

**CONSUMER PROTECTION  
PARTNERSHIP: PRIORITIES  
REPORT 2013-14**

Report on the Partnership's work  
to date and future priorities

NOVEMBER 2013

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# Executive Summary

## The Consumer Protection Partnership

1. The Consumer Protection Partnership (CPP) was formed in April 2012 as part of the Government's institutional reform of the consumer landscape. The CPP includes the National Trading Standards Board, Trading Standards Scotland, the Department for Enterprise, Trade and Investment Northern Ireland, the Office of Fair Trading (and subsequently the Competition and Markets Authority), Consumer Futures, the Financial Conduct Authority, the Trading Standards Institute, Consumer Council for Northern Ireland, and the Citizens Advice Service.
2. The CPP was created as a part of a suite of changes to the consumer landscape following criticism by the National Audit Office and Public Accounts Committee. The National Audit Office's report "Protecting Consumers – the system for enforcing consumer law" identified a lack of clear lines of responsibility for tackling detriment, and that said the system for enforcing consumer law was not delivering value for money. The report criticised how the architecture in place was not effectively bringing together what was a fragmented delivery landscape.
3. The CPP's primary purpose is to bring together the key partners within the new consumer landscape to identify and prioritise areas where there is greatest harm caused to consumers, agreeing and coordinating collective action to tackle such detriment, and using all available tools at the disposal of each member.

## Partnership work to date

4. Since April 2012 the CPP and its individual partners have worked together, pooling their knowledge, intelligence and expertise to:
  - Agree a common definition of "Consumer Detriment"
  - Create a framework for assessing issues for potential CPP study
  - Develop joined up communications and intelligence sharing strategies
  - Implement an action plan for tackling mass marketing scams
  - Raise awareness of potential, and emerging detriment around the Green Deal

- Coordinate a joint approach to consumer and business awareness around the used car industry, and encourage the development of a single code of practice

## Current CPP Priorities

5. Taking into account information and evidence of detriment available to CPP partners, the CPP has agreed that the issues below are currently causing – or have the potential to cause – the greatest detriment to consumers and would most benefit from a co-ordinated CPP response.
6. The CPP's current priorities have been broken down into three categories: Markets and Practices, Cross Cutting Themes, and Capability Building.

## CPP Priorities 1: Markets and practices

- Mobile phones and mobile technology
- Second hand cars sector
- Home building sector
- Unfair terms
- Scams
- Doorstep crime
- The Green Deal

## CPP Priorities 2: Cross-cutting themes

- Businesses as 'consumers' (including scams targeted at Small and Medium Enterprises)
- Detriment arising from consumer exclusion (including digital exclusion)

## CPP Priorities 3: Capability building

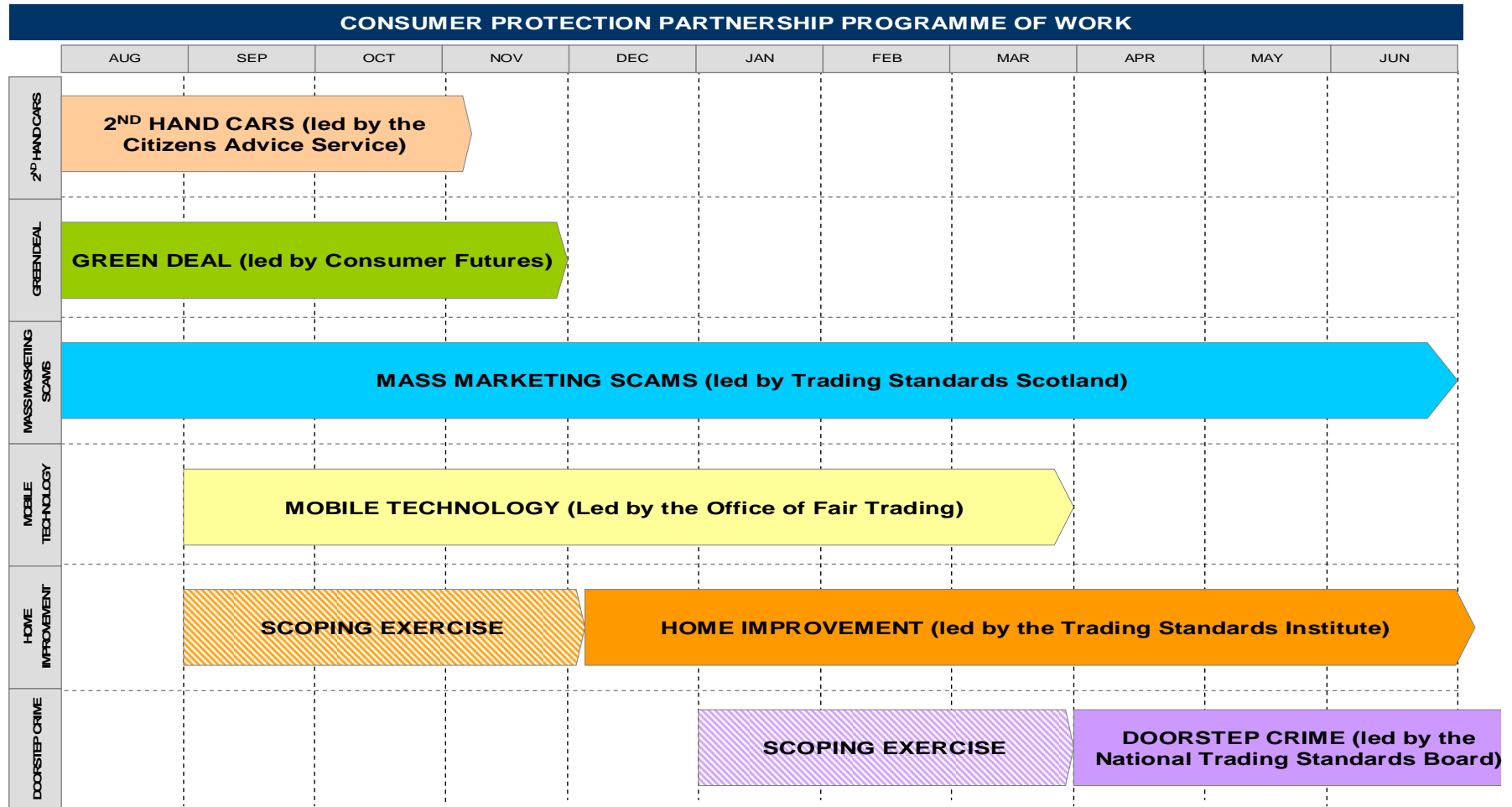
7. The CPP has additionally identified two areas where it considers it can add value in terms of capacity building across the consumer landscape.
  - Developing capability to tackle e-crime and ensure trust in online markets

- Targeted advocacy to government on policy and legislative proposals.

## Timetable for future work

8. Following analysis of key individual and joint consumer issues from the perspective of each partner, the CPP has agreed its future priorities for tackling detriment. While there are many areas currently causing harm to consumers, the CPP believes that in order to be effective its work must focus on a small set of strategic priorities where it can make a difference by pooling their resources.
  - From September 2013 the OFT took the lead on working with partners to tackle detriment around **mobile technology**, inviting Ofcom to participate. The OFT will report back to the CPP in December 2013
  - The Trading Standards Institute will scope out potential work relating to detriment in the area of **home improvement**, reporting back to CPP in December 2013. The CPP plans to launch a collaborative study in 2014 which aims to culminate in a consumer campaign
  - The Partnership will work to develop a strategy to address **doorstep crime** in April 2014. In the meantime the National Trading Standards Board will consider the scope of the work required.
  - Additionally the OFT will lead work on **unfair contract terms** outside the Partnership, but draw in partners where relevant. They will report back to the CPP in December 2013
  - Alongside the work of the Partnership, BIS will launch an exercise to collect detailed data about consumer detriment, its causes and impacts, and to better understand the relationship between consumer problems, consumer knowledge and consumer detriment. This will follow the CPP definition of “consumer detriment” and the findings will be fed back to the Partnership to help inform future work.
9. A programme of planned CPP work is shown in Figure 1.

Figure 1: Programme of Planned CPP Work to June 2014



# 1. Consumer Landscape Review

## National Audit Office Report on Protecting Consumers

- 1.1. In June 2011 the National Audit Office published a report on “Protecting Consumers – the system for enforcing consumer law” which estimated that consumers suffer detriment of at least £6.6 billion every year. It also identified a lack of clear lines of responsibility for tackling detriment, and that the system for enforcing consumer law was not delivering value for money. The report criticised how the architecture in place was not effectively bringing together what was a fragmented delivery landscape.

## Consumer Landscape Review – Consultation

- 1.2. At the same time, the Government launched a consultation on reform of the consumer landscape. This proposed a number of reforms to the then current institutional arrangements to ensure that consumer advice, representation and enforcement are delivered effectively and efficiently. These proposals were guided by the following objectives:
  - Reducing complexity of the consumer landscape;
  - Strengthening the effectiveness of consumer enforcement; and
  - Achieving more cost-efficient delivery, closer to the consumer front line.

## Public Accounts Committee Report

- 1.3. During the consultation period, the Public Accounts Committee (PAC) published its report on “Protecting Consumers – the system for enforcing consumer law”. The PAC made the following recommendation regarding the enforcement of consumer law:

“Accountability arrangements for protecting consumers are incoherent and fragmented. In designing a new system the Department must clearly spell out the obligations and responsibilities of all the organisations involved, ensuring that there is clear accountability and funding for regional and national issues”.

## Consumer Landscape Reforms

- 1.4. In 2012 the Government announced reforms to the way in which consumers are represented and protected. The reforms implemented included:
  - Citizens Advice and Citizens Advice Scotland became responsible for consumer-facing education from April 2013.



- Consumer Futures was launched in May 2013 to represent consumer interests in gas, electricity and postal services.
  - The Trading Standards Institute (TSI) launched their successor to the OFT's Consumer Code Approval Scheme in June 2013.
  - TSI became responsible for most business-facing education from April 2013.
  - The National Trading Standards Board (NTSB) was created in April 2012, taking administrative responsibility for prioritising national and cross-local authority boundary enforcement.
  - In Scotland, the Convention of Scottish Local Authorities (COSLA) has set up Trading Standards Scotland which will oversee the reform of trading standards services in Scotland in 2013/14.
  - The creation of the Competition and Markets Authority (CMA) in April 2014. The CMA will be responsible for promoting effective competition in markets across the UK economy and have a crucial and complementary consumer protection role. It will be the UK's single competition authority with a duty to seek to promote competition for the benefit of consumers.
- 1.5. To ensure coherent delivery of the reforms, the Government put in place a Consumer Protection Partnership (CPP). The CPP is made up of the National Trading Standards Board, Trading Standards Scotland, the Citizens Advice Service, the Department for Enterprise, Trade and Investment Northern Ireland, the Office of Fair Trading (and subsequently the Competition and Markets Authority), Consumer Futures, the Financial Conduct Authority, the Trading Standards Institute, and the Consumer Council for Northern Ireland. Partners work together to share intelligence, identify future issues that could adversely affect consumers and agree priorities for enforcement, information and education.

## 2. CPP definition of “Consumer Detriment”

- 2.1. An important role for the CPP is to develop and present a national picture about the current level of consumer detriment – its extent, causes and the ways in which it is being tackled. It also seeks to highlight new areas where consumer detriment may arise. Before this can be achieved, the CPP decided to agree a common definition of “consumer detriment” to ensure clarity and consistency in collaborative work.
- 2.2. The CPP has defined ‘detriment’ as the harm (loss of welfare) caused to individuals as a result of a problem with a commercial practice or the behaviour of a business or trader<sup>1</sup>. Possible causes of detriment include problems with traders, consumers’ inability to exercise choice - for example because of the complexity of products and services - and failure of markets.
- 2.3. Detriment may have an immediate impact – such as financial loss, wasted time and effort in remedying a problem and psychological effects – and longer term impacts such as consumers’ ability to maintain a standard of living or pay for essentials, loss of confidence in purchasing goods/services in particular markets or exclusion from markets, and negative impact on health and well-being.

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<sup>1</sup> As outlined in ‘Consumer Protection Partnership Definition of Detriment’.

## 3. CPP work to date

- 3.1. Since its creation in April 2012 the CPP has commissioned working groups study detriment caused by the following issues and report back with recommendations for coordinated action:
  - Mass Marketing Scams
  - Used Cars
  - The Green Deal
  - E-Crime
- 3.2. The groups utilise expertise from within each partner to examine ways in which they can work together to analyse and address the problem, and in doing so provide a coherent response which contributes towards a reduction in consumer detriment.
- 3.3. These studies enable partners, both individually and collectively to manage the interdependencies between consumer and business education, and enforcement. The groups report back to the CPP on how best partners can work together to deliver a programme of coordinated enforcement, information and education activity to tackle detriment in a specific area.
- 3.4. All groups report progress back to the CPP on a quarterly basis.
- 3.5. The CPP has also worked to endure more joined up structural working in the following areas:
  - Utilisation of intelligence
  - Communications and shared messaging

### Mass Marketing Scams

#### The issue

- 3.6. The Office of Fair Trading defines mass marketing scams as 'misleading or deceptive business practices where the person receives an unsolicited or uninvited contact, for example by letter, email, phone or advertisement, and false promises are made to con the victim out of money'.
- 3.7. The National Trading Standards Board's *Strategic Assessment 2013* identifies scams as a current threat and a priority area for action. The assessment

confirms that the volume of intelligence submissions relating to scams has increased over the last three years and the trend is forecast to continue.

- 3.8. In June 2013 the National Fraud Authority's Annual Fraud Indicator reported that individuals lose £9.1bn to fraud per annum, of which £3.5bn relates to mass marketing scams and £1.5bn to online ticket fraud.
- 3.9. Well-known scams include lottery mailings, PPI, investments, false competition wins, prize draws and phishing. Economic pressures have provided new opportunities for scammers, for example high quantity food sales, council tax refunds / discounts, offers of phoney jobs, training scams and debt scams. There are also newly emerging Green Deal, welfare advice related, and cash voucher scams. Scams are often targeted specifically at vulnerable or disadvantaged consumers, such as the elderly, the socially isolated or people already in debt. There can be considerable emotional as well as financial impact on victims. Scams targeting small and medium enterprises (SME) has also been identified as a current risk.

## CPP Work to date

- 3.10. CPP Partners have worked together throughout 2013, drawing in fraud and scams experts such as the Serious and Organised Crime Agency and Action Fraud to identify a strategy to make the greatest impact in tackling mass marketing scams.
- 3.11. The CPP has produced an action plan providing an opportunity to undertake a more holistic and joined up approach to tackling the scammers. Through better intelligence sharing and a renewed focus on prevention, there is an opportunity to try and protect some of the most vulnerable members of society falling victim to unscrupulous people.
- 3.12. The action plan aims to:
- Establish better coordination of planned awareness campaigns across partners
  - Establish a clear process for identifying and working with repeat victims and disseminate to partner organisations
  - Explore and expand the range of channels and partners who communicate with consumers, such as community nurses/adult social care
  - Develop best practice highlighting the most effective forms communication for key messages, ensuring the intended audience is reached
  - Improve consumer reporting mechanisms and the flow of intelligence between Partners

- Improve the effectiveness of enforcement through agreed roles, remits, communication channels and priorities, avoiding duplication of work
  - Share best practice and experience in enforcement and disruption of scams to develop an effective toolkit
- 3.13. Scammers will always seek to stay one step ahead, and realistically it will never be possible to eliminate mass marketing scams entirely, but there is now a real opportunity that with a more joined up approach, a stronger prevention led focus may help to disrupt more schemes than has previously been possible.

## Used Cars

### The issue

- 3.14. NTSB's *Strategic Assessment 2013* identifies the “used cars” sector as the main area of concern under the Fair Trading category and OFT's *Strategic Assessment of Risks to UK Consumers and Markets* (Nov 2012) highlights the sector as a current risk.
- 3.15. Over the period April 2012-end March 2013, Citizens Advice Partner Portal records between 12,000 and 14,000 contacts for each quarter under the category ‘Used cars purchased from an independent dealer’. In terms of complaint volumes, the sector is consistently the top issue raised by consumers to the Citizens Advice Consumer Service. Between April and September 2013 the Service received 29,049 contacts regarding this issue, 20,773 more than the second most reported issue.
- 3.16. OFT's *Second hand cars market study* (2010) found that one in five consumers who purchase a second hand vehicle from a dealer experienced a problem. Among those who paid to resolve the problem, the average cost was £465.
- 3.17. In Scotland, consumers are more likely than those in the rest of the UK to use credit or hire-purchase in connection with purchase of second hand vehicles. Links to potential additional issue around high cost credit.
- 3.18. The CPP concluded that the major challenge in this sector is to encourage consumers to be aware of the risks and potential pitfalls.

### CPP Work to date

- 3.19. CPP partners have collaborated to produce a coordinated approach to tackling detriment arising from the used car industry in the form of a month-long campaign in November.
- 3.20. The key message for the campaign led by Citizens Advice is: “Buying a used car? Check it, don't regret it!” The campaign encourages consumers to consider

three key questions when buying a used car: “Is it safe, legal and what it seems?”

- 3.21. The three key questions will be backed by advice from the Citizens Advice Consumer Service and Adviceguide website and will signpost consumers to all the help that is available, including existing publications and organisations that providing checking services.
- 3.22. The campaign will be launched in TSI’s National Consumer Week which runs from 4<sup>th</sup> to 10<sup>th</sup> November and will continue throughout the month and beyond.
- 3.23. A resource pack containing a briefing with ideas for activities, posters, postcards and giveaways will be sent to every Citizens Advice Bureau and every Trading Standards Service. Additional online resources include a template press release and schedule for social media activities.
- 3.24. Both organisations are being encouraged to collaborate locally during the month long campaign and resources have been created which can be used beyond the campaign month itself.
- 3.25. The National Trading Standards Board has allocated financial resources for intelligence work during National Consumer Week, in addition providing each Regional Trading Standards authority in England and Wales with funding for enhanced enforcement activity.
- 3.26. Citizens Advice and Citizens Advice Scotland are analysing a sample of calls to the Consumer Advice Service about defective second hand cars and will use the findings of this research to continue to influence trade associations in the second hand car sector.

## The Green Deal

### The issue

- 3.27. The Green Deal offers consumers loans for energy-efficient home improvements that are paid back through long-run savings on energy bills. In the first 3 months following the scheme’s launch in January 18,816 Green Deal assessments were carried out.
- 3.28. Assessments must be conducted by a Green Deal Approved organisation that is certified by an accredited Green Deal Certification Body against the Assessor Specification and is authorised by the Secretary of State to act as a Green Deal Assessor.
- 3.29. Citizens Advice confirm that many of the enquiries received so far about the Green Deal by the Consumer Service relate to traders who are not part of the scheme but use a play on words in their trading name or sales pitches which imply membership of the scheme.

- 3.30. The Trading Standards Institute has also received complaints about fraudsters posing as Green Deal assessors, scamming money from consumers.
- 3.31. Other problems reported in the media include: cold calling; aggressive selling; misunderstandings regarding cooling off periods; assessors trying to sell products other than products connected to the Green Deal.
- 3.32. The life of a Green Deal Plan could extend up to 25 years and customers need to be confident they will be protected at different stages, whether as the original improvers of properties, or as buyers or tenants of properties with Green Deal Plan instalments already attached to their energy bills.

## CPP Work to date

- 3.33. The CPP has worked to identify risks of consumer detriment in relation to the Green Deal and advise the appropriate authorities on how they can offset these risks. Solutions include reflecting on general lessons and good practice around education, information, advice and monitoring and continuous improvement as part of implementation. By working together on this issue, CPP partners have agreed a way to co-ordinate their input to DECC's policy work, which should increase their effectiveness and impact for consumers.
- 3.34. The CPP partners have both collectively and individually contributed to ensure that consumer protection issues are taken into account in proposed amendments to legislation, the Green Deal Code of Practice and other scheme documentation. This input was reflected in, for example, the revision of the Green Deal Code of Practice which was published in July and the content of DECC's consumer-facing guidance. Revisions to the Code of Practice include provisions which mean that:
- agents of a Green Deal provider must also comply with the Code of Practice; and
  - the Code of Practice now applies to an energy plan which was originally intended to be a Green Deal Plan, regardless of whether or not this was realised.
- 3.35. The CPP continues to engage with DECC and related agencies bilaterally, and through the Green Deal Oversight and Registration Body (ORB) Consumer Protection and Redress Forum.
- 3.36. The CPP is currently monitoring and collating evidence of consumer detriment for review in December, which will inform the Partnership's response to any issues highlighted.
- 3.37. It has been noted that emerging Green Deal related scams is a particular issue in Wales. Trading Standards have been working with DECC in Wales and have carried out some high profile enforcement action. CPP members are working

with DECC to improve messaging on Green Deal and Energy Company Obligation and reduce the opportunities for consumers to be taken in by scams.

## E-Crime

### The issue

- 3.38. According to Ofcom, average weekly internet sales grew 10% in the year to May 2013 from £528m to £582m. Mintel estimates that e-commerce sales in the UK were £28.9 billion in 2012. Per-capita online sales are expected to reach around £525 on an annual basis in 2013. Therefore, interventions that ensure consumers have confidence online when buying goods and services, and are protected against crime, are a priority.
- 3.39. The NTSB's *Strategic Assessment 2013* highlights 101,778 records of e-crime on Partner Portal in 2012-13. Prize scams, fake goods and non-supply of goods are given as examples of types of e-crime in the NTSB's assessment. It also notes that 'invisibility' of traders means they are harder to detect/trace.
- 3.40. Action Fraud data shows that from the period March 2012 to February 2013, 58,662 cyber-enabled frauds and 9,898 computer misuse crime reports were received. Cyber related reports equated to 41% of all Action Fraud crime and information reports, with an average loss of £3,689<sup>2</sup>.
- 3.41. The Home Affairs Select Committee published its Report on *e-crime* on Tuesday 30 July 2013 and warned that 'online criminals in 25 countries have chosen the UK as their number one target.' Giving evidence to the Committee, the National E-Crime Co-ordination Manager for the National Trading Standards E-Crime Centre stated:
- "Some examples that we are particularly seeing are job opportunity scams, advance fee frauds, anti-virus software scams and vehicle-matching scams. What we are seeing more and more is that a lot of these scams that were done in the physical world ...are now moving more and more towards being perpetrated online...to facilitate the crime"*.
- 3.42. In its *Strategic Assessment of risks to UK Consumers and Markets* of November 2012 the OFT highlights a number of areas of potential risk in relation to online markets, where – *if* problems materialised – confidence in online markets could be undermined. These include: use of personal data, privacy issues, digital products and services, online platforms. Taking action in developing markets where circumstances could result in significant consumer detriment such as digital innovation and continued growth of the internet as a sales channel is an OFT priority.

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<sup>2</sup> NFA National Fraud Indicator, June 2013



## CPP Work to date

- 3.43. In March 2013 the CPP commissioned a scoping exercise to study the range of detriment caused by e-crime, and whether it was viable to host a stand alone working group to formulate a strategy for tackling it.
- 3.44. Some of the key areas of concern that emerged from the study were:
- Training course/employment scams
  - Accommodation scams
  - Subscription traps/continuous payment authority scams
  - Fake internet banks
  - Sales of counterfeit products on social media sites
  - Online sales of legal highs
- 3.45. The CPP has agreed that, due to its wide-ranging scope, the issue of e-crime is too cross-cutting to engage in a focused study. Instead, expertise from the NTSB's E-Crime Unit will be requested to assist other working group studies on an ad-hoc basis where there is an e-crime element.

## Utilisation of Intelligence

### The Issue

- 3.46. The CPP consists of ten different partners, all of whom gather and hold a wide range of intelligence in a variety of formats, and The Public Accounts Committee's report "Protecting Consumers - The system for enforcing consumer law" noted how identifying the nature and prevalence of consumer problems can be hindered by the existence of different intelligence systems<sup>3</sup>.
- 3.47. The CPP therefore faces a challenge to establish a clear framework and process by which it can access and consider the range of relevant intelligence available in as simple and cost-effective way possible in order to help maximise the Partnership's impact across the consumer landscape.

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<sup>3</sup> Public Accounts Committee "Protecting Consumers – The System for Enforcing Consumer Law". Page 8.

## CCP Work to date

- 3.48. In order to develop a robust system for intelligence sharing, the CPP has commissioned a project covering three stages:
- A detailed piece of work scoping the intelligence sources held by partners;
  - Development of a methodology for how this can best be utilised by CPP as a whole in the short-to-medium term; and
  - Identification of longer-term opportunities for joined-up intelligence systems.
- 3.49. The completed intelligence model will ultimately allow the CPP to take objective, evidence-based decisions around national consumer priorities based on the market intelligence available to it.

## Communications and shared messaging

### The Issue

- 3.50. CPP members are outward facing organisations, almost all of whom have dedicated communications teams and press offices. However, there was previously often a lack of joined-up communication between partners within the consumer landscape. This led to missed opportunities for collaborative communications work over shared interests, where partners were unaware of similar work being undertaken within the same timeframe.
- 3.51. All CPP partners agreed there was a need for more integrated planning and information sharing across the consumer landscape.

### CCP Work to date

- 3.52. A CPP Communications Group has been formed to put in place a shared communications strategy that provides consistency in messaging, and makes the most of opportunities provided by forthcoming events. This will aim to achieve the effective promotion of messages arising from initiatives within the new consumer landscape.
- 3.53. The Communications Group meets regularly to discuss opportunities for joined up working, and has produced an internal, rolling Forward Look which outlines:
- upcoming Partner events;
  - the type and format of the event and intended audience; and
  - opportunities for joined-up communications work between partners.

3.54. An early success included informing the theme of, and collaborative work around, National Consumer Week after it became apparent various partners were planning separate initiatives around used cars during the second half of 2013. This led to a programme of collaborative work in the lead up to National Consumer Week, ensuring partners resources and expertise were utilised so that messages around used card reach key audiences with maximum impact.

3.55. The Communications Group has also developed key shared messages around:

- NTSB – One Year On in April 2013;
- the launch of Consumer Futures in May 2013;
- the TSI Annual Conference in June 2013;
- the launch of the shadow Competition and Markets Authority on 1 October 2013; and
- a single narrative about what the consumer landscape reforms involved, and who is doing what within the new environment.

## 4. Current CPP priorities

- 4.1. Following analysis of key individual and joint consumer issues from the perspective of each Partner, the CPP has agreed its future priorities for tackling detriment. While there are many areas currently causing harm to consumers, the CPP believes that in order to be effective its work must be focussed and proposed outcomes realistic. For this reason the Partnership will focus on a limited number of studies at any one time.

### Methodology of Priority Setting

- 4.2. This report has been developed in response to a request for CPP members to identify:
- the issues which are currently having the most detrimental impact on consumers' economic interests; and
  - the issues with potential to cause significant detriment to consumers' economic interests over the next 1-3 years.
- 4.3. CPP members were asked to use the CPP Detriment Framework to assist in identifying those issues.
- 4.4. The report also draws on existing work that individual members have produced which identify risks/threats to consumers, including the NTSB's Strategic Assessment 2013, OFT's Strategic Assessment of Risks to UK Consumers and Markets (Nov 2012) and Citizens Advice reports and Citizens Advice Consumer Service complaints data.

### Priority Areas

- 4.5. This section sets out the areas identified by the CPP as currently having – or with the potential to have – most detriment to consumers economic interests. It is divided into specific **markets and practices** which have been identified as priorities, and **cross-cutting themes** which have been identified as priorities. The final section considers areas that the CPP has decided to focus on for **capacity building** purposes.

## Markets and practices

4.6. The markets/practices agreed as priorities by the CPP are set out in the table below.

**Figure 2: Current Top Priorities**

Market / practice	Priority	Impact	Total	Ranking
Mobile phones /mobile phone technology	37	35	72	1
Unfair terms	35	37	72	1
Second hand cars	34	36	70	3
Building repairs and home improvements	31	35	66	4
Scams	31	34	65	5
Doorstep crime	33	31	64	6
Green Deal	32	32	64	6

4.7. Issues connected with financial services were out of scope for the purpose of this priorities exercise. However, the CPP has noted the significance of high cost sources of credit and illegal money lending as key areas of detriment for consumers.

4.8. Rankings of the remainder of issues considered are set out below. These are not considered any further in this report, but the CPP may wish to revisit these at a later stage.

**Figure 3: Further areas where significant detriment arises**

Market / practice	Priority	Impact	Total	Ranking
Scams targeted at SMEs	26	27	53	8
Intellectual property crime	26	25	51	9
Energy sales	26	24	50	10
Private rented sector	21	27	48	11
Unfair delivery charges	21	26	47	12
Complex pricing	17	28	45	13
Digital exclusion	20	23	43	14
E-crime / e-commerce	20	20	40	15
Intermediaries	19	20	39	16
DIY law	17	19	36	17
Welfare advice related scams	10	14	24	18

## Cross Cutting Themes

- 4.9. In assessing the specific issues identified in the tables above, a number of themes emerged which were common across a number of issues. These are considered below.

### Businesses as consumers

- 4.10. The importance of CPP's role in terms of driving economic development and growth was highlighted in the context of detriment caused to small businesses (amongst other issues). This was evidenced in particular in connection with scams targeted at small businesses, but a wider question was raised around whether small businesses should be afforded the same level of legal protection as consumers for unfair/fraudulent trading practices generally. A potential gap was also highlighted in terms of education for small businesses – both in the sense of a desire for better sign-posting but also in the context of free business advice being withdrawn by some local authority TSS.
- 4.11. To illustrate the issue, research from the National Fraud Authority and Department for Business, Innovation and Skills found that a quarter of SMEs had suffered at least one type of fraud or internet crime from September 2011 to September 2012. Further research from the Federation of Small Businesses shows that cyber crime costs its members around £758 million a year.<sup>4</sup> In 2012-13 the Citizens Advice Consumer Service received 7,603 calls about advertising services targeted at small businesses.

### Consumer exclusion / 'poverty premium'

- 4.12. The issue of consumers being excluded from specific markets, or losing out on savings or other benefits that can be achieved through online/e-commerce channels was identified as an emerging and growing concern. The 'poverty premium' in energy markets, concerns around disadvantaged consumers being unable to access basic bank accounts, legal aid cuts potentially leading to consumers paying for unregulated/untrained legal advisers and digital exclusion were considered to be areas of growing detriment, or potential detriment for consumers, a significant number of whom will already be financially vulnerable.
- 4.13. The growth of online markets, technological advances and the Government's 'digital by default' strategy<sup>5</sup> risk widening the gap between the estimated 43.5 million adults in the UK who have used the internet, and 7.1 million who have not.<sup>6</sup> Citizens Advice Scotland highlights that in Scotland, broadband access is

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<sup>4</sup> *Cyber security and fraud: the impact on small businesses*, FSB, May 2013.

<sup>5</sup> The Government's *Information Economy Strategy* (June 2013) outlines how it is setting up a team based in the Government Digital Service to coordinate Governments efforts on digital inclusion.

<sup>6</sup> ONS Internet Access Quarterly update, Q1 2013.

8% lower than the UK average and that only one in three households earning less than £17.5K per annum have access. Consumers without online access may lose out on choice and supply of products and services and lose out on savings that can be achieved by shopping or paying bills online. One of the conclusions of the OFT's report on *Price and choice in remote communities* was that the invigorating effect of the internet on choice, prices and quality is currently constrained by, amongst other factors, limitations of connections and take up. That report also highlighted concerns from consumers who – by virtue of their remote location – incurred high delivery charges, or were refused delivery by suppliers. Research from Citizens Advice Scotland highlights a 'post code penalty' for consumers in Scotland's Island Communities.

## Capability building priorities

- 4.14. This section considers areas that the CPP has decided to focus on for capacity building purposes.

### Developing capability to tackle e-crime and ensure trust in online markets

- 4.15. Whilst e-commerce / e-crime did not rank in the top list of issues considered by the CPP, it was recognised that this was because of the wide spectrum of issues that were potentially covered, ranging from digital e-crime (such as hacking, malware) and digitally enabled crime ('traditional' crimes committed using electronic/digital methods) to unfair trading online by 'legitimate' traders or activities that impair or unfairly influence consumer choice.
- 4.16. According to Ofcom, average weekly internet sales grew 10% in the year to May 2013 from £528 million to £582 million. The Home Affairs Select Committee published its report on e-crime in July 2013 and warned that 'online criminals in 25 countries have chosen the UK as their number one target'. Given the scale of commerce concluded over this medium, the contribution it makes to growth and the threat posed by e-crime, the CPP has decided that it should continue to focus on developing capability to tackle criminality and unfair trading online, including through the existing CPP e-crime working group.

### Targeted advocacy on policy and legislative and co-regulatory proposals

- 4.17. The CPP has recognised that it could potentially play a greater role in highlighting to Westminster and the administrations in Scotland, Wales and Northern Ireland potential impacts of new policy and legislative proposals, and influencing the development of policy/legislation where there are perceived 'gaps'. This was discussed as an area that might be explored further in connection with: digital exclusion, businesses as 'consumers' (changes to legislation to recognise small businesses as 'individuals'), 'unfair' delivery

charges and more generally in connection with any future legislative proposals that might fall within CPP's remit.

- 4.18. The CPP might also play a greater role in advocating the development of approved codes in certain sectors, particularly those where: consumer confidence may be low, information asymmetries exist, it is difficult to predict quality and transactions are high value and infrequent.



## 5. Planned CPP Work

- 5.1. In light of the priorities outlined in the above section, the CPP has commissioned three new pieces of work to tackle consumer detriment caused by:
- Mobile Phones and Mobile Technology
  - Building Repairs and Improvement
  - Doorstep Crime
- 5.2. Two further areas of work will be undertaken outside the Partnership:
- The CPP has agreed that the OFT will work on unfair contract terms outside the Partnership, but draw in Partners where relevant.
  - BIS will undertake work to collect more detailed data about consumer detriment, its causes and impacts, and to better understand the relationship between consumer problems, consumer knowledge and consumer detriment. The study will use the CPP definition of consumer detriment: “Harm (loss of welfare) caused to individuals as a result of a problem with a commercial practice or the behaviour of a business or trader”. The results of the exercise will feed back into the Partnership and will help inform the focus of its future work. It is envisaged the study will be completed by April 2014.
- 5.3. The detriment caused by the three areas marked for CPP study is outlined below.

### Mobile phones and mobile technology (from September 2013)

#### The issue:

- 5.4. 92% of adults own/use a mobile phone in the UK with 15% of adults living in a home that has a mobile but no landline; there are 81.6 million mobile subscriptions in the UK (Ofcom). A May 2012 Key Note market report estimated the market to be worth £15.4 billion.
- 5.5. Mobile phone hardware and separately, mobile phone service contracts routinely feature in the top ten consumer issues recorded on Citizens Advice Partner Portal. In 2012/13 The Citizens Advice Consumer Service helped consumers across Great Britain with 14,410 issues regarding mobile phone service agreements and 12,437 issues around mobile phone hardware. Between Apr-June 2012 and Apr-Jun 2013, calls to the consumer service about service agreements increased by 4.3% whilst calls about hardware increased by 6.3%. The majority of problems with service agreements concern substandard

services including poor customer service and unsatisfactory redress. Most of the issues around hardware concerned defective goods, with many of these cases concerning repairs which did not work and difficulty seeking redress. The Ombudsman Service resolved over 10,000 communications complaints in 2012-13 (see Annual Report).

- 5.6. As mobile phones increasingly replace fixed lines in many of the poorest households the potential for detriment is high. More widely, issues connected with mobile technology – such as roaming, personal data issues, apps, and increasing reliance on mobile phones as a delivery mechanism for other services such as mobile banking, contactless payment, may present potential risks to consumers. Other examples of potential problems include lengthy terms and conditions

## Building Repairs and Improvements (from January 2014)

### The issue

- 5.7. Building repairs and improvements generate a consistently high number of consumer complaints. Citizens Advice *Quarterly Statistics for Jan-Mar 2013* show that, following second hand vehicles, **building repairs and improvements** were the most commonly reported problem to the advice service over 2012/13 year with 59,000 enquiries.
- 5.8. OFT's *Home Repairs and Improvement Report* (June 2011, developed in partnership with Citizens Advice, TSS and a number of other organisations) found that in the year to April 2011, Consumer Direct received some 70,000 consumer complaints about general home improvements, maintenance and repairs. In addition it found that when service levels fall below standard, the financial detriment, distress and inconvenience caused can be significant. It also found that one in five consumers initiating repairs and maintenance reported having experienced a problem with the work. Problems mainly related to delays, poor quality of work and use of sub-standard materials.
- 5.9. OFT's *Consumer Detriment Study 2008* found that when a consumer experiences a problem in this market, the average financial loss suffered is £533.

## Doorstep Crime (from April 2013)

### The issue

- 5.10. Doorstep crime is ranked as the single biggest threat identified by TSS professionals surveyed for NTSB's *Strategic Assessment 2013*. It was also the highest category of intelligence submissions over a three year period. The assessment predicts the level of threat will increase. It also features as a risk in OFT's *Strategic Assessment or Risks to UK Consumers and Markets*.

- 5.11. NTSB's assessment shows 8,986 records created on the Citizens Advice Partner Portal for Doorstep Crime in 2012/13 and 55% of them relate to home maintenance and improvements, primarily insulation, roofing, tarmacking and double glazing. Other examples of doorstep crime relate to mobility aids, wills and property trusts (products designed to limit care home fees). An emerging threat is the new opportunity for doorstep crime associated with the Green Deal.
- 5.12. Although people of all ages become victims of bogus doorstep traders, losing an average of £600, older people tend to be hit the hardest with those over the age of 55 losing an average of nearly £1,100 (Action Fraud).
- 5.13. A study into the impact of doorstep crime on older victims by Greater Manchester Police shows that their health declines faster than non-victims of a similar age.
- 5.14. Doorstep rogue traders also damage the reputation of whole industries, undermining legitimate traders who may lose business as a result.

## Scoping Work and Future Reporting

- 5.15. Scoping work on building repairs and improvements is already underway with a view to launching a study in December 2013. The scoping work on doorstep crime will start in January 2014 with the view to launching a study in April 2014. All working groups will provide regular progress reports to the CPP, before making final recommendations on a suggested course of action.

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**BIS/13/1267**