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20 December 2017

Dear Andrea,

Government response to the Competition and Market Authority's (CMA) Market Study on Digital Comparison Tools

The Government welcomes publication of your report published on 26 September 2017, which was prompted by the increasing numbers of consumers using Digital Comparison Tools (DCTs) to shop around for the best deals in essential markets such as energy, insurance and telecoms.

The Government agrees that DCTs are mostly a force for good and that they make it easier for consumers to shop around and improve competition, spurring lower prices, higher quality, innovation and efficiency.

This report comes at a time of renewed focus on consumer issues. Government accepts that there is more that can be done to make sure these benefits are felt as widely as possible and recognises its own role in ensuring that this happens.

A full response will be given to the CMA recommendations in the spring. This will put the Government response into the wider consumer context, enabling a more joined up and granular approach to consumer issues. It will also provide an opportunity to seek further input from business, consumer bodies and the public to further focus Government's policy approach.

Government agrees with the recommendation in relation to civil fining powers and will seek to introduce these powers when opportunity allows.

Direct regulation is only one of the many options Government has at its disposal and our own Principles of Better Regulation encourage the use of non-regulatory options where possible to minimise burdens on business. In this context, there is ongoing activity across Government that relates directly to the main recommendations on Government, including:

- The ongoing Ofgem call for evidence on future supply market arrangements that directly poses the question whether intermediaries in the energy market such as DCTs

should be regulated. We will consider the most suitable course of action, including regulating if necessary, subject to the final evidence arising from the call for evidence and supporting industry workshops.

- Ofcom are currently reviewing their voluntary accreditation scheme for DCTs in the communication sector, and we hope that will fully reflect the CMA's recommendations and CARE principles. DCMS will work with DCTs to encourage them to become accredited under a revised Ofcom scheme. In addition, we are conducting other work exploring how to best support the development and wider use of DCTs in the communications market in light of the CMA's report.
- UKRN are taking forward work to consider options for common codes for DCTs and how best to implement the CARE principles.

Finally, I am pleased to see that CMA is investigating the use of Most Favoured Nation (MFN) clauses on price comparison websites in relation to home insurance products as a result of evidence that came to light during the course of the DCT Market Study.

Best wishes
Margot

MARGOT JAMES MP
Minister for Small Business, Consumers & Corporate Responsibility