would allow third parties to combine the information that DHSC chooses to publish on GOV.UK with other datasets, for example, quality indicators from review services. By providing a live interface such as an API, comparison services can be confident that they are providing consumers with up-to-date and accurate data and facilitating the swift removal of rogue providers from comparison listings. Careful consideration should be given to making any data available under an appropriate data licence.

Treatment of VAT on 'self-testing' PCR testing kits

98. We have found that there are concerns that different providers of self-swab testing services are adopting inconsistent VAT treatments, which may distort competition in this part of the market. DHSC should work with HMRC to support providers to understand and apply the appropriate VAT treatment. Any variation in approach could lead to differences in price of 20% for identical tests.

99. While it is for the Government to determine the VAT status of these tests, **we recommend that DHSC works with HMRC to provide guidance to retail test providers on how VAT should be applied (Recommendation H).** This should help to reduce distortions in competition between retail test providers caused by inconsistent application of VAT.

⁴⁷ See, for example, <https://legalservicesboard.org.uk/our-work/ongoing-work/consumer-engagement/quality-indicators> and [Reviews, Reputation, and Revenue: The Case of Yelp.com - HBS Working Knowledge](#)

Annexes

Annex A: Glossary

API	Application Programming Interface. A software interface that allows two applications to communicate.
CCRs	Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013
CPRs	The Consumer Protection from Unfair Trading Regulations 2008
CRA	Consumer Rights Act 2015
COVID-19	Coronavirus Disease 2019 caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Day 2 test	A test taken on or before the second full day after entry into the UK. A requirement of arriving from a) a Green List country, or b) an Amber List country where the traveller is fully vaccinated in the UK, US or EU.
Day 2 & 8 test	A package of two tests taken on or before the second full day after entry into the UK and on or after the eighth day after entry, required following entry from an Amber List country (and included as part of a managed quarantine package).
DHSC	Department for Health and Social Care
Fit to fly	A test taken a short period prior to flying to allow departure.
Genomic sequencing	The process of determining the order of nucleotides in a DNA sample to identify the 'strain' of SARS-CoV-2 present in a test-sample.
GOV.UK	The UK Government's website which hosts information on PCR testing requirements and lists of providers.
LAMP	Loop-mediated isothermal amplification (LAMP) is a single-tube technique for the amplification of DNA and a low-cost, rapid alternative to RT-PCR.
LFT	Lateral flow test or lateral flow immunochromatographic assay. A testing approach that identifies the presence of a substance in a liquid. LFTs for COVID-19 antigens take around 30 minutes to produce a result. In the case of viral testing, antibodies in the test strip detect relevant proteins, or antigens, created by a virus, to show visually an indicator of a positive result.
Managed Quarantine	A requirement of entry from a Red List country comprising of a ten-day quarantine in a designated hotel and completion of Day 2 & 8 tests.
PCR	Polymerase chain reaction, a technique to amplify DNA samples. References in this document refer to testing for COVID-19 unless otherwise stated.

PLF	Passenger Locator Form. In the UK, the PLF should include details of the testing or quarantine package booked in advance of arriving into the UK. Airlines are responsible for checking the PLF is correct.
Retail test provider	A consumer-facing business that supplies a consumer with a PCR testing service. Retail test providers may depend on third-party laboratories or use their own diagnostic capability.
Self-declaration	The information requested from prospective test providers by DHSC, which is reviewed by UKAS to allow listing on GOV.UK.
Testing Kit	The materials required to collect a sample, typically comprising swabs, sample tube and packaging.
'Test to Release'	A test taken to shorten a period of quarantine or self-isolation. Sometimes referred to as a Day 5 test.
UKAS	UK Accreditation Service

Annex B: Scope

1. On August 6 2021, the Secretary of State for Health and Social Care wrote to the CMA requesting that it conduct a rapid high-level review of the market for private PCR travel tests to assess what action might be taken to ensure that consumers do not face unnecessarily high costs or other poor provision.
2. We have focused particularly on PCR travel tests required to be used by those entering England from overseas principally, a 'Day 2', a 'Day 2 & 8' package, or a 'Day 5' test under the 'test to release' scheme.¹
3. We have not considered PCR travel testing in respect of the non-travel related NHS Test and Trace programme (i.e., for testing and tracing symptomatic people and their contacts), alternative testing approaches or technology, or the Government's policy on testing in relation to international travel. We have similarly not considered the cost of PCR travel tests included in any quarantine package for those entering the UK from a 'Red List' country.²
4. This review has focused on the PCR travel testing market accessible to residents of England for the purposes of complying with the UK Government's requirements for international travel.³ We have not covered within our review PCR tests for other purposes (such as NHS PCR tests for those with COVID-19 symptoms) or lateral flow tests. We have not considered testing conducted outside of the UK prior to arrival in the UK.

The statutory basis and timescale of this review

5. Given the urgency of the Secretary of State's request, in conducting this review, we have not sought to launch a formal investigation, which would have been subject to public consultation on scope.⁴ We have instead conducted this review using our function of providing information and advice to ministers.⁵ This has meant we have been unable to use our statutory information-gathering powers to compel parties to provide evidence.

¹ We have considered 'fit-to-fly' tests where relevant, though given the specifications of such tests are set by the government of the destination country, and may include technologies other than PCR, we have not focused on this service.

² Arrivals from 'Red list' countries are required to enter managed quarantine, which is currently booked via the CTM portal as part of the four nations approach.

³ While travellers in Northern Ireland are able to use private sector testing providers, some aspects of our analysis may not fully reflect the situation in Northern Ireland, particularly in respect to providers who do not offer services outside of England or Great Britain.

⁴ A Market Study can take up to one year to complete and a Market Investigation up to 18 months, though can be for a shorter period. However, further time would be required for implementation of recommendations by third parties such as Government, or in the case of Market Investigations a period of up to six months where an Order (a type of secondary legislation) is drafted and consulted on with market participants.

⁵ [s.7 Enterprise Act 2002](#) (as amended).

6. All evidence and information that our analysis is based on has been gathered from public sources, government information holdings, or voluntarily supplied by stakeholders. We have not sought to assess the accuracy, veracity or completeness of the evidence provided. We have, however, considered evidence in the round to ground our advice and recommendations to the Secretary of State.

The issues considered in this review

7. In response to the Secretary of State's request [we stated](#) that we would explore three areas:
 - Whether individual retail PCR travel test providers may be breaching their obligations under consumer law and should be subject to enforcement action.
 - Whether there are structural problems in the market for PCR travel tests, affecting price or reliability.
 - Whether there are any immediate actions that the UK Government could take in the meantime.
8. As part of this assessment, we have considered both the actions that the Government can take and whether, and how, the CMA might use its own powers to take direct action.
9. We have considered the role of NHS Test and Trace in relation to its role as a market participant, selling tests via CTM and as the only provider of PCR testing for travellers from Scotland (up to 4 am on 6 September 2021) and Wales. We have met with officials from each of the devolved administrations to discuss the scope of our work.

Limitations to this review

10. In conducting our review, we have gathered evidence from consumers, retailers, laboratories, other Government departments and non-governmental organisations. However, there are limitations in the evidence that has been made available to us. We have interpreted the evidence we have but recognise that further evidence is available and will be available in future. Given the request for a rapid review, we have relied upon the evidence available in a short timeframe and consider that it is generally only indicative of risks and outcomes and not definitive. As such, while we have reviewed the market, the focus of this document is the provision of practical advice to the Department for Health and Social Care.

Other matters

11. We are grateful to stakeholders who have shared information voluntarily and their observations on the functioning of the PCR travel testing market. As noted, this review and our advice focuses on our areas of expertise, namely competition and markets and as an enforcer of consumer law.

12. Some of the issues raised by stakeholders were outside the scope of this review but we include here for completeness:

- The impact of VAT on price (ie that VAT can increase the cost to consumers by 20%).
- Government policy on testing, namely the specific testing requirements including the acceptable types and technologies used for testing and the policy for testing in relation to fully vaccinated travellers.
- That some travellers, such as those entering the country for a very short period are required to purchase tests which are not subsequently used.
- The public health issues arising from not confirming if the tests associated with booking reference numbers used on PLFs are used.

Annex C: Evidence sources

1. In conducting our review, we have primarily relied upon readily available evidence provided by other parties, supplemented by some primary research we have conducted ourselves.

Information from DHSC

2. DHSC has provided us with a range of data and information including on prices, volumes and market shares. The volume data covers the period from May 2021 until August 2021. Prices data are from July and August 2021.
3. DHSC provided us with data from an audit of providers' websites conducted during August 2021, which reviewed providers' prices and the way they are presented to consumers.

Consumer research

4. We have conducted a consumer survey using an online panel which enabled us to ask, quickly, a large starting sample of UK adults age 18+ (n=2,497) whether they had travelled abroad, arranged to do so, or helped someone else to do so since May 2021. This gave us a filtered sample of 393 people who were eligible to answer our full set of questions.
5. While the survey was conducted using a UK-wide panel, unless otherwise stated, results quoted relate to England only.
6. Whilst the panel members in the starting sample were broadly representative in terms of key demographic characteristics, use of an online panel is likely to have introduced some bias to the sample. In addition to the fact that online panels exclude the offline population, recruitment to such panels is not random and evidence suggests that this gives rise to some characteristics of those on the panel which may differ systematically to a random sample of the UK adult population. As a consequence, our analysis and presentation of the survey findings is more qualitative in nature, reporting numbers of respondents rather than percentages, in order to reinforce that results about all adults in the UK population who have arranged/paid for foreign travel since May 2021 cannot be robustly inferred.

Information requests and stakeholder engagement

7. We have sent information requests to 32 retail test providers, 10 laboratories and 16 airlines/airline groups. In addition, we have had calls with a range of other stakeholders including, consumer bodies, accreditation bodies and

international competition and consumer authorities and government departments.

Annex D: PCR Testing requirements

Date	Change
20 Oct 2020	Self-declaration process for private testing retail providers launched.
24 Nov 2020	Minimum standards for retail test providers for 'test to release' published. ¹
27 Nov 2020	Self-declaration to commence UKAS (United Kingdom Accreditation Service) accreditation launched. ²
15 Dec 2020	'Test to release' scheme launched with 11 retail providers. ³
17 Dec 2020	Secondary legislation becomes effective to make UKAS relevant regulatory body for COVID-19 testing services.
15 Jan 2021	All arrivals into England required to conduct a pre-arrival test. ⁴
15 Feb 2021	All arrivals into England required to conduct Day 2 & 8 tests. ⁵
17 May 2021	Traffic light system launches: ⁶ <ul style="list-style-type: none">• leisure travel permitted to Green List countries (Day 2 test)• essential travel to Amber countries subject to Day 2 & 8 testing with home quarantine• arrivals from Red List countries required to enter managed quarantine.
19 July 2021	Adults who are fully vaccinated, and children, no longer required to self-isolate on arrival from Amber List countries and only have to purchase a Day 2 test. ⁷
2 Aug 2021	Fully vaccinated EU and US travellers no longer have to quarantine on arrival from an Amber List country. ⁸

¹ [Testing to release for international travel: minimum standards for testing - GOV.UK \(archive.org\)](https://www.gov.uk/government/news/testing-to-release-for-international-travel-minimum-standards-for-testing)

² Jo Churchill MP, Parliamentary Under-Secretary of State for Health and Social Care, [Delegated Legislation Committee, House of Commons, Thursday 10 December 2020](#)

³ <https://web.archive.org/web/20201214185023/https://www.gov.uk/government/publications/list-of-private-providers-of-coronavirus-testing/list-of-private-providers-of-coronavirus-testing>

⁴ <https://www.gov.uk/government/speeches/international-travel-update-11-january-2021>

⁵ <https://www.gov.uk/government/news/government-to-introduce-tougher-measures-and-enforcement-rules-for-quarantined-passengers>

⁶ Red, amber, green lists: check the rules for travel to England from abroad - GOV.UK (www.gov.uk) <https://www.gov.uk/government/speeches/international-travel-from-amber-list-countries-and-territories>

⁷ <https://www.gov.uk/government/news/quarantine-free-travel-to-resume-on-19-july-for-fully-vaccinated-passengers-returning-from-amber-list-countries>

⁸ <https://www.gov.uk/government/news/uk-travel-update-government-waives-quarantine-for-arrivals-fully-vaccinated-from-europe-and-usa-while-also-confirming-international-cruise-restart>