Dear online business

Urgency claims and price reduction claims: compliance advice for online businesses

1. The Competition and Markets Authority (CMA) is the UK’s principal competition and consumer protection authority. Our role is to make markets work well for consumers, businesses and the economy. We are an enforcer of the Consumer Protection from Unfair Trading Regulations 2008 (CPRs). Further information about our functions and powers to enforce consumer protection law can be found in Consumer protection: enforcement guidance (CMA58).

2. In 2022, the CMA commenced a major programme of work looking at how businesses present information and choices to consumers online (sometimes called ‘online choice architecture’). As part of this, the CMA is currently focusing on urgency claims and price reduction claims.²

3. These claims have a legitimate place when they alert consumers to genuine special offers or provide helpful information about current selling conditions. However, we have become concerned about claims that may mislead or put unfair pressure on consumers in the UK. Such claims may be illegal under the CPRs, harm consumers by distorting their behaviour, and put fair-dealing businesses at a disadvantage.

¹ The CMA’s programme of work has included:
   • In February 2022, launching the Online Rip-Off Tip-Off consumer education campaign;
   • In April 2022, publishing a discussion paper that provides an overview of online choice architecture (OCA), and an evidence review that summarises the extensive research into how OCA shapes consumer choices; and
   • In January 2023, initiating research into the prevalence of potentially harmful OCA practices.

² In November 2022, the CMA opened an investigation to examine whether a business’s use of countdown timers and its claims implying that discounted prices were ending soon have misled consumers.
4. We are writing this letter to help online businesses comply with the law when presenting urgency claims and price reduction claims to consumers in the UK. In the Examples of Non-Compliance at pages 6 to 24 below, we provide examples of practices that are more likely to be of concern to us. These are illustrative of our concerns, not exhaustive.

5. By ‘urgency claim’, we mean any scarcity, popularity, ‘act fast’ or time limited claim that is presented to consumers online (see Figure 1 for examples). By ‘price reduction claim’, we mean any discount or special offer price that refers to a higher comparison price (see Figure 2 for examples).

Figure 1. Examples of urgency claims

Figure 2. Examples of price reduction claims
Who is this advice for?

6. The advice is intended for all businesses that are involved in selling or promoting the sale of anything – e.g. goods, services or digital content (hereafter, ‘products’) – online to consumers in the UK.

7. This includes:

• Online retailers and service providers;

• Marketplaces and other online intermediaries (such as auctions, voucher sites and comparison sites);

• Businesses that help clients to build online stores and/or offer add-on features (e.g. apps, plug-ins, extensions) that are relevant to urgency claims or price reduction claims.

What do you need to do?

8. It is important that you do not use urgency claims or price reduction claims that are misleading or put unfair pressure on consumers. Such practices may infringe the CPRs (see paragraph 10).

9. You should read the Examples of Non-Compliance at pages 6 to 24 below, review your practices to make sure they are in line with the requirements of consumer protection law, and make any changes where necessary. As part of your review, you should:

• Consider relevant practices across all your consumer-facing online activities from advertisements (e.g. marketing emails, display, search results) to webpages, apps and pop-ups (e.g. home page, search results, product details, basket, payment);

• Ensure that all your relevant staff and contractors responsible for the design, approval or use of urgency claims and/or price reduction claims – e.g. in paid for search terms, content design, marketing, website or plug-in/app development – understand the legal requirements and comply with them;

• Make sure you have evidence to substantiate the urgency claims and price reduction claims that you make online; and keep adequate records to show that these claims genuinely reflect selling conditions;

• Check that you have appropriate safeguards and standard processes in place so that you do not present unfair and/or misleading claims to consumers, for example ensuring that:

  – Before consumer testing (e.g. A/B testing) takes place, the claims you propose to make have been reviewed for compliance;

  – Price promotions are verified as compliant before they are published online;
– Search engine ads continue accurately to reflect current offers; and

– Special offer prices do not continue beyond the promotion’s end date;

• If you operate a marketplace or other platform, check that you have appropriate measures in place to ensure that information derived from third party sellers is accurate, for example using technological measures or algorithms, or checking a representative sample of the information, and remove content promptly where it is apparent it is inaccurate;

• If you are not familiar with the following documents, then the CMA strongly advises you to read and, as necessary, act on them:

  – The Guidance for Traders on Pricing Practices produced by the Chartered Trading Standards Institute (CTSI);³ and

  – The UK Code of Non-Broadcast Advertising and Direct and Promotional Marketing and the UK Code of Broadcast Advertising (the CAP and BCAP Codes) administered by the Advertising Standards Authority (ASA);⁴

• If any part of your business falls under sector regulation, you should also consider any relevant guidance or requirements produced by your regulator.

10. This compliance advice sets out the CMA’s view of the law and explains the stance we are likely to take should we take enforcement action. In particular, it is our view that businesses are likely to distort consumer behaviour and infringe the CPRs if their urgency claims or price reduction claims:

• Contain information that is untrue or that is deceptive even if the words used are literally true (misleading actions – regulation 5);⁵

• Fail to state clearly any important information the consumer needs at that time to decide whether they wish to proceed (misleading omissions – regulation 6);

• Put unfair pressure on consumers to complete transactions (aggressive practices – regulation 7);

• Falsely state that a product will only be available for a very limited time, or that it will only be available on particular terms for a very limited time, in order to elicit an immediate decision and deprive consumers of sufficient opportunity or time to make an informed choice (a practice banned in paragraph 7 of Schedule 1 to the CPRs); and/or

³ The CTSI has lead responsibility for business advice and education in the area of trading standards and consumer protection legislation.
⁴ The ASA is the UK’s independent advertising regulator.
⁵ A claim can still be misleading even if it is factually correct. This will be the case where it deceives the average consumer and causes them to take a different decision. See examples 2 and 8 in the Examples of Non-Compliance.
• Are structured in such a way that is likely to unfairly impair the consumer’s ability to take informed decisions (contravening professional diligence – regulation 3).

11. The CMA is actively monitoring this area, and therefore we urge you to review your practices urgently to ensure they are compliant.⁶ If in doubt about what you need to do, you should seek your own independent legal advice.⁷

Yours faithfully

Jennifer Dinmore
Director, Consumer Protection
jennifer.dinmore@cma.gov.uk

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⁶ Only a court can rule on whether a practice is unlawful.
⁷ Businesses can also speak to their Trading Standards Service for advice, for example as part of a primary authority relationship.
Urgency claims and price reduction claims: examples of non-compliance

A. Examples of misleading or unfair urgency claims

A.1 Below are examples of urgency claims and scenarios where these claims may mislead or put unfair pressure on consumers and so risk infringing consumer protection law. In all of these cases we consider that consumer behaviour is likely to be distorted. The examples are illustrative; similar practices may also infringe the law.

A.2 In each example, we explain:

a) The types of urgency claim in question;

b) A scenario where use of that claim may infringe the law; and

c) The CMA’s views on why it would be likely to infringe the law.
EXAMPLE 1. Claims that are misleading because promotions don’t end when the claims say they will

Trader A is telling consumers when an offer will end. Its claims include:

However, when the time runs down (tonight, in 2 hours, in 1 hour and 9 minutes), Trader A’s offer does not end but continues.

Trader A’s claims are likely to be unlawful because they are not true: the offer does not in fact end at the time that Trader A claimed it would. Its claim may also put unfair pressure on consumers to act quickly when they do not need to do so.
EXAMPLE 2. Claims that are misleading because promotions end when the claims say, but new promotions offer substantially the same deal

Trader A is telling consumers when an offer will end. Its claims include:

However, when the time runs down (tonight, in 2 hours, in 1 hour and 15 minutes), Trader A’s offer does end but a new offer starts with a comparable or similar price advantage. For example:

<table>
<thead>
<tr>
<th>Date</th>
<th>1-7 May</th>
<th>8-14 May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer</td>
<td>50% off Product X</td>
<td>50% off all items inc. Product X</td>
</tr>
</tbody>
</table>

Trader A’s claims are likely to be misleading because they deceive the consumer into thinking they need to act quickly to secure the stated price advantage, when in fact there is no real need to rush. Even if it is literally true that the offer does end, the claim is misleading because there is a comparable follow-on offer.
EXAMPLE 3. Checkout timers that are misleading because they are untrue

Trader A is using checkout timers to tell consumers there is limited time to complete the transaction. Its claims include:

However, when the time (3 minutes, 2 minutes and 34 seconds) runs down or if the consumer refreshes the page, Trader A’s checkout timer restarts.

Trader A’s checkout timers are likely to be misleading because there is in fact no limit to the time the consumer has to complete their purchase. They also put unfair pressure on the consumer to complete the transaction.
EXAMPLE 4. Claims that are misleading because what they say on stock levels is untrue

Trader A is telling consumers that stock levels are low. Its claims include:

However, Trader A has no stock shortage or, even though it is low on stock today, it will be getting new stock shortly and/or would be able to perform contracts without delay (for example because even though local stock levels are low, its distribution systems will replenish them promptly).

Trader A’s low stock claims are likely to be misleading because they are not true and/or give consumers the false impression that they must act quickly to avoid missing out.
EXAMPLE 5. Claims that are misleading because they create a false sense of urgency

Trader A is telling consumers of interest in or demand for a product and urging them to act quickly. Its claims include:

- HURRY! 10 people are viewing this now
- ACT FAST! 10 people have in their bag now

However, although 10 people are indeed looking at the product now or have just bought it, Trader A's stock levels are high and/or it would be able to perform contracts without delay.

Trader A's claims are likely to be misleading because they create the impression that the consumer needs to act quickly to avoid missing out on a purchase (e.g. because consumer interest in the product is high). While it might be literally true that the stated number of people are looking at or have just bought the product, there is no need for consumers to hurry.
EXAMPLE 6. Claims that are misleading because the stated time frame is untrue

Trader A is telling consumers of interest in or demand for a product in a particular time frame. Its claims include:

However, Trader A’s algorithms that generate these claims are not providing data for the stated time frame. The claims are triggered when 20 people have viewed the product in the past hour.

Trader A’s claims are likely to be misleading because in fact 20 people are not looking at the product now. Where algorithms are used to trigger a claim, the underlying data should match the claim precisely (e.g. ‘20 people viewed this in the past hour’).
EXAMPLE 7. Claims that are misleading because they do not refer to demand for the product that the consumer is interested in

Trader A is telling consumers of interest in or demand for a product. Its claims include:

However, 200 people have not bought this specific product from Trader A in the past hour, but rather have bought various different models by the same brand. For example:

<table>
<thead>
<tr>
<th>Product</th>
<th>Model X</th>
<th>Model Y</th>
<th>Model Z (which user is viewing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last hour sales</td>
<td>110</td>
<td>80</td>
<td>10</td>
</tr>
</tbody>
</table>

Trader A's claims are likely to be misleading because it is not true that 200 people have bought this product in the past hour. The claims give a false impression of current demand for the model that the consumer is considering buying.
Trader A is telling consumers the sales rate for a product. Its claims include:

However, while it is true that Trader A sold 100 units in a 24-hour period, this was a 24-hour period that occurred last month, not the past 24 hours.

Trader A’s claims are likely to be misleading, even though the words used in them are literally true, because the claims give the impression that they are statements of current demand when they are not.

A statement such as this is likely to mislead even if there is some sort of qualification explaining the truth elsewhere on the webpage or later in the shopping process, because the headline claim is still likely to deceive people.
B. Examples of misleading or unfair price reduction claims

B.1 Below are examples of price reduction claims and scenarios where these claims may mislead consumers and so risk infringing consumer protection law. In all of these cases we consider that consumer behaviour is likely to be distorted. The examples are illustrative; similar practices may also infringe the law.

B.2 In each example, we explain:

a) The types of price reduction claim in question;

b) A scenario where use of that claim may infringe the law; and

c) The CMA’s views on why it would be likely to infringe the law.
Trader A is telling consumers of a price reduction. Its claims include:

However, Trader A has offered the product for sale at the lower price for some time. For example:

<table>
<thead>
<tr>
<th>Month</th>
<th>April (launch)</th>
<th>May</th>
<th>June</th>
<th>July (this month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product price</td>
<td>£120</td>
<td>£90</td>
<td>£90</td>
<td>£90</td>
</tr>
</tbody>
</table>

Trader A's claims are likely to be misleading because the time that the product was sold at the higher price is short compared to the time at the promotional price. The higher price is not now the product’s usual selling price, and this gives a deceptive impression of the price advantage the consumer enjoys by purchasing this product now.
EXAMPLE 10. Comparison prices that are misleading because very few items were sold at that price

Trader A is telling consumers of a price reduction. Its claims include:

However, Trader A sold very few items at the higher price. For example:

<table>
<thead>
<tr>
<th>Product price</th>
<th>£150</th>
<th>£100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units sold</td>
<td>5</td>
<td>200</td>
</tr>
</tbody>
</table>

Trader A’s claims are likely to be misleading because the reference price is not a genuine and realistic selling price. The item did not sell in significant numbers at the higher price, and so the price reduction claim gives a deceptive impression of the value of the item and the saving the consumer could make by purchasing this item. The higher price is not the product’s usual selling price.8

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8 The higher price in a price reduction claim must be a genuine and realistic selling price – and a business should be able to demonstrate this. See pages 15 and 16 in the Chartered Trading Standards Institute’s Guidance for Traders on Pricing Practices for a list of issues that should be considered when determining whether a price reduction is genuine.
EXAMPLE 11. Price claims that are misleading because prices have been flip-flopping

Trader A is telling consumers of a price reduction. Its claims include:

However, the product price charged by Trader A has been flip-flopping between two prices. For example:

<table>
<thead>
<tr>
<th>Month</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July (this month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product price</td>
<td>£15</td>
<td>£11</td>
<td>£15</td>
<td>£11</td>
<td>£15</td>
<td>£11</td>
</tr>
</tbody>
</table>

Trader A’s claims are likely to be misleading because the higher price is no more the usual selling price than the lower promotional price. This sort of claim is likely to deceive the consumer as to the value of the product and could be especially problematic if in fact few items are sold at the higher price.
EXAMPLE 12. Price claims that are misleading because the product has been sold at lower prices since the comparison price was charged

Trader A is telling consumers of a price reduction. Its claims include:

However, Trader A has been offering the product for sale at prices that are lower than the comparison price used in the claims. For example:

<table>
<thead>
<tr>
<th>Month</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July (this month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product price</td>
<td>£240</td>
<td>£120</td>
<td>£180</td>
<td>£150</td>
<td>£120</td>
</tr>
</tbody>
</table>

Trader A’s claims are likely to be misleading because the product has been offered at various prices over time. The higher price (against which the lower prices are being compared) is not the product’s usual selling price, and the price reduction claim gives a deceptive impression of the saving the consumer would make by purchasing the item now. This price comparison would be especially problematic if the product had been offered for sale at an even lower price than the current price.
EXAMPLE 13. Comparison prices that are misleading because they were only short-lived price hikes

Trader A is telling consumers of a price reduction. Its claims include:

However, the higher price charged by Trader A was only ever a temporary hike in the price. For example:

<table>
<thead>
<tr>
<th>Month</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July (this month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product price</td>
<td>£130</td>
<td>£130</td>
<td>£160</td>
<td>£130</td>
<td>£130</td>
</tr>
</tbody>
</table>

Trader A’s claims are likely to be misleading because the higher price is not the product’s usual selling price. This claim is likely to give a deceptive impression of the value of the product and the saving that the consumer can make by purchasing it now.
EXAMPLE 14. Comparison prices that are misleading because they were used a long time ago

Trader A is telling consumers of a price reduction. Its claims include:

However, the £30 comparison price that Trader A is using is an old price that was charged on some date in the past (e.g. 1 April last year).

Trader A's claims are likely to be misleading because the higher price is not the product's usual selling price. The claims are likely to give a deceptive impression of the value of the product and the saving that the consumer can make by purchasing it now.

The price charged at one moment in time is no basis for a meaningful comparison with the 'now' price.
EXAMPLE 15. Price promotion claims that are misleading because they omit or hide information that consumers need to know upfront

Trader A is telling consumers about a promotion. Its claims include:

However, the conditions that consumers must meet to enjoy the offer were not clearly and prominently disclosed when Trader A first told the customer about the deal (e.g. in a marketing email, on the home page). While it is true that consumers can enjoy 50% off, this is only if they spend more than £200 and they were not told that upfront.

Trader A’s claims are likely to be misleading because they are eye-catching offers that will encourage consumers to click through to start shopping. However, there are important conditions attached to the promotion which mean that not everyone will be able to take advantage of the offer. These conditions are important information that people need to know upfront, so they can decide if they want to start shopping.

The practice would still be misleading if the information was given but was not presented clearly and prominently (e.g. in small or pale font, or away from the claim itself) or was disclosed late in the shopping process.
C. Examples of misleading or unfair urgency claims and price reduction claims used together

C.1 Where misleading or unfair urgency claims and price reduction claims are used in combination, or are repeated through the consumer journey, the likelihood of harm to consumers is even greater.

EXAMPLE 16. Combinations of urgency claims and price reduction claims

Trader A is telling consumers about a price reduction, the limited time left to buy at this special price, and low stock levels. Its claims include:
Each of Trader A's practices here is likely to be misleading because:

- The higher price is not the product's usual selling price. The price reduction claim is likely to give a deceptive impression of the value of the product and the saving that the consumer can make by purchasing it today;
- The countdown/time limit is not providing consumers with truthful information and may put unfair pressure on them to act quickly when they do not need to do so;
- The low stock claims are not true and give the consumer the false impression that they must act quickly to avoid missing out.

Overall, the combination of misleading claims increases the likelihood that consumer behaviour is distorted.