

Fair Office
Trade of
Trading

Annual Report of
the Director General
of Fair Trading

1980

Annual Report
of the
Director General of
Fair Trading

for the period January 1980 to December 1980
to the Secretary of State for Trade

*Presented to Parliament
in pursuance of section 125(3) of the Fair Trading Act 1973*

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LONDON
HER MAJESTY'S STATIONERY OFFICE

Seventh Annual Report of the Director General to the Secretary of State

I am required by section 125 of the Fair Trading Act 1973 to make to you an annual report on my activities, and on the activities of the Monopolies and Mergers Commission and the Consumer Protection Advisory Committee. This is the seventh annual report and covers the calendar year 1980.

In the first part of this report I have commented on the role which competition policy can play during an economic recession and on several ways in which more information is being provided for the consumer. The second part contains an account of the activities of the separate Divisions of the Office in 1980. The work of the Monopolies and Mergers Commission and of the Consumer Protection Advisory Committee is described in parts three and four respectively.

Gordon Borrie

18 May 1981

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The number of staff employed in the Office of Fair Trading on 31 December 1980 was 325.

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PART ONE

Recession, competition and the consumer

The year which I now review—1980—witnessed perhaps more than its fair share of change. The full effects of a deepening, world-wide economic recession were felt throughout British industry, and the combination of high interest rates and a strong pound led to companies in this country being exposed to a much greater degree of international competition. To many companies struggling to survive, it must have seemed that the overriding problems of the economy were not of promoting more competition but of moderating it. Equally, many traders must have felt that in the depressed trading conditions of the year, it was they who needed protection rather than their customers who, as consumers, were in a position of being vigorously courted for business.

But the safeguarding of competition and of the rights of consumers is as important in a recession as in a time of economic buoyancy. It is not just that no recession is uniform in its impact, so that in particular sectors abuses of market power still occur, but also that in a recession there may be pressures on industry to adopt practices which in the longer term will inhibit competition and reduce efficiency. While co-operation to help ride out the storm until better times return is understandable, past experience suggests that restrictions accepted to meet a crisis are often seen by those who have been protected by them to have benefits when trading conditions improve. And arrangements among industrialists in one sector to protect interests which they judge to be vital may, by increasing costs or restricting service, merely add to the problems experienced in another sector. This is not to say that policies designed to promote competition or to protect the consumer should be pursued unmindful of the national—and international—environment in which industry and commerce are operating, but that often superficially persuasive arguments about short-term benefits must be judged against longer-term economic considerations and examined carefully to ensure that the majority do not suffer from successful special pleading by a minority. With such thoughts in mind, I turn to particular developments in the field of competition policy and consumer affairs.

Mergers

In 1978, the previous Government published a Green Paper on monopolies and mergers policy, generally known as the Liesner Report. That report suggested changes to produce a 'neutral' policy towards mergers in place of the benign approach embodied in the present legislation, whereby a merger may be condemned only if the Monopolies and Mergers Commission is satisfied that it is likely to operate against the public interest. Under the neutral approach proposed in the Liesner Report, where a merger had adverse effects on competition, it would be necessary to demonstrate, if the union were to go ahead, that some positive benefits would accrue.

The changes proposed in the Liesner Report would have represented a major shift in merger policy, and the present Government's response was therefore awaited with particular interest. The Government's views were set out in a statement published on 1 July 1980 by the former Secretary of State, Mr John Nott. While concluding that he saw no case for introducing new legislation to put into effect the proposals contained in the Green Paper, the Secretary of State called for a more sceptical approach to be adopted by all concerned when assessing the pros and cons of prospective mergers. On the subject of conglomerate or diversifying mergers Mr Nott indicated that he saw nothing sinister in 'conglomeracy' as such and that he accepted that in certain circumstances benefits could arise from diversifying mergers. However, Mr Nott went on to point out that by no means all diversification mergers were likely to be beneficial and that the acquisition of a successful enterprise by a large and unrelated company which was 'merely shopping around when flush with funds' might involve a diminution of competition with no evident efficiency gains. Among possible detriments to which the Secretary of State referred was the imposition of inappropriate or bureaucratic management styles and distortion of market processes by cross-subsidisation and predatory pricing.

I welcome the indication by the Secretary of State that those concerned with merger bids should adopt a more sceptical approach: merger activity in the United Kingdom has been a major factor in the long-term trend towards increasing concentration in the economy. Whether the degree of concentration in the United Kingdom—which now exceeds that of virtually all other major industrialised countries—has been beneficial from the point of view of our industrial performance is not a topic that could be appropriately discussed in this report. I would observe, however, that at the level of the individual firm, the balance of such evidence as there is, in my view continues to suggest that more often than not mergers fail to fulfil the expectations that were advanced at the time when they were proposed. I believe, therefore, that in terms of economic benefits, the Secretary of State was right to call for greater questioning both by the UK competition authorities and by those contemplating the promotion of a merger. How far it will be practicable without changes in the legislation to give effect to the Secretary of State's intentions is a matter which can only be judged in the light of the experience including assessments made by the Monopolies and Mergers Commission of a number of the mergers referred to them since the statement of 1 July. As an aside, I would observe that the analysis at Part E of Appendix Two of this report reveals that of the 182 mergers on which I had to give advice to the Secretary of State in the course of 1980, 56 (31 per cent) were diversifying mergers.

An important factor bearing on conglomerate mergers was highlighted by the Monopolies and Mergers Commission in their report on the proposed merger of Blue Circle Industries Limited and the Armitage Shanks Group Limited published in October 1980.¹ The Commission pointed out that the availability of information about the performance and financial position of a company plays a very important part in determining the competitive situation in which it operates.

¹*Blue Circle Industries Limited and Armitage Shanks Group Limited: A report on the Proposed Merger*, Cmnd. 8039, Her Majesty's Stationery Office, £3.80.

The Commission continued, 'A loss of information such as may result from a merger involving the acquisition of a substantial group has several adverse effects. It reduces publicly available knowledge relevant to the valuation of the behaviour of the market, its constituent parts and factors responsible for it. This makes it more difficult for competitors to compare their own performances with that of the acquired company. It makes it difficult, if not impossible, to find out which parts of a company or group are doing well or badly, and it enables poor results to be concealed for a time, if not indefinitely. The working of the markets is therefore impaired.'

The stress placed by the Commission on this aspect of conglomerate mergers is a matter which I hope will be borne in mind if a suitable opportunity arises for legislation.

It is generally accepted that, in the United Kingdom, as in many other countries, there is a need for significant merger proposals to be subject to scrutiny to assess the public interest. If present legislation is proving to be inadequate to prevent undesirable mergers, it needs to be reassessed and amended.

Anti-competitive practices

Last April, a new instrument of competition policy—the Competition Act 1980—received the Royal Assent. Among the main objectives of this Act was the provision of a more flexible and streamlined procedure for the investigation and control of anti-competitive practices (that is, practices by individual enterprises which restrict, distort or prevent competition). These provisions of the Act came into effect on 12 August 1980, and on that date I announced my first two investigations into possible anti-competitive practices by TI Raleigh Industries Limited and by Petter Refrigeration Limited. A further investigation into matters concerning Arthur Sanderson & Sons Limited was announced in December.

Although the Competition Act is a new piece of legislation and it is obviously too early to make any very firm assessment of its effects, the first few months of operating the new powers point to certain issues on which it would be right to comment now.

For the most part, investigations under the Competition Act originate from complaints made to my office by firms, trade associations or individuals. This is not to say that anti-competitive practice investigations are directed solely at answering complaints but rather that complaints often provide a starting point for the preliminary enquiries which lead to an investigation. So far, the number of complaints which I have received and which have justified preliminary enquiries by my staff has been smaller than might have been expected. I emphasise the word 'justified' because a considerable number of complaints are received from various sources which on examination prove to be misconceived, insubstantial, or inappropriate to my responsibilities.

The present level of economic activity is perhaps one reason for the limited number of substantial complaints which I receive. Another, perhaps, is that

industry and commerce are unaware of the potential benefits of the new legislation or regard the Act as being in some way 'anti-industry'. In order to overcome such misconceptions, I have held a series of meetings in the main industrial centres throughout the country, at which I have sought to explain to leading businessmen the advantages which the legislation can bring. It is my hope that as businessmen become more familiar with the provisions of the Competition Act, they will be increasingly ready to draw to my attention situations in which the growth of their own business is inhibited by anti-competitive behaviour elsewhere in the market.

It is easy to understand the fears of the business and industrial communities when a new piece of legislation comes into effect providing for investigations into individual companies. However, I would hope that as my first reports (and those of the Monopolies and Mergers Commission) begin to appear, the Act will become better known and understood by those in industry and commerce. There was also some reassurance for the doubtful in the fact that, in two instances during the latter part of last year, I was able to resolve difficulties without having to resort to the full procedures of the Competition Act. These two instances concerned Imperial Chemical Industries Limited's soda ash contracts and the refusal of the British Broadcasting Corporation and Independent Television Publications Limited to supply details of television programmes to free newspapers. My Office's enquiries acted, in these cases, as a means of focusing attention on controversial practices, and I was content to accept assurances from the organisations that they would be instituting early changes to obviate the cause of discontent—in ICI's case by offering new forms of contracts to customers and in the case of the BBC and ITP by making programme schedules available to free newspapers. This informal method of removing bars to proper competition seems to me to have the twin virtues of effecting speedy removal of uncompetitive practices without the necessity of a formal investigation by my Office and, perhaps, a subsequent inquiry by the Monopolies and Mergers Commission.

The view has been expressed that the procedures which my Office adopts for the investigation of anti-competitive practices must be scrupulously fair to the firms under examination. I accept without reservation that this must be so. I regard it as a matter of major importance that the Office's working procedures should gain the confidence of those with whom my staff may come into contact. And although not all decisions can please everybody, I console myself with the knowledge that my function is to ensure fair play among businessmen and that irritation on the part of one who is prevented from exercising market power is generally matched by the satisfaction of others whose efforts to compete are no longer inhibited. I accept philosophically that any competition agency that is doing its job properly cannot be universally popular, but I am concerned that, in procedural terms, my Office should always be beyond criticism.

Before an investigation is started, my staff always make preliminary enquiries with the people or firm concerned to check that the complaint is factually correct and to give them the opportunity to put their side of the story. There is no requirement in the Competition Act for me to do this, but I am sure

it is in everyone's interests that I do not take the important step of initiating a formal investigation without giving the firm complained about an opportunity to explain the practice in question.

Industrialists have also expressed disquiet about the degree of publicity to which a firm is subjected if I decide to investigate it under the Competition Act. I fully understand that at the time my investigation is announced, the firm concerned may suffer adverse publicity. I accept too that the firm does not always welcome the prospect of a published report of an investigation, particularly where it is concluded that the practice is anti-competitive. However, whatever the outcome of my investigation, I am legally obliged to make my decisions public. What firms should bear in mind is, first, that my investigation is a preliminary investigation to enable me to decide whether a reference to the Monopolies and Mergers Commission is justified, and secondly that it is neutral in the sense that it is designed simply to establish the existence of an anti-competitive practice. It is not within my powers to express a judgment or an opinion on whether the practice is or is not against the public interest: that is a matter for the Commission.

It is also worth pointing out that no law can be effective, or understood by those it affects, if it is enforced in secret. If the practice of a company in a particular sector is found to be anti-competitive, others in the same sector are entitled to know. Over the course of time, a body of Competition Act 'case law' will be built by successive reports from my Office and the Commission and by undertakings given by companies, so that firms will be able to see what practices have been found to be unacceptable and to review their existing methods of business to avoid the possibility of investigation for a possible anti-competitive practice.

To illustrate further the degree to which competition can be made effective without all the procedures for which the law provides, I might conveniently mention other aspects of competition policy work carried out in the Office of Fair Trading during the past year. I stated earlier that, in two instances, it had been possible to dispense with formal investigations under the Competition Act. Constructive contacts between my staff and companies have also resulted in similar undertakings being given concerning resale price maintenance by three manufacturers of toilet preparations—Shulton (Great Britain) Limited, Revlon International Corporation and Lanvin Parfums Limited. The Resale Prices Act 1976, which I administer, contains provision for those who contravene the Act by attempting to impose minimum resale prices to be taken before the High Court, but it is speedier, cheaper and less onerous if informal action can produce satisfactory assurances that the law will be kept in the future.

On the same theme, many discussions have taken place with organisations, such as trade associations, about their rule-books which, because they imposed restrictions on members of an association, had to be registered under the restrictive trade practices legislation. Where the restrictions are anything more than insignificant, I have a legal duty to take the whole matter to the Restrictive Practices Court, which considers whether or not they are in the public interest.

However, Court action need not take place if the body imposing the restrictions decides vountarily to give them up. I am glad to say that on numerous occasions, trade bodies have, in consultation with my staff, decided to relinquish the significant restrictions in their rules and so make Court proceedings unnecessary.

In order to help promote a wider understanding of the operation of the restrictive trade practices legislation, there is a detailed description in Part Two of this year's report of how my staff evaluate agreements and the circumstances in which I might make representations to the Secretary of State for a direction under section 21(2) of the Restrictive Trade Practices Act 1976 discharging me from my duty to take proceedings in the Restrictive Practices Court.

However, there are limits to informality and flexibility, and there is one matter of considerable importance concerning legal action to which I must refer. During 1980, it came to my attention that four firms of concrete pipe manufacturers and the British Steel Corporation appeared to have committed contempt of Court by entering into agreements concerned with prices which were similar to others which the Court condemned in 1965. I had to report the facts to the Court which took a serious view of the contempt, imposing fines totalling £235,000 and ordering the defendants to pay my not-insubstantial legal costs. I would strongly recommend that directors and others in companies subject to Orders of the Restrictive Practices Court should study carefully the comments of Mr Justice Mocatta, reproduced elsewhere in this report.

Consumer affairs

In relation to my responsibilities for consumer affairs, I believe that 1980 may prove to have been a year of considerable significance, particularly in the trend towards the provision for the consumer of better information about the goods, services and credit being offered. This trend, by which the consumer is better equipped to make purchasing decisions and to protect himself or herself against exploitation, has been discernible in various ways. In part it has arisen from economic circumstances which have led to an increased willingness of manufacturers and retailers, faced with weak consumer demand, to provide more information about the goods and services which they provide. It has also been the consequence of new legislation approved by Parliament and, I believe, of the activities of my Office.

The improvements in the extent and quality of information available to consumers have an important part to play in the development of greater self-reliance among consumers and a readiness to solve problems without recourse to consumer advice agencies. Perhaps 1980 may yet be seen as the year when the old saying 'Let the buyer beware' gave way to a new one 'Let the buyer be aware'.

On 6 October last year, important regulations under the Consumer Credit Act 1974 came into effect. These were the 'truth in lending' laws which mean that many advertisements and all quotations must show the annual percentage

rate of charge—the APR. These initials, followed by a percentage figure, will become more and more familiar to the public as an aid to assessing which are the better credit bargains. My responsibility for issuing licences under the Consumer Credit Act is also leading to an improvement in the quality of information being made available. On a number of occasions I have had to warn would-be or existing licence-holders that the documentation they were using was either unclear or misleading. Advice was provided by my staff on how agreements and other documents could be improved and this advice was adopted for new credit forms.

The Price Marking (Bargain Offers) Order 1979 also began to make its contribution to better consumer information during 1980. This Order, which is aimed at preventing the use of vague price-reduction claims, suffered some criticisms when it was introduced. Although few would deny that unverifiable claims such as 'Worth £50, our price £25' or 'Up to 50% off normal prices' are highly misleading to consumers, it would be idle to deny that the Order is complex. It would be impossible for it to be otherwise since it is dealing with a wide range of misleading pricing practices and seeking to provide protection against the infinite ingenuity of a minority of traders to deceive. However, the overwhelming majority of traders—with guidance from various sources—were learning to accommodate to the Order last year. I am glad to report that my Office has been able to assist the Advertising Standards Authority in producing guidance notes on the Order to help advertisers comply with the law. I believe that the Authority's initiative has been helpful in promoting a wider understanding of the Order. Although 1980 was in effect the first year during which the Order was effective and a measure of latitude was no doubt given by the enforcement authorities, some 12 prosecutions took place for breaches of the Order, with fines amounting to £5,000 on one occasion. It was clear, however, that there was a need to review the working of the Order.

In November, I published a wide-ranging review of problems that arise from the sale of used cars—a topic on which the annual number of complaints reported to my Office has been rising at a dramatic rate in recent years. Many of the complaints arise because the purchaser of a used car so often has very little knowledge about its condition or history. And, with the deliberate turning back of car mileage readings becoming a significant problem in the used-car trade, the consumer can obviously no longer rely at all on what is shown 'on the clock'. My recommendations following the review included several measures designed to put the purchaser in a stronger position when making his buying decision: I suggested a detailed pre-sales report about the condition of all cars under ten years old, tamper-proof mileometers, and an expanded Vehicle Registration Document giving details of as many previous owners as possible.

A consultative document was also published in September 1980 on the procedures under 13 codes of practice whereby customers unable to settle disputes with traders who were members of a trade association could seek independent arbitration. I suggested in the document that there should be a standard system of arbitration in all the codes which currently offer an arbi-

tration facility. In particular I would like to see all arbitration on a 'documents only' basis so that the consumer would know his costs would be limited to a fixed fee, that technical inspection facilities should be available at no cost to the two parties to a dispute, and that arbitrators should give reasons for their decisions.

While I believe that only good can come from the provision by manufacturers and traders of more information about their products and services, there are still many gaps to be filled. I do not believe, however, that the improvement in the availability of consumer information necessarily depends on more legislation. As I have said on many occasions, it is only if consumers assert their sovereignty by exercising their rights to ask questions and to choose between one source of supply and another that manufacturers and traders are able to serve a market effectively and genuine competition is likely to exist.

PART TWO

Consumer Affairs

At the beginning of the year the former Consumer Affairs and Consumer Credit Divisions of the Office combined to form a new Consumer Affairs Division. A large area of common interest already existed. For example, traders' practices adjudged unfair in the context of licensing under the Consumer Credit Act might be the subject of parallel attention, in a wider context, under the Fair Trading Act. And both Acts contain sanctions against individual traders persistently flouting their obligations to consumers. The Division is now concerned with all the Director General's duties under the Consumer Credit Act as well as the various steps which may be taken under the Fair Trading Act in support of consumers' interests.

In one sense there was no change. The Office remains dependent on the assistance of those in touch with traders and consumers locally. Progress on almost every item of the Division's activities testifies in some way to the crucial contribution of local authority Trading Standards Departments and, to an increasing extent, Environmental Health Departments. This ranges from the regular transmission of information about consumer problems reported to them or to local advice agencies, to their unique insight into the choice and likely success of measures which might remove or alleviate those problems. And without the co-operation of these enforcement authorities the fitness of applicants and licensees under the Consumer Credit Act could not be screened satisfactorily, nor could assurances be obtained from traders under the Fair Trading Act.

Action by the Office aims to help local authorities in turn to discharge their extensive enforcement responsibilities. In this respect the two need to act as a team, a feeling confirmed at two valuable seminars held during the year. These were organised in association with the Institute of Trading Standards Administration and the Scottish Consumer Council respectively, and further seminars are planned as a complement to the high level of personal contact already maintained with enforcement authorities and advice agencies. To keep them abreast of the Office's work a digest, *BeeLine*, was produced quarterly throughout the year, and they were sent analyses of the complaints information they had provided.

Most information about consumer difficulties comes, as explained, from local sources, but the Division also receives, unsolicited, over 250 letters a month direct from the public. The Office cannot intervene in consumer disputes, but an appropriate source of help and guidance is indicated to the correspondent, including, where appropriate, an outline of his rights under the law or any relevant code of practice.

Cars

It is particularly difficult for the buyer of a used car to determine whether he is obtaining value for money and to enforce his civil law rights. Despite

the Code of Practice for the Motor Industry and the use of powers under Part III of the Fair Trading Act and under the Consumer Credit Act against individual traders, the used-car sector continues to generate a disproportionate number of complaints: further measures are needed to strengthen the buyer's position. In November, recommendations relating to consumers' problems in buying a used car were submitted by the Director General in a report¹ to the Secretary of State for Trade and the Minister of Transport. These proposals take account of the substantial volume of helpful comment on the consultative paper issued by the Office in 1979. Some of the solutions suggested to the Office were elaborate and probably unworkable; the aim of the report was to suggest measures which were practical and unbureaucratic. The underlying theme of the recommendations in the report is that buyers should be given the means whereby they could help themselves.

Four recommendations were made:

- (1) legislation should be introduced requiring that all used cars up to ten years old, offered by traders to consumers, should be accompanied by a written statement about the car's condition;
- (2) legislation should also be introduced requiring the display of a statutory mileage information notice in the case of such cars, where the trader cannot verify the accuracy of the mileage reading;
- (3) the Vehicle Registration Document should be expanded to show the names and addresses of as many previous keepers as is practicable;
- (4) legislation should be urgently considered to require the installation of tamper-proof odometers in all new vehicles sold in the United Kingdom.

There has been increasing concern about the developing role of motor auctions, and the Office considers it essential that the requirements for the pre-sales inspection report and the mileage information notice should also apply to sales through auctions between traders and private buyers. As a separate exercise, the Office is considering with the car auction trade association and major auction companies the possibility of promoting jointly a self-regulatory code of practice to establish sound trading practices in this sector.

Two surveys to monitor operation of the Code of Practice for the Motor Industry were concluded during the year. An independent survey of garages and an analysis of questionnaires completed by owners of new cars revealed some improvement when compared with similar surveys undertaken in 1977. However, the general performance revealed by the surveys was disappointing, and the Office discussed improvements to the Code with the motor trade associations.

The Office began a general study of car servicing and repairs.

¹*Consumer difficulties in the used-car sector: a report and recommendations 1980*, free from OFT.

Codes of Practice

The Director General is required to 'encourage relevant trade associations to prepare, and to disseminate to their members, codes of practice for guidance in safeguarding and promoting the interests of consumers in the United Kingdom'. It is six years since the first code was launched, and there are now 19, covering a wide range of goods and services: domestic electrical appliances, package holidays, motor vehicles, shoes and shoe repairs, laundering and dry cleaning, furniture, funerals, photographic trade, buying at home, buying by post. This number also includes codes regarding postal and telecommunications services, drawn up following the exclusion of the Post Office from the Unfair Contract Terms Act 1977.

The aim of codes of practice is to provide a straightforward, practical and inexpensive way of improving trading standards by non-legislative means. In 1980 the Office began a review of the lessons afforded by the scope and operation of the existing codes to see how that aim might be best realised in the next few years. Among the matters being examined are the adequate identification of problem areas, the provisions to be sought in future codes and, generally, the most effective use of resources.

A second major review started in 1980 is concerned with the conciliation and arbitration procedures which form an important feature of most codes. Following discussions with over 40 organisations including trade associations, local authority representatives and consumer organisations, a consultative paper was issued in September which considered what changes might be appropriate in the present procedures to ensure the speedy, low-cost, and effective resolution of consumer complaints. Among measures recommended by the Office for consideration were: the adoption of a standard procedure sufficiently flexible to incorporate specific code features; a common fee for consumers on the lines of the scale of fees applying in the County Courts; the introduction of time targets for the conciliation and arbitration stages; the automatic provision of reasons for the arbitrator's decisions; and the availability of technical inspection facilities if the arbitrator considers these would help in arriving at a fair decision. In addition, the Office may monitor the redress procedures more closely, and produce a new leaflet to help the consumer make an informed choice between a code arbitration scheme and court action.

The code of practice for direct sales

A revised version of the code of practice of the Direct Sales and Service Association (DSSA) was launched on 6 February 1980. It incorporated the Office's earlier recommendations on the trade practices involved in selling at parties. Membership of this Association is thought to represent 85 per cent of the companies who manufacture and/or distribute products direct to consumers in their homes.

The main points of the code are:

- (1) invitation cards to parties will make the purpose of a party clear to customers;

- (2) party hostesses will be informed of their rights and responsibilities and will be fully insured by the company;
- (3) orders placed can be cancelled within a minimum of 14 days and, on cancellation, any deposits paid will be refunded;
- (4) when placing orders, customers will be given a copy of the order which must indicate where queries or complaints should be referred, and that the company is a member of the Association;
- (5) the Association will provide prompt and informal conciliation on disputes referred to it, and customers will be told about this service;
- (6) copies of the code of practice will be made available to customers.

The DSSA have published a consumer information leaflet, *Shopping at home*, which contains the main points of the code and is widely available.

Monitoring activities

The Office keeps under review the working and effectiveness of voluntary codes, both in the course of day-to-day contacts with trade associations and more comprehensively at regular intervals. Monitoring activity in 1980 concerned the following codes:

Electrical codes

Four codes of practice were adopted by the Association of Manufacturers of Domestic Electrical Appliances, by the Electricity Council, by the Scottish Electricity Boards and by the Radio, Electrical and Television Retailers Association between the years 1974-76. The operation of the codes was monitored in 1979 and the results published in February 1980.

In most of the aspects examined the level of complaints, despite a reduction overall, remained disappointingly high. It was felt that a major problem in increasing public awareness of these codes was the disparity between the benefits which each of the codes gives to consumers. The Office recommended that the trade associations and Electricity Boards should do more to ensure compliance with the codes and, in consultation with the Office, try to achieve greater harmonisation where possible.

The Office also suggested that the codes should be amended to provide more effective benefits for consumers. In particular, improvements should be made to the provisions relating to servicing appointments systems and to the periods of time within which the first service visit should be made and the repairs completed thereafter. Other recommendations concerned notification of minimum charges, estimates, guarantees, and detailed statements of work done and costs incurred.

The Code of Practice for Footwear

This code, prepared by the Footwear Distributors' Federation, in consultation with the Office, and supported by other footwear trade associations, came into effect on 1 August 1976. The provisions of the code are not mandatory on members of the association.

The results of monitoring the first year of operation were published in the annual report for 1978. Examination in 1980 of the second and third year's operation indicated that consumers who buy from retailers subscribing to the code were likely to be better protected than those who do not. However, there is still room for improvement: some 21 per cent of member retailers included in the survey did not display the code symbol, 45 per cent of those with measuring facilities did not display a notice to that effect, and a number did not measure children's feet adequately. The Federation has reminded those of its members who subscribe to the Code of their obligations in these respects.

Footwear continues to attract a considerable volume of complaint, and although there is evidence to show that retailers have handled complaints more sympathetically since the introduction of the code, the quality of footwear in relation to price is still unsatisfactory. Two steps which could help to reduce the level of complaint are the adoption of the pre-testing schemes for new types of shoe construction and the Labelling Standard of the British Standards Institution which should help consumers to select footwear suited to their needs. The Office asked the Federation to make labelling in accordance with the Standard a provision of the code, and to re-consider making the code obligatory on all members of footwear trade associations.

The code of the Association of British Launderers and Cleaners (ABLC)

This code came into operation in 1976. It was first monitored in 1977, and a second monitoring exercise was completed in 1980 when a survey of laundry and dry cleaning establishments was carried out and complaints reported to local authorities and advice agencies analysed.

From the monitoring exercise the Office concluded that consumers who deal with ABLC members are less likely to experience dissatisfaction than those who deal with non-members. Thus, although members account for some 80 per cent of all laundry and dry cleaning business, they accounted for less than 40 per cent of the complaints analysed. In addition there were improvements where the level of compliance with the code was disappointing in 1977: 92 per cent of members now comply with the provision not to exhibit notices disclaiming responsibility for damage and loss; and 83 per cent display a price list for standard services compared to 84 per cent and 72 per cent respectively in 1977. The survey did, however, indicate that the trading practices of non-members had also improved, suggesting that the adoption of a code of practice by part of an industry helps to raise industry standards generally.

The Office asked ABLC to consider action on one matter: although the proportion of members displaying the membership symbol had risen to 83 per cent, the proportion displaying the code of practice statement (which indicates the member's commitment to the code) had fallen to 43 per cent.

The code of the Association of British Travel Agents (ABTA)

The results of research conducted in 1979 helped the Office in its continuing discussions with ABTA. These have led to a new code provision whereby

consumers will be given more comprehensive information on the nature and extent of surcharges. A tour operator who makes an additional charge to a client must give written notice to the client of the additional charge with a breakdown of the costs and must also provide on request a reasonable written explanation of the reasons for the additional charge by reference to each main cost head. This provision will take effect for the Summer 1981 season.

Most tour operators operate a rule in respect of currency surcharges, whereby such surcharges may not be made later than 30 days before departure. Tour operators have been unwilling through the code of practice to extend this facility to all surcharges because of uncertainty over how much notice airlines can give them of increased operating costs (particularly fuel increases). Even the larger tour operators, who at present undertake not to levy any surcharges less than some six to eight weeks before the holiday date, feel unable to bind themselves to setting a common time limit for all future brochures.

Future codes

There have been discussions on two codes of practice which it is hoped will be completed in 1981: the first for members of the Glass and Glazing Federation, the second in respect of mechanical breakdown insurance for motor vehicles.

There have been preliminary talks with the British Direct Marketing Association. Codes covering the site and letting arrangements for holiday caravans remain under negotiation, and consideration of a possible code for cycles and motorcycles has continued. However, negotiations on two codes—covering launderettes and carpets—have come to an end for the present. The Office hopes that the launderette industry will continue to develop a satisfactory system for handling emergency complaints and that negotiations will resume at a future date. Developments in the carpet industry will be kept under review.

Review of mail order protection schemes

The Office has held preliminary discussions with the various publishing associations which administer mail order protection schemes. The schemes are designed to protect consumers who, having paid money in advance in response to certain mail order advertisements, then find that the mail order company has gone into bankruptcy or liquidation. The schemes were discussed with the Office before their inception five years ago. The aim of the review will be to assess the effectiveness of the schemes and what scope there may be for improvement.

Sectoral reviews

Clothing sector

The Office completed its study of consumer problems in the clothing sector, where the difficulties identified were mainly concerned with poor quality and lack of information about the performance of garments. The evidence did not

suggest, however, that the problems were of a kind that would respond to an initiative in the form of a code of practice.

Home improvements and repairs

Work continued throughout the year on the review of the home improvement and repair industries, launched in July 1979, to identify the main problems faced by consumers in this sector. Discussions were held with various trade associations and other interested bodies, and a cross-section of complaints received by Trading Standards Departments was analysed. The Office has prepared a working paper based on the review which it intends to circulate for comment in the near future.

Implementation and enforcement of the Consumer Credit Act 1974

Although progress in bringing the Act fully into force is slow, the year saw a major step towards attaining its 'truth in lending' objectives. Provisions were brought into force regulating credit and hire advertisements and written quotations of terms of business. These provisions, and changes in certain definitions relevant to various parts of the Act, are described in later paragraphs. (Part A of Appendix One lists the relevant statutory instruments.)

The Office prepared and circulated booklets explaining these matters. As an equally important part of the guidance on the new regulations, speakers from the Office addressed various seminars and conferences which were attended by a large number of traders and enforcement officers. Such opportunities, together with other regular and extensive contacts, have given the Office valuable insight into the practical operation of the new provisions. The Office also produced an audio-visual presentation as an aid for speakers on the subject, and this has been in brisk demand. A list of the Office's guidance material on these and other provisions of the Act is given at Part A of Appendix Four.

The Office has been consulted by the Department of Trade about further stages of implementation of the Act. Matters under discussion with them include provisions relating to documents embodying regulated agreements, secondary documents and consumers' rights to cancel regulated agreements or withdraw from prospective mortgage agreements.

Changes in definitions

Changes to provisions central to the operation of much of the Act came into effect in April 1980. To facilitate calculations by traders and enforcement officers of the total charge for credit and the annual percentage rate of charge (APR)—which together form the basis of working out the true cost of credit to the consumer—the Consumer Credit (Total Charge for Credit) Regulations 1980 introduced a number of changes and superseded similar regulations made in 1977. A new booklet for traders, *Credit Charges*, explains these changes.

The Consumer Credit (Exempt Agreements) Order 1980 introduced a number of changes to the provisions which exempt certain agreements from most

requirements of the Act. This Order replaced a previous Order made in 1977, which had been amended by four later Orders. Guidance on these changes was given in an insert to the booklet *Regulated and exempt agreements*.

Advertisements and quotations regulations

The founding principle of these provisions, brought into force in October, is that consumers should be given in clear and accurate terms all the information they need to make a sensible and balanced choice between the competing credit or hire transactions available to them. The Consumer Credit (Advertisements) Regulations 1980 provide a flexible framework of rules about the form and content of credit and hire advertisements. In addition, the Act prohibits credit and hire advertisements which are materially false or misleading (section 46) and the advertising of goods or services on credit terms if they are not also on sale for cash (section 45).

The Consumer Credit (Quotations) Regulations 1980 provide rules about the information which traders must include in written quotations of their terms for credit and hire, and requirements about the form in which the information is presented. The Regulations also specify the circumstances in which traders must provide written quotations when asked by customers.

Guidance to traders on the advertisements and quotations regulations was given in the booklet *Advertisements and Quotations Regulations*; while for consumers the leaflet *There's more to credit than just HP* provides a simple guide to the major forms of credit, to the 'truth in lending' provisions and various other aspects of the Act.

The advertisements and quotations regulations apply widely to what the Act defines as consumer credit and consumer hire business. Businesses which provide mortgages regardless of the amount of the loan are also regulated in this way. Building society and local authority mortgages, however, were exempted, and the exemption was subsequently extended to mortgages provided by certain insurance companies and other bodies listed in the Consumer Credit (Exempt Agreements) Order 1980. Acknowledging that these exemptions were controversial, the Minister of State for Consumer Affairs asked the Director General to review the exemptions, and this review is under way. (All exemptions to which this paragraph refers took effect on 6 October.)

Credit reference agencies

At the beginning of the year there was one application outstanding under section 159 asking the Director General to act as arbiter on a consumer's request to a credit reference agency that it should correct information about him. An Order was made about the matter. During the year one application was received and is under consideration.

The other outstanding application from 1979 was by a credit reference agency seeking a direction under section 160 to enable it to withhold certain information from individuals carrying on a business who requested a copy of the agency's file about them. The direction was refused.

Enforcement

The duty of providing advice on, and enforcing, the Act is undertaken jointly by the Director General and local authority Trading Standards and Consumer Protection Departments and, in Northern Ireland, the Department of Commerce. Almost 26,000 visits were made by local authorities to traders in the year to 30 September 1980, including nearly 7,000 which had arisen as a result of complaints. This was much the same level as in the previous year, but the increase in the number of warnings given to traders from 500 to over 700 was significant. An analysis of local enforcement activities appears in Part B of Appendix One. Of the proceedings which enforcement authorities notified the Office that they intended to bring, the majority (42 out of 48) again related to infringements of licensing provisions. Details of the cases which came to court in 1980 are also summarised in that appendix. The Divisional Court dismissed an appeal against conviction in 1978 in a case brought by the Director General. This concerned the giving of unsolicited credit tokens, which is an offence under section 51 of the Act.

Powers of entry and inspection

An enforcement officer has powers under section 162 of the Act to enter premises and to inspect goods, books or documents to discover whether any section of the Act has been breached. In circumstances specified in the Consumer Credit (Entry and Inspection) Regulations 1977, authorisation must be given by the Director General. At the beginning of the year one application for authorisation was being held in abeyance and one further application was received. The Office was asked by the enforcement authorities to take no further action on either application.

Provision of guidance to traders

Providing guidance to traders has become an increasingly large part of the Office's work as more of the Act is brought into force. This has been equally true for Trading Standards Officers, and the Director General acknowledges the very important role they play both in this respect and in the enforcement of the Act generally.

Licensing under the Consumer Credit Act 1974

Events in 1980 demonstrated the increasing impact of licensing. As more traders become fully aware of the sanctions, which include the power to take away a licence should they engage in unfair and harmful practices, the deterrent value of licensing is bound to increase. The task of identifying and dealing with such practices has continued, and although the Director General cannot intervene in individual disputes it was possible to announce during the year refunds to customers totalling £1½ million as a result of the licensing process. The number of licences revoked or compulsorily varied increased by one-third in comparison with 1979.

General progress

New applications for standard licences in 1980 totalled 11,759. In most cases it proved possible to process the application and issue a licence within three

to four weeks of receipt, and only about 900 new applications were under consideration at the end of the year.

A total of 17,221 licences were issued during the year, leaving 938 applications to be determined in all, compared with 7,069 at the end of 1979. Of the last figure, 5,600 benefited from the transitional provisions of the Act and almost all have been dealt with.

During the year 3,402 applications were received which sought to vary the terms of a licence (to include additional categories of business or record a change of name), and 3,241 such applications were granted. Statistics of applications received, licences issued and variations granted appear at Part C of Appendix One.

Licencees must notify the Director General of certain changes in the circumstances of their business: alterations in the address, in the officers or controllers of a company, or in the membership of a partnership. In 1980, there were 11,383 such notifications.

Licensing from 1976 to 1980

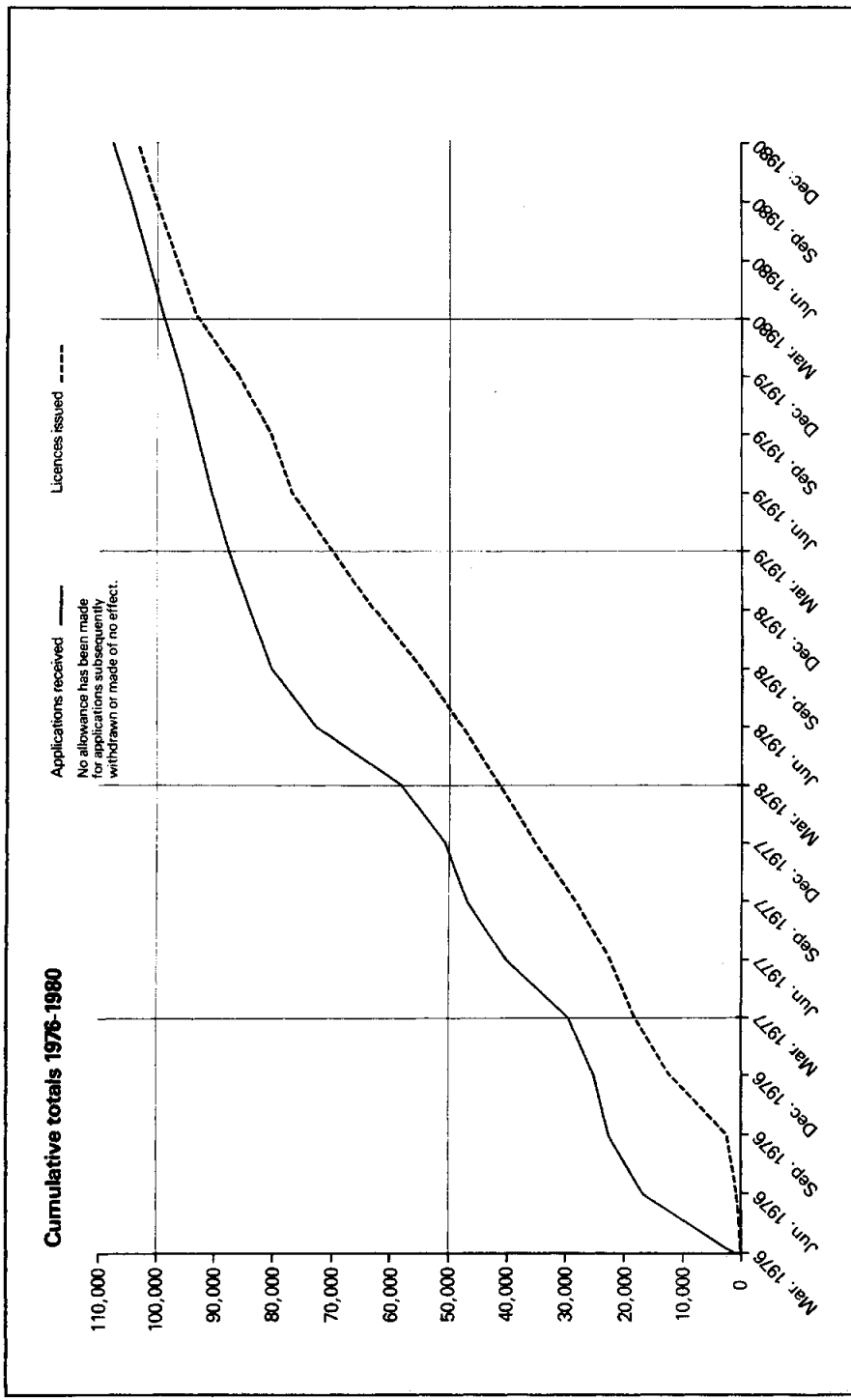
Since consumer credit licensing was introduced in 1976, a total of 107,620 applications for standard licences had been received up to 31 December 1980, and 103,379 licences issued. Over 3,000 applications were subsequently withdrawn or were not valid. The chart on page 27 compares applications received with licences issued during the period since licensing began. The diagram on page 28 reflects the categories of business included in licences issued in each of the years 1976 to 1980. A list of the group licences so far issued is given at Part D of Appendix One.

Extension of the period of validity of standard licences

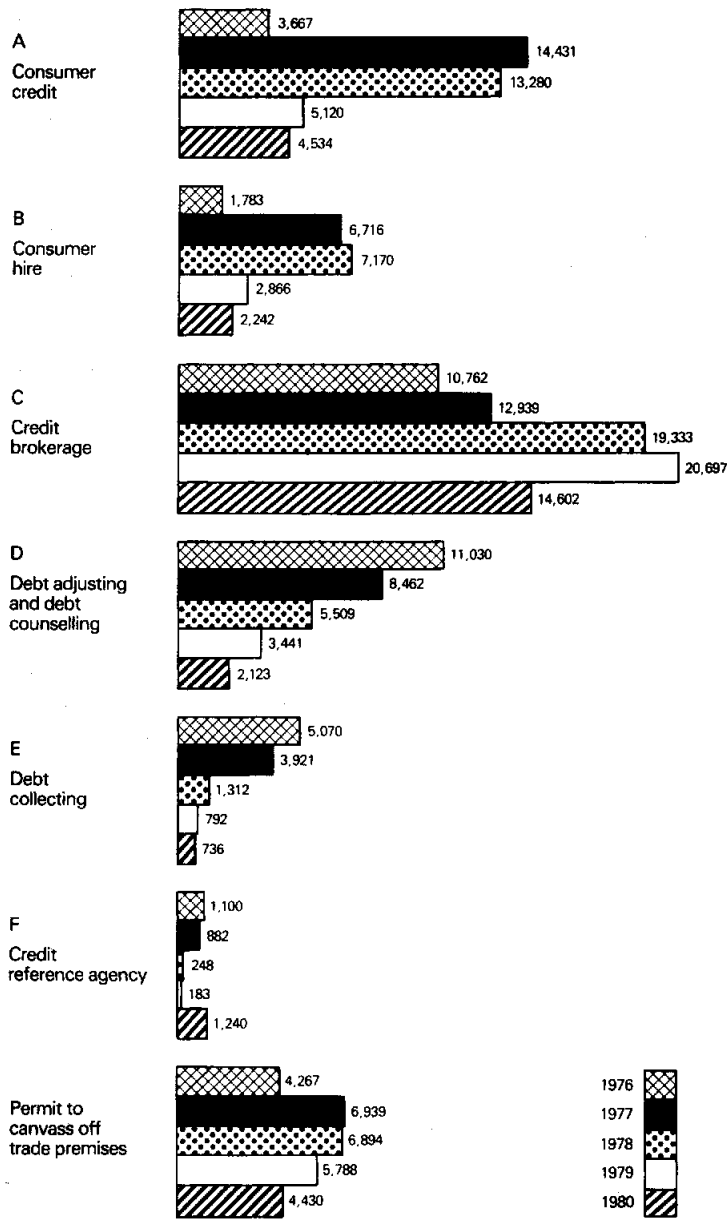
The Minister of State for Consumer Affairs announced in 1979 that the period of validity of consumer credit licences would be extended from three to ten years. Work continued in 1980 on sending a formal notification of the extension to all those licensees whose licence was effective before 1 August 1979 (some 78,400 in all); by the end of 1980, 31,715 notifications had been issued. All licences issued after 1 August 1979 are shown as valid for ten years.

Review of forms

The early part of 1980 saw the completion of a review of forms provided for the use of applicants and licensees under the Act. This review was undertaken in the light of the experience gained during the introduction of licensing and it was found possible to redesign and simplify a number of forms and eliminate others. In particular, the application for a standard licence—the principal form—was substantially shortened and should be simpler and quicker for traders to complete. General notice of the new form was given. Further details of this and other notices are set out in Part E of Appendix One.



Standard licences issued, by category of business, during the years 1976-1980



The Public Register

In May the Consumer Credit Public Register, formerly located in central London, was moved to the premises of the Consumer Credit Licensing Branch at Bromyard Avenue, Acton, London. A telex facility for receiving requests for information contained in the Register was installed later.

Considering fitness for a licence

A licence is not granted if the applicant cannot satisfy the Director General that he is a fit person to carry on credit, hire or ancillary activities and that any name to be licensed is not misleading or otherwise undesirable. Local authority Trading Standards Departments play an essential role in drawing relevant information to the Office's attention and assisting in subsequent investigations.

The required procedure, and the factors which must be considered have been described in previous reports. Briefly, if the Director General is not satisfied that a licence should be granted, a 'minded to refuse' notice is sent to the applicant, setting out the reasons for the Director General's provisional view. Representations by the applicant may nevertheless enable a licence to be issued—for example, he may give an undertaking to improve trading practices. Should initial doubts remain, however, the final decision, or 'determination', may be adverse and only a restricted licence granted, or one refused altogether. The applicant may then appeal to the Secretary of State. He may also appeal, on a point of law, to the High Court or, in Scotland, the Court of Session.

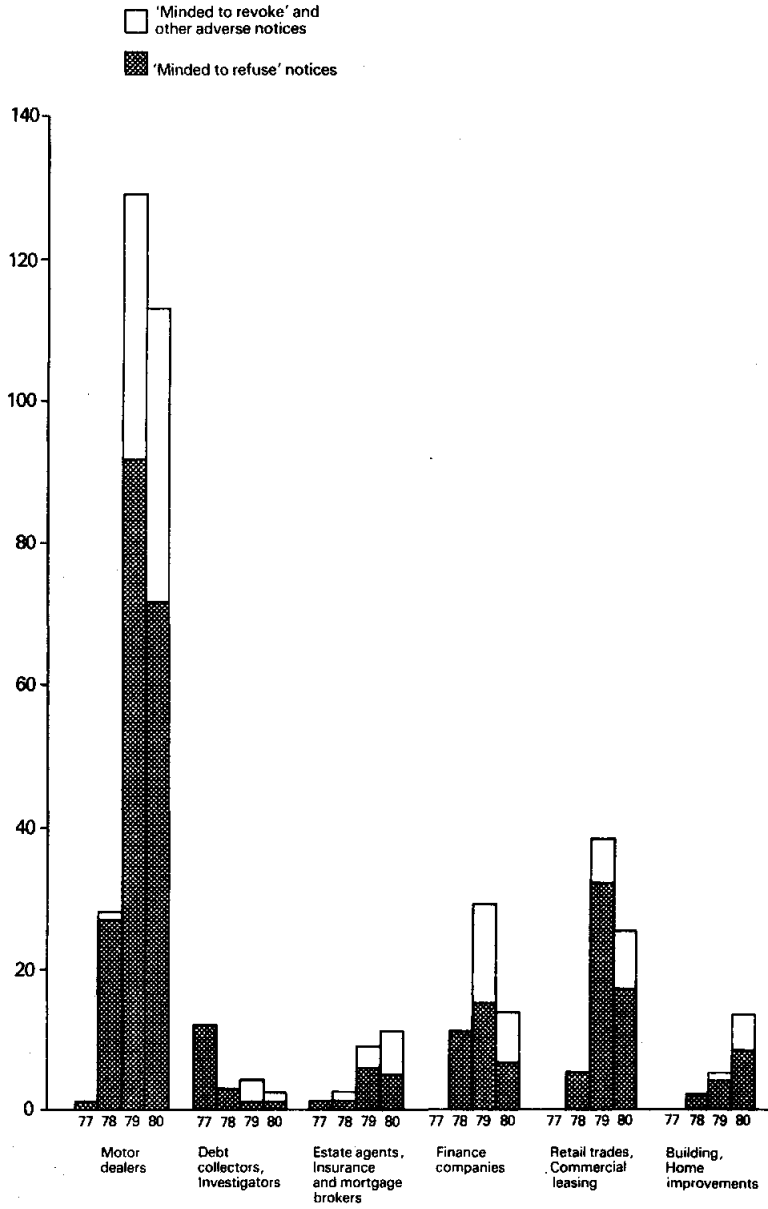
When the fitness of an existing licensee is in doubt, the same procedure must be followed before the licence is revoked, varied in terms (either compulsorily or at the request of the licensee), or suspended.

During the year, 113 notices were given that the Director General was 'minded to refuse' an application, and 65 that he was 'minded to revoke' a licence. The pattern of adverse notices among types of business over the years 1977-80 is shown in the chart on page 30.

Of the determinations in 1980, representations in 111 cases satisfied the Director General that a licence should be issued or that the existing licence should not be revoked. There were 48 adverse determinations as follows: 28 licences refused, 19 licences revoked, and one licence compulsorily varied. Another 92 cases where a 'minded to' refuse or revoke notice was given remain under consideration.

During the year, 12 appeals were lodged with the Secretary of State and six were outstanding from 1979. Of these, three appeals were upheld (one of which was not contested by the Director General because fresh evidence had come to light) and six were dismissed, abandoned or terminated. The remainder are still under consideration. Five appeals to the High Court, lodged in 1979, were all dismissed; one made in 1980 was still before the High Court. Statistics of licences refused, revoked, etc, from 1978-80 can be found

Adverse notices issued by category of business and type of notice during the years 1977-1980



at Part F of Appendix One, while individual decisions in 1980 are listed at Part G of that appendix.

Over-charged consumers benefit from licensing

In 1980, in order to give guidance to traders, the Director General made the first public statements about unfair practices revealed by the licensing process—those, in the words of the Act, which appear deceitful, oppressive, unfair or improper (whether unlawful or not). Such announcements are expected to become a feature of the licensing process. In statements in March and July, he announced refunds in excess of £1 million and £½ million respectively by certain credit and hire companies. In demonstrating their fitness, these companies gave assurances that the practices had been stopped and steps taken to reimburse customers who had suffered. The Director General cited the following unfair practices:

Charging interest on money not advanced—consumers had been paying interest on the full amount of loans, from the date of signing the agreement, although only 75 per cent of the loan was advanced initially.

Variation of rates of interest in breach of contract—agreements had provided that interest was not to exceed a recognised published base rate, but the rate charged had exceeded it for a number of years and customers had been considerably overcharged.

Failure to check accounts after company error—in acknowledging an error in a settlement figure challenged as too high by one mortgagee, the credit company had failed to check other customer accounts. Several thousand customers had suffered, and the company subsequently arranged compensation.

Failure to give satisfactory information for consumers—because agents of some credit companies were completing parts of the application forms after they had been signed, borrowers had been misled, in particular about the duration of their loans. The companies said they would provide future prospective customers with accurate and reliable information and review and improve their documentation.

Unfair practices connected with the voluntary termination of car credit agreements—some finance companies had been encouraging customers to sign a car over to them when they could not keep up the payments on it. The customers believed that the debt would be satisfied by the sale of the car. But sales took place at auctions where very low prices were returned, and the customers then received a demand for the balance still outstanding. The companies concerned stopped this practice and customers were compensated.

Unfair practices connected with television rentals—circulars from rental firms which implied that the customer agreement contained a clause allowing the firm to increase rentals simply by giving notice, had been sent to customers whose agreements did not have this clause. Customers were misled into believing that they must pay the increased rental specified in the circular. When challenged, some firms further misled customers by saying that licences

issued under the Control of Hiring Order 1977 empowered them to make the increase. However, such a licence does not override customers' rights under their rental agreements. The firms concerned took corrective steps, and customers were compensated.

Other practices on which the Director General has acted

As well as the practices cited in public announcements, there have been other matters which caused the fitness of applicants and licensees to be questioned during 1980:

The motor trade—as in previous years, this attracted a major proportion of adverse notices. Illegal practices identified amongst car dealers included falsification of mileage readings, misleading descriptions and the sale of unmerchantable and unroadworthy vehicles; failure to honour guarantees; giving finance companies false information as to prices or deposits; failure to settle outstanding debts on cars accepted in part exchange; and dealers implying that they were selling in a private capacity. However as the report¹ on consumer difficulties in the used-car sector made clear, dealers have become increasingly aware of the licensing powers.

Obtaining loans for consumers on a fraudulent basis—a dealer whose advertisement offered 'a loan on your existing car' made personal loans to borrowers for which he made them a charge. The money, however, was obtained from finance companies who believed that they were financing genuine hire purchase transactions with borrowers in respect of cars to be sold by the dealer. In fact the cars were already owned by the borrowers, and in one case the car was already subject to a hire purchase contract with another finance company.

Misleading advertising—an advertisement by a motor dealer stated '9½% Finance Available Now', and the hire purchase agreement provided for the repayment on a basis of an annual percentage rate of charge of 18.8 per cent. However, the customer was then required to pay the first three instalments immediately as a lump sum in advance, and this raised the rate to 25.5 per cent. Other advertisements have referred to 'bank loans' to describe the type of finance facilities offered, whereas only banking institutions, registered with the Bank of England under the Banking Act 1979, may offer and advertise such loans.

The home improvement sector—for example, double glazing, solar heating, cavity wall insulation, central heating—is frequently financed on credit and continues to give rise to a disturbing volume of complaints. Following exaggerated and misleading claims made about the benefits of some double-glazing and solar-heating systems, action was taken by the Office to ensure that companies accept responsibility for claims made by their salesmen. Unjustified fees were demanded of customers changing their minds and cancelling an order—even within a day or so after placing it. As a result of licensing action, some firms were persuaded to include in their contracts a 'cooling-off period',

¹Consumer difficulties in the used-car sector: a report and recommendations 1980, free from OFT.

during which customers may cancel without penalty. Other difficulties associated with home improvements generally included long delays in dealing with complaints. As mentioned on page 23, a review of the sector continued throughout the year, and negotiations for a code of practice for glass and glazing services made good progress (see page 22).

Credit cards—increasingly a feature of everyday life—can still present difficulties, as two examples brought to the Office's attention demonstrate. Consumers were invited to accept the offer of a free-trial period of a particular discount card and to sign a 'confirmation of acceptance' which was, in fact, a disguised banker's standing order form. Consumers later discovered that their bank accounts had been debited with the price of the card. The second example concerned advertising literature which invited consumers to telephone for a shop's own credit card. This practice is illegal—under the Consumer Credit Act credit tokens may not be issued in this way without the consumer's prior written request.

Terms and conditions of agreements—continued attention by the Office revealed agreements for a wide range of goods and services containing clauses that are void and/or illegal and that could mislead consumers as to their rights. For example, no account was taken of legislation such as the Consumer Transactions (Restrictions on Statements) Order 1976, the Unfair Contract Terms Act 1977 and the Sale of Goods Act 1979. When clauses like this came to light during consideration of fitness of applicants or licensees, traders were asked to put matters right.

Moneylending—for many households, borrowing from a doorstep moneylender becomes an important part of the budget. With the lack of security and the cost of the agent's weekly visits, such lending is bound to be expensive. Large sums are often borrowed, both in single amounts and as a series of small loans, and the opportunities for abuse are considerable. The Office found instances where the prohibition on canvassing cash loans in the home had been circumvented: moneylenders had taken advantage of visits made for other purposes, asked the customer to sign a card requesting a visit—though he had not expressed interest in a loan—or secured his unwitting invitation in other documents.

Many borrowers not only take several loans from the same moneylender but also deal with more than one source. Investigation revealed practices, many proscribed by the Moneylenders Act 1927, which could easily lead to severe financial difficulties for borrowers. No memorandum of the loan agreement was supplied; agreements were left blank, omitted vital details such as the true rate of interest, or stated a false rate; the first repayment was deducted from the loan immediately; and information was refused or falsified.

Another practice examined by the Office, 're-loaning', is widespread. A large part of each new loan is used to pay off an existing loan, usually without any rebate for early settlement. The Office thinks the practice may be unfair and could lead to extortionate credit bargains, because the proportion of money paid in interest steadily increases the longer the re-loaning continues.

Orders with regard to unlicensed trading

A credit (or hire) agreement made by an unlicensed trader, or by a trader following the introduction of the customer by an unlicensed broker, cannot be enforced against the debtor (or hirer) without an order to this effect from the Director General. The provisions of the Act concerned are sections 40, 148 and 149, and in deciding whether or not to make an order the Director General must consider matters such as the trader's culpability in not obtaining a licence and whether debtors (or hirers) were prejudiced by the trader's conduct. He can limit the order to specified agreements or to those made during a certain period. The number of orders issued in 1980 was 18. Further details are given at Part H of Appendix One.

Assurances and legal action under Part III of the Fair Trading Act 1973

The Director General must seek from any trader who appears to be persisting in a course of conduct detrimental to consumers' interests, and involving breaches of the criminal or civil law, a written assurance that he will refrain from that course. The interests affected can be economic or relate to health, safety and other matters. If an assurance is refused or not observed, proceedings can be brought to obtain a court order: breach of such an order would constitute contempt of court and can result in a fine or imprisonment.

In 1980, 60 assurances and undertakings to courts were obtained. On two occasions proceedings to obtain a court order were discontinued when agreement was reached with the parties concerned and the court accepted undertakings from them. One court order was granted in a case of a breached assurance. At year end, a court order was being sought in a case following the trader's refusal to give an assurance.

Despite limited resources, Trading Standards and Environmental Health Departments of local authorities, and consumer advice agencies, continued to give vital support to the Office in its efforts to enforce this legislation.

Evidence suggests that the legislation is effective. Few traders appear to continue acting unfairly towards consumers once they have given assurances, and to date it has been necessary to bring action for breach of an assurance in only seven cases.

Since the introduction of the Act, 242 assurances, undertakings or orders have been obtained by the Office, and these relate to the following businesses or trades:

Cars and motoring - 58	Carpets and furniture - 12
Home improvements - 41	Food and catering - 11
Mail order - 37	One-day and doorstep sales - 9
Electrical - 33	Others - 41

Full details of undertakings and assurances obtained during the year are given in Parts I, J and K of Appendix One.

Other activities

Bargain-offer claims

Bogus price comparisons with inflated recommended retail prices, and 'worth' and 'value' claims have largely disappeared, suggesting that in some respects the Price Marking (Bargain Offers) Order 1979 is having the desired effect. The Order, made following recommendations by the Director General in 1978, has nevertheless been criticised as difficult to interpret and enforce, and it is clear that some traders are intent on contravening the spirit of it by exploiting loopholes. The Director General is engaged in a review of the effectiveness of this measure.

The Office has been in consultation with the Advertising Standards Authority (ASA) about guidance notes on the Order, which the ASA intends to issue to advertisers. At the same time, the ASA is drawing up a new provision in the British Code of Advertising Practice to deal with price comparisons.

Advertising

The Working Party, established by the previous administration and continued under the present Government to consider whether the existing self-regulatory system of advertising control needed reinforcement, reported to the Minister of State for Consumer Affairs in January 1980¹. The Office was represented on the Working Party, and the Director General welcomed its main recommendations which proposed the introduction of an injunctive procedure to support the existing self-regulatory system, together with the development of ASA procedures for publishing details of complaints upheld and for securing corrective action.

Bilateral discussions with the ASA in following up the Director General's proposals for improvements in the Authority's procedures (referred to in the 1978 report) were satisfactorily concluded.

Labelling

A number of developments took place in the Office's review of labelling in certain product sectors. The first stage of the research commissioned to assess the degree of consumer awareness and interest was nearing completion at year end. It proved not to be possible, however, to implement recommendations made by the Price Commission with regard to labelling of jeans. Retailers and manufacturers, with whom discussions were held, considered that any extension of present labelling practices was unnecessary and burdensome. The Office reported to the Minister of State that a voluntary scheme was therefore unlikely to succeed and that there was not sufficiently strong evidence of detriment to justify statutory control.

One-day sales

In 1979 the Office suggested that local authorities might consider negotiating a local code of practice with hall owners if one-day sales caused problems in

¹*The Self-regulatory System of Advertising Control—Report of the Working Party 1980*, Department of Trade.

their areas. Enquiries made by the Office in June 1980 showed that such measures have been negotiated in ten areas and are being considered in four more, but in many others, one-day sales do not seem to be causing difficulties.

Insurance

The Office, in collaboration with the Department of Trade, continued discussions with the insurance associations on the review of the Statements of Long-term and Non-life Insurance Practice.

Estate agents

The Estate Agents Act 1979 will come into force as and when the Secretary of State makes the necessary commencement Orders and Regulations (none were made during 1980). The Office had discussions with the Department of Trade with regard to preliminary work on implementation of the Act. Information and guidance material will be produced as appropriate. The Office, local authority Trading Standards Departments, and in Northern Ireland, the Department of Commerce, are designated as enforcement authorities.

Consumer affairs in the European Community and elsewhere

The Office retained an interest in the discussion of the draft European Communities' Second Programme for Consumer Information and Protection and in continuing discussions on the EC draft directive on misleading and unfair advertising. The Director General participated in the International Conference on Product Liability and Consumer Protection in Munich during April and in May addressed the International Advertising Association World Congress on the subject of the Government's attitude to advertising. Later in the year, accompanied by the Deputy Director General, he participated in the European Consumer Conference arranged by the French Government. The Director of Consumer Affairs visited the United States in March to confer with her opposite numbers and to obtain a first-hand view of consumer protection measures there in order to assess their relevance to consumer affairs policy in the United Kingdom. The Office continued to participate in the Organisation for Economic Co-operation and Development (OECD) Committee on Consumer Policy and in two working parties considering advertising directed at children, endorsements in advertising, informative labelling, and electronic information systems.

Sources of information

An analysis of the numbers of complaints and convictions of traders in consumer cases, reported to the Office by local authorities, can be found at Part L of Appendix One.

Competition Policy

The Competition Policy Division administers the Director General's responsibilities for competition policy under the Fair Trading Act 1973, the Restrictive Trade Practices Acts 1976 and 1977, the Resale Prices Act 1976 and the Competition Act 1980; it is also concerned with relations on competition matters with the Commission of the European Communities and the Organisation for Economic Co-operation and Development (OECD). The Competition Act 1980 introduced a new procedure for the control of anti-competitive practices and placed new responsibilities on the Division during this period.

Monopolies

The Office keeps 'monopoly situations' (as defined in sections 6 to 11 of the Fair Trading Act) under review in two ways. First, the economic performance of industries is monitored to identify particular sectors for more detailed study. This is done in several ways. Published data on various aspects of market structure are collected and examined to identify sectors where the relative size of the larger firms is particularly noticeable (due allowance being made for the degree of import penetration). This structural data can be complemented by evidence on the market behaviour of the leading firms, obtained from published sources and from information available within the Office. Various performance indicators are also considered, the main ones being the financial performance of firms and the international trading performance of industries. In order to make this monitoring process more effective, efforts are continually made to update and improve both the data and the indicators used.

Secondly, the Office takes account of complaints and allegations made to it by firms and consumers about trading practices which are thought to be unfair and which can be frequently related to the existence of monopoly situations. Even if no direct action is taken, such complaints and allegations make a valuable contribution to the economic information system. A brief summary of the action taken on complaints and allegations received during the year is on page 53.

References to the Monopolies and Mergers Commission

During 1980 the Director General made two references to the Monopolies and Mergers Commission requiring them to investigate:

The wholesale supply in the United Kingdom of motor car parts (referred 13 November 1980);

The supply in Great Britain of films to exhibitors for exhibition in cinemas (referred 11 December 1980).

The terms of these references are given in Part A of Appendix Two.

During the year the Secretary of State granted the Commission extended periods to complete their reports in respect of the following references:

The supply in the United Kingdom of roadside advertising services (referred 10 November 1978);

The supply in the United Kingdom of credit card franchise services (referred 23 June 1977).

Details of these extensions are given in Part A of Appendix Two.

Action on new reports from the Monopolies and Mergers Commission

The Director General received copies of five reports prepared by the Commission and, by the end of the year, had given advice to the Secretary of State on three of them:

The supply in the United Kingdom of certain domestic gas appliances (published July 1980);

The supply in the United Kingdom of credit card franchise services (published September 1980);

The supply in the United Kingdom of tampons (published October 1980).

The texts of parliamentary statements or press notices issued when these reports were published are reproduced in Part B of Appendix Two.

The Director General will be advising the Secretary of State early in 1981 on the two remaining reports that were received in December 1980 and are awaiting publication. These are:

The supply in the United Kingdom of liquefied petroleum gas; and

The supply in the United Kingdom of trading check franchise and financial services.

The supply in the United Kingdom of certain domestic gas appliances (published July 1980)—the Commission found that the gas appliance retailing monopoly of the British Gas Corporation (BGC) and certain monopolies in the gas appliance manufacturing industry operated against the public interest. The Commission put forward two options to remedy this situation: either BGC should discontinue its retailing function; or BGC and the manufacturers should abandon a number of practices which would have the effect of reducing the power of BGC in the retail sector. The Minister of State for Consumer Affairs has welcomed the report, and recommendations are being examined with a view to taking action following full consultations.

The supply in the United Kingdom of credit card franchise services (published September 1980)—the Commission found that the 'no discrimination' policy operated by the major credit card companies under which retailers were precluded from charging different prices to credit card customers than to cash customers, operated against the public interest. The Commission recommended that this policy should be abandoned, and suggested that consideration should be given to ways of ensuring that, where traders do charge different prices, customers are given adequate notice of the difference. A

further suggestion was that the Director General should keep under review the whole credit card business, including the services to cardholders (which were not covered by the monopoly reference). The Minister of State for Consumer Affairs accepted the report, and the Director General is consulting interested parties on ways in which it might be implemented.

The supply in the United Kingdom of tampons (published October 1980)—the Commission concluded that the pricing policies of Tampax Limited and Southalls (Birmingham) Limited, which had shares in the market for tampons of approximately two-thirds and one-third respectively, operated against the public interest since they led to profits and prices for tampons being higher than was to be expected in conditions of keener price competition. The Commission recommended that for a period of two years the Director General should closely follow developments in the tampon market, in view of the recent entry into the market of a third company (Playtex Limited). The Director General has advised the Secretary of State of the action which he considers should be taken in the light of the Commission's findings.

Action on reports published in previous years

The Office kept under review undertakings given in previous years; took up, where appropriate, cases of alleged breaches of undertakings; and also continued to negotiate with monopolists identified in earlier reports, with a view to obtaining undertakings. The subjects covered are shown below:

Ice cream and water ices—the Office held discussions, at the Secretary of State's request, with the 26 parties identified as scale and/or complex monopolists in the Monopolies and Mergers Commission's report, with a view to obtaining undertakings. These discussions are continuing.

Electricity supply meters—the Office completed discussions with the parties concerned on the action to be taken in response to the Commission's findings in its report. The Director General has advised Ministers on the outcome.

Plasterboard—the Office completed its second comprehensive review of BPB Industries Limited's undertaking which enables major users to purchase plasterboard direct from the company without ordering through a merchant. In July, the Minister of State for Consumer Affairs accepted the Director General's recommendation that for the time being the minimum annual purchase condition in this undertaking should remain at 80,000 square metres of plasterboard. A further review of this undertaking will be carried out in due course. The Office continued to monitor BPB Industries Limited's other undertakings which relate to zonal pricing and customer collection at ex-works prices. Agreement was reached in December that zonal pricing would be introduced for fireline board in addition to plasterboard.

Restrictions on advertising by solicitors in England and Wales, and in Scotland—in 1978 the Office completed its discussions with the Law Society and the Law Society of Scotland. Ministers announced that they expected both bodies to give further consideration to the question of individual advertising, as recommended by the Monopolies and Mergers Commission, in the light

of any relevant findings and recommendations of the two Royal Commissions on Legal Services. Both the report of the Royal Commission on Legal Services, published in October 1979, and the report of the Scottish Royal Commission, published in May 1980, recommended greater freedom for individual solicitors to advertise their services. The recommendations in both of these reports are being considered by Ministers.

Restrictions on advertising by accountants and veterinary surgeons—discussions are continuing with both bodies.

Household detergents—in December 1979 the Office submitted recommendations to Ministers about the future of the undertakings given by Proctor and Gamble Limited and Lever Brothers Limited. Discussions continue with the two companies on possible modifications to their undertakings.

Primary batteries—the Office received information during the year from Ever Ready Limited and Mallory Batteries Limited on their profits, pricing and discount policies, in accordance with the undertakings given by them. The Office continues to monitor this information.

The supply by Her Majesty's Counsel alone of their services and the supply by Senior Counsel alone of their services—the review of the operation of the new arrangements introduced by the Faculty of Advocates in Scotland in response to the Monopolies and Mergers Commission's report is likely to be completed shortly. The review of the operation of similar new arrangements introduced by the Bar Council in England is also nearing completion.

The supply of architects' services with reference to scale fees—the Office resumed discussions with the architects' professional bodies with a view to securing undertakings which would allow architects to quote fees in competition with other architects, to change from mandatory to recommended fee scales, and to modify current rules which prohibit competition on the basis of fees. The Director General had to report to Ministers that he was unable to obtain satisfactory undertakings.

The supply of surveyors' services with reference to scale fees—The Minister of State for Consumer Affairs accepted the Director General's recommendation that changes, agreed by the Institute of Quantity Surveyors, should be made. These changes were amendments to the Institute's bye-laws and the labelling of its fee scales to make it clear that the scales were recommended for the guidance of its members, who were free to settle a charge which did not conform to the scales and subject to certain safeguards, were free to compete with one another on fees charged. The Secretary of State asked the Director General to resume discussions with other surveyors' professional bodies with a view to agreeing similar amendments to their rules for quantity surveying. These discussions are continuing.

Industrial and medical gases—the Office began a major review, which is still in progress, designed to establish the relevance of the undertakings given by BOC Limited in 1958 relating to the supply of oxygen and acetylene.

Wholesale petrol supplies—in their report on the supply of petrol published in 1979, the Monopolies and Mergers Commission found that selective price support and company ownership of sites (at the level existing in 1977 when 30·2 per cent of sites were company-owned and accounted for 50·1 per cent of all retail gallonage) did not operate against the public interest. Nonetheless, the Commission suggested that the Director General should keep under review the level of company ownership and the gallonage going through company-owned sites. During 1980, the Office received a number of complaints and representations from Members of Parliament, the Motor Agents' Association (MAA) and from individual garage owners about the practices of wholesale oil companies as they affected petrol retailers. The main complaint was that the methods of operation of the petrol stations which the oil companies themselves owned, and the investment, closure and pricing policy of the oil companies, were likely to lead to further reductions in the number of independent retailers and, in the long run, to higher retail prices and a lack of servicing facilities, especially in rural areas. These complaints were considered by the Office as part of its review of company ownerships as suggested by the Commission in their report.

On completion of the review, the Director General issued a statement on 2 October 1980 (reproduced at Part C of Appendix Two) in which he concluded that there had been only limited changes since the 1979 Report and that these did not significantly alter the Commission's conclusions. He saw no justification either for a further reference to the Commission on the supply of petrol, or for an investigation under the Competition Act. However, he said that he would continue to keep the level of company ownership under review as suggested by the Commission, and would not hesitate to use his powers under the competition legislation if he had evidence to suggest that the wholesalers were abusing their market power.

The Director General's statement examined a number of specific aspects within a general analysis of competition at both wholesale and retail levels: the level of oil company ownership of sites and the control by oil companies of retail prices and margins; selective support to certain retailers to enable them to match a competitor's lower pump prices; the level of wholesale prices; and supplies to rural areas.

In the light of the Commission's first report on petrol published in 1965, the Office also continued to monitor the revised undertakings given by oil companies in 1976. These undertakings covered various aspects of the oil companies' relationships with the operators of the petrol stations they supply. These undertakings relate to 'solus' petrol ties, ties as to lubricants and such-like, commission arrangements, options and rights of pre-emption, leases and licences of company filling stations.

Cinema films—the Office continued to monitor the undertakings relating to circuit bookings, which were given by two major film companies as a result of the Monopolies and Mergers Commission's report of 1966 on the supply of films for exhibition. The Office continued to be represented as an observer at hearings of the Trade Disputes Committee in pursuance of other under-

takings and arrangements. Exercise of these functions over the years has revealed that 'the development of greater and more effective competition', which the Commission had hoped for, has not been brought about, and the Director General therefore referred the film industry to the Monopolies and Mergers Commission for a further investigation (see page 92).

Metal containers—the Office completed a review of undertakings given in 1972 by Metal Box Limited, Reads Limited and Crown Cork Company Limited, in the light of the 1970 Monopolies and Mergers Commission's report. Following the Director General's advice, the Secretary of State agreed to release Crown Cork and Reads from their undertakings. He also agreed that Metal Box should be released from its undertaking not to enter into long-term supply contracts with its customers, but that it should remain bound by undertakings designed to remedy the adverse effects on the public interest of other aspects of its can-making activity. Metal Box agreed to provide certain additional information to the Office to enable the Director General to monitor the effects of the change in Metal Box's undertakings. The text of the press notice announcing these changes is reproduced in Part C of Appendix Two.

Cross-Channel car ferry services—the Office considered representations from Sealink UK Limited, British Rail Hovercraft Limited, European Ferries Limited and P & O Normandy Ferries Limited, all of whom sought a relaxation of the undertakings arising from the 1974 Monopolies and Mergers Commission's report, on the basis that competition had increased in the provision of cross-Channel car ferry services. In the light of advice from the Director General, the Minister of State for Consumer Affairs concluded that it would be appropriate to make some further relaxation in the supervision arrangements. The text of the parliamentary statement announcing the Secretary of State's decision is reproduced at Part C of Appendix Two.

Building bricks—the Office continued to receive details of quarterly distribution costs from the London Brick Company Limited in accordance with the undertakings given, following the Monopolies and Mergers Commission's report in 1976 on the supply of building bricks.

Contraceptive sheaths—the Office continued to exercise surveillance over the costs, prices and profit levels of LRC International Limited in the light of the undertaking given by the company following the 1975 report by the Monopolies and Mergers Commission.

Indirect electrostatic reprographic equipment—the Office continued to monitor undertakings given by Rank Xerox (UK) Limited, following the Monopolies and Mergers Commission's report in 1976, and was provided with details of patent licence agreements.

Breakfast cereals—the Office completed a review of the undertakings given by the Kellogg Company of Great Britain Limited. Following advice from the Director General, the Secretary of State for Trade decided to release the company from certain of its undertakings. The text of the Parliamentary statement announcing the Secretary of State's decision is reproduced at Part C of Appendix Two.

Other undertakings—the Director General also has a responsibility to keep under review the Restriction of Agreements (Estate Agents) Order 1970 and the undertakings given in respect of the following reports:

- Wallpaper (published 1964)
- Colour film (published 1966)
- Infant milk foods (published 1967)
- Man-made cellulosic fibres (published 1968)
- Clutch mechanisms for road vehicles (published 1968)
- Electric lamps (published 1968)
- Asbestos (published 1973)
- Wire and fibre ropes (published 1973)
- Frozen foods (published 1976)

Anti-competitive practices

The Competition Act 1980 received Royal Assent on 3 April and those sections which deal with anti-competitive practices came into effect on 12 August. From the Office's point of view, the most important aspect of the new legislation is the introduction of a new procedure for the control of anti-competitive practices. Under section 3 of the Act, the Director General may carry out an investigation where it appears to him that any person has been or is following a course of conduct which may amount to an anti-competitive practice. An anti-competitive practice is defined in the legislation as a course of conduct pursued by a person in the course of business, which has, or is intended to have, or is likely to have, the effect of restricting, distorting or preventing competition in connection with the production, supply or acquisition of goods in the United Kingdom or any part of it or the supply or securing of services in the United Kingdom or any part of it.

Most cases investigated originate from complaints received from individual firms or members of the public as well as from reports in the news media and the Office's continuing studies of trade and industry. Where a complaint appears worth pursuing, it may not always be clear which of the Director General's competition powers represents the most appropriate response to the particular problem. Consequently, preliminary enquiries have to be made of the persons concerned and sometimes with other interested parties. The purpose of these enquiries is three-fold: to check that the complaint or other source of information is factually correct; to give the firm or organisation complained about the chance to give its side of the story; and to obtain further information to enable the Director General to have a better understanding of the issues and the surrounding circumstances.

If the Director General decides to make use of his Competition Act powers to initiate a formal investigation, he has to serve notice on the person or persons to be investigated and on the Secretary of State for Trade. Included in that notice will be an indication of the matters to be investigated, the person or persons concerned and the goods or services to which the investigation is to relate.

There is no time limit attached to the investigation but the Act requires the Director General to proceed as expeditiously as possible. At the end of it, he has to publish a report. This must state whether the person concerned is or was engaging in the course of conduct and, if so, whether the practice is anti-competitive. Where the Director General finds an anti-competitive practice, the report must also state whether he thinks it appropriate for the matter to be referred to the Monopolies and Mergers Commission for further investigation. The Director General's investigation and report is therefore concerned with the existence of a practice and its effect on competition and in no way prejudices whether, if the practice does exist and is anti-competitive, it is contrary to the public interest.

If the Director General decides to make a reference to the Commission, he has to consider any representations from the person responsible for the anti-competitive practice, including the offer of an undertaking which he can accept as an alternative to making a reference. Where no undertaking is offered or accepted, or when an undertaking is not carried out, the Director General may make a reference to the Commission. It then falls to the Commission to carry out their own investigation, the main purpose of which is to assess the practice in terms of the public interest.

These procedures are explained in greater detail in a free booklet published by the Office, *Anti-competitive practices*, see page 127.

Investigations into possible anti-competitive practices

During 1980, the Director General initiated three investigations under the Competition Act:

- (1) *TI Raleigh Industries Limited and TI Raleigh Limited (investigation commenced 12 August 1980)*—the criteria of TI Raleigh Industries Limited and its subsidiary, TI Raleigh Limited, for determining whether to supply bicycles to retail outlets, and whether the application of those criteria or any of them is a course of conduct which amounts to an anti-competitive practice.
- (2) *Petter Refrigeration Limited (investigation commenced 12 August 1980)*—whether Petter Refrigeration Limited has induced or attempted to induce persons who service, repair or sell commercial vehicle or container refrigeration equipment (including spare parts) not to service, repair or sell such equipment where it is manufactured or supplied by persons other than Petter Refrigeration Limited and, if so, whether this course of conduct amounts to an anti-competitive practice.
- (3) *Arthur Sanderson & Sons Limited (investigation commenced 17 December 1980)*—the criteria of Arthur Sanderson & Sons Limited for determining whether to supply fabrics to retail outlets and whether the application of those criteria or any of them is a course of conduct which amounts to an anti-competitive practice; and the terms upon which Arthur Sanderson & Sons Limited supplies fabrics to wholesale outlets, in so far as those terms relate to the supply of fabrics to retail outlets, and whether supply on those terms, or any of them, is a course of conduct which amounts to an anti-competitive practice.

The full text of the statutory notices initiating these investigations is reproduced at Part D of Appendix Two.

Mergers

During 1980 the Office considered 182 mergers¹ which came within the scope of the Fair Trading Act 1973 (other than newspaper mergers) and made recommendations to the Secretary of State as to whether or not they should be referred to the Monopolies and Mergers Commission for investigation and report. Within the total number of qualifying mergers, the financial and distribution sectors continued to be major areas of acquisition and there was renewed interest during the year in companies in the food, drink and tobacco industries. Diversifying mergers continued to account for about 30 per cent of the total. An analysis of merger activity is given at Part E of Appendix Two.

In this period five references were made to the Monopolies and Mergers Commission by the Secretary of State:

- (1) the proposed acquisition by Hiram Walker-Gooderham & Worts Limited of the Highland Distilleries Company Limited (referred 25 January 1980, to be completed within six months);
- (2) the proposed acquisition by Blue Circle Industries Limited of Armitage Shanks Group Limited (referred 29 February 1980, to be completed within six months);
- (3) the proposed acquisition by S & W Berisford Limited of British Sugar Corporation Limited (referred 4 June 1980, to be completed within six months but later extended to 3 March 1981);
- (4) the proposed acquisition by Compagnie Internationale Europcar of the short-term rental business of Godfrey Davis Limited (referred 12 June 1980, to be completed within six months);
- (5) the proposed acquisition by Grand Metropolitan Limited of Coral Leisure Group Limited (referred 17 October 1980 but subsequently laid aside).

The texts of these references and of the Secretary of State's subsequent consent to the laying aside of reference (5) above are given in Part F of Appendix Two.

The Secretary of State received and published reports on references (1) and (2) above (on 4 August 1980 and 1 October 1980 respectively). Copies of these references were sent to the Director General pursuant to section 86 of the Fair Trading Act, and advice was given to the Secretary of State. The texts of the press notices issued when these reports were published are reproduced at Part G of Appendix Two. At the request of the Secretary of State under section 88(1) of the Act, the Director General discussed with Hiram Walker-Gooderham & Worts Limited the implementation of the recommendation made by the Commission in their report on (1) above. A suitable

¹This total cannot be compared with the 257 cases considered in 1979 because the assets criterion for qualifying mergers has changed. This was raised on 10 April 1980 from £5 million to £15 million gross assets.

undertaking was received from the company, particulars of which are reproduced at Part H of Appendix Two. The Secretary of State asked the Director General to keep the performance of this undertaking under review.

During this year, the Secretary of State granted the Commission an extended period to complete their report on the proposed merger between S & W Berisford Limited and British Sugar Corporation Limited ((3) above). The text of the press notice announcing this extension is reproduced at Part I of Appendix Two.

Restrictive trade practices

Registration

Services agreements

During the period under review, 60 agreements were entered on the Register, bringing the total number entered since 1976 to 495.

The number of services agreements terminated by action of the parties or otherwise was 32, bringing the total number terminated since 1976 to 84.

During the period under review, the Restrictive Practices Court considered the question whether there was a registrable agreement operating between those persons licensed by the stewards of the National Greyhound Racing Club (NGRC). Mr Fisher, a trainer licensed by the NGRC, applied for a declaration under section 26 of the Act that there was a registrable agreement between those persons, but the Court ruled that there was not. An appeal on the Court's decision is pending.

Goods agreements

Sixty-three agreements were added to the Register during 1980, covering a wide range of goods such as tractors, perfumes and cosmetics, potatoes, furniture, windscreens, mineral water, menswear, and chair frames. They bring the total number of goods agreements entered on the Register since 1956 to 3,873.

The number of goods agreements terminated in 1980, whether by virtue of a Court Order or by action of the parties or otherwise, was 18, bringing the total number terminated since 1956 to 3,211.

Investigatory work

An important part of the Office's work is the investigation of evidence of unregistered agreements. If the Director General has reasonable cause to believe that persons may be party to an agreement subject to registration, he can then issue a Statutory Notice under section 36 of the Restrictive Trade Practices Act 1976, requiring that particulars of the agreement be furnished. During 1980, the Office issued a total of 19 such Notices.

Evaluation of agreements

Services agreements

Of the 495 services agreements entered on the Register since 1976, 55 have been ended, 32 have had all the restrictions removed, and 69 have been the subject of representations to the Secretary of State under section 21(2) of the Act. On 66 of these the Secretary of State has to date given the appropriate directions. The 22 agreements subject to directions given in 1980 are listed at Part J of Appendix Two.

Five agreements are now before the Restrictive Practices Court, three of them being references made in 1980. These three are the references of the Aerodrome Owners Association agreement which concerns landing and parking charges, and of the two agreements involving the Society of West End Theatre. The first of these is between the Society's members and includes price restrictions on the selling of theatre tickets through booking organisations and a number of restrictions relating to advertising and the commission to be paid to credit card companies. The second agreement is between the Society and certain theatre ticket agencies. The restrictions include the discount and booking fees allowed to the ticket agencies by the theatres, and a provision that no better terms are to be offered to other selling outlets than those allowed to the ticket agencies.

Proceedings continued on the reference of the Association of British Travel Agents, and of the Stock Exchange.

Services agreements usually prove more complex than goods agreements, and any discussion of modification to them generally requires a great deal of correspondence and many meetings. Charges restrictions, market sharing, and exclusive dealing are often accompanied by the recommendation of complex standard terms for agency and brokerage business. The Office's priority in dealing with such agreements is to bring to an end the most onerous restrictions. This has been achieved and work completed on agreements made by:

- bailiffs
- banks
- commodity dealers
- football pools promoters
- goldsmiths
- investigators
- local coach operators groups
- local hotel associations
- motoring schools
- national and local groups of shipbrokers and shipowners
- news agencies
- recording and film studios
- wharfingers.

There are a number of other services agreements where the major restrictions (including price restrictions) have been given up, although there is still more work to do—in most cases on detailed standard terms and conditions—before regarding the cases as closed:

- cold storage
- commercial and home removals
- electrical testing
- freight forwarding
- road haulage.

At the end of the year discussions on 250 services agreements were under way.

Particular progress was made in the course of the year in the banking sector. The Committee of London Clearing Bankers advised the Office of their intention to determine as soon as practicable the syndicated tariffs for money transmission services for certain nationalised industries and for inter-bank agency services. By the end of the year this intention was being put into effect. The Committee of Scottish Clearing Bankers gave up agreements on bank opening hours and the joint negotiation of charging with local authorities and Scottish divisions of certain nationalised industries. Other banking agreements of the two committees remain under discussion.

The banks which make up the Access consortium terminated their agreement on common conditions of use for cardholders in 1980, leaving each Access bank free to decide for itself rates of interest and interest-free periods. The Access consortium also significantly amended their shareholder agreement to make the Joint Credit Card Company an independent entity, negotiating in its own right with retailers, and this agreement received a direction under section 21(2) of the Act.

The changes in the agreements for the recognition of advertising agents in terms of credit worthiness only were introduced in 1980 by the Periodical Publishers Association, the Independent Television Companies Association, the Scottish Daily Newspaper Society and the Association of Independent Radio Contractors—following the Newspaper Publishers Association's action last year. The only outstanding media association still to make changes is the poster industry and it is hoped that the new system will be introduced for this industry early in 1981. The Director General is continuing to watch the working of the new schemes before coming to a final conclusion about the significance of the remaining restrictions.

Goods agreements

By the end of 1980, representations covering a total of 276 agreements had been made to the Secretary of State by the Director General and his predecessors, and directions given in respect of 269 of them. The 16 agreements on which directions were given this year are listed at Part K of Appendix Two.

Since the Restrictive Trade Practices Act 1956 was introduced, 658 goods agreements have been referred to the Court and proceedings completed in respect of 641, leaving 17 outstanding cases. Only one of these is likely to give rise to a full hearing. Work continued throughout 1980 preparatory to the issue of notices of reference on further agreements on ready-mixed concrete and road surfacing materials. At the end of the year some 160 goods agreements were under consideration in the context of section 21(2) of the Act.

Proceedings were complete during the year in respect of two agreements: those relating to the supply of coal in South West Wales, and to the supply of animal feeding stuffs. In each case, Court Orders under section 35(3) of the Act were made (or undertakings accepted by the Court in lieu of such Orders), restraining the parties from giving effect to the agreements and to any other registrable agreements to which they might be a party without first submitting particulars for registration. The restrictions in the two agreements were declared contrary to the public interest, and Orders under section 2 of the Act (or undertakings) now restrain the parties from giving effect to the restrictions or making any other registrable agreement to the like effect. A summary of the relevant proceedings is given at Part K of Appendix Two.

In July 1980 the Court heard the proceedings instituted on behalf of the Director General for contempt of Court against four suppliers of concrete pipes on the grounds that they had entered into agreements which included restrictions to the like effect to those covered by a previous undertaking given to the Court. The Court found all four parties guilty of contempt and levied fines totalling £185,000. Further proceedings for contempt were instituted against the British Steel Corporation who had entered into the same agreements as the other four suppliers. At the time when the Corporation entered into the agreements, the assets and obligations of a company which had been subject to earlier undertakings given to the Court were vested in the Corporation. The Court decided that the Corporation was subject to the obligations of the company in respect of the undertaking which the company had given. The Corporation was found guilty of contempt and fined £50,000. Reports of these cases are at Part L of Appendix Two. In his judgment on the first case, Mr Justice Mocatta said:

‘ . . . We wish to emphasise that those advising the Director General should not overlook the desirability of process being taken against responsible directors in cases in which their companies have been found guilty of contempt or have admitted having acted in contempt.’

Proceedings in respect of the reference under section 1(3) of the agreement between certain members of the British Reinforcement Manufacturers' Association continued during 1980.

Section 21(2)—goods and services

This sub-section of the Act provides for the Secretary of State to give directions to the Director General, on his representation, discharging him from taking proceedings in the Restrictive Practices Court in respect of an agreement on the grounds that the restrictions in it are not of such significance as to call for investigation by the Court. The criteria adopted by the Director General to judge ‘significance’ in deciding whether to make representations

to the Secretary of State, have been set out in detail in previous reports, including that for 1979. Each agreement is considered on its merits, and the Office's approach is pragmatic. The Office considers whether the restrictions restrict or discourage competition or cause any detriment to the public or third parties. It is important to note that it is not the significance of the agreement as a whole which has to be considered, but that of the restrictions in it. Agreements significant in themselves, but in which all the restrictions are insignificant, are acceptable for a representation.

Certain types of agreement—those containing restrictions involving price fixing or collusive tendering arrangements—are regarded at a very early stage as unsuitable for section 21(2) and, indeed, in many cases such agreements are referred to the Court even if all the restrictions are abandoned by the parties after registration. Other types of restriction, depending on the circumstances, have a significant effect on competition and it is with a view to identifying these and seeking either their abandonment or their defence before the Court that the detailed investigations carried out by the Office are often directed. Even where restrictions appear at first sight to have no significant effect on competition, it is often necessary to consult various interests to see whether the restrictions are likely to be detrimental in any way.

A number of agreements considered for a section 21(2) representation are, of course, *sui generis*, but in recent years, including 1980, the following features have occurred in some of the common types of agreement subject to investigation and have often met the criteria for directions.

Joint ventures

A number of agreements for new joint ventures have been submitted to the Office. Directions have been given on certain of these where the restrictions are the minimum necessary for the joint venture and do not unduly restrict the parties or the joint venture. Joint ventures commonly include restrictions on the parent companies not to compete with the joint venture. In assessing the significance of such restrictions, the Office looks to see that there is clear evidence of competition in the relevant market from other suppliers or from other substitute goods or services, and that no evidence of possible detriments to third parties has been forthcoming. A number of joint ventures which did not initially meet these criteria have been modified.

Sale of assets

Where a business is sold, the agreement for the sale may sometimes be registrable. For example, an agreement where a parent company sells off a subsidiary under an agreement which includes clauses to the effect that the former parent will not engage for a stipulated period of time, and perhaps within a stipulated area, in any business which would compete with that of the subsidiary which was sold, will be registrable where the subsidiary also accepts restrictions. Another example would be the sale of a company by its directors, where two or more of them each undertake not to engage or have a financial interest in a similar business for a stipulated time and perhaps within a stipulated area. Such restrictions have not appeared significant in most of the cases submitted, especially where the sale price includes an amount

for goodwill, but before making a representation the Office considers the extent of the restrictions as to the stipulated area and time period.

Codes of practice

Several of the agreements concerning trade associations and some professional bodies not exempted from the legislation contain codes of practice or conduct for their members. In some cases the codes have been introduced in consultation with the Office, and the implications of the Act to their provisions considered in advance, so that this aspect of an agreement is immediately suitable for a representation.

Where, however, codes of practice are already in operation, they frequently contain provisions for self-regulation which have the effect of imposing significant restrictions on competition, and these must be modified or abandoned in an agreement if it is to be considered for a representation. Examples of such restrictions are those on advertising, canvassing for business, and on remuneration.

Standard terms and conditions

The recommendation by trade associations of standard terms and conditions for the supply or acquisition of goods or services is a common practice. Standard terms and conditions may often be desirable in the interests of both supplier and customer, especially where comparatively small firms with little or no legal expertise are concerned, as otherwise many contracts might be entered into which are not enforceable at law. The 1979 report stated that the recommendation of standard terms and conditions by an association is not regarded as necessarily having a significant effect on competition but, to ensure there is no likely detriment, the terms should be fair and reasonable to all concerned, not likely to mislead those who will use them, and not unnecessarily exclude variation to meet special circumstances and requirements. The benefit to customers of having standard conditions must be balanced against any detriment to them of being deprived of the freedom to secure more favourable terms than those likely to result from the restrictions imposed by them. In general, mandatory standard terms and conditions are not regarded as suitable for section 21(2) since they are not variable to meet special circumstances. In all cases the recommended terms and conditions are looked at clause by clause.

Agreements with contractual clauses void under the Unfair Contract Terms Act are not acceptable for a section 21(2) representation.

Provisions as to contractual liability for loss or damage were referred to in last year's report. In considering whether the limitation of liability recommended by an association to its members is acceptable depends very much on individual circumstances. For instance, it may be more economical for the customer to provide insurance cover, for the supplier to accept less liability, and for this to be reflected in the charge. In some cases, notably in respect of carriage and storage services, some customers are already covered by their own insurance at all stages. It might be reasonable for the association to recommend standard terms and conditions which offer several options as to

acceptance of liability, depending on the insurance required by the customer and the charge to be made for the service.

A further question that sometimes arises in liability clauses, in particular in the services field, is whether it would be appropriate to include a recommended level of compensation for small claims, or for the contractor to accept liability up to a declared value, to be proved in the event of a claim. Proposals of this sort are still under discussion with the Office.

Another feature of some standard terms and conditions is provision for surcharges on overdue accounts. Where specific rates of interest are provided, it is often difficult to assess what is reasonable. What is appropriate depends on the varying circumstances of the trade or industry and would need to be justified by the association as a genuine pre-estimate of loss. The Office would not be able to make a representation on any surcharge which included an element of penalty.

Standard terms and conditions have in many cases recently been supplemented by formulae for contract price adjustment to cover costs where delivery is not effected until some time after the contract is made and costs have varied in the meantime. These formulae are regarded as desirable in certain trades, as they provide the customer with some indication of the extra amount which he will have to pay. Provided that there is freedom for negotiation of fixed prices or alternative formulae, and that the terms of the formulae are fair and reasonable, there does not appear to be any obstacle to dealing with these under section 21(2). Most formulae are based on indices of labour and material costs and it is considered that, in so far as they are available, the indices should be those which are published preferably by, or for, government departments. In some cases, such as wool textiles, the normal formulae are inappropriate because of severe and frequent fluctuations in raw material prices, and here the formulae are based on cash sums rather than percentages of the contract price. Such formulae have required even more detailed investigation, but one has now been the subject of directions.

Group buying organisations

There is a number of group buying organisations, mainly but not entirely in the grocery field, where the provisions agreed by the members of their operation involve registrable restrictions. Most, but not all, of the agreements relating to these 'voluntary groups' are now subject to directions; one or two are, however, still under consideration. Restrictions which are common to many groups are those whereby the group recommends prices for goods covered by special promotions and/or for its 'own brand' goods. As long as members are free to charge lower prices if they wish and, in the case of promotions, provided that the recommended prices are lower than those normally charged outside promotions and the promotions are of short duration, these restrictions (although they involve prices) have not been regarded as significant.

Other restrictions have appeared in agreements of these groups and some have had to be abandoned or modified before representations could be made.

Those not found acceptable included allocation of geographical areas to particular members, wholesalers not to supply or sponsor retailers outside defined areas, wholesalers not to sponsor two or more retailers who would be in direct competition with each other, wholesalers or retailers to purchase minimum quantities through the group, and members not to join any other group.

Some agreements relating to 'cash and carry' wholesalers have included a ban on their supplying the general public. These have had to be modified to allow individual wholesalers freedom to decide for themselves whom they will supply—though in many cases there are local authority regulations which prevent wholesale warehouses from supplying anyone other than bona fide trade customers.

Resale Prices Act 1976

Competition Policy Division is responsible for the enforcement of the Resale Prices Act 1976. The effect of this Act is to prohibit suppliers, except in the case of books and medicines, from establishing minimum resale prices for their goods or from seeking to compel dealers to observe such prices by discriminating against them or withholding supplies.

Because of recent publicity, many enquiries were received in 1980 from manufacturers, wholesalers, retailers and consumers seeking general guidance or clarification on specific provisions of the Act. There were also a number of requests for information about the classes of goods which have been exempted under the Act by Order of the Restrictive Practices Court.

Twenty-five complaints alleging contravention of the Act were received in 1980. As in previous years, these covered a wide range of goods. In some cases investigation revealed no evidence to support the allegations, but in others the Director General persuaded the suppliers to resume normal trading with the dealer, or to amend or delete wording in a contract or in sales and promotional literature which was open to possible misinterpretation. In addition the Director General obtained from five suppliers written undertakings that they would not take any action, or trade in any way, which would be in breach of the Resale Prices Act. The full terms of these undertakings are reproduced at Part M of Appendix Two.

Action on complaints and allegations

The Office frequently receives complaints and allegations covering a wide range of goods and services. Although the Director General does not intervene in individual disputes, enquiries prompted by complaints and allegations may lead him to exercise his statutory powers by making a monopoly reference to the Monopolies and Mergers Commission, by initiating an investigation under the Competition Act, or by commencing proceedings in the Restrictive Practices Court.

Monopoly allegations

Even though the Director General may be satisfied that a monopoly situation exists, he is under no obligation to make a reference to the Commission.

There is no presumption that monopoly situations are against the public interest and the power to make references is discretionary. The receipt of a complaint, or a request for the Office to make a reference, does not oblige the Director General to make a reference nor is he limited in the selection of monopoly references to matters which have been the subject of complaints or specific requests.

Allegations of anti-competitive practices

The Director General's new powers under the anti-competitive practices provisions of the Competition Act have enabled him to follow up complaints about the practices of individual firms. In the light of these initial enquiries, the Director General may decide to carry out an investigation under section 3 of the Competition Act.

Allegations of restrictive trade practices

Complaints which give reasonable cause to believe that an agreement subject to registration has not been registered are actively pursued. Other complaints about the operation of registered agreements provide the Office with vital information in assessing the significance of the restrictions and may also provide witnesses in proceedings in the Restrictive Practices Court.

During the year, the Office received 681 complaints about alleged monopoly abuses or other anti-competitive practices; 56 allegations of unregistered agreements and complaints of restrictive agreements; and 25 allegations, in respect of goods, of breaches of the Resale Prices Act 1976 (see page 53 above). All complaints were scrutinised and, where appropriate, the subject of the complaint and other interested parties were asked to comment. Many companies provided a satisfactory explanation of their behaviour; others took remedial action. Any information obtained was noted by the Office and used by the Director General to decide, if he considered further action was appropriate, which of his powers to use.

European Community—competition rules

Throughout the year under review the Office maintained an active interest in the application of the Community's competition rules contained in Articles 85 and 86 of the Treaty of Rome. Its representatives attended seven meetings of the Advisory Committee on Restrictive Practices and Abuses of Dominant Positions. These included one meeting which was specially convened to consider ways in which the Committee's own procedures might be improved. The Committee, whose role and composition were described in earlier reports, considered nine draft Decisions, all of which arose under Articles 85 of the Treaty.

In the period under review, the Commission of the European Communities published ten Decisions, four of which were findings of infringement of Article 85, two provided for the exemption of agreements under Article 85(3), and four gave negative clearance (that is, the Commission ruled that the agreements to which the Decisions related did not infringe Article 85(1)). A list

of Decisions published by the Commission is given in Part N of Appendix Two.

The European Court of Justice gave judgment in 1980 on a number of cases involving competition matters. One of these was particularly noteworthy. In *Camera Care Limited v. Commission*, the Court ruled that the Commission had power, under Article 3 of Regulation 17/62, to take interim measures in relation to infringements of Articles 85 and 86. The Court laid down broad principles as to the conditions to be satisfied before the power could be exercised, and the Commission later made public a note describing the criteria which it considers may, in practice, need to be satisfied.

During the year, representatives of the Office attended ten hearings with the Commission involving eight cases, at which firms accused of infringements of Articles 85 or 86 took the opportunity to state their case orally to the Commission.

In the course of an investigation, Commission inspectors often need to visit companies or organisations in member states. In the period under review, inspectors made 28 such visits to 25 companies or organisations in the United Kingdom. In each instance they were accompanied by a representative of the Office.

In December, the Commission called a further Conference of Government Experts to consider the treatment under the Community's competition rules of selective distribution systems. This was a follow-up to the earlier conference in November 1979, referred to in the 1979 report, and was again attended by representatives of the Office and of the Department of Trade.

Officials from the Office made a number of informal visits to the Commission during the year in order to discuss matters of mutual concern and to ensure that, where necessary, national and Community policies were properly co-ordinated.

Other international activity

The Office continued to keep in touch with competition authorities in other countries on matters of common interest. Senior officials had discussions with their opposite numbers in the USA, Canada, and the Federal Republic of Germany, and continued to participate in the activities of the Organisation for Economic Co-operation and Development (OECD) Committee on Restrictive Business Practices and its working parties.

Following the OECD Recommendation in September 1979, improvements were made to the machinery, whereby member states inform each other if action taken by one state appears to affect the interests of another. These procedures, supervised by Working Party 3, are proving valuable to member states in their desire to co-operate in fighting restrictive business practices.

Other working parties attended include Working Party 9, which is examining the problems associated with mergers and concentration; Working Party 10,

which following its report published in 1979 on competition in regulated sectors, is now turning its attention to the competition problems associated with the liberal professions; Working Party 11, which is analysing the obstacles to co-operation between member states in the field of restrictive business practices; and Working Party 13 which is now concluding its report on the possible abuses and benefits of buying power.

Information activities

Publicity

With the coming into force of regulations concerning credit advertisements and quotations under the Consumer Credit Act, the Office produced a new leaflet for consumers. *There's more to credit than just HP* briefly explains the main types of credit, and highlights the need to look carefully at the different ways of borrowing money before signing agreements. The leaflet was well received by the media, and the response from the public demonstrated the call for information of this nature. *Photography*, the ninth leaflet in the *For your protection* series (covering codes of practice negotiated with the Office), was published. This features the various benefits which the new Code of Practice for the Photographic Industry gives consumers. A new edition of the leaflet *No credit?* explaining consumers' rights when dealing with credit reference agencies, was produced. There was a heavy demand for all other consumer publications produced by the Office.

The Office's close co-operation with public libraries continued, providing valuable outlets for the publications in addition to the facilities provided by Citizens Advice Bureaux and local authority departments. Following the success last year of the dispenser for a leaflet on general shopping problems, many libraries were provided with a colourful dispenser for the new credit leaflet. As a new venture, selected libraries were supplied with bookmarks bearing advice on what to do about faulty goods.

Portable exhibition units, available on free loan, were in heavy demand by advice centres and libraries. A new display on consumer credit was introduced. In addition, displays were mounted at the *Housecraft* exhibitions at Nottingham and Bristol, and the *Home Economics* exhibition at Sheffield.

A second slide-tape kit became available for sale or hire. *A Dog Deceived*, featuring O'Shaughnessy the Shophound of the original slide-tape kit on the Sale of Goods Act, presents the main points of the Trade Descriptions Act in a form designed to be acceptable to all groups of consumers.

The existing 16 programmes of consumer advice on *Prestel*, British Telecom's viewdata system, were extended to include Northern Ireland.

Much of the publicity effort was directed at informing traders of their obligations under the new consumer credit advertisements and quotations regulations. Two booklets, *Advertisements and Quotations Regulations* and *Credit Charges*, were the subject of a small advertising campaign in the trade press. The advertisements regulations were also the subject of the Office's first slide-tape kit for traders. *Would you credit it?* which outlines the regulations in a simple, amusing way, was made primarily to assist Trading Standards Departments when organising seminars for local traders, but the kit was also widely bought by major financial institutions, trading organisations and colleges.

Anti-competitive Practices, a booklet, was produced as a practical guide for trade and industry on those provisions of the Competition Act 1980 which relate to anti-competitive practices. A full list of OFT publications is at Part A of Appendix Four.

Press

During the year there was a high level of coverage of OFT activities by the news media. An OFT report on used-car problems resulted in more than two hours of radio and television coverage and at least 1,250 column inches of space in national and local newspapers and the trade press. The press office continued its policy of encouraging the media to devote more time and space to explaining consumers' and traders' rights: one national Sunday newspaper started a consumer page as a direct response to OFT encouragement.

Press enquiries remained at a high level with more journalists, especially in the provinces, showing particular interest in the Office's role of advising on bids and mergers—presumably because of employment implications during the recession. Not surprisingly, the Competition Act was the subject of many enquiries throughout the year and increasingly so following the first two investigations announced in August.

The press office issued 58 releases, the majority of which were well-reported. A release about £½ million refunds for the customers of certain TV rental firms produced a public response which revealed a further 22 companies alleged to be engaged in similar unfair practices.

The quarterly press packs of consumer stories and cartoons continued to be used by 135 weekly provincial papers, and plans were put in hand to widen the distribution and to include the growing number of free local publications.

The press office prepared eight radio tapes for distribution to all local radio stations, including tapes giving advice on dealing with doorstep salesmen, buying used cars and booking holidays.

Other regular work included briefing and accompanying the Director General and other senior staff on 44 radio and television broadcasts. These included 'Man Alive', 'Pebble Mill at One', 'You and Yours' and 'Money Go Round', and local radio and television broadcasts in Scotland, Wales, Bristol, Nottingham and Hull. Arrangements were also made for media interviews with the Director General on his regional visits.

PART THREE

Report on the activities of the Monopolies and Mergers Commission

Throughout the period covered by this report Sir Godfray Le Quesne, QC, was the Chairman of the Monopolies and Mergers Commission. Sir Max Brown, KCB, CMG and Mr C J M Hardie were the part-time Deputy Chairmen. The other members of the Commission at 31 December 1980 were:

R G Aspray Esq	Dr R L Marshall OBE
J S Copp Esq MBE	Mrs V M Marshall
The Hon J D Eccles	Mrs C M Miles
Professor K D George	R G Opie Esq CBE
H L G Gibson Esq OBE	J H Russell Esq
P Goldman Esq CBE	T M Rybczynski Esq
D G Goyder Esq	J S Sadler Esq
E A B Hammond Esq OBE	N L Salmon Esq
H H Hunt Esq	E S Simpson Esq
Dr F E Jones MBE FRS	R G Smethurst Esq
T P Lyons Esq	Miss R Stephen MBE

Under the provisions of the Fair Trading Act 1973 the Secretary of State for Trade is responsible for maintaining a panel of persons from which additional members may be appointed to the Monopolies and Mergers Commission to take part in any investigation into a newspaper merger. At 31 December 1980 its members were:

Lord Annan OBE	David Churchill Esq
Mrs Christine Bicknell	Ronald Halstead Esq
Alastair Burnet Esq	Dr John Stevenson
J Clement Jones Esq CBE	Capt Iain Tennant

At 31 December 1980 the Commission's staff numbered 103 full-time and eight part-time staff. The Commission's offices are at New Court, 48 Carey Street, London WC2A 2JT.

The cost of the Commission (with the exception of certain common services such as accommodation and stationery) is borne on the Department of Trade vote. The following table summarises the expenditure of the Commission in 1978-79 and 1979-80:

Expenditure on the same basis in the first six months of the financial year

	1978-79	1979-80
	£	£
Salaries and wages (including insurance and pension contributions)	621,000	817,000
Total expenditure	761,000	956,000

1980–81 was £501,000. The corresponding figure in the first six months of the financial year 1979–80 was £334,000.

References outstanding at 1 January 1980

At the start of the year the Commission had the following references before them:

Monopolies

The supply in the United Kingdom of credit card franchise services (referred June 1977);

The supply in the United Kingdom of certain domestic gas appliances (referred December 1977);

The supply in the United Kingdom of trading check franchise and financial services (referred December 1977);

The supply in the United Kingdom of roadside advertising services (referred November 1978);

The supply in the United Kingdom of tampons (referred March 1979);

The supply in the United Kingdom of concrete roofing tiles (referred October 1979);

The supply in the United Kingdom of ready-mixed concrete (referred December 1979);

The supply in the United Kingdom of liquid petroleum gas in containers of not more than 50 kilograms capacity and not less than 150 grams capacity (referred July 1979);

The supply of the service of conveying, receiving, collecting, despatching and delivering letters in the area comprising the numbered London Postal Districts of the Post Office (referred September 1979).

General references

Certain aspects of discounts to retailers (referred July 1977);

The general effect on the public interest of full-line forcing and tie-in sales (referred April 1979).

The terms of all the references above were given in the annual reports for the year of each reference.

References received in 1980

In the period covering this report the Commission received the following references for investigation and report:

Monopolies

The wholesale supply in the United Kingdom of motor car parts (referred November 1980);

The supply in Great Britain of films to exhibitors for exhibition in cinemas (referred December 1980).

The texts of the above references are given in Part A of Appendix Two.

Mergers

The proposed merger between Hiram Walker-Gooderham & Worts Limited and the Highland Distilleries Company Limited (referred January 1980);
The proposed merger between Blue Circle Industries Limited and Armitage Shanks Group Limited (referred February 1980);
The proposed merger between S & W Berisford Limited and British Sugar Corporation Limited (referred June 1980);
The proposed merger between Compagnie Internationale Europcar and Godfrey Davis Limited (referred June 1980);
The proposed merger between Grand Metropolitan Limited and Coral Leisure Group Limited (referred October 1980).¹

The texts of the above references are given in Part F of Appendix Two.

Public body references under section 11 of the Competition Act 1980

British Railways Board's London and South Eastern commuter services (referred April 1980);
Central Electricity Generating Board (referred June 1980);
Severn-Trent Water Authority (referred October 1980).²

The texts of the above references are given in Part A of Appendix Three.

References reported on in 1980

During the period covered by this report the Commission submitted their reports on the following:

Monopolies

The Inner London letter post (published April 1980). The text of the press notice announcing the publication of this report is at Part B of Appendix Three.

The supply of domestic gas appliances in the United Kingdom (published July 1980);

The supply of credit card franchise services in the United Kingdom (published September 1980);

The supply of tampons in the United Kingdom (published October 1980);

The supply of trading check franchise and financial services in the United Kingdom;³

The supply of liquefied petroleum gas in the United Kingdom.³

¹This reference was subsequently laid aside.

²The terms of reference were extended in November 1980 to include the question of scope for more extensive optional metering.

³These reports had not been published by the end of 1980.

The texts of the ministerial statements or press notices issued when these reports were published are reproduced at Part B of Appendix Two.

Mergers

The proposed merger between Hiram Walker-Gooderham & Worts Limited and the Highland Distilleries Company Limited (published August 1980);

The proposed merger between Blue Circle Industries Limited and Armitage Shanks Group Limited (published October 1980);

The proposed merger between Compagnie Internationale Europcar and Godfrey Davis Limited.¹

The texts of the ministerial statements or press notices issued when the reports were published are reproduced at Part G of Appendix Two.

Public body references under section 11 of the Competition Act 1980

British Railways Board's London and South Eastern commuter services (published October 1980).

The text of the ministerial statement on publication of this report is at Part C of Appendix Three.

Newspaper mergers

Newspaper mergers are treated differently from other mergers. Transfers or closures of newspapers may raise issues that cannot be judged wholly by economic criteria, since they could affect the accurate presentation of news and the free expression of opinion. A special procedure for newspaper mergers was introduced under the Monopolies and Mergers Act 1965 and retained in the Fair Trading Act 1973. The work is handled by the Department of Trade.

In certain circumstances the consent of the Secretary of State for Trade to a newspaper merger is a prerequisite and, except in special cases, this consent cannot be given until the Commission has made a report. The Commission is strengthened by additional members from a panel maintained by the Secretary of State (see page 59) for the conduct of the investigation.

At the start of the year under review, the Commission had before them the proposed transfer of the West Somerset Free Press to Bristol United Press Limited (referred December 1979).

In March 1980 the Commission were asked to investigate and report on the proposed transfer of newspapers owned by J Andrew & Company Limited to United Newspapers Limited. The text of this reference is at Part D of Appendix Three.

Newspaper merger references reported on in 1980

1. The proposed transfer of the West Somerset Free Press to Bristol United Press Limited (published April 1980).

¹This report had not been published by the end of 1980.

The Commission concluded that the transfer might be expected to operate against the public interest and, in the light of their conclusions, the Secretary of State refused his consent to the transfer. The text of the parliamentary statement on the Commission's findings is given at Part E of Appendix Three.

2. The proposed transfer of newspapers owned by J Andrew & Company Limited (published July 1980).

The Commission concluded that the transfer might not be expected to operate against the public interest, and the Secretary of State accordingly gave his consent to the transfer. The text of the announcement of the Commission's findings is at Part E of Appendix Three.

PART FOUR

Report on the activities of the Consumer Protection Advisory Committee

The members of the Consumer Protection Advisory Committee at 31 December were:

The Hon Mrs A Viney JP (<i>Chairman</i>)	G Roberts Esq
Professor W A Wilson (<i>Deputy Chairman</i>)	Mrs C Schwarcz
Mrs A Ballard	H Shepherd Esq
Mrs L Bell	Mrs E Stanton
Mrs F Clark	Mrs L Teague
K Devlin Esq	L E Thompson Esq
	A White Esq
	<i>Secretary: D Seideman Esq</i>

The powers in Part II of the Fair Trading Act 1973 whereby the Secretary of State can, by Order, create new criminal offences to protect consumers against unfair trading practices, and the part which the Consumer Protection Advisory Committee plays in considering proposals referred to it by the Director General for such action, are set out in the first and second annual reports. No references were made to the Committee in 1980.

APPENDIX ONE

Part A: Consumer Credit Act 1974—Regulations and Orders made in 1980

The following Regulations and Orders were made by the Secretary of State for Trade under the Consumer Credit Act during 1980. They are on sale at Her Majesty's Stationery Office.

<i>Title</i>	<i>Function</i>	<i>Relevant sections of the Act</i>	<i>SI No.</i>
The Consumer Credit Act 1974 (Commencement No. 6) Order 1980	This Order brings into operation Part IV of the Act and sections 151(1) and (2) for advertisements published on or after 6 October 1980, appointing that day for the purposes of paragraphs 8 and 47 of Schedule 3 of the Act which contains certain transitional and commencement provisions.	43-47 151(1) and (2)	1980 No. 50 (C.3)
The Consumer Credit (Total Charge for Credit) Regulations 1980	These Regulations, which supersede the Consumer Credit (Total Charge for Credit) Regulations 1977, make provision for ascertaining the true cost to debtors of credit provided or to be provided under actual or prospective consumer credit agreements.	20	1980 No. 51
The Consumer Credit (Exempt Agreements) Order 1980	This Order, which supersedes the Consumer Credit (Exempt Agreements) Order 1977 as amended, provides that certain consumer credit and consumer hire agreements shall be exempt agreements for the purposes of the Consumer Credit Act.	16	1980 No. 52
The Consumer Credit (Exempt Advertisements) Order 1980	This Order provides that Part IV of the Consumer Credit Act (which relates to seeking credit or hire business) shall not apply to advertisements of a description specified in the Order.	43(5)	1980 No. 53
The Consumer Credit (Advertisements) Regulations 1980	These Regulations govern the form and content of advertisements published by persons carrying on consumer credit businesses, consumer hire businesses, and businesses in the course of which credit secured on land is provided to individuals. They also apply to certain advertisements published by credit brokers.	44, 151(1)	1980 No. 54
The Consumer Credit (Quotations) Regulations 1980	These Regulations prescribe the form and content of documents ('quotations') in which persons carrying on consumer credit businesses, consumer hire businesses, and businesses in the course of which credit secured on land is provided to individuals give prospective customers information about the terms on which they are prepared to do business. They also prescribe the circumstances in which such quotations are to be provided.	52, 152	1980 No. 55

<i>Title</i>	<i>Function</i>	<i>Relevant sections of the Act</i>	<i>SI No.</i>
The Consumer Credit (Exempt Advertisements) (Amendment) Order 1980	This Order makes it clear that the exemptions from Part IV of the Consumer Credit Act provided for in the Consumer Credit (Exempt Advertisements) Order 1980 apply only to advertisements in so far as they relate to consumer credit agreements or consumer hire agreements specified in that Order, or to agreements of a type specified in that Order, which would be consumer credit agreements or consumer hire agreements if the amount of the credit or amount of the hire payments did not exceed £5,000.	43(5)	1980 No. 1359
The Consumer Credit (Advertisements) (Amendment) Regulations 1980	These Regulations exempt from the requirements of the Consumer Credit (Advertisements) Regulations 1980 certain advertisements where the creditor is a body specified in the Schedule to the Consumer Credit (Exempt Agreements) Order 1980.	44, 151(1)	1980 No. 1360
The Consumer Credit (Quotations) (Amendment) Regulations 1980	These Regulations exempt from the requirement of the Consumer Credit (Quotations) Regulations 1980 to provide quotations, certain cases where the creditor to whom the request is made is a body specified in the Schedule to the Consumer Credit (Exempt Agreements) Order 1980.	52, 152	1980 No. 1361

Part B: Consumer Credit Act 1974—enforcement in 1980

By far the major share of the task of enforcing the Act falls on local weights and measures authorities (known variously as Trading Standards or Consumer Protection Departments) of counties in England and Wales, metropolitan counties, Scottish regions, and London boroughs. In Northern Ireland the Act is enforced by the Department of Commerce.

Number of officers employed on enforcement of the Act

Full-time	58
Part-time	616
	674

Number of visits made for the purpose of enforcement

As a result of complaints	6,903
Other visits	18,825
	25,728

Warnings given

Orally	516
In writing	200
	716

Enforcement authorities in England and Wales must, with a few exceptions, give the Director General notice of their intention to prosecute under the Act. Under voluntary arrangements the Office is notified of the outcome of proceedings throughout the United Kingdom. There follows a summary of cases which came to court during 1980, all brought by local enforcement authorities. (The sections referred to are sections of the Act.)

Unlicensed trading (section 39(1))—twenty-five cases came to court. In one case the defendant was given an absolute discharge, and, in another, admonished. In the remaining 23 cases, fines were imposed ranging from £20 in one case to £100, or more, in six cases, of which the highest was £350. In all, fines totalled £1,675, covering 32 counts.

Trading under a name not specified in the licence (section 39 (2))—two cases came to court, and fines of £75 and £50 were imposed.

Soliciting entry into a debtor-creditor agreement (section 49(2))—a fine of £20 was imposed for soliciting a consumer to enter such an agreement during a visit made in response to a previous request which was only oral.

Failure to provide a copy of credit reference agency file (section 158(4))—there was one prosecution which resulted in a fine of £100 on one count and £25 on a second.

Cases not yet heard—these mainly concern unlicensed trading, but they also include two cases of which the Director General has been notified of intended proceedings for canvassing debtor-creditor agreements off trade premises (section 49(1)), and two more involving offences occurring in the process of enforcement—the first for obstructing, the second for making a false statement to an authorised officer of an enforcement authority (sections 165(1) and 165(2) respectively). Notice of the last two was given voluntarily by the authority concerned—they are not required by the Act to do so.

Part C: Consumer Credit Act 1974—statistics of standard licences issued

Applications received and licences issued in 1980¹

Applications received	..	..	..	..	..	..	..	11,759
Licences issued	..	..	..	..	..	..	..	17,221
Applications under consideration at end 1980	..	..	..	..	..	..	..	938

Applications received for variation of a licence and variations granted in 1980

Applications received	..	..	..	..	..	..	..	3,402
Variations granted	..	..	..	..	..	..	..	3,241
Applications under consideration at end 1980	..	..	..	..	..	..	..	100

¹There were 7,069 licence applications under consideration at the end of 1979.

Analysis of all standard licences issued as at 31 December 1980

Standard licences issued 1976	..	..	..	..	..	..	12,559
Standard licences issued 1977	..	..	..	..	..	..	23,204
Standard licences issued 1978	..	..	..	..	..	..	27,134
Standard licences issued 1979	..	..	..	..	..	..	23,261
Standard licences issued 1980	..	..	..	..	..	..	17,221
							<hr/>
							103,379

*Analysis of all standard licences issued as at 31 December 1980
by category of business¹*

A: Consumer credit	..	..	..	..	..	..	41,032
B: Consumer hire	..	..	..	..	..	..	20,777
C: Credit brokerage	..	..	..	..	..	..	78,334
D: Debt adjusting and debt counselling	..	..	..	..	..	..	30,566
E: Debt collecting	..	..	..	..	..	..	11,833
F: Credit reference agency	..	..	..	..	..	..	3,654
With the right to canvass off trade premises debtor-creditor-supplier agreements or regulated consumer hire agreements	..	..	..	..	..	..	28,318

Part D: Consumer Credit Act 1974—current group licences

The bodies holding group licences are:

- Age Concern England
- Association of Certified Accountants
- The Incorporated Law Society of Northern Ireland
- The Institute of Chartered Accountants in England and Wales
- The Institute of Chartered Accountants in Ireland
- The Institute of Chartered Accountants of Scotland
- The Law Society
- The Law Society of Scotland
- National Association of Citizens Advice Bureaux

The Director General can only issue a group licence if he is satisfied that the public interest is better served by doing so than by requiring the persons concerned to apply separately for standard licences.

Part E: Consumer Credit Act 1974—general notices issued in 1980

General notices are formal notices given by the Director General in accordance with certain provisions of the Act. They are advertised in the London, Edinburgh and Belfast Gazettes and copies are available free of charge from the Office of Fair Trading.

¹The total number of categories covered by licence is greater than the total number of licences issued as one licence can cover more than one category of business.

	<i>General notice</i>	
	<i>Serial No.</i>	<i>Date issued</i>
Form of application for a standard licence	21	15.2.80
Form of application for orders under section 40(2), section 148(2), and section 149(2) of the Act	22	8.5.80
The Public Register	23	16.4.80

Part F: Consumer Credit Act 1974—statistics of licences refused, revoked, etc, 1978–80¹

	1978	1979	1980
<i>Notice that the Director General is minded to refuse or revoke a licence etc</i>			
Notices	50	216	178
Not determined in previous year ²	8	58	20
	236	73	251
<i>Cases concluded as follows:</i>			
Favourable determination	18	111	111
Adverse determination	20	52	48
Still under consideration	20	58	73
	236	92	251
<i>Appeals to the Secretary of State</i>			
Lodged	15	10	12
Brought forward from previous year	—	15	9
	19	6	18
<i>Disposed of as follows:</i>			
Upheld	2	1	3
Dismissed	—	10	4
Abandoned	4	2	1
Terminated	—	—	1
Still under consideration	9	15	6
	19	9	18
<i>Appeals to the High Court</i>			
Lodged		5	1
Brought forward from previous year		—	5
		5	6
<i>Disposed of as follows:</i>			
Dismissed			5
Still under consideration		5	5
		1	6

Part G: Consumer Credit Act 1974—licence and appeal decisions in 1980

Note: in Tables 2, 3, 4, 5 and 7 the dates in brackets refer to the original determination; Tables 6, 9 and 10 represent the position at 31 December 1980.

¹As well as the refusals and revocation of licences, the statistics cover notices and decisions to refuse a variation in a licence, to grant a licence in different terms, or to compulsorily vary it. An analysis of adverse determinations in 1980 can be found on page 29 of this report.

²In 1977, a total of 14 notices were given of which six were favourably determined.

Determination by the Director General to refuse application for a standard licence

Table 1—Determination against which there has been no appeal

8 January	Thomas Barrington Rowe
14 January	Honeywell Car Sales
23 January	Neogrand Limited
29 January	Jack Sparkes Autotrading
8 February	East Dulwich Service Station (Sales) Limited
15 February	Crane Motor Company Limited
19 February	R Thomson trading as Ennerdale Garage
19 March	John Michael Shepherd
30 June	Robert Dudgon trading as Park Road Car Sales
30 June	Nigel John Starbuck
30 July	Heaveray Limited
31 July	Zanion Limited
29 September	Ian John Jones
30 September	T R Robinson
1 October	A S S Spraying Services
13 November	Star Investigations (Bristol) Limited
27 November	Viewforth Marine

Table 2—Appeal against determination dismissed by the Secretary of State

3 March	John Roger Caley trading as Tower Car Sales (7 June 1979)
2 April	Jubilee Motors (8 June 1979)
5 August	Ilobond Limited (14 August 1979)

Table 3—Appeal against determination terminated by the Secretary of State

29 December	Del Commercials Limited (21 May 1980)
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Table 4—Appeal abandoned

10 January	Mary Lily Elizabeth Clarke trading as M E Clarke (7 June 1979)
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Table 5—Appeal dismissed by the Secretary of State: appeal lodged with the High Court on a point of law

20 October	Measureworth Limited (29 January 1980)
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Table 6—Appeal on a point of law dismissed by the High Court

11 June	H G Thomas Motor Auctions Limited (now North Wales Motor Auctions Limited) trading as Thomas Motor Auctions (10 November 1978)
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11 June	H G Thomas Motors Limited trading as Thomas Motor Mart (10 November 1978)
11 June	H G Thomas (Bagillt) Limited trading as Thomas Motor Mart (Bagillt) (10 November 1978)
11 June	H G Thomas (Dolgellau) Limited trading as Thomas Motor Mart (Dolgellau) (10 November 1978)
11 June	H G Thomas (Malpas) Limited trading as Thomas Motor Mart (Malpas) (10 November 1978)

Table 7—Determination still subject to appeal or appeal period unexpired

28 March	Stuart Bruce Davies
21 May	City Centre Estate Agents
10 June	Heltam Limited
12 June	David Spector and Owen Poolton trading as Olympic Warehouses
5 August	Michael Offord
31 October	Hunter Aluminium
30 December	Roger William Horner trading as David Paul Motors

Table 8—Appeal to the Secretary of State upheld (including one not contested by the Director General)

19 February	Henry Beckers Geddes trading as Northey Arms Garage (16 March 1979)
21 March	James Abbot (5 July 1979)
29 April	Swansea City Car Centre (19 February 1980)

Determination by the Director General to revoke a standard licence

Table 9—Determination against which there has been no appeal

31 January	Rodney Taylor trading as Showerpower
19 February	John William Hammond
14 March	Balwant Singh Romanay
14 March	Balwant Singh
22 April	Ladwest Limited
29 April	Catcott Garages Limited
30 July	Hosekarn Motors Limited
30 July	Silkhurst Limited
31 July	Jeff Stoddart Limited
31 July	George McIntyre
24 September	Shiremoor Motor Company Limited

1 October	Rhos-y-Llan Garages
10 October	Livery Street Motors
11 November	Chasgift
11 November	Kalder Kredit Limited
17 November	Relwood Finance Limited
24 November	Susan Andrea Mann

Table 10—Determination still subject to appeal or appeal period unexpired

5 August	Star Credit Services Limited
29 December	Smallridge Car Sales

Determination by the Director General to compulsorily vary a standard licence

Table 11—Determination subject to appeal or appeal period unexpired

23 December	Norbank Holdings (Financiers) (to delete trading name 'Westminster Finance')
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Part H: Consumer Credit Act 1974—Orders made under sections 40, 148 and 149 in 1980

<i>Section</i>	<i>Applications received</i>	<i>Under consideration from 1979</i>	<i>Orders made</i>	<i>Under consideration as at 31 December 1980</i>
40(2)	13	4	5	12
148(2)	5	2*	3	4
149(2)	3	8	10	1

*In the Report for 1979, the figure of section 148 applications under consideration at year end was incorrectly shown as 1.

Part I: Undertakings given to the Court following applications made by the Director General under sections 35(a) and 38 of the Fair Trading Act 1973 where an assurance was not given voluntarily

In the Willesden County Court: 31 March 1980

Undertakings given by Falconis Limited trading as Panificio Italiano (first respondent) and Piero Scacco, director (second respondent).

The first respondent undertook to take all reasonable precautions and to exercise all due diligence not to commit offences under Regulation 9 of the Food Hygiene (General) Regulations 1970. And the second respondent undertook to take all reasonable steps to procure that the first respondent complies with its undertaking.

In the Restrictive Practices Court: 14 July 1980

Undertakings given by Maurice Lennard and Company (first respondent), the All-wear Trading Company Limited (second respondent), Brian Douglas Lennard (third respondent), Ronald Alfred Blake (fourth respondent) and the following inter-connected bodies corporate: Billam Investments Limited, Sacha Shoes (Concessions) Limited, Sacha Shoes (Sales) Limited, and Sacha Shoes (Retail) Limited.

The first and second Respondents and each of the inter-connected bodies corporate undertake:

1. that they will take all reasonable precautions and exercise all due diligence to refrain from the following course of conduct or similar courses of conduct, namely:
 - (1) committing breaches of contract with consumers by supplying shoes:
 - (a) which are not of merchantable quality as required by subsection 2 of section 14 of the Sale of Goods Act 1979; or
 - (b) which are not fit for the particular purpose for which they are being bought as required by sub-section 3 of section 14 of that Act.
 - (2) failing promptly to return to consumers money to which they are legally entitled in cases when they have lawfully rejected goods for which they have paid;
 - (3) having supplied shoes to consumers which are not of merchantable quality or fit for their purpose as aforesaid failing promptly to pay damages to the consumer or to give other compensation agreed between the parties;
2. (but without prejudice or limitation to 1. above) that they will:
 - (1) take all reasonable precautions and exercise all due diligence to comply with the edition of the Voluntary Code of Practice for Footwear prepared by the Footwear Distributors Federation current from time to time;
 - (2) prior to ordering new lines of shoes for sale to consumers, submit a sample to the Shoe and Allied Trade Research Association for testing and take all reasonable precautions and exercise all due diligence to comply with all recommendations of the said Association and incorporate or procure the incorporation into all shoes of such lines supplied or sought to be supplied such changes and/or modifications as shall be recommended by the said Association (save that this shall not apply to orders not exceeding 150 pairs of any one colour of any new style or pattern not previously ordered by the respondents or the inter-connected bodies corporate or not already on retail sale in the United Kingdom to the best of the belief of the respondents or the inter-connected bodies corporate at the time that such orders are placed);
 - (3) ensure that documents bearing the words 'cash refunds cannot be issued under any circumstances' or any other documents contravening Articles 3 and 4 of the Consumer Transactions (Restrictions on Statements) Order 1976 (SI 1976 No. 1813) are not used in the course of their said businesses;

The third and fourth respondents undertake:

1. that they will each take all reasonable precautions and exercise all due diligence to ensure that the first and second respondents and the inter-connected bodies corporate and each of them comply with the undertakings hereinbefore given by them;
2. that they and each of them will, in the course of any business which may at any time be carried on by them or either of them take all reasonable pre-

cautions and exercise all due diligence to refrain from any course of conduct set out in sub-paragraphs (1), (2) and (3) of the first undertaking hereinbefore given by the first and second respondents and each of the inter-connected bodies corporate and any similar course of conduct;

3. that they and each of them will not consent to or connive at the carrying on of any such course of conduct as is mentioned in 2 above by any other body corporate in relation to which at any time when that course of conduct is carried on, he is a director, manager, secretary or other similar officer or in which he has at that time a controlling interest.

In these undertakings, unless the context otherwise requires, words have the same meanings as in Part III of the Fair Trading Act 1973.

Part J: Court order in the matter of an application by the Director General under section 35(b) of the Fair Trading Act 1973 regarding failure to observe assurances previously given

Between the Director General of Fair Trading and Ernest Benfold in the Leeds County Court

IT IS ORDERED THAT Ernest Benfold do refrain from continuing the course of conduct as follows:

- (a) committing breaches of contract with consumers by failing to carry out contracts of work and material in a proper and workmanlike manner or in not carrying out the work at all;
- (b) committing breaches of contract with consumers by failing to carry out contracts of work and material by not supplying the materials;
- (c) committing breaches of contract with consumers by failing to return goods which have been given for carrying out necessary repairs;
- (d) failing to return to consumers money to which they are legally entitled, which has been received from them for repairs to goods which have not been carried out.

AND from carrying on any similar course of conduct in the course of the business as a hairdresser and electric razor repair service.

AND IT IS ORDERED THAT the costs of this application be assessed at £38 to be paid by the respondent to the Registrar of this Court by the 29th January 1980.

Dated 22 January 1980.

To Ernest Benfold of 65 Headingley Lane, Leeds 6, TAKE NOTICE THAT unless you obey the directions contained in this Order you will be guilty of contempt of Court, and will be liable to be committed to prison.

Dated 24 April 1980.

Part K: Assurances for the purpose of Part III of the Fair Trading Act 1973

(1) I, Selwyn James alias Selvin James or Kenneth Quinton or Kenneth James of 80 Mannoek Road, London N22, trading as Quinton's Agency and Accommodation Bureau and/or Greenacres Agency, of 447 Green Lanes, hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that I will refrain from continuing the following, and from carrying on any similar course of conduct in the course of my business, namely:

1. committing offences in respect of the Accommodation Agencies Act, 1953, as amended; and
2. failing to refund money to consumers to which they are legally entitled in respect of the offences referred to in paragraph 1 above.

(2) I, David Rees Hewins of Glanyraton Caravan Site, Glynneath, Neath, West Glamorgan, trading as D & J Fuels and D & M Fuels, hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that I will refrain from continuing the following, and from carrying on any similar course of conduct in the course of my business, namely:

1. committing breaches of contract by supplying goods:
 - (a) which do not correspond with any description by which they are sold as required by subsection 1 of the amended section 13 of the Sale of Goods Act 1893; and/or
 - (b) which are not of merchantable quality as required by subsection 2 of the amended section 14 of that Act; and/or
 - (c) which are not fit for a particular purpose for which they have been bought as required by subsection 3 of the amended section 14 of that Act;
2. when in breach of contract in the circumstances referred to in paragraph 1 above, failing to give (within a reasonable time or at all) any or any adequate redress to consumers.

(3) I, Trevor Lewis of Broom Lodge Kennels, Stanwell Road, Horton, Berkshire, trading as the Kensington Dog Bureau, 3a Kensington Church Walk, London W8, hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that I will take all due precautions and exercise all reasonable diligence to refrain from continuing the following and from carrying on any similar course of conduct in the course of my business namely:

1. committing breaches of contract with consumers by supplying animals:
 - (a) which are not of merchantable quality as required by subsection 2 of the amended section 14 of the Sale of Goods Act 1893; and
 - (b) which are not fit for the particular purpose for which they have been bought as required by subsection 3 of the amended section 14 of the Sale of Goods Act 1893 (provided the purpose was made known to me at the time of sale);
2. in contracts for the supply of animals in breach of contract not supplying the correct pedigree or vaccination certificates;
3. committing breaches of contract by not supplying animals:
 - (a) within the stipulated time, or
 - (b) at all,

provided that I cannot be held responsible for circumstances which are beyond my control;
4. in breach of a duty other than a contractual duty failing to return to consumers the purchase monies to which they are legally entitled for animals which are not of merchantable quality or fit for the purpose for which they have been bought or for which no correct pedigree or vaccination certificates have been supplied as described in paragraphs 1(a), 1(b) and 2 above;
5. in breach of a duty other than a contractual duty failing to return to consumers the purchase monies to which they are legally entitled for not supplying animals as described in paragraph 3 above;

6. when animals are supplied which are not of merchantable quality or not fit for the purpose for which they have been bought or have not been supplied with the correct pedigree or vaccination certificates as described in paragraphs 1(a), 1(b) and 2 above and the consumer elects to keep the animal and/or to treat it, committing breaches of contract by failing to reimburse all the expenses thereby properly and reasonably incurred by the consumer;
7. when animals are supplied which are not of merchantable quality or not fit for the purpose for which they have been bought or have not been supplied with the correct pedigree or vaccination certificates as described in paragraphs 1(a), 1(b) and 2 above, committing a breach of contract by failing to pay veterinary and other out-of-pocket expenses properly and reasonably incurred by the consumer.

(4) I, Richard Ronald Dark, of 118 Croxton Way, Eastbourne, East Sussex, hereby give to the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that I will refrain from continuing the following and from carrying on any similar course of conduct in the course of my business, namely:

1. committing breaches of contract with consumers by failing to carry out contracts for work and materials in a proper and workmanlike manner;
2. committing breaches of contract with consumers by failing to carry out contracts for work and materials within the time agreed, or any reasonable time or at all;
3. when in breach of contract, failing to pay compensation or give other redress to consumers;
4. in breach of a duty other than a contractual duty failing to return to consumers money to which they are legally entitled being money paid in respect of contracts for work and materials which have not been carried out.

(5) Hope Laboratories Limited, a body corporate, (registered office: 151 Drury Lane, Hollinwood, Manchester), by its director Lucien Hopmeier, hereby gives to the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that it will take all reasonable precautions and exercise all due diligence to refrain from carrying on the following or any similar course of conduct in the course of its business namely:

1. committing offences under section 1 of the Trade Descriptions Act 1968 by applying a false trade description to goods or by supply or offering to supply goods to which a false trade description is applied;
2. committing breaches of contract with consumers by supplying goods:
 - (a) which do not correspond with the description by which they are sold, as required by subsection 1 of the amended section 13 of the Sale of Goods Act 1893;
 - (b) which are not of merchantable quality as required by subsection 2 of the amended section 14 of that Act; or
 - (c) which are not fit for the particular purpose for which they are being bought as required by subsection 3 of the amended section 14 of that Act.

Lucien Hopmeier, director, also gave assurances that he would take all reasonable precautions and exercise all due diligence to refrain from: consenting to or conniving at the course of conduct of the company; carrying on any similar course of conduct in the course of any business which may at any time be carried on by him; and consenting to or conniving at the carrying on of any such course of conduct by any

other body corporate in relation to which he is, at that time, a director, manager, secretary, or other similar officer, or in which he has, at that time, a controlling interest.

(6) F H Taylor Limited, a body corporate (registered office: Patterson Street, Blaydon, Tyne and Wear), by its managing director Peter T Luper and its secretary Joseph Block, hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that it will refrain from continuing the following, and from carrying on any similar course of conduct in the course of my business, namely:

1. failing to comply with the Electrical Equipment (Safety) Regulations 1975, and committing offences under the Consumer Protection Act 1971; and
2. failing to comply with the Electrical Equipment (Safety) Regulations 1975 as amended by the Electrical Equipment (Safety) (Amendment) Regulations 1976 and committing offences under the Consumer Protection Act 1961 as amended by the Consumer Protection Act 1971; and
3. failing to comply with the Toys (Safety) Regulations 1974 and committing offences under the Consumer Protection Act 1961 as amended by the Consumer Protection Act 1971.

Peter T Luper, managing director, also gave assurances that he would refrain from: continuing to consent to or connive at the course of conduct of the company; carrying on any similar course of conduct in the course of any business which may at any time be carried on by him; and consenting to or conniving at the carrying on of any such course of conduct by any other body corporate in relation to which at any time when that course of conduct is carried on, he is (or purports to act as) a director, manager, secretary, or other similar officer, or in which he has, at that time, a controlling interest.

(7) Telesense Limited, a body corporate (registered office: Sun Alliance House, Dean Park Crescent, Bournemouth), by its director Michael Lawrence Grant and its director and secretary Evelyn Ann Grant, hereby gives the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that it will refrain from continuing the following, and from carrying on any similar course of conduct in the course of its business, namely:

1. committing offences under section 14 of the Trade Descriptions Act 1968 by the use of a RETRA logo on invoices when the company is not a member of RETRA;
2. committing breaches of contract with consumers by:
 - (a) supplying goods which do not correspond with the description by which they are sold as required by subsection 1 of the amended section 13 of the Sale of Goods Act 1893;
 - (b) failing in contracts of work and materials:
 - (i) to supply the materials; and/or
 - (ii) to carry out the work in a proper and workmanlike manner and/or within a reasonable time or at all; and
 - (c) carrying out contracts of work and materials without the authorisation of the consumers.

Michael Lawrence Grant, director, also gave assurances that he would refrain from: continuing to consent to or connive at the course of conduct of the company; carrying on any similar course of conduct in the course of any business which may at any time be carried on by him; and consenting to or conniving at the carrying on of any such

course of conduct by any other body corporate in relation to which at any time when that course of conduct is carried on he is (or purports to act as) a director, manager, secretary, or other similar officer, or in which he has, at that time, a controlling interest.

(8) Wholesale Window Company (West Midlands) Limited, a body corporate (registered office: Cradley Road, Netherton, Dudley), by its director and secretary Brian Alan Alcock, hereby gives the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that it will take all reasonable precautions and exercise all due diligence to refrain from continuing the following, and from carrying on any similar course of conduct in the course of its business, namely:

1. committing breaches of contract by:
 - (a) failing to carry out work in a proper and workmanlike manner;
 - (b) failing to carry out work and/or supply materials for the installation of glazing as agreed;
2. when in breach of contract in the circumstances referred to in paragraph 1. above, failing to give (within a reasonable time) any, or any adequate, redress to consumers.

Peter George Whitehead, director, also gave assurances that he would take all reasonable precautions and exercise all due diligence to refrain from: continuing to consent to or connive at the course of conduct of the company; carrying on any similar course of conduct in the course of any business which may at any time be carried on by him; and consenting to or conniving at the carrying on of any such course of conduct by any other body corporate in relation to which at any time when that course of conduct is carried on he is (or purports to act as) a director, manager, secretary or other similar officer or in which he has, at that time, a controlling interest.

Alan Roger Witham, director, gave similar assurances.

(9) I, Denis Hoggart, trading as Breward Motors, of 116 Graythorpe Industrial Estate, Hartlepool, Cleveland, hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that I will refrain from continuing the following and from carrying on any similar course of conduct in the course of my business, namely:

1. committing breaches of contract with consumers by supplying motor cars which are not of merchantable quality as required by section 14(2) of the Sale of Goods Act 1979 and/or which are not fit for the purpose for which they were bought as required by section 14(3) of that Act;
2. in breach of contract with consumers failing to deliver motor cars ordered by them within a reasonable time or at all;
3. committing breaches of contract with consumers by failing to repair motor cars under the terms of the guarantee given at the time of purchase:
 - (a) in a proper and workmanlike manner;
 - (b) within a reasonable time; and/or
 - (c) at all.

(10) I, Richard Christopher Topping, of 390 South Eldon Street, South Shields, Tyne and Wear, trading as 'Top Accessories', hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that I will refrain from continuing the following, and from carrying on any similar course of conduct in the course of my business, namely:

1. committing breaches of contract with consumers by failing to deliver goods ordered within the time agreed or any reasonable time or at all;
2. in breach of a duty other than a contractual duty, failing to return to consumers money to which they are legally entitled, being money paid in respect of goods which have never been delivered.

(11) Kent Co-operative Society, a body corporate (registered office: Maidstone Road, Chatham, Kent), by its chief executive officer, Frank A Creese, and its deputy chief executive officer, Derek J Skilling, hereby gives the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that it will take all reasonable precautions and exercise all due diligence to refrain from the following, and from carrying on any similar course of conduct in the course of its business, namely:

1. committing offences under the Food and Drugs Act 1955 by selling bottles of milk not of the nature, substance or quality demanded by the purchaser and/or not fit for human consumption, contrary to section 2(1) and 8(1) respectively of that Act;
2. committing offences under the Milk and Dairies (General) Regulations 1959 by failing to ensure that vessels used by it for containing milk are, immediately before use, in a state of thorough cleanliness, contrary to regulation 27(1) thereof;
3. committing breaches of contract with consumers by supplying bottles of milk which:
 - (a) are not of merchantable quality, as required by section 14(2) of the Sale of Goods Act 1979;
 - (b) are not fit for the purpose for which they are being supplied, as required by section 14(3) of that Act.

(12) I, Andrew Dickson, of 40 Manor Field Drive, Horbury, Wakefield, trading as 'Yorkshire Double Glazing', hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that I will refrain from continuing the following, and from carrying on any similar course of conduct in the course of my business, namely:

1. committing breaches of contract with consumers by:
 - (a) failing to carry out contracts for work and materials in a proper and workmanlike manner;
 - (b) supplying, pursuant to contracts for work and materials, materials which are not of merchantable quality and/or not fit for their purpose;
2. when in breach of contract as referred to in paragraph 1 above, failing within a reasonable time to give to consumers any, or any adequate, redress.

(13) I, Miles Bracken Ward, of 22 Upper Bridge Road, Redhill, Surrey, director of Craft Patterns Limited, a body corporate in liquidation (registered office: 2a High Street, Redhill, Surrey), hereby give to the Director General of Fair Trading written assurances sought by him pursuant to section 38 of the Fair Trading Act 1973 that I will refrain from:

1. continuing to consent to or connive at the course of conduct of Craft Patterns Limited consisting of:
 - (a) committing breaches of contract with consumers by failing to deliver goods ordered within the time agreed or at all;
 - (b) in breach of a duty other than a contractual duty failing to return to

- consumers money to which they are legally entitled for goods which have not been supplied;
- (c) having not supplied goods to consumers failing promptly to pay damages to the consumer or to give other compensation agreed between the parties;
2. carrying on any similar course of conduct in the course of any business which may at any time be carried on by me; and
 3. consenting to or conniving at the carrying on of any such course of conduct by any other body corporate in relation to which at any time when that course of conduct is carried on I am (or purport to act as) a director, manager, secretary or other similar officer or in which I have, at that time, a controlling interest.

Catherine Elizabeth Ward gave similar assurances.

(14) I, Alan Cross, of 19 Orpington Square, Burnley, Lancashire, who was at all material times director of Alecto Philatelics Limited, trading as Alecto Stamp Service, a body corporate now in liquidation, hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 38 of the Fair Trading Act 1973 that I will refrain from:

1. continuing to consent to or connive at the course of conduct of Alecto Philatelics Limited, consisting of:
 - (a) committing breaches of contract with consumers by failing to deliver goods ordered or bought by auction within the time agreed or any reasonable time or at all;
 - (b) in breach of a duty other than a contractual duty failing to return to consumers money to which they are legally entitled, being money paid for goods which have never been delivered;
 - (c) committing breaches of contract with consumers by failing to sell goods by auction as agreed within a reasonable time or at all;
 - (d) when in breach of contract as referred to in paragraph (c) above, failing to return to the owner in accordance with the terms of the contract, or on request, goods which have been given to be sold by auction;
 - (e) committing breaches of contract with consumers by failing to deliver to them money to which they are legally entitled being money received in respect of the sale by auction of goods given to Alecto Philatelics Limited for that purpose;
2. carrying on any similar course of conduct in the course of any business which may at any time be carried on by me;
3. consenting to or conniving at the carrying on of any such course of conduct by any other body corporate in relation to which at any time when that course of conduct is carried on I am (or purport to act as) a director, manager, secretary or other similar officer or in which I have, at that time, a controlling interest.

(15) Robert Anthony (Investment Jewellers) Limited, a body corporate (registered office: 17 Olive Street, Sunderland, Tyne and Wear), trading as 'Robert Anthony', by its director Robert Hall and its secretary Peter James Waugh, hereby gives the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that it will refrain from continuing the following and from carrying on any similar course of conduct in the course of its business, namely:

1. committing offences under section 1(1) (b) of the Hallmarking Act 1973 by supplying or offering to supply unhallmarked articles to which prohibited descriptions have been applied;
2. committing breaches of contract with consumers by supplying goods which are not of merchantable quality and/or not fit for the purpose for which they were sold as required by section 14 of the Sale of Goods Act 1979;
3. when in breach of contract as referred to in paragraph 2 above, failing within a reasonable time to give any, or any adequate, redress to consumers.

Robert Hall, director, also gave assurances that he would refrain from: continuing to consent to or connive at the course of conduct of the company; carrying on any similar course of conduct in the course of any business which may at any time be carried on by him; and consenting to or conniving at the carrying on of any such course of conduct by any other body corporate in relation to which at any time, when that course of conduct is carried on, he is (or purports to act as) a director, manager, secretary or other similar officer or in which he has, at that time, a controlling interest.

(16) Alprime (North-Eastern) Windows Limited, a body corporate now in liquidation (registered office: Baldersby, near Thirsk, North Yorkshire), by its director and secretary George Robert Chaytor, hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that it will refrain from continuing the following, and from carrying on any similar course of conduct in the course of its business, namely:

1. committing breaches of contract with consumers by failing to carry out contracts of work and materials in a proper and workmanlike manner and/or within the time agreed and/or within any reasonable time and/or at all; and
2. in breach of a duty other than a contractual duty, failing to return to consumers money to which they are legally entitled, being money which has been paid in respect of contracts of work and materials which have never been carried out.

Alexander John Stott, a director, also gave assurances that he would refrain from: continuing to consent to or connive at the course of conduct of the company; carrying on any similar course of conduct in the course of any business which may at any time be carried on by him; and consenting to or conniving at the carrying on of any such course of conduct by any other body corporate in relation to which at any time when that course of conduct is carried on he is (or purports to act as) a director, manager, secretary or other similar officer or in which he has, at that time, a controlling interest.

Robert Pullan and George Robert Chaytor, directors, gave similar assurances.

(17) Kings Mail Order Limited, a body corporate (registered office: Weir Bank, Bray, Maidenhead) by its director, Keith Lovell, hereby gives the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that it will refrain from continuing the following, and from carrying on any similar course of conduct in the course of its business, namely:

1. committing breaches of contract with consumers:
 - (a) by supplying goods which do not correspond with any description by which they are sold as required by subsection 1 of section 13 of the Sale of Goods Act 1979;
 - (b) by failing to supply goods within a reasonable time or at all;
2. in breach of a duty other than a contractual duty failing to return to consumers money to which they are legally entitled in cases where the consumer:

- (a) has lawfully rejected goods for which he/she has paid; and/or
 - (b) has not been supplied with the goods at all;
3. having supplied goods which do not correspond with their description or having failed to supply goods within a reasonable time or at all, failing promptly to pay damages to the consumer or give any other compensation.

Keith Lovell, director, also gave assurances that he would refrain from: continuing to consent to or connive at the course of conduct of the company; carrying on any similar course of conduct in the course of any business which may at any time be carried on by him; and consenting to or conniving at the carrying on of any such course of conduct by any other body corporate in relation to which at any time, when that course of conduct is carried on, he is (or purports to act as) a director, manager, secretary or other similar officer or in which he has, at that time, a controlling interest.

(18) Carrick Furniture House Limited, incorporated under the Companies Act (registered office: 10-11 Carrick Street, Ayr, Scotland), by one of its directors Alan Joseph Freeman and its secretary Wilhelmina Copland Johnston, hereby binds and obliges itself and assures the Director General of Fair Trading that pursuant to section 34 of the Fair Trading Act 1973 as from the date hereof it will take all reasonable precautions and exercise all due diligence to refrain from carrying on the following and any similar course of conduct in the course of its business, namely:

1. committing breaches of contract with consumers by supplying goods which do not correspond with the description, and which are not of merchantable quality, and which are not fit for the purpose for which they are being supplied, as required by sections 13 and 14 of the Sale of Goods Act 1979;
2. committing breaches of contract with consumers by failure to deliver goods ordered within the time agreed;
3. committing breaches of contract with consumers in not carrying out contracts for work in a proper and workmanlike manner and/or within a reasonable time and/or at all;
4. in breach of a duty other than a contractual duty by failing to return to consumers money to which they are legally entitled.

Alan Joseph Freeman, director, also gave assurances that he would take all reasonable precautions and exercise all due diligence to refrain from: consenting to the company carrying on such a course of conduct; carrying on any similar course of conduct in the course of any business which may at any time be carried on by him; and consenting to the carrying on of any such course of conduct by any other body corporate in relation to which, at any time when that course of conduct is carried on, he is (or purports to act as) a director, manager, secretary or other similar officer, or in which he has, at that time, a controlling interest.

(19) Lootgent Limited, a body corporate (registered office: 29 Station Road, Whitley Bay, Tyne and Wear), by its director, Cyril Alexander Rowell, and its secretary, Gladys Rowell, hereby gives the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that it will take all reasonable precautions and exercise all due diligence to refrain from continuing the following and from carrying on any similar course of conduct in the course of its business, namely:

1. committing breaches of contract with consumers by supplying goods which are not of merchantable quality as required by section 14(2) of the Sale of Goods Act 1979;
2. when in breach of contract as referred to in paragraph 1 above, failing to

give any, or any adequate, redress to consumers within a reasonable time or at all.

Cyril Alexander Rowell, director, also gave assurances that he would take all reasonable precautions and exercise all due diligence to refrain from: continuing to consent to or connive at the course of conduct of the company; carrying on any similar course of conduct in the course of any business which may at any time be carried on by him; and consenting to or conniving at the carrying on of any such course of conduct by any other body corporate in relation to which at any time, when that course of conduct is carried on, he is (or purports to act as) a director, manager, secretary or other similar officer or in which he has, at that time, a controlling interest.

(20) I, Cyril Alexander Rowell, of 14 Thornhill Crescent, Sunderland, trading as 'Skincraft' hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that I will take all reasonable precautions and exercise all due diligence to refrain from continuing the following and from carrying on any similar course of conduct in the course of my business, namely:

1. committing breaches of contract with consumers by supplying goods which are not of merchantable quality as required by section 14(2) of the Sale of Goods Act 1979;
2. when in breach of contract as referred to in paragraph 1 above, failing to give any, or any adequate, redress to consumers within a reasonable time or at all.

(21) I, Jeffrey Laidler, of 29 Cheviot View, Prudhoe, Northumberland, a director of Quellvac Limited, trading as 'Go-Freight', a body corporate now in liquidation (principal place of business: Unit 5, Teams Village Shopping Precinct, Gateshead, Tyne and Wear), hereby give to the Director General of Fair Trading written assurances sought by him pursuant to section 38(1) of the Fair Trading Act 1973 that I will refrain from:

1. continuing to consent to the course of conduct of Quellvac Limited, trading as 'Go-Freight', consisting of:
 - (a) committing breaches of contract with consumers by failing to deliver goods ordered within the time agreed and/or within any reasonable time and/or at all; and
 - (b) in breach of a duty other than a contractual duty, failing to return to consumers money to which they are legally entitled, being money which has been paid in respect of goods which have never been delivered;
2. carrying on any similar course of conduct in the course of any business which may at any time be carried on by me; and
3. consenting to the carrying on of any such course of conduct by any other body corporate in relation to which at any time when that course of conduct is carried on I am (or purport to act as) a director, manager, secretary or other similar officer or in which I have, at that time, a controlling interest.

(22) Sunderland Puppy Centre Limited, a body corporate (registered office: Bank Parade, Hendon, Sunderland), by its director, Alan John Dunville, and its secretary, Roy Dunville, hereby gives the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that it will refrain from continuing the following, and from carrying on any similar course of conduct in the course of its business, namely:

1. committing breaches of contract with consumers by supplying animals:

- (a) which do not correspond with the description by which they are sold in breach of the term implied by section 13(1) of the Sale of Goods Act 1979; or
 - (b) which are not of merchantable quality in breach of the term implied by section 14(2) of the said Act; or
 - (c) which are not fit for the particular purpose for which they have been bought in breach of the term implied by section 14(3) of the said Act;
2. in contracts for the supply of animals in breach of contract by:
 - (a) not supplying the correct pedigree certificates; and/or
 - (b) not supplying the pedigree certificates or the Kennel Club application form for the Basic Registration Certificate within a reasonable time or at all;
 3. in breach of a duty other than a contractual duty failing to pay compensation or to give any other redress when in breach of contract.

Alan John Dunville, director, also gave assurances that he would refrain from: continuing to consent to or connive at the course of conduct of the company; carrying on any similar course of conduct in the course of any business which may at any time be carried on by him; and consenting to or conniving at the carrying on of any such course of conduct by any other body corporate in relation to which at any time when that course of conduct is carried on he is (or purports to act as) a director, manager, secretary or other similar officer or in which he has, at that time, a controlling interest.

Roy Dunville, secretary, and Kathleen Patricia Dunville, have given similar assurances.

(23) Ovenfresh Foods (Plymouth) Limited, a body corporate (registered office: Holborn Place, St Judes, Plymouth, Devon), by its director, G K Lewis, and its director and secretary, Marian M Lewis, hereby gives the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that it will refrain from continuing the following, and from carrying on any similar course of conduct in the course of its business, namely:

- committing offences under the Meat Pie and Sausage Roll Regulations 1967 (SI 1967 No. 860) by:
 1. selling meat pies with a meat content of less than 25 per cent, contrary to regulation 5(1); and
 2. selling meat and vegetable pies with a meat content of less than 12½, contrary to regulation 5(5).

G K Lewis, director, also gave assurances that he would refrain from: continuing to consent to or connive at the course of conduct of the company; carrying on any similar course of conduct in the course of any business which may at any time be carried on by him; and consenting to or conniving at the carrying on of any such course of conduct by any other body corporate in relation to which at any time when that course of conduct is carried on he is (or purports to act as) a director, manager, secretary or other similar officer or in which he has, at that time, a controlling interest.

(24) I, Stephen Wayne Telford, of 456 Ashfield Road, Thornton Cleveleys, Blackpool, a dealer in second-hand motor cars, hereby give the Director General of Fair Trading written agreements sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that I will refrain from continuing the following, and from carrying on any similar course of conduct in the course of my business, namely:

1. committing offences under section 1(1) (a) and/or 1(1) (b) of the Trade

Descriptions Act 1968 by applying false trade descriptions to motor cars and/or by supplying or offering to supply motor cars to which false trade descriptions are applied;

2. committing breach of contract by supplying motor cars which do not correspond with the description by which they are sold, contrary to section 13 of the Sale of Goods Act 1979.

(25) I, Piara Singh, of 36 Whitbread Avenue, Bedford, trading as Gill Brothers Super Store of Midland Road, Bedford and Whitbread Avenue, Bedford, hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that I will refrain from continuing the following, and from carrying on any similar course of conduct in the course of my business, namely:

1. committing offences under sections 2 and 8 of the Food and Drugs Act 1955;
2. committing offences under the Food Hygiene (General) Regulations 1970 by:
 - (a) carrying on a food business at insanitary premises (regulation 6);
 - (b) failing to keep articles, or equipment, with which food comes into contact, clean (regulation 7);
 - (c) failing to keep such articles in good order so as to enable them to be thoroughly cleaned (regulation 7(1) (a));
 - (d) failing to take all such steps as may be reasonably necessary to protect the food from risk of contamination (regulation 9);
 - (e) failing to keep food in such a place as not to involve any risk of contamination (regulation 9(a));
 - (f) failing to place sanitary conveniences so as no offensive odours from them penetrate into any food room (regulation 16(1) (b));
 - (g) failing to sufficiently light and ventilate and keep clean rooms containing a sanitary convenience (regulation 16(2));
 - (h) failing to provide in the food premises for every washhand basin for use of all persons engaged in the handling of food an adequate supply of hot water at a suitably controlled temperature (regulation 18(2));
 - (i) failing to provide for use at washhand basins an adequate supply of soap, nail brushes and clean towels (regulation 18(3));
 - (j) failing to keep washhand basins clean and in good working condition (regulation 18(4));
 - (k) failing to provide washing facilities suitable for the washing of food and equipment (regulation 21);
 - (l) failing to keep clean and in good working order a sink in the washing facilities (regulation 21(3));
 - (m) failing to keep the structure of food rooms clean (regulation 25);
 - (n) failing to keep the structure of food rooms in such good order as to enable them to be effectively cleaned (regulation 25(a));
 - (o) failing to keep the structure of food rooms in such good order as to prevent any risk of infestation by rats, mice or insects (regulation 25(b)).

(26) I, Eric Edward Windsor, of 73 Chislehurst Road, Orpington, Kent, trading as Foots Cray Timber, hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that I will

refrain from continuing the following and from carrying on any similar course of conduct in the course of my business, namely:

1. committing breaches of contract with consumers by failing to deliver goods ordered within the time agreed or any reasonable time or at all;
2. in breach of a duty other than a contractual duty, failing to return to consumers money to which they are legally entitled being money paid in respect of goods which have not been delivered.

Janet May Windsor gave similar assurances.

(27) I, Malcolm Davison, trading as 'Sound and Vision', of 68 Pembroke Avenue, Sunderland, hereby give the Director General of Fair Trading written assurances sought by him, pursuant to section 34(1) of the Fair Trading Act 1973 that I will refrain from continuing the following, and from carrying on any similar course of conduct in the course of my business, namely:

1. committing breaches of contract with consumers by supplying goods which are not of merchantable quality as required by section 14(2) of the Sale of Goods Act 1979, and/or which are not fit for the purpose for which they were supplied as required by section 14(3) of that Act;
2. committing breaches of contract with consumers by failing to carry out contracts of repair:
 - (a) in a proper and workmanlike manner; and/or
 - (b) within a reasonable time; and/or
 - (c) at all;
3. committing breaches of contract with consumers by failing to return goods which had been given for carrying out the necessary repairs.

(28) I, Brian Hurman, of 38 Alfred Street, Weston-Super-Mare, director and secretary of Tim Clark Limited, a body corporate (registered office: 19 Alexandra Parade, Weston-Super-Mare), hereby give to the Director General of Fair Trading written assurances sought by him pursuant to section 38 of the Fair Trading Act 1973 that I will refrain from:

1. continuing to consent to or connive at the course of conduct of Tim Clark Limited consisting of:
 - (a) in breach of contract with consumers failing to provide travel arrangements and holiday accommodation in accordance with the express or implied terms of the contract;
 - (b) committing offences under section 14 of the Trade Descriptions Act 1968;
 - (c) committing breaches of contract with consumers by failing and/or refusing to carry out contracts of travel arrangements and holiday accommodation at the agreed contractual price;
 - (d) committing breaches of contract with consumers by failing to return money paid in accordance with the terms of the contract;
 - (e) having committed breaches of contracts in respect of travel arrangements and holiday accommodation and by failing or refusing to carry out contracts for travel arrangements and holiday accommodation at the agreed contractual price failing promptly to pay damages to consumers or give any other compensation;
2. carrying on any similar course of conduct in the course of any business which may at any time be carried on by me; and

3. consenting to or conniving at the carrying on of any such course of conduct by any other body corporate in relation to which at any time when that course of conduct is carried on I am (or purport to act as) a director, manager, secretary or other similar officer or in which I have, at that time, a controlling interest.

(29) I, Myles Joseph Byrne of 14, Walton Terrace, Guisborough, Cleveland, previously trading as 'True Time Services', hereby give the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that I will refrain from continuing the following, and from carrying on any similar course of conduct in the course of my business, namely:

committing breaches of contract with consumers by:

- (a) failing to carry out repairs in a proper and workmanlike manner;
- (b) failing to carry out repairs within a reasonable time or at all;
- (c) failing to return to the owner in accordance with the terms of the contract, or on request, goods in my possession for the purposes of repair.

(30) Tensor Marketing Limited, a body corporate trading as Tensor Cycles (registered office: Import House, Lingfield Way, Yarm Road Industrial Estate, Darlington, County Durham), by its director, Robert James Pickersgill, and its director and secretary, Derek Longstaff, hereby gives the Director General of Fair Trading written assurances sought by him pursuant to section 34(1) of the Fair Trading Act 1973 that it will refrain from continuing or repeating the following, and from carrying on any similar course of conduct in the course of its business, namely:

1. committing offences under section 1 of the Trade Descriptions Act 1968 by applying a false trade description to goods or by supplying or offering to supply goods to which a false trade description is applied;
2. committing breaches of contract with consumers:
 - (a) (i) by supplying goods which do not correspond with any description by which they are sold as required by subsection 1 of section 13 of the Sale of Goods Act 1979;
 - (ii) by supplying goods which are not of merchantable quality and are not fit for the purpose for which they are supplied as required by subsections 2 and 3 of section 14 of the Sale of Goods Act 1979;
 - (b) by failing to supply goods within a reasonable time or at all;
 - (c) by failing to comply with the terms of the guarantee given at the time of the purchase of the goods;
3. in breach of a duty other than a contractual duty failing to return to consumers money to which they are legally entitled in cases where the consumer:
 - (a) has lawfully rejected the goods for which he/she has paid; and/or
 - (b) has not been supplied with the goods at all.

Robert James Pickersgill, director, also gave assurances that he would refrain from: continuing to consent to or connive at the course of conduct of the company; carrying on any similar course of conduct in the course of any business which may at any time be carried on by him; and consenting to or conniving at the carrying on of any such course of conduct by any other body corporate in relation to which at any time when that course of conduct is carried on he is (or purports to act as) a director, manager, secretary or other similar officer or in which he has, at that time, a controlling interest.

Derek Longstaff, director and secretary, gave similar assurances.

Part L: Classification of consumer complaints and details of convictions under consumer legislation

Information in the following tables relates exclusively to the year ending 30 September 1980. In Table 1 the ratios of complaints to consumer expenditure are presented only for the purpose of comparison between industries. Comparison with the ratios in previous years would be misleading. The levels of reported complaints dropped in areas of the country where advice services were curtailed; and, with expenditure figures based on current prices, annual ratios fell to reflect inflation.

Local authorities and advice agencies also assisted the Office greatly by categorising complaints according to the trading practice involved. Together with a more detailed analysis of the goods and services involved, this information was included among the collated complaint figures which the Office circulates quarterly.

The Office took part in the Department of Trade's discussions with local authority associations on future information needs. The Secretary of State indicated that he is satisfied that the Director General can continue to discharge his duties if certain statutory requirements upon enforcement authorities in this respect are replaced by voluntary arrangements.

Table 1—Consumer complaints analysed by type of goods or service

	<i>No. of complaints 1979-80</i>	<i>Complaints per £m spent 1979-80</i>
<i>Goods</i>		
Food and drink	39,672*	1.22
Footwear	26,225	14.02
Clothing and textiles	54,633	5.92
Furniture and floor coverings	55,794	18.06
Household appliances	61,158	25.88
Toilet requisites, soaps, detergents, etc	2,498	1.86
Toys, games, sports goods, etc	8,928	12.11
Solid and liquid fuels	6,439	1.19
Motor vehicles and accessories	65,009	11.61
Other consumer goods	83,199	—
Non-consumer goods	2,665	—
Land, including houses	1,491	—
<i>Services</i>		
Home repairs and improvements	15,315	3.93
Repairs and servicing to domestic electrical appliances (excluding radio and TV)	4,390	23.93
Repairs and servicing to motor vehicles	12,752	10.44
Other repairs and servicing	13,031	39.25
Cleaning	8,093	36.54
Public utilities and transport	13,006	0.84
Consumer credit	5,693	—
Entertainment and accommodation	12,715*	1.65
Holidays	8,060	2.90
Professional services	10,650	2.05
General services, etc	20,054	—

*Consumer complaints reported by Environmental Health Officers are included in these sectors.
They are:

Food and drink	18,111
Entertainment and accommodation	7,482

Table 2—Convictions under the Trade Descriptions Acts and the Fair Trading Act 1973

Reported cases 1979-80	Trade Descriptions Act†						Fair Trading Act 1973					
	False description of goods		False price claimed		False statements about services		Restrictions on Statements Order		Business Advertisements (Disclosure) Order			
	A	B	A	B	A	B	A	B	A	B		
Goods												
Food and drink	72†	18,495	108	17,005	—	—	—	—	—	—	—	—
Footwear, clothing and textiles .. .	88	13,160	12	1,280	—	—	6	250	1	—	*	—
Furniture and floor covering .. .	13	3,780	7	2,050	—	—	1	55	—	—	—	—
Household appliances .. .	15	2,620	1	100	—	—	2	310	4††	—	155	—
Toilet requisites, soaps, detergents .. .	5	595	72	16,342	—	—	—	—	—	—	—	—
Solid and liquid fuels .. .	26	5,753	16	2,580	—	—	—	—	—	—	—	—
Motor vehicles and accessories .. .	671†	318,532	8	1,845	—	—	14	1,900	128**	—	22,805	—
Others .. .	125	24,915	47	7,867	—	—	3	1,125	1	—	20	—
Services												
Home repairs and improvements .. .	—	—	—	—	15§	2,675	—	—	—	—	—	—
Repairs and servicing to motor vehicles .. .	—	—	—	—	25	2,725	—	—	—	—	—	—
Other repairs and cleaning .. .	—	—	—	—	13	1,765	—	—	—	—	—	—
Holidays, entertainment and accommodation .. .	—	—	—	—	20	7,420	—	—	—	—	—	—
Public utilities, professional and general services .. .	—	—	—	—	52¶	10,240	—	—	—	—	—	—
Total .. .	1,015	£387,850	271	£49,069	125	£24,825	26	£3,640	134	—	£22,980	—

*Conditional Discharge

†Includes one conviction under Trade Descriptions Act 1972. Fine £25.

‡Includes 11 sentences of imprisonment ranging from 1-9 months. Also includes one sentence of 9 months' imprisonment suspended for 2 years.

§Includes one sentence of 18 months' imprisonment.

¶Includes one sentence of 3 months' imprisonment suspended for 2 years.

**Includes one sentence of 3 months' imprisonment.

††Includes one suspended sentence of 3 months' imprisonment.

Table 3—Convictions in 1979–80 in reported cases under other consumer legislation

	<i>Number</i>	<i>Fines (£)</i>
<i>Consumer Credit Act 1974</i>	22	4,660*
<i>Weights and Measures Acts†</i>		
False or unjust equipment	100	11,537
Short weight or measure	267	33,338
Average weight and quantity offences	12	4,260
Other offences	156	33,661
Total	535	82,796
<i>Food and Drugs Acts†</i>		
Not of nature, substance or quality demanded	1,165	70,961
Unfit food	257	24,925
Labelling regulations and others	646	119,663
Total	2,068	215,549
<i>Consumer Protection Act Regulations and other consumer legislation</i>	814	113,072

*Includes one case of one year's imprisonment.

†A case which involves more than one count is still treated as one in this table; where those counts concern different offences under the same Act, that case and the total penalty is counted against the first listed offence only.

APPENDIX TWO

Part A: Texts of monopoly references and decisions on extended periods for reporting

The wholesale supply in the United Kingdom of motor car parts: 13 November 1980

The Director General of Fair Trading in exercise of his powers under sections 10(3) and (4), 47(1) and (2), 49(1) and 50(1) of the Fair Trading Act 1973 hereby refers to the Monopolies and Mergers Commission the matter of the existence or the possible existence of a complex monopoly situation in relation to the wholesale supply of motor car parts in the United Kingdom.

The Commission shall investigate and report on the questions whether a monopoly situation exists by virtue of section 6(1) (c) of the said Act in relation to such supply, and, if so:

- (a) in favour of what person or persons that monopoly situation exists;
- (b) whether any steps (by way of uncompetitive practices or otherwise) are being taken by that person or those persons for the purpose of exploiting or maintaining the monopoly situation and, if so, by what uncompetitive practices or in what other way;
- (c) whether any action or omission on the part of that person or those persons is attributable to the existence of the monopoly situation and, if so, what action or omission and in what way it is so attributable; and
- (d) whether any facts found by the Commission in pursuance of their investigations under the preceding provisions of this paragraph operate or may be expected to operate against the public interest.

The Commission shall, in investigating and reporting upon the question whether a monopoly situation exists by virtue of section 6(1)(c) of the said Act, limit their consideration to the practice whereby suppliers of reference goods require persons to whom they supply reference goods to acquire those goods exclusively from them or from sources approved by them, and shall include consideration of that practice whether the requirement of exclusivity relates to:

- (a) all car parts;
- (b) any particular type or types of car part; or
- (c) car parts for any particular brand or brands of motor car.

The Commission shall report upon this reference within a period of 12 months from the date of this reference.

The supply in Great Britain of films to exhibitors for exhibition in cinemas: 11 December 1980

The Director General of Fair Trading in exercise of his powers under sections 9(1), 47(1), 49(1) and 50(1) of the Fair Trading Act 1973 hereby refers to the Monopolies and Mergers Commission the matter of the existence or possible existence of a monopoly situation in relation to the supply of films to exhibitors for exhibition in cinemas in Great Britain.

The Monopolies and Mergers Commission shall upon this reference investigate and report in relation to such supply on the questions whether a monopoly situation exists and if so:

- (a) by virtue of which provision of section 6 of that Act that monopoly situation is to be taken to exist;
- (b) in favour of what person or persons that monopoly situation exists;
- (c) whether any steps (by way of uncompetitive practices or otherwise) are being taken by that person or those persons for the purpose of exploiting or maintaining the monopoly situation and, if so, by what uncompetitive practices or in what other way;
- (d) whether any action or omission on the part of that person or those persons is attributable to the existence of the monopoly situation and, if so, what action or omission and in what way it was so attributable; and
- (e) whether any facts found by the Commission in pursuance of these investigations operate, or may be expected to operate, against the public interest.

In this reference:

‘cinema’ means any premises in Great Britain used for the exhibition of films;
‘exhibition’ means exhibition to the public;
‘exhibitor’ means a person carrying on the business of exhibiting films to the public in Great Britain;
‘film’ means any record, however made, capable of being used as a means of showing a sequence of visual images as a moving picture.

The Commission shall report upon this reference within a period of eighteen months from the date hereof.

Extended periods for reporting

Following representations from the Monopolies and Mergers Commission that they would be unable to complete reports on the undermentioned references by the dates specified. The Secretary of State for Trade gave directions which allowed the Commission an extended period for the purpose of reporting on the references. These are:

<i>Title of reference</i>	<i>Specified completion date</i>	<i>Extended completion date</i>
The supply of roadside advertising services	9 November 1980	9 May 1981
The supply of credit card franchise services	29 June 1980	31 December 1980

Part B: Statements on the publication of reports on monopoly references

The supply of gas appliances

Parliamentary statement by the Minister of State for Consumer Affairs on 29 July 1980¹ on the Monopolies and Mergers Commission’s report:

‘The report is published today. The Commission have found that the gas appliance retailing monopolies of the British Gas Corporation (BGC) and certain monopolies in the gas appliance manufacturing industry operate against the public interest.

¹HC Deb (1979–80) 989, No. 223, 29 July 1980, c 590–595.

'British Gas Corporation

The Commission acknowledged that the present practices of BGC had provided the public with a nationwide retail and advice service which the public had found of high value and which had concerned itself, to the great advantage of all, with ensuring that the supply of gas was safe. However, regarding the effects of BGC's monopoly on manufacturers of appliances, the Commission considered that BGC exercised excessive control over the conduct and performance of the appliance industry, and that as dominant retailer it was the principal arbiter of models offered to the public. The Commission found that manufacturers were unduly subservient to BGC in that their designs gave undue weight to the BGC's views of marketability of certain characteristics (eg eye-level grills, electronic ignition). They accorded delivery and price preference to BGC and were so heavily dependent on its marketing that any change of BGC's market policy had a serious effect on their whole prospects. Indirectly this had contributed to the industry's poor export performance, and had been a prime cause of conduct in restraint of competition within the industry. The level of dependence into which the appliance manufacturers had fallen restricted competition between manufacturers by reducing incentives to improve efficiency, and depressed investment, which in turn deprived consumers of the advantages of competition and so operated as a further disincentive to efficiency.

'The Commission found that BGC's domination of the retailing of these appliances had also had the effect of restricting competition in retailing. The Commission noted that BGC had successfully insisted that manufacturers should increase price differentials in its favour and to the detriment of competing retailers; it had implemented the "Superflame" scheme, the effect of which after 1975 was to deny retailers other than BGC the right to stock many of the up-to-date cooker models in current production, and also some space heaters; BGC's insistence on delivery preference from the manufacturers and the occasions when it had cut prices to meet or beat retail competition which it saw as a threat to its own position had caused smaller retailers to find themselves unable to compete. For the buying public the effect of these practices and activities had been to limit the number of independent outlets supplying gas appliances, and thereby to suppress competition, to limit consumer choice and possibly to increase the price of appliances.

'The Commission also took into account BGC's conviction that, in the allocation of costs, appliance marketing was inextricably linked with promoting the sales of gas. The consequence was that some costs which, if incurred by an independent retailer, would have had to be regarded as costs of selling appliances, had been regarded as costs of selling gas. This difference in the basis of calculating costs distorted competition between BGC and independent retailers.

'The Commission noted that the situation now appeared to be changing as larger retailers such as Currys, Comet, Co-ops and Trident had entered the market, as had a few more small retailers and builders merchants. Their market share was modest but increasing slowly. The Commission noted that BGC had changed their attitude to independents, particularly in the period since the inquiry was set up, and that the "Superflame" scheme was being phased out. The Commission could not judge the reason for these developments; and BGC had not acknowledged any essential rethinking of its retailing policies. The Commission could not ignore the possibility that the BGC might be tempted to employ again some of the commercial tactics which they had criticised. In the present circumstances the public was losing the benefit of competition. In the Commission's view this made it impossible to know whether BGC's retailing system was cost-effective or provided for consumer demand at the cheapest prices; it appeared to threaten the longer-term efficiency and viability of the appliance industry.

'Other monopolists

In relation to the monopoly of Thorn Gas Appliances Limited (Thorn) in the supply of cookers, the Commission commented that they had no reason to believe that Thorn had been earning excessive profits. They also noted that Thorn's rate of investment had been rather higher than average in the industry and that Thorn had been more alert in organising itself to meet certain of the new demands emerging both in relation to home and export markets. With regard to pricing and selling policies, however, the Commission noted that Thorn, in co-operating with policies introduced by BGC in 1973, had made increases in differentials against independent retailers comparable with those of other manufacturers, and had appeared to give BGC first call on its production. The Commission found it a matter for regret that Thorn had not felt able to adopt a more independent role, particularly in relation to sales to other retailers, and said that it could have used its power as the largest supplier with considerably more effect than it had. They accordingly concluded that Thorn's monopoly in the supply of gas cookers had operated against the public interest in that the company had, by its pricing and selling policies, acted in such a way as to uphold the monopolies enjoyed by BGC in the supply of gas cookers and to discourage the growth of independent retailers.

'On the complex monopolies in favour of members of the Society of British Gas Industries (SBGI) and the Gas Stove Makers Panel (GSMP) the Commission noted that BGC's dominant position made it almost inevitable that the manufacturers should combine to protect their own interests. The activities of these groups had included discussions on the levels of differential between prices to be offered to BGC and those charged to other retailers, on the advance notice of price increases to be offered to BGC, and on matters connected with the entry to the retail market of the Co-operative Wholesale Society. Although satisfied that these discussions did not amount to an agreement, the Commission concluded that the complex monopoly situations had operated against the public interest in that they had tended to restrict competition and that they had served to support and enhance the BGC's monopolies.

'The Commission's findings

'The Commission found that monopoly situations existed in favour of Thorn in relation to the supply of gas cookers; Thorn and Chaffoteaux Limited in relation to the supply of water heaters, and BGC in relation to the supply of cookers, water heaters and space heaters both by and to BGC. The Commission also found that complex monopoly situations existed in relation to the supply of each of the three classes of goods in favour of all manufacturers who were members of SBGI and GSMP.

'The Commission concluded that all the monopolies they found to exist, except those enjoyed by Thorn and Chaffoteaux in respect of water heaters, operated against the public interest.

'The Commission's recommendation

'The Commission found that the adverse effects of those monopolies which operated against the public interest centered on the dominant position which BGC exercised as both a monopoly buyer and retailer of appliances, and that BGC's position was underlined by its role as the statutory supplier of the fuel. The Commission have recommended either of two options to remedy the adverse situation created by the BGC monopolies as being worthy of consideration, but have not expressed any opinion as to the choice between the two favoured options. However, the Commission made no direct recommendations to remedy the adverse effects they found in relation to monopolists other than BGC, as they

considered that remedying the adverse effects in respect of BGC would result in remedying the adverse effects of the other monopoly situations also.

'The Commission considered how the present position might be improved, and in particular looked at three possible changes:

- (a) that BGC should discontinue its retailing functions and that the retailing of gas appliances should become exclusively a private-sector activity; or
- (b) that the retailing operation should be transferred to one or more distinct or virtually distinct bodies, which should be separately accountable; or
- (c) that there should be a modification of BGC's accounting and other procedures with a view to reducing its power in the retailing sector and thereby its influence over manufacturers. This would involve seeking more fully to achieve and taking further the objective of the Department of Trade and Industry in 1971, when it was decided that BGC should publish separate accounts for its appliance retailing, and installation and contracting services. This might involve more precise directives, setting out different and clearer arrangements for the allocation of costs and for BGC's accounting system, but leaving the retailing activities with BGC, as was agreed in 1971.

'The Commission considered the advantages and disadvantages of the three options in detail in paragraphs 13.88 to 13.106 of their report. Their conclusion was that the choice lay between the first and third courses. They rejected the second as retaining the possibility of many of the disadvantages of the present system, and as being unlikely to operate successfully.

'The Commission recorded that they recognised that the Government in deciding what course to adopt in relation to BGC, might have to take into account political considerations on which the Commission did not normally form a view. They therefore did not see fit to express any recommendation between what they described as the "radical" course ((a) above) and the "less radical" course ((c) above). They commented that it must be for Ministers, if they accepted the Commission's view of the effect of the existing state of affairs upon the public interest, to decide which remedy to adopt. However, two Commission members (Miss Stephen and Mr Ashford) expressed a preference for the less radical solution.

'We welcome this comprehensive report by the Monopolies and Mergers Commission. The Government finds their conclusions extremely interesting; and they will be swiftly examined, in the light of the public debate which will no doubt follow publication, with a view to taking appropriate measures.'

The supply of credit card franchise services

There was no parliamentary statement as Parliament was at the time in recess. The following is the text of a press notice issued by the Department of Trade on 17 September 1980 on the Monopolies and Mergers Commission's report:

Mrs Sally Oppenheim, Minister of State for Consumer Affairs, today announced publication of the Monopolies and Mergers Commission's report on credit card franchise services. Mrs Oppenheim said:

'The Commission found that two scale monopoly situations existed in favour respectively of Barclays Bank Limited and of the Joint Credit Card Company Limited (JCCC), Midland Bank Limited, National Westminster Bank Limited, Lloyds Bank Limited, Williams & Glyn's Bank Limited and the Royal Bank of Scotland Limited.

'In addition, the Commission found that a complex monopoly situation existed in favour of JCCC, National Westminster, Lloyds, Midland, William & Glyn's, Royal Bank of Scotland, Barclays, American Express Company Limited, Diners Club and those other suppliers of reference services who employed a "no dis-

crimination” policy whereby they excluded or restricted the trader’s freedom to charge different prices for goods or services purchased by credit card from those charged for by other means of payment.’

Enlarging on the report, Mrs Oppenheim said:

‘The Commission considered the effect on the public interest of these monopoly situations. They did not find that the two scale monopoly situations in themselves operated against the public interest; but they concluded that the complex monopoly situation operated against the public interest in as much as the practice of imposing a “no discrimination” requirement on traders had the effects of preventing a trader from competing with other traders by offering different prices to credit card users and other customers (so depriving customers of an important choice in purchasing goods or services) and, in some cases, possibly raising prices generally to all the customers of a trader.

‘The Commission concluded that the practice of imposing a “no discrimination” requirement on traders also constituted a step taken by both the scale monopolists and the complex monopoly in support of their position and as such operated against the public interest for the reasons given above.

‘The Commission further concluded that the practice of the JCCC and Barclays Bank Limited of discussing with each other matters which might materially affect competition between them in the supply of reference services was a step taken in support of their monopoly positions and operated against the public interest in that it had the effect of reducing competition, and so of preventing traders from securing better terms from either of these two suppliers of reference services.

‘The Commission made two recommendations. They recommended that the JCCC, Barclays, American Express, Diners Club and other suppliers of reference services should be obliged to abandon the “no discrimination” policy and that the terms of the existing contracts providing for this should be declared unenforceable and future introduction of such provisions made illegal. They also recommended that both the JCCC and Barclays should give appropriate assurance to the Director General of Fair Trading that they would not in future discuss matters which were likely to lessen the degree of competition between them in supplying reference services.

‘The Commission made two additional suggestions. First, they suggested that where traders charged different prices for credit card and other sales, they should give customers adequate notice of such differences. Second, they suggested that the Director General should keep under review the credit card business as a whole, including services to cardholders because they considered that features not presently found to be detrimental to the public interest might possibly become so in the future.’

‘In making their findings, recommendations, and suggestions the Commission rejected the view put forward by some traders that credit card companies should make no charge to traders; they also rejected the suggestions that a percentage-based charge should be replaced by a flat-rate charge. In relation to the discussions held between the JCCC and Barclays, the Commission noted that each company had told them that it was its policy to restrict its dealings with the other to procedural matters, and no longer to discuss with its rival matters affecting competition between them. The Commission saw no objection to such restricted dealings and indeed advantage to traders and cardholders.’

Mrs Oppenheim concluded:

‘I accept this important report. It contains findings of considerable importance for both traders and consumers, and a significant recommendation on the ending

of the "no discrimination" clause. I am asking the Director General of Fair Trading to consult interested parties on ways in which the report can be implemented.'

The supply of tampons

There was no parliamentary statement as Parliament was at the time in recess. The following is the text of a press notice issued by the Department of Trade on 8 October 1980 on the Monopolies and Mergers Commission's report:

Mrs Sally Oppenheim, Minister of State for Consumer Affairs, today announced publication of the Monopolies and Mergers Commission's report on tampons. Mrs Oppenheim said:

'The Commission have concluded in their report that a monopoly situation exists in favour of Tampax Limited and Southalls (Birmingham) Limited, which have a share in the tampon market of about two-thirds and one-third respectively. They did not find that this monopoly situation operated against the public interest.

'They found, however, that the pricing policies of the two companies were attributable to the monopoly situation, and since the particular effect was that tampon prices were higher than would otherwise be expected, these operated against the public interest. The Commission have recommended that the Director General of Fair Trading should for a period of two years closely follow developments in the tampon market.'

In reaching their conclusion that the monopoly situation did not in itself operate against the public interest, the Commission considered how the two companies' dominant positions had been built up, and what factors had contributed to the absence of successful competitors.

'They noted that the companies had derived considerable advantage from being first in the field of tampon production, now sustained by the high quality of their products and their manufacturing efficiency. While acknowledging the difficulties faced by new entrants, the Commission did not consider that these were insuperable, nor could barriers to entry be said to have been deliberately erected by the two companies.

'The Commission did, however, consider that the Companies' high level of profitability, manifested by exceptionally high returns on capital, was such as to raise the question of the whole competitive environment in which these profits had been made. They took the view, on the basis of evidence such as lack of success of retailers' own brands marketed at lower prices, that the tampon market offered little effective price competition, and that prices were determined without regard to competitive pressure.

'They therefore concluded that prices were determined as a consequence of the monopoly situation and were higher than would otherwise be expected. They considered, however, that the absence of active price competition was not due to any anti-competitive factors which it was within their power to eliminate.

'For this reason, and because of the uncertainty about future competitive conditions, the Commission said they had some difficulty in formulating an appropriate recommendation for this adverse finding. The recent entry of Playtex into the United Kingdom market, and the existence of other substantial manufacturing companies who might consider entry, suggested a real possibility that competition would develop. Whether such competition would be reflected in prices, or in increased advertising and product differentiation was hard to say, and it was also possible that competitors would fail to establish themselves, leaving the market unchanged.

'The Commission decided that it would be inappropriate to recommend price restraint at this stage until it became clearer how the market would develop, and

to allow Tampax and Southalls to meet any new competition with suitable changes. They suggested that the period of uncertainty was likely to last up to two years. They recommended, therefore, that the Director General should follow market developments for two years, and that to enable him to do so he should take steps to obtain certain financial information from the two companies.

'The recommendations represented the views of four members of the reporting team; the remaining member took the view that there should be some imposed restraint on price increases.

Mrs Oppenheim said:

'I accept the Commission's conclusions and note their recommendation. I am concerned at their findings and shall be giving urgent and careful consideration to any appropriate action with regard to prices which might be taken on the report. I hope to be able to announce my conclusions shortly.'

Part C: Statements about implementation of monopoly reports

Petrol retailing

Text of a press notice issued by the Director General of Fair Trading: 2 October 1980:

Following representations made to the Office of Fair Trading by Members of Parliament, the Motor Agents' Association and individual garage owners about certain aspects of petrol retailing, Gordon Borrie, Director General of Fair Trading, today issued a statement about the OFT's review of the complaints received and his conclusions on action to be taken in the future.

Mr Borrie said:

'The conclusions which I draw from my Office's review of these complaints are that there have been only limited changes since the 1979 Monopolies and Mergers Commission's report and that these do not alter significantly the Commission's conclusions.

'I therefore see no justification either for a further reference to the Commission now of the supply of petrol, or for an investigation under the Competition Act. Indeed, in present circumstances many of the complaints made to my Office arise from the existence of competition rather than from its absence: it is noticeable that the complaints arise primarily from within the trade rather than from the motoring public.

'I shall continue to keep the level of company ownership under review as suggested by the Commission and I shall not hesitate to use my powers under the competition legislation if I have evidence to suggest that the wholesalers are abusing their market power.'

Metal containers

Text of a press notice issued by the Department of Trade: 16 October 1980:

The Department of Trade announced today that two companies were to be released from undertakings which they gave following the 1970 Monopolies and Mergers Commission's report on metal containers and that an undertaking given by a third company was to be revised. This follows a review by Gordon Borrie, Director General of Fair Trading.

Mrs Oppenheim, Minister of State for Consumer Affairs, said that the Secretary of State had accepted the advice of the Director General that the undertakings given by Reads Limited and Crown Cork Company Limited in 1972 and one of

the undertakings given at the same time by Metal Box Limited, relating to long-term contracts, were no longer relevant to the present circumstances of the metal containers market.

The Director General's review of the undertakings given by the three metal container manufacturers took account of the increase in competition that had come about since the Commission's report. Of particular significance is the change from the traditional three-piece can to the newer two-piece can which has become the predominant container for beer and other aerated beverages. The entry of two US-based companies to the UK market (Nacanco and Continental Can) has opened up competition in this growth area of the container industry, and Metal Box's share of this sector of the market has fallen considerably. In these circumstances, the Secretary of State has accepted the advice of the Director General that Crown Cork and Reads should be released from their undertakings and that Metal Box should no longer be restricted in offering long-term contracts to their customers in competition with other manufacturers.

Metal Box, however, remain bound by undertakings designed to remedy the adverse effects on the public interest of certain other aspects of the company's can-making activity, such as granting of special discounts to customers who agreed to take the whole, or a specified proportion, of their can and aerosol requirements from them. Metal Box have agreed to provide certain additional information to the Office of Fair Trading to enable the Director General to assess the effect of the change in Metal Box's undertakings.

The Director General will continue to keep the metal containers market, including the remaining undertakings applicable to Metal Box, under review. He could use his new powers under the Competition Act or make a monopoly reference under the Fair Trading Act if any future developments gave rise to concern.

Cross-Channel car ferry services

Parliamentary statement by the Minister of State for Consumer Affairs on 12 December 1980¹ about the implementation of the recommendations in the Monopolies and Mergers Commission's report published in 1974:

'My Right Hon Friend has decided that some relaxation of current requirements would now be appropriate.

'The previous Government made a number of announcements following publication of this report in 1974, reporting the progress made by the Director General in discussions with the United Kingdom operators to ensure the effective implementation of the Commission's recommendations about collective fixing of common minimum rates and pooling arrangements and also to obtain further improvements in the structure of the tariff. On 29 November 1976, the then Minister of State for Prices and Consumer Protection told the House that he considered that modifications to fare structures then introduced constituted a major further step towards implementation of the report. He said that he was asking the Director General to continue negotiations to secure further improvements, and said that he was willing to consider a reduction of supervision in the light of experience.

'Following these continued negotiations, undertakings were submitted to my Right Hon Friend by Sealink (UK) Limited, European Ferries Limited and P & O Normandy Ferries Limited at the end of 1979, and by British Rail Hovercraft Limited (Seaspeed) at the beginning of this year. These undertakings took into account developments in the competitive situation since 1976, including the emergence of new or extended services on the routes concerned and the ending

¹HC Deb (1980-81) 996, No. 17 Pt 1, 12 December 1980, c 807-809.

of the pooling agreement between Sealink and European Ferries. The Director General's recommendation, which the Government accepted, was that these developments justified the cessation of the detailed control of tariff increases. My Right Hon Friend agreed that this control, to which the United Kingdom operators had until then submitted, should be ended.

'The undertakings therefore provided, in summary, that with regard to reference services the respective operators:

- (1) would not participate in any agreement relating to rates or fares except under existing pooling agreements;
- (2) except as provided under (1), would not hold any discussion with any other UK-incorporated operator relating to tariffs, without arranging for a record thereof to be submitted within 30 days to the Director General;
- (3) would not participate in any new pooling arrangements, or extend existing ones, without the prior consent of the Secretary of State;
- (4) would notify to the Director General any increases or other changes in rates or fares;
- (5) would provide to the Director General such financial information relating to reference services as he might require to allow him to monitor the profitability of cross-Channel car ferry services.

'Except for the substitution of notification of tariff changes for prior approval of tariff changes, these undertakings formalised arrangements that had been agreed to by the United Kingdom operators since the previous Government's acceptance of the Commission's report.

'Since these undertakings were given they have been kept under review; and my Right Hon Friend has now concluded, in the light of advice from the Director General and against the background of the further increase in competition which has emerged this year, that it would be appropriate to make some further relaxation in supervision arrangements. My Right Hon Friend has therefore agreed that, in addition to the ending last year of the requirement that tariff increases should be subject to prior Government approval, the operators should also now be released from their undertakings to notify tariff changes to the Director General and to provide information for profit monitoring. The effect of this change will be to free the companies from any further day-to-day control of their operations.

'The four operators concerned recently sought my Right Hon Friend's consent to their release from all the present undertakings and to their being permitted to engage in discussions with a view to agreeing among themselves certain minimum tariffs for the 1981 season. The Government has considered these representations carefully, but is not persuaded that circumstances justify a return to tariff-fixing (beyond what is permitted under existing pooling agreements). My Right Hon Friend has therefore decided that the operators should continue to be bound by the first three of the undertakings I have listed above.'

Breakfast cereals

Parliamentary statement by the Minister of State for Consumer Affairs on 19 December 1980¹ about the surveillance of the costs, prices and profit levels of the Kellogg Company of Great Britain Limited in the light of the Monopolies and Mergers Commission's report published in 1973.

'The Kellogg Company of Great Britain Limited have made representations to the Director General of Fair Trading that the company should be released from

¹HC Deb (1980-81) 996, No. 22 Pt II, 19 December 1980, c 553-555.

undertakings given by Kellogg to the Secretary of State following this report. These undertakings require Kellogg not to increase prices of ready-cooked breakfast cereals without the Government's approval and to provide information on costs, prices and profit rates. The undertakings are monitored by the Director General under section 88 of the Fair Trading Act.

'The Director General has informed my Right Hon Friend that since the undertakings were given by Kellogg, the Company's profitability has been consistently below the level which the Monopolies and Mergers Commission regarded as reasonable. Moreover, the Director General accepts that in present circumstances it is unlikely that if Kellogg were free to make their own pricing decisions they would be able to increase their profitability to the high levels that prevailed in the late 1960's. The Director General has therefore advised my Right Hon Friend that Kellogg should be released from the undertaking to obtain Government approval for price increases.

'The Director General has also advised, however, that there has not been a sufficient change in the structure of the market for ready-cooked breakfast cereals to justify releasing Kellogg from their undertaking to provide information to the Office of Fair Trading on their prices and on the profitability of their domestic sales of ready-cooked breakfast cereals. The Director General considers that the continued provision of this information will enable him to keep Kellogg's performance under review and to use his powers under the competition legislation for a further investigation of this market should that seem appropriate.

'My Right Hon Friend has accepted the Director General's recommendation, and agrees that it would be appropriate for him to keep the breakfast-cereal market under review. Kellogg have agreed to continue to supply the required information.'

Part D: Texts of statutory notices initiating investigations by the Director General into possible anti-competitive practices

TI Raleigh Industries Limited and TI Raleigh Limited: 12 August 1980

It appears to the Director General of Fair Trading that TI Raleigh Industries Limited and its subsidiary TI Raleigh Limited have been or are pursuing a course of conduct which may amount to an anti-competitive practice. Therefore, he gives notice as follows:

- (1) he proposes to carry out an investigation under section 3 of the Competition Act 1980 with a view to establishing whether TI Raleigh Industries Limited and its subsidiary TI Raleigh Limited have been or are pursuing a course of conduct which does amount to an anti-competitive practice;
- (2) the matters to be investigated are the criteria of the persons concerned in the investigation for determining whether to supply bicycles to retail outlets and whether the application of those criteria, or any of them, is a course of conduct which amounts to an anti-competitive practice;
- (3) the persons concerned in the investigation are TI Raleigh Industries Limited and its subsidiary, TI Raleigh Limited;
- (4) the goods to which the investigation is to relate are bicycles.

Petter Refrigeration Limited: 12 August 1980

It appears to the Director General of Fair Trading that Petter Refrigeration Limited has been or is pursuing a course of conduct which may amount to an anti-competitive practice. Therefore, he gives notice as follows:

- (1) he proposes to carry out an investigation under section 3 of the Competition Act 1980 with a view to establishing whether Petter Refrigeration Limited has been or is pursuing a course of conduct which does amount to an anti-competitive practice;
- (2) the matter to be investigated is whether Petter Refrigeration Limited has induced or attempted to induce persons who service, repair or sell commercial vehicle or container refrigeration equipment including spare parts not to service, repair or sell such equipment where it is manufactured or supplied by persons other than Petter Refrigeration Limited and, if so, whether this course of conduct amounts to an anti-competitive practice;
- (3) the person concerned in the investigation is Petter Refrigeration Limited;
- (4) the goods and services to which the investigation is to relate are commercial vehicle or container refrigeration equipment including spare parts and the servicing or repairing thereof.

Arthur Sanderson & Sons Limited: 17 December 1980

It appears to the Director General of Fair Trading that Arthur Sanderson & Sons Limited has been or is pursuing a course of conduct which may amount to an anti-competitive practice. Therefore, he gives notice as follows:

- (1) he proposes to carry out an investigation under section 3 of the Competition Act 1980 with a view to establishing whether Arthur Sanderson & Sons Limited has been or is pursuing a course of conduct which does amount to an anti-competitive practice;
- (2) the matters to be investigated are:
 - (a) the criteria of the person concerned in the investigation for determining whether to supply fabrics to retail outlets and whether the application of those criteria, or any of them is a course of conduct which amounts to an anti-competitive practice; and
 - (b) the terms upon which the person concerned in the investigation supplies fabrics to wholesale outlets, insofar as those terms relate to the supply of fabrics to retail outlets, and whether supply on those terms, or any of them, is a course of conduct which amounts to an anti-competitive practice;
- (3) the person concerned in the investigation is Arthur Sanderson & Sons Limited;
- (4) the goods to which the investigation is to relate are fabrics.

Part E: Analysis of merger activity

It has been mentioned in the main body of this report that the assets criterion for determining whether a merger falls within the scope of the Fair Trading Act was raised on 10 April 1980 from £5 million gross assets to £15 million, the market share criterion of 25 per cent remaining unchanged. One effect of this has been to reduce the number of mergers examined by the Office. The 1980 total of 182 is 29 per cent down on the 1979 total of 257. Moreover, the change in criterion means that the statistics for 1980 are not comparable with those for earlier years. In particular, the fact that the change occurred in mid-year means that there will be some difficulties in comparing the statistics for 1980 with those of later years. In order to preserve some degree of comparability, certain statistics have been re-compiled for 1978, 1979 and 1980 as if the £15 million assets criterion had been applied throughout each of those years. In the following tables, it is only possible to show selected unadjusted and adjusted data, but more information is available on the adjusted data from the Office's Economics Branch.

Statistics on the total number of mergers falling within the scope of the Fair Trading Act and on assets acquired are set out in Table 1. This table also shows adjusted figures for the last three years. From this it can be seen that the revised assets criterion

would have reduced the number of mergers caught by the legislation by about half in 1978 and 1979. However, even on the adjusted basis, the number of mergers and assets acquired covered by the Act has grown. In part this can be explained by the continuing effect of inflation on the assets base, which means that even the adjusted statistics are not fully comparable from year to year as a measure of merger activity. A better indicator of the trend in mergers is given by figures collected by the Department of Industry (DoI) and published in *Business Monitor M7*. These are also shown in Table 1. Although the coverage of the two series is slightly different, the DoI data give a better indication of total merger activity.

TABLE 1—Merger activity

	Proposals covered by Fair Trading Act		Industrial and commercial	Business Monitor M7 Industrial and commercial
	All cases (£m)	Assets acquired		
	Number	Number	Number	Number
1970	80	2,597	72	793
1971	110	1,687	95	884
1972	114	3,588	95	1,210
1973	134	4,878	114	1,205
1974	141	7,621	85	504
1975	160	5,786	116	315
1976	163	4,123	133	353
1977	194	4,675	155	481
1978	299 (103)	11,999 (10,973)	202 (89)	567
1979	257 (131)	13,140 (12,091)	220 (106)	534
1980	182 (140)	22,289 (21,964)	141 (107)	468

Figures in brackets show the outcome if a £15m assets criterion had been in operation throughout 1978, 1979 and 1980.

Source: Office of Fair Trading and Department of Industry's *Business Monitor M7*

From this it appears that merger activity has fallen slightly since the last peak in 1978, and this is consistent with earlier observations that activity is lower in times of recession. The decline has not however been as marked as it was in 1975–76.

The analysis of value of assets acquired shown in Table 2 will obviously have been particularly affected by the change in the assets criterion. If the new assets test had been applied for the whole year, then the number of cases in the £0–24.9m group would have been reduced even further to 64. In 1979, 192 cases fell into this group. The average value of acquisitions over £50m has risen from £272m in 1979 to £435m in 1980, but this figure is sensitive to the incidence of large acquisitions in the financial sector.

TABLE 2—Analysis by size of assets of target company

Size of assets £m	Number	Total assets £m	Average assets £m
0– 24.9	106	1,342.63	12.67
25– 49.9	29	1,094.96	37.75
50– 99.9	17	1,212.50	71.32
100–249.9	14	2,229.49	159.25
250–499.9	8	2,731.69	341.46
500–999.9	4	2,089.00	522.25
1,000 and over	4	11,589.01	2,897.25
Total	182	22,289.28	122.47

Source: Office of Fair Trading

The analysis by sector in Table 3 shows that, as in previous years, the distribution and financial sectors accounted for the largest number of mergers. There was a further rise in financial mergers with an increase in the number of both inward and outward investments. The high asset values associated with these mergers tend to dominate the assets total for all mergers.

TABLE 3—Analysis by main activity, number, asset size and nationality of target companies

SIC Order		Number	Assets £m	Average assets £m	Foreign Companies	
					Target Number	Bidding Number
1.	Agriculture, Forestry, Fishing ..	1	8.0	8.0	1	0
2.	Mining and Quarrying	4	340.2	85.1	3	1
3.	Food, Drink and Tobacco	19	776.8	40.8	8	6
4.	Coal and Petroleum products ..	1	15.0	15.0	1	0
5.	Chemical and allied industries ..	8	154.5	19.3	3	4
6.	Metal manufacture	5	74.7	14.9	1	0
7.	Mechanical engineering	11	397.9	36.2	5	3
8.	Instrument engineering	1	21.0	21.0	0	0
9.	Electrical engineering	9	1,393.0	154.8	4	5
10.	Shipbuilding and Marine	3	78.0	26.0	0	1
11.	Vehicles	5	224.2	44.8	1	6
12.	Metal goods NES	6	185.9	31.0	1	0
13.	Textiles	3	137.1	45.7	0	1
14.	Leather goods and Fur	0	0.0	0.0	0	0
15.	Clothing and Footwear	0	0.0	0.0	0	0
16.	Bricks, Pottery, Glass, Cement ..	6	379.7	63.3	2	1
17.	Timber, Furniture	3	45.0	15.0	3	3
18.	Paper, Printing and Publishing ..	4	285.2	71.3	2	0
19.	Other manufacturing	1	0.7	0.7	0	0
20.	Construction	4	71.5	17.9	2	1
21.	Gas, Electricity and Water	1	510.0	510.0	1	0
22.	Transport and Communication ..	6	426.5	71.1	1	4
23.	Distributive trades	21	1,092.2	52.0	5	4
24.	Insurance, Banking and Finance ..	51	15,176.5	297.6	19	20
25.	Professional and Scientific	1	1.4	1.4	0	0
26.	Miscellaneous services	8	494.3	61.8	2	0
	Total	182	22,289.3	122.5	65	60

Source: Office of Fair Trading

Assets acquired in distribution more than doubled, and this appears to continue the pattern noted in last year's report that distribution companies are increasingly merger targets. Electrical engineering also continued to be an important area of activity and there was a noticeable revival of mergers in the food, drink and tobacco sector. The adjusted data for 1978 and 1979 indicate that the new assets criterion has had a uniform impact on all sectors.

In 1980 there were 118 horizontal, 8 vertical and 56 diversified mergers caught by the Fair Trading Act. The diversified mergers account for 31 per cent of the total number, a fall on the 1979 figure of 42 per cent, but in terms of assets acquired they accounted for 31 per cent in 1980 compared with 28.5 per cent in 1979. The trends in these types of merger are shown more clearly in Table 4 (which also gives adjusted figures allowing for the revised assets criterion for 1978, 1979 and 1980). This table shows the percentage of mergers since 1965 accounted for by each type calculated with reference to the total number of qualifying mergers and to the total value of assets acquired. From this table, it can be seen that there was an increase in the importance of diversifying mergers in the early 1970s and that they have remained at around one-third of the total in the past few years. The adjusted data do not show a different pattern for the past three years.

TABLE 4—Percentage of proposed mergers by number and value of assets acquired, classified by type of integration

	Horizontal		Vertical		Diversified	
	by number	by assets	by number	by assets	by number	by value
1965-69	82	89	6	5	12	7
1970-74	73	65	5	4	23	27
1975	71	77	5	4	24	19
1976	70	66	8	7	22	27
1977	64	57	11	11	25	32
1978	53 (58)	67 (69)	13 (12)	10 (9)	34 (30)	23 (21)
1979	51 (54)	68 (70)	7 (8)	4 (4)	42 (38)	28 (27)
1980	65 (66)	68 (68)	4 (4)	1 (1)	31 (30)	31 (31)

Figures in brackets show the outcome if a £15m assets criterion had been in operation throughout 1978, 1979 and 1980.

Source: Office of Fair Trading

Part F: Texts of merger references and texts of documents laying aside references

Hiram Walker-Gooderham & Worts Limited/The Highland Distilleries Company Limited: 25 January 1980

Whereas it appears to the Secretary of State that it is or may be the fact that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a merger situation qualifying for investigation as defined in section 64(8) of the Fair Trading Act 1973, in that:

- (a) enterprises carried on by or under the control of the Highland Distilleries Company Limited (a body corporate incorporated in the United Kingdom) will cease to be distinct from enterprises carried on by or under the control of Hiram Walker-Gooderham & Worts Limited; and
- (b) the value of the assets which will be taken over exceeds £5 million.

Now, therefore, the Secretary of State in exercise of his powers under sections 69(2) and 75 of the said Act hereby refers the matter to the Monopolies and Mergers Commission for investigation and report within a period of six months beginning with the date of this reference.

In relation to the question whether a merger situation qualifying for investigation will be created if the arrangements herein referred to are carried into effect the Commission shall exclude from consideration section 64(1)(a) of the said Act.

*Blue Circle Industries Limited/Armitage Shanks Group Limited:
29 February 1980*

Whereas it appears to the Secretary of State that it is or may be the fact that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a merger situation qualifying for investigation as defined in section 64(8) of the Fair Trading Act 1973, in that:

- (a) enterprises carried on by or under the control of Armitage Shanks Group Limited (a body corporate incorporated in the United Kingdom) will cease to be distinct from enterprises carried on by or under the control of Blue Circle Industries Limited; and
- (b) the value of the assets which will be taken over exceeds £5 million.

Now, therefore, the Secretary of State in exercise of his powers under sections 69(2) and 75 of the said Act hereby refers the matter to the Monopolies and Mergers Commission for investigation and report within a period of six months beginning with the date of this reference.

In relation to the question whether a merger situation qualifying for investigation will be created if the arrangements herein referred to are carried into effect the Commission shall exclude from consideration section 64(1) (a) of the said Act.

*S & W Berisford Limited/British Sugar Corporation Limited:
4 June 1980*

Whereas it appears to the Secretary of State that it is or may be the fact that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a merger situation qualifying for investigation as defined in section 64(8) of the Fair Trading Act 1973 in that:

- (a) enterprises carried on by or under the control of British Sugar Corporation Limited (a body corporate incorporated in the United Kingdom) will cease to be distinct from enterprises carried on by or under the control of S & W Berisford Limited; and
- (b) the value of the assets which will be taken over will exceed £15 million.

Now, therefore, the Secretary of State in exercise of his powers under sections 69(2) and 75 of the said Act hereby refers the matter to the Monopolies and Mergers Commission for investigation and report within a period of six months beginning with the date of this reference.

In relation to the question whether a merger situation qualifying for investigation will be created if the arrangements herein referred to are carried into effect the Commission shall exclude from consideration section 64(1)(a) of the said Act.

*Compagnie Internationale Europcar/the short-term rental business
of Godfrey Davis Limited: 12 June 1980*

Whereas it appears to the Secretary of State that it is or may be the fact that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a merger situation qualifying for investigation as defined in section 64(8) of the Fair Trading Act 1973, in that:

- (a) enterprises carried on by or under the control of Godfrey Davis Limited (a body corporate incorporated in the United Kingdom) will cease to be distinct from enterprises carried on by or under the control of Compagnie Internationale Europcar; and
- (b) the value of the assets which will be taken over exceeds £15 million.

Now, therefore, the Secretary of State in exercise of his powers under sections 69(2)

and 75 of the said Act hereby refers the matter to the Monopolies and Mergers Commission for investigation and report within a period of six months beginning with the date of this reference.

In relation to the question whether a merger situation qualifying for investigation will be created if the arrangements herein referred to are carried into effect the Commission shall exclude from consideration section 64(1)(a) of the said Act.

*Grand Metropolitan Limited/Coral Leisure Group Limited:
17 October 1980*

Whereas it appears to the Secretary of State that it is or may be the fact that arrangements are in progress or contemplation which, if carried into effect, will result in the creation of a merger situation qualifying for investigation, as defined in section 64(8) of the Fair Trading Act 1973, in that:

- (a) enterprises carried on by or under the control of Coral Leisure Group Limited (a body corporate incorporated in the United Kingdom) will cease to be distinct from enterprises carried on by or under the control of Grand Metropolitan Limited; and
- (b) the value of the assets which will be taken over exceeds £15 million.

Now, therefore, the Secretary of State in exercise of his powers under section 69(2) and 75 of the said Act hereby refers the matter to the Monopolies and Mergers Commission for investigation and report within a period of six months from the date hereof.

In relation to the question whether a merger situation qualifying for investigation will be created if the arrangements herein referred to are carried into effect the Commission shall exclude from consideration section 64(1)(a) of the said Act.

The following is the text of a document dated 30 October 1980 consenting to the laying aside of the above reference:

Whereas by a reference dated 17 October 1980 the Secretary of State, in exercise of his powers under section 69(2) and 75 of the Fair Trading Act 1973, referred to the Monopolies and Mergers Commission for investigation and report the arrangements which appeared to him to be in progress or contemplation for the merger of Coral Leisure Group Limited and Grand Metropolitan Limited; and whereas it appears to the Monopolies and Mergers Commission that the proposal to make these arrangements has been abandoned; now, therefore, the Secretary of State pursuant to section 75(5) of the said Act hereby consents to the Commission's laying aside the said reference.

The Secretary of State does not require the Commission to furnish him with any information as to the results of their investigation so far made into the said reference.

Part G: Statements on publication of reports on merger references

*Hiram Walker-Gooderham & Worts Limited/The Highland
Distilleries Company Limited*

There was no parliamentary statement. The following is the text of a press notice issued by the Department of Trade on 4 August 1980:

The proposed merger between Hiram Walker-Gooderham & Worts Limited and the Highland Distilleries Company Limited would be against the public interest

and should not go ahead.

This is the conclusion of the Monopolies and Mergers Commission in their unanimous report on the proposed merger, which Mr John Nott, Secretary of State for Trade, announced today would be published on Tuesday 5 August at 16.30 hours. Mr Nott said:

‘The Monopolies and Mergers Commission concluded unanimously that the proposed merger might be expected to operate against the public interest, and recommended therefore that it should not be permitted.

‘In accordance with the advice of the Director General of Fair Trading, I am accepting the Commission’s recommendation and am requesting the Director General to consult Hiram Walker with a view to obtaining undertakings not to proceed with the proposed acquisition.’

The Commission thought it likely that an independent Highland would be more successful in export markets. More generally they considered that, in view of the different styles of management and personalities involved in Highland and Hiram Walker, the merger might be expected to result in a loss of efficiency in Highland which would lead to it being less successful in the export market, and affect its ability to compete in the home market. They also considered that the merger was likely to have an adverse effect on a limited number of career opportunities in Scotland.

In respect of competition in the United Kingdom blended whisky market they believed that, by allowing Hiram Walker to acquire an existing successful blend, the merger was likely to limit the possibility of further competition from existing or new blends from Hiram Walker & Sons (Scotland) Limited. Their major concern, however, was in relation to the further increase in concentration of distillery ownership which would be brought about by the merger, which they believed might be expected to operate to limit the degree and nature of competition in the market for malt whisky fillings. They considered the undertaking offered by Hiram Walker in relation to the supply of whisky fillings, but did not consider that such an undertaking would safeguard the level or nature of competition.

Since they could find no benefits arising from the merger to Highland, which they believed to be an efficient, innovative and competitive company, to offset the adverse effects they had identified, they considered that the merger should not be allowed. In reaching this conclusion they implied no criticism of Hiram Walker (Scotland) Limited which they found to be a vigorous and expanding company which had made a considerable contribution to the Scotch whisky industry.

Blue Circle Industries Limited/Armitage Shanks Group Limited

There was no parliamentary statement. The following is the text of a press notice issued by the Department of Trade on 1 October 1980:

The acquisition of Armitage Shanks Group Limited (AS) by Blue Circle Industries Limited (BCI) would not be against the public interest.

This is the conclusion of the Monopolies and Mergers Commission in their report on the proposed merger, publication of which was announced today by Mr John Nott, Secretary of State for Trade.

Mr Nott said that if BCI were to make a new offer to acquire AS, the merger would be allowed to go ahead. The Secretary of State is, however, asking the Director General of Fair Trading to keep under review BCI’s carrying out of the following assurances, which it has made to the Commission:

- (a) that it would not offer specially favourable prices or terms (including terms as to discounts, rebates or credit) for any of the range of bathroom products at present supplied by AS in order to win business for products supplied by other operating groups within BCI and vice versa; and

- (b) that it would not encourage or permit to offer uneconomic prices or terms for bathroom products, calculated to drive its competitors in these products out of business.

The Secretary of State pointed out that the Director General had powers under the Competition Act 1980 to initiate an investigation, if it appeared to him that BCI's conduct was anti-competitive; these powers would enable him to investigate conduct on the part of BCI that appeared to be in breach of the above assurances.

The Commission, whose report was unanimous, concluded that, on the basis of the assurances they had received from BCI and for other reasons, the merger was unlikely to reduce effective competition in the market supplied by AS. They did not find that it would be likely to reduce AS's efficiency, or to act against the interests of AS's customers, or to worsen employment prospects.

They found some benefits from diversification to BCI and other benefits to AS, although for the latter these were unlikely to be significant except for overseas operations. They regretted the loss of information about AS's performance that would occur as a result of the merger, but did not consider that it would be reasonable or equitable to recommend that it should be prevented for that reason.

The Commission added some general comments on conglomerate mergers and on the disclosure of information which Ministers will be considering.

Part H: Text of undertaking given to the Secretary of State

Hiram Walker-Gooderham & Worts Limited/The Highland Distilleries Company Limited

Text of the undertaking given in accordance with section 88(1) of the Fair Trading Act 1973, following the Monopolies and Mergers Commission's report, by Hiram Walker-Gooderham & Worts Limited on 11 August 1980:

Hiram Walker-Gooderham & Worts Limited hereby undertakes to refrain from taking any action which would result in enterprises carried on by or under the control of Hiram Walker-Gooderham & Worts Limited ceasing to be distinct (within the meaning of section 65 of the Fair Trading Act 1973) from enterprises on or by or under the control of the Highland Distilleries Company Limited.

Part I: Statement about extended period for reporting on a merger reference

S & W Berisford Limited/British Sugar Corporation Limited

The following is the text of a press notice issued by the Department of Trade on 24 November 1980:

More time has been allowed for the Monopolies and Mergers Commission to report on the proposed acquisition by S & W Bersiford Limited of British Sugar Corporation Limited.

Mr John Nott, Secretary of State, has agreed that the reporting period for this reference should be extended to 3 March 1981 following representation from the Commission that there are special reasons why the report cannot be made by 3 December 1980 as specified in the reference.

Part J: Agreements in respect of which directions were given in 1980 under section 21(2) of the Restrictive Trade Practices Act 1976

Goods

Agreements in which trade associations recommend to their members standard terms and conditions for the supply or acquisition of goods:

No.

- 664 Agreement between the members of the National Association of Scaffolding Contractors on terms and conditions for the hire, erection and dismantling of scaffolding.
- 3827 Agreement between the members of the British Wool Confederation relating to a formula for contract-price adjustment for wool tops and rules of contract for transactions in wastes and by-products.
- 3983 Agreement between the members of the Fork Truck Hire Association on the terms and conditions for the hire of fork lift trucks.
- 4675 Agreement between the members of the Heating, Ventilating and Air Conditioning Manufacturers' Association on the terms and conditions for sale and purchase of heating, ventilating, refrigeration and air conditioning equipment.

Agreements in which members of a trade association agree between themselves and with customers standard terms and conditions for the supply or acquisition of goods:

No.

- 1561 Agreement between the British Electrical and Allied Manufacturers Association, the Central Electricity Generating Board and the Area Electricity Boards on terms and conditions and formula for contract-price adjustment in respect of electrical plant and equipment for power generating and transmission stations.

Agreements in which members of trade associations and other bodies subscribe to a code of practice:

No.

- 4834 Agreement between the members of the British Quarrying and Slag Federation to subscribe to a code of practice on the safe use of compressed air equipment.
- S 886

Agreements relating to the sale and acquisition of businesses whereby the vendors undertake not to engage in similar businesses within prescribed areas for prescribed times:

No.

- 4795 Agreement between the Appleyard Group of Companies and the former owners of a British Leyland franchise, including premises and business assets, for the sale, service and repair of motor vehicles in Ayr.
- S 851
- 4815 Agreement between Herd & MacKenzie (Buckie) Limited and the former owners for the purchase of a boat-building business.
- 4841 Agreement between Fawcett Engineering Limited and the former owners for the purchase of a company producing portable filtration pump units and recirculating units.
- 4844 Agreement between Berna Industries Limited and the former owners for the purchase of a plastics company.
- 4864 Agreement between Hewitt & Company (Bradford) Limited and the former owners for the purchase of a wool merchanting business.

Other agreements relating to goods

No.

- 3018 Agreement between the members of the Scots Timothy Seed Growers' Association on the sale of grass seed to merchant members only and the pricing arrangements to be adopted.
- 3785 Agreement between Reed International Limited and Rank Hovis McDougall Limited relating to their establishing a joint venture company to produce starch and gluten. Both parents agree not to set up in competition with the joint venture company and RHM agree to supply that company's requirements of wheat flour.
- 4276 Agreement between the members of the British Agrochemicals Association to ensure that crop protection products and pesticides are supplied only to those distributors and pharmacists who comply with the recognised safety standards.
- 4355 Agreement between the members of the Northern Independent Supermarkets Association (Wholesale) Limited, relating to bulk buying and the pricing of selected goods during periodic promotions.
- 4816 Agreement between Anderton Disc Spring Limited, Herbert Terry & Sons Limited and three Continental companies for the manufacture and distribution of disc springs. A variation to the agreement released the supplier from his obligation to supply specified manufacturers only on a volume basis.

Services

Agreements in which a services supply association recommends to its members standard terms and conditions for the supply of services:

No.

- S 31 Agreement between the members of the Association of Professional Recording Studios to use a set of standard terms and conditions for the hire of recording studios.

Agreements in which members of services supply associations subscribe to a code of practice:

No.

- S 106 Agreement between the members of the Institute of Public Loss Assessors to abide by a code of conduct, professional ethics and practice.
- S 112 Agreement between the members of the Motor Schools Association of Great Britain to comply with the Association's code of conduct and guidance concerning terms of business.
- S 657 Agreement between the members of the Society of Catering and Hotel Management Consultants Limited to subscribe to a code of conduct which regulates members' business activities.
- S 886 See No. 4834 under *Goods*.
- S 902 Agreement between the members of the Proprietary Association of Great Britain to abide by a code of standards of advertising which sets down standards for the content of advertising.

Agreement relating to the sale and acquisition of a business whereby the vendors undertake not to engage in similar business within prescribed areas for prescribed periods:

- No.
S 991 Agreement between Midpeak Holdings Limited, Gill's Transport (York) Limited and three directors for the sale of the share capital in Gill's Transport (York) Limited.

Agreements in which associations whose members are in business in the supply of hotel and restaurant services agree to adopt and maintain minimum standards of accommodation:

- No.
S 738 Agreement between the members of the Oxford Association of Hotels and Guest Houses.
S 767 Agreement between the members of the Brighton and Hove Hotels, Guest Houses and Restaurants Association.

Other agreements relating to services

- No.
S 2 Agreement between the members of the Association of British Investigators as to the way they will conduct their businesses both between themselves and on behalf of their clients.
S 5 Agreement between the members of the London Rice Brokers' Association relating to arbitration procedures and the use of non-obligatory standard contract forms in respect of rice imports.
S 123 Agreement between the members of the Pool Promoters' Association relating to coupon arrangements and panel selection for commercial football pools.
S 256 Agreement between the Joint Credit Card Company Limited, Lloyds Bank Limited, Midland Bank Limited, National Westminster Bank Limited, Williams & Glyns Bank Limited and the Royal Bank of Scotland Limited in respect of the Access credit card scheme. The agreement has been varied so that only one party accepts restrictions. (Had the original agreement been in this form it would not have been registrable.)
S 270 Agreement between the Committee of London Clearing Bankers and the Security Transport Association relating to the procedures for the secure transport of money.
S 282 Agreement between the members of the Association of Amusement Parks and Piers of Great Britain relating to the inspection of 'rides' and winter storage facilities for concessionaires at amusement parks and piers.
S 597 Agreement between the members of the Cinema (formerly Screen) Advertising Association Limited (CAA), under which members agree not to supply screen advertising services except in respect of commercials which have been approved by the CAA Copy Committee.
S 598 Agreement between the members of the Pontefract and Castleford Transport Association relating to conditions of membership and the conditions of removal and warehousing.
S 616 Agreement between the Code of Advertising Practice Committee of the Advertising Standards Authority and the members of the Institute of Marketing and the Sales Promotion Executives' Association to provide sales promotion services only in a form that complies with the Code of Sales Promotion Practice.
S 634 Agreement between the members of the Committee of Scottish Clearing Bankers concerning the issue and exchange of Scottish banknotes.
S 647 Agreement between ABS Insurance Agency Limited, Lodestar Insurance Brokers Limited and Mr J H Edwards dealing with the setting up of a company (Lodestar) to handle the arrangement of professional indemnity insurance for architects.

- S 683 Agreement between M & G Trust (Assurance) Limited and Group Plans Marketing Limited regarding the marketing and administrative functions to be performed by Group Plans Marketing on behalf of M & G Trust in connection with insurance to be provided to members of the Automobile Association.
- S 851 See No. 4795 under *Goods*.

Part K: Notes on cases referred to, but not defended before, the Restrictive Practices Court

Restrictive Practices Court: Mr Justice Mocatta

1. Agreement between the members of the Pembrokeshire and Cardiganshire Coal Merchants Association—No. 4550.

Case heard 24 November 1980.

The agreement related to the prices to be charged by the members for household coal, anthracite and phurnacite. There were 26 parties. Particulars of the agreement were not submitted for registration in the required time. The agreement was terminated early in 1978.

The Court considered both an application under section 35(3) and a notice of reference under section 1(3) of the Restrictive Trade Practices Act 1976.

The Court made an Order under section 35(3) (or, in the case of most of the parties, accepted undertakings from them), the effect of which is to restrain the parties from giving effect to the agreement or to any other agreement without submitting particulars at the due time.

The Court also declared the restrictions on the agreement contrary to the public interest and made an Order under section 2 (or, in the case of most of the parties, accepted undertakings from them), the effect of which is to restrain the parties from giving effect to the agreement or to any other agreement to the like effect.

2. Agreement between BOCM Silcock Limited, RHM Agriculture Limited, Dalgety Crosfields Limited, Pauls and Whites Foods Limited, Spillers Farm Feeds Limited and J Bibby Agriculture Limited—all being suppliers of animal feeding stuffs—No. 4556.

Case heard 24 November 1980.

The parties had agreed to inform each other of their respective intentions as to changes in their respective list prices for compound feeding stuffs. Particulars of the agreement were not submitted for registration at the required time. The agreement was abandoned after registration.

The Court considered both an application under section 35(3) and a notice of reference under section 1(3) of the Act.

The Court accepted undertakings from all of the parties that they would not give effect to the agreement or to any other agreement without submitting particulars at the due time; this has the same effect as an Order under section 35(3).

The Court also declared the restrictions in the agreement to be contrary to the public interest and accepted, in lieu of making an Order under section 2, undertakings from all of the parties not to give effect to the agreement or any other agreement to the like effect.

Part L: Proceedings for contempt of Court

Restrictive Practices Court: Mr Justice Mocatta

Contempt of Court by concrete pipemakers

Case heard between 14 and 25 July 1980 and 24, 25 and 26 November 1980. Judgment delivered 31 July 1980 and 17 December 1980.

The hearing of the first part of this case involved contempt proceedings brought by the Director General of Fair Trading against Redland Pipes Limited, Spun Concrete Limited, ARC Concrete Limited and Mixconcrete Pipes Limited. The Director General alleged that the four respondents were in contempt in that they had failed to comply with undertakings given by them to the Restrictive Practices Court on 11 January 1965 that they would not enter into or make any other agreement to which Part I of the Restrictive Trade Practices Act 1956 applied to the like effect as an agreement between members of the British Concrete Pipe Association in respect of the restrictions set out in the Schedule to the Order of the Court embodying the undertakings.

The respondents were parties to two agreements between 1974 and 1978: in one case with six other companies or corporations, and in the other case with nine other companies or corporations. The agreements were registered in 1979 with the Office of Fair Trading under numbers 4758 and 4756. Agreement 4758 related to concrete pipes and certain associated products, and agreement 4756 related to manhole components.

The Court held that all four respondents were in contempt in respect of the allocation of business restrictions in agreement 4758. The Court also held that all four respondents were in contempt in respect of the price-fixing arrangements under agreement 4758 and that Redland Pipes, Spun Concrete and Mixconcrete Pipes (but not ARC Concrete) were in contempt in respect of the price-fixing arrangements under agreement 4756.

The Court imposed fines of £100,000 on Redland Pipes, £75,000 on ARC Concrete and £5,000 each on Spun Concrete and Mixconcrete Pipes. The four companies were also ordered to pay the Director General's costs in the proportions of 45 per cent each by Redland Pipes and ARC Concrete and 5 per cent each by Spun Concrete and Mixconcrete Pipes. In the course of its judgment, the Court said that, although it made no direction in the present case as to proceedings against directors, those advising the Director General 'should not overlook the desirability of process being taken against responsible directors in cases in which their companies have been found guilty of contempt or have admitted having acted in contempt.'

The Court also dealt with a further matter concerning the undertakings given in 1965. The Stanton Ironworks Company Limited had been a party to the agreement between the members of the British Concrete Pipe Association. It changed its name in 1962 to Stanton and Staveley Limited and in that name was a party to the undertakings given to the Court on 11 January 1965. On the nationalisation of steel, Stanton and Staveley Limited became part of the British Steel Corporation. The British Steel Corporation were a party to agreements 4758 and 4756. The Court requested the Director General to bring contempt proceedings against the British Steel Corporation.

Contempt proceedings against the British Steel Corporation were subsequently brought by the Director General. The British Steel Corporation claimed that the Steel Companies (Vesting) Order 1970 which transferred to the British Steel Corporation the property rights, liabilities and obligations of (*inter alia*) Stanton and Staveley Limited did not make the Corporation responsible for the undertaking given by Stanton Staveley Limited which was embodied in the Court Order of 1965. The Court rejected

this submission and held that the Corporation had taken over responsibility for the undertaking and was therefore in contempt of Court. The Corporation was fined £50,000 and ordered to pay the costs of the Director General.

Part M: Texts of undertakings given to the Director General under the Resale Prices Act 1976

DT Products Limited

DT Products Limited of 109 Blundell Street, London N7, hereby assures the Director General that it does not and will not:

- (1) notify to dealers or otherwise publish of or in relation to any goods a price stated or calculated to be understood as the minimum price which may be charged on the resale of those goods in the United Kingdom;
- (2) require as a condition of supplying goods to any dealer the inclusion of a term or condition or the giving of an undertaking establishing or providing for the establishment of a minimum price to be charged on the resale of those goods;
- (3) withhold supplies from a dealer on the grounds that the dealer has sold or is likely to sell the goods at less than minimum prices.

Trafford Carpets Limited

Trafford Carpets Limited of Mosley Road, Trafford Park, Manchester, hereby assures the Director General that:

- (1) it will circulate to all its dealers a statement conveying the substance of this assurance and advising them that they are free to sell, advertise and display for sale its goods (including 'Party Plain' Axminster) at whatever price they may choose to do so;
- (2) it will not include in any contract for sale or agreement relating to the sale of goods a term or condition which purports to establish or provide for the establishment of minimum prices to be charged on the resale of goods in the United Kingdom;
- (3) it will not by circular letter or in any other way indicate prices stated or calculated to be understood as the minimum price which may be charged on the resale of goods in the United Kingdom;
- (4) it will not discriminate in any way against a dealer for the reason that such dealer sells, advertises or displays for sale its goods at prices below any price which it may communicate to a dealer in relation to the sale, advertisement or display for sale of its goods.

Shulton (Great Britain) Limited

Shulton (Great Britain) Limited of 100 Brompton Road, London SW3, hereby assures the Director General that:

- (1) it will not include in any contract for sale or agreement relating to the sale of goods a term or condition which purports to establish or provide for the establishment of minimum prices to be charged on the resale of goods in the United Kingdom;

- (2) it will not by circular letter or in any other way indicate prices stated or calculated to be understood as the minimum price which may be charged for the resale of goods in the United Kingdom;
- (3) it will not discriminate in any way against a dealer for the reason that such dealer sells, advertises or displays for sale its goods at prices below any price which it may communicate to a dealer in relation to the sale, advertisement or display for sale of its goods;
- (4) with a view to ensuring that the relevant provisions of the Resale Prices Act 1976 are understood and observed throughout the Company's operation in the United Kingdom, it will bring the provisions of this assurance to the attention of all its employees concerned with the marketing, promotion or sale of its goods.

Revlon International Corporation

Revlon International Corporation of 86 Brook Street, London W1, hereby assures the Director General that:

- (1) it will not include in any contract for sale or agreement relating to the sale of goods a term or condition which purports to establish or provide for the establishment of minimum prices to be charged on the resale of its goods in the United Kingdom;
- (2) it will not by circular letter or in any other way indicate prices stated or calculated to be understood as the minimum price which may be charged on the resale of its goods in the United Kingdom;
- (3) it will not discriminate in any way contrary to section 11 of the Resale Prices Act 1976 against a dealer for the reason that such dealer sells, advertises or displays for sale its goods at prices below any price which it may communicate to a dealer in relation to the sale, advertisement or display for sale of its goods;
- (4) with a view to ensuring that the relevant provisions of the Resale Prices Act 1976 are understood and observed throughout the Company's operation in the United Kingdom, it will bring the provisions of this assurance to the attention of all its employees concerned with the marketing, promotion or sale of its goods.

Lanvin Perfumes Limited

Lanvin Perfumes Limited of 49 St James's Street, London SW1, hereby assures the Director General that:

- (1) it will circulate to all its dealers a statement conveying the substance of this assurance and advising them that they are free to sell, advertise and display for sale its goods at whatever price they may choose to do so;
- (2) it will not include in any contract for sale or agreement relating to the sale of goods a term or condition which purports to establish or provide for the establishment of minimum prices to be charged on the resale of goods in the United Kingdom;
- (3) it will not by circular letter or in any other way indicate prices stated or calculated to be understood as the minimum price which may be charged in the resale of goods in the United Kingdom;
- (4) it will not refuse to supply goods to a dealer and/or discriminate in any way against a dealer for the reason that such dealer sells, advertises or displays for sale its goods at prices below any price which it may communicate to a dealer in relation to the sale, advertisement or display for sale of its goods.

Part N: Decisions made by the Commission of the European Communities under Article 85 of the Treaty of Rome

<i>Description</i>	<i>Date of Decision</i>	<i>Date published in Official Journal (L Series)</i>
Floral	28.11.1979	39 of 15.2.1980 page 51
Cane sugar agreements	7.12.1979	39 of 15.2.1980 page 64
Transocean Marine Paint Association	12.12.1979	39 of 15.2.1980 page 73
Rennet	5.12.1979	51 of 25.2.1980 page 19
Pioneer	14.12.1979	60 of 5.3.1980 page 21
Krups	17.4.1980	120 of 13.5.1980 page 26
DCL victuallers	22.7.1980	233 of 4.9.1980 page 43
National Sulphuric Acid Association	9.7.1980	260 of 3.10.1980 page 24
IMA Rules	18.9.1980	318 of 26.11.1980 page 1
Solnhofner stone	16.10.1980	318 of 26.11.1980 page 32

Note: Some of these Decisions may be the subject of an appeal to the European Court of Justice.

APPENDIX THREE

Part A: Texts of public body references under section 11 of the Competition Act 1980

British Railways Board's London and South Eastern Commuter Services: 8 April 1980

The Secretary of State, in exercise of his powers under section 11(1)(a) and (b) of the Competition Act 1980, hereby refers to the Monopolies and Mergers Commission the questions set out below relating to the efficiency and costs of, and the service provided by, the British Railways Board in supplying rail passenger services in the south-east of England.

For the purpose of this reference, 'rail passenger services in the south-east of England' means rail passenger services provided or capable of being provided by the Board within the Board's London and South East Business Sector as defined for the purposes of the Board's system of profit planning and cost centre analysis, excluding peripheral services, as so defined.

The Commission shall upon this reference investigate and report on the question whether, in supplying the said Services, the Board could improve its efficiency and thereby reduce its costs without affecting the quality of service provided or improve the quality of service provided without any increase in its costs, with particular reference to:

- (a) the extent to which any deficiency in the quality of service provided is the result of inefficiency;
- (b) the scope for improvements in efficiency and manpower productivity, having regard to the extent and effect of manpower savings already made; and
- (c) the efficiency of the Board in adjusting services to match demand, and whether greater efficiency in this matter would increase net revenue;

and on the question whether in relation to any matter falling within the questions set out above, the Board is pursuing a course of conduct which operates against the public interest.

The Commission shall report on this reference before the end of 3 September 1980.

Central Electricity Generating Board: 3 June 1980

The Secretary of State, in exercise of his powers under section 11(1)(a) of the Competition Act 1980, hereby refers to the Monopolies and Mergers Commission the questions set out below relating to the efficiency and costs of the Central Electricity Generating Board in operating its system for the generation and supply of electricity in bulk.

The Commission shall upon this reference investigate and report on the question whether, in operating the said system, the Board could, without reducing the standard of service provided, improve its efficiency so as to be able to reduce its costs or mitigate the effect of any increases in its costs, with particular reference to:

- (a) its internal cost control and project control systems;
- (b) its management information systems;
- (c) its purchasing policies and methods of stock control;

- (d) its management of plant maintenance and the effect of programmes for plant maintenance on plant availability;
- (e) the planning and appraisal of new investment, and its ability to carry out its proposals for such investment within the cost and the time estimated;

and on the question whether, in relation to any matter falling within the questions set out above, the Board is pursuing a course of conduct which operates against the public interest.

The Commission shall report on this reference within a period of six months beginning with the date hereof.

Severn-Trent Water Authority: 9 October 1980

The Secretary of State, in exercise of his powers under section 11(1)(a) of the Competition Act 1980, hereby refers to the Monopolies and Mergers Commission the questions set out below relating to the efficiency and costs of Severn-Trent Water Authority and, in relation to the supply of water, of East Worcestershire Waterworks Company and the South Staffordshire Waterworks Company.

The Commission shall upon these references investigate and report on the questions whether each of the said bodies could, without affecting the quality of service provided, take action to improve its efficiency and thereby reduce its costs (including, in relation to the supply of water, action to vary the arrangements entered into between the said Authority and each of the said companies or to alter the way in which effect is given to those arrangements); and on the question whether in relation to any matter falling within the questions set out above, the body to which the question relates is pursuing a course of conduct which operates against the public interest.

The Commission shall report on this reference within a period of six months beginning with the date hereof.

Severn-Trent Water Authority—extension of terms of reference: 18 November 1980

The Secretary of State, in exercise of his powers under section 11(1)(c) of the Competition Act 1980, hereby refers to the Monopolies and Mergers Commission the questions set out below relating to possible abuses of monopoly situations by Severn-Trent Water Authority, by East Worcestershire Waterworks Company and by the South Staffordshire Waterworks Company in relation to the supply of water to domestic premises and, in the case of the said Authority, in relation to the supply of sewerage and sewage disposal services to such premises.

The Commission shall upon these references investigate and report on the questions whether, by not enabling persons throughout its area or within its limits of supply, as the case may be, to be charged for such supply other than by reference to rateable values, any of the said bodies is abusing a monopoly situation; and on the question whether, in relation to any matters falling within the questions set out above, the body to which the question relates is pursuing a course of conduct which operates against the public interest.

The Commission shall report on these references before the end of 8 April 1981.

Part B: Text of press notice announcing publication of the report on the Inner London letter post

The following is the text of a press notice issued by the Department of Trade on 1 April 1980:

The report by the Monopolies and Mergers Commission on the Inner London letter post is published today.

Commenting on the report, the Minister for Consumer Affairs, Mrs Sally Oppenheim, said:

'This is a very thorough and valuable report. The Commission have pointed to weaknesses which will have to be remedied if the Post Office's standards of service are to be restored to an acceptable level.

'The Secretary of State for Industry will now be discussing with the Chairman of the Post Office Board how this can best be done. A further announcement will be made when agreement has been reached on a programme of action. In the more immediate future, the Secretary of State for Industry will shortly be announcing the outcome of his review of the Post Office's monopoly of the letter post. He will be taking the Commission's findings into account.'

Mrs Oppenheim concluded:

'The present report illustrates clearly that the Monopolies and Mergers Commission can do an effective job in scrutinising the efficiency and standards of service of public sector monopolies. It highlights the way in which working practices which stem from a misuse of trade union power, particularly at branch level, have to be paid for directly by the consumer who as a result gets a poor service for a high price. While management must bear their share of responsibility too, I hope that this report and the publicity it receives, will make their (the Post Office's) task in attempting to remedy what is an unacceptable situation, as far as consumers, and in particular commercial consumers, are concerned, easier than it would otherwise have been.'

Part C: Statement on the publication of a report on a public body reference under section 11 of the Competition Act 1980

British Railways Board's London and South Eastern Commuter Services

The following is the text of a press notice issued by the Department of Trade on 2 October 1980:

Mrs Sally Oppenheim, Minister of State for Consumer Affairs, today announced the publication of the report by the Monopolies and Mergers Commission on British Rail's London and South East Commuter Services. She said:

'The Commission have concluded that in providing these services the Board are not pursuing a course of conduct which operates against the public interest. Nevertheless, they have found, as have a great many commuters, that performance could be improved, and have put forward 36 detailed and constructive recommendations for the better running of the commuter services.'

Mrs Oppenheim added that following the publication of the report the Minister of Transport has written to the Chairman of the Railways Board about steps necessary to follow up the recommendations of the Monopolies and Mergers Commission.

Summary of Monopolies and Mergers Commission's conclusions and recommendations on British Rail's London and South East Commuter Services.

The Commission's recommendations cover ten broad areas: financial framework, quality of service, manpower, industrial relations, efficient use of manpower, maintenance, matching supply and demand, fare structure, investment and management of the commuter services.

(1) *Financial framework*

Despite being generally satisfied with the Board's budgetary system operated by means of cost centres, the Commission recommend a strengthening of the system to give further analysis of maintenance costs and to allow allocation of indirect costs between inner and outer suburban services.

(2) *Quality of service*

The Commission commend the railway's excellent safety record, but find that in punctuality and cancellations performance falls short of 1974 standards. They see little scope for improvement without either changes to the structure of the timetables, more success in recruiting and retaining staff, or changes in national and local agreements with the unions.

The Commission find that there are shortcomings in procedures for setting target standards, and recommend that more emphasis should be given to setting targets, monitoring performance against them and publicising the results. In particular, closer monitoring of carriage cleaning is required. Finally, improvements are required in systems for relaying information to passengers.

(3) *Manpower*

The Commission record a number of manpower problems. Neither labour turnover nor absenteeism is out of line with the experience of other industries, but both can create special problems on the railways: for example, absenteeism among train crews is a significant factor in train cancellations. Low basic pay rates, together with long, irregular and unsocial hours that many of the Board's employees are required to work make for labour difficulties, and the Commission call for greater monitoring and control in these areas.

Personnel management of train crews is singled out for special mention, and the Commission recommend closer supervision, particularly for new and inexperienced guards.

The Commission call attention to the high retirement rate the Board will face in the next 10–15 years, and urges that particular attention be given to labour supply questions where there is a lengthy training period as in the case of footplate staff. Finally, the Commission recommend increased employment of women, including on a part-time basis to help meet the demand at the peaks.

(4) *Industrial relations*

The Commission recommend a joint review by management and unions of the complex framework of negotiating and consultative procedures. They welcome the suggestion for the formation of a Joint Council of the Railway Unions, and they note that there needs to be more effective contact and sharing of information between management and employees and between trade unions and their members.

(5) *Efficient use of manpower*

The Commission note that there were very substantial reductions in the Board's workforce in the 20 years up to 1977, with the full co-operation of the unions. Since 1970, however, manpower productivity has increased more slowly and in the last two years hardly at all. Slow productivity growth has held back improvements in pay levels. A decline in the level of business over the period has increased the difficulties of securing improvements in manpower productivity, and in London and South East the decline in traffic has not been matched by corresponding reductions in resources. There are a number of features in agreements with the unions which restrict the more efficient use of manpower, particularly train crews. Both management and unions consider the basic rate of pay of rail staff is generally such as to require

long hours to bring earnings up to a reasonable level, and this has affected attitudes to productivity negotiations. There is also a general resistance by the unions to any net reductions in the number of rail staff. However, the Commission find that management is now showing increased determination to secure productivity improvements, and notes that a formal organisation has been introduced for the development of productivity schemes. The 1980 pay agreement sets a new pattern by its association with specific productivity proposals. The Commission urge that efficiency in the use of manpower must be increased, and increased in ways that lead to cash savings and the reduction or containment of costs. More specifically, they recommend that the Board and the unions should consider an approach in which productivity payments are made only to staff actually required to perform specific duties or to accept new or revised working practices.

(6) *Maintenance*

The Commission find that the control of rolling stock maintenance costs is based on control of labour hours with no direct control of material costs. They consider this to be a major weakness which is exacerbated by inadequate or loose coverage of labour hours by properly measured standards, and they recommend that these weaknesses be remedied as soon as possible.

The track renewal programme is behind schedule, and quality of service may suffer if the trend continues. The Commission note that the Board are planning to reduce staff in civil engineering but comment that a reduction greater than planned would be necessary to match past performance on the basis of current route mileage. They recommend increased use of contract labour for weekend working, until the new Permanent Way Agreement is fully implemented.

(7) *Matching supply and demand*

Despite recent welcome improvements in medium- and long-term planning, the Commission express concern at the excess capacity on some services, particularly in the shoulders of the peak, and recommend urgent consideration of economies in the use of rolling stock. The Board have been slow to adopt targets for load factors, and the Commission recommend they should be adopted quickly, in consultation with the CTCC, and there should be strong central control to achieve the new targets. The Board should be continuously seeking a better match of supply and demand. While Southern Region has extensive information to help in this task, in the case of Eastern Region greater information about the market is required.

(8) *Fare structure*

While broadly content that the fares structure reflects the structure of costs, the Commission recommend further investigations into the relationship between cost and distance, and into the appropriate differential between peak and off peak fares and season ticket rates. They welcome the Board's willingness to conduct further experiments on passenger response to peak pricing and the costs savings of spreading the peak, and give their backing to a suggestion for a study of regional pricing policy to check that fares are determined sufficiently flexibly to reflect different costs and demands on different services.

(9) *Investment*

The Commission welcome improvements in the efficiency of the investment decision making, and are satisfied that procedures for approval and control of investment seem to be effective. However, the results of investment in the King's Cross electrification scheme have been disappointing, and there was apparently a considerable degree of 'appraisal optimism'. Alternatives for rolling stock investment have not been considered with sufficient care, but

the Commission welcome evidence that a more vigorous approach is now followed.

The Commission recommend that the Government and the Board should discuss the related concepts of criteria for investment, objectives for the social railway, and targets for the commercial railway, and that the Government should give clear guidance to the Board on investment.

(10) *Management of the commuter services*

The Commission consider that the interests of the commuter would not be better served if a new London and South East region were to be created from the seven Divisions in the sector. They do, however, urge early consideration of the proposal to create a senior management post with specific responsibility for London and the South East.

The Commission record their impression that it is only in periods of severe financial restraint that determined efforts have been made at cost reductions, and believe that many present difficulties could have been avoided if a more rational approach to cost reductions had been pursued in the past. However, they are impressed by recent improvements and by increased pressure to reduce costs at all levels of management, and they believe it is essential that the recent momentum established by the Board in this area should be maintained.

The Commission urge the Board to press on with proposals to reduce the number of management jobs at divisional level. Finally they note that a high degree of management skill is required to run the railway, and they acknowledge the high quality of the managers they met at all levels.

Part D: Text of a newspaper merger reference

United Newspapers Limited/J Andrew and Company Limited: 20 March 1980

Whereas the Secretary of State received on 22 February 1980 an application for his consent under section 58 of the Fair Trading Act 1973 to the transfer by J Andrew and Company Limited to United Newspapers Limited of the following newspapers:

Newspapers comprising the North Cheshire Herald Series:

- Denton Reporter
- Glossop Chronicle
- High Peak Reporter
- North Cheshire Herald
- North Cheshire Herald (Bredbury and Romiley edition)
- North Cheshire Herald (Marple edition)

Newspapers comprising the Ashton-under-Lyne Reporter series:

- Ashton-under-Lyne Reporter
- Ashton-under-Lyne Reporter (Audenshaw edition)
- Droylsden Reporter
- Dukinfield Reporter
- East Manchester Reporter (North)
- East Manchester Reporter (South)
- Mossley and Saddleworth Reporter
- Stalybridge Reporter

Now, therefore, the Secretary of State in pursuance of section 59 of the said Act hereby refers to the Monopolies and Mergers Commission for investigation and report the matter of the proposed transfer of the said newspapers.

Part E: Statements on publication of reports on newspaper merger references

The Bristol United Press Limited/West Somerset Free Press

Parliamentary statement by the Minister of State for Consumer Affairs on 16 April 1980:¹

'The Commission's report is published today.

'The Commission concluded unanimously that the proposed acquisition by Bristol United Press Limited of 75 per cent of the shares of Cox, Sons & Company Limited, proprietors of the West Somerset Free Press, from Farnham Castle Newspapers Limited might be expected to operate against the public interest.

'The report is the ninth by the Commission on a newspaper transfer since the control of newspaper mergers was introduced in 1965. It is the first such report in which the Commission have concluded that the proposed transfer might be expected to operate against the public interest.

'The Commission considered whether any conditions might be attached to any consent to the transfer in order to prevent the transfer from operating against the public interest and concluded that there were no such conditions.

'The Commission considered that the acquisition should not be allowed mainly because of the desirability of preventing greater regional concentration of ownership of the press, and also because acquisition of the West Somerset Free Press by Bristol United Press would be less likely to lead to competition in the area than if it remained in the hands of the present owners, Farnham Castle Newspapers Limited.

'The Commission stressed that in saying this they implied no criticism of either Bristol United Press or Associated Newspapers (under the newspaper merger provisions of the Fair Trading Act 1973, Associated Newspapers is a newspaper proprietor in relation to the newspapers of Bristol United Press and its subsidiaries). The Commission's conclusion rested not so much on the nature and behaviour of either of these two organisations as on an objection to the progressive concentration of ownership of the provincial press about which the Royal Commission on the Press in its final report of July 1977, and the Monopolies and Mergers Commission in their earlier reports on specific newspaper mergers, had expressed concern.

'I share the general concern of the two Commissions about concentration of ownership in the provincial press. In the light of the conclusions of the Monopolies and Mergers Commission in their report, my Right Hon. Friend has decided to refuse his consent to the proposed transfer.'

United Newspapers Limited/J Andrew and Company Limited

Parliamentary statement by the Minister of State for Consumer Affairs on 30 July 1980:²

'I received the report on 18 June and it is being published at 16.30 this afternoon. The Commission concluded that a transfer may not be expected to operate against the public interest. Formal consent is being given to United Newspapers Limited today.'

¹HC Deb (1979-80) 982, No. 156, 17 April 1980, c 651-652.

²HC Deb (1979-80) 989, No. 224, 30 July 1980, c 692.

APPENDIX FOUR

Part A: Office of Fair Trading publications

All publications are free unless otherwise indicated.

General

OFT How it works revised 1980

Consumer credit material for traders and advisers

Advertisements and Quotations Regulations 1980

Are you a credit broker? A limitation on fees 1977

Consumer credit licence fees 1980

The Consumer Credit Public Register revised 1980

Credit cards and equal liability 1978 (insert in *Equal Liability*)

Credit Charges 1980

Credit references: you and your customer 1977

Equal Liability: Buying or selling on credit—who is responsible if things go wrong?
1977

Extortionate Credit 1977

Guidance for Credit Reference Agencies 1978

A Guide to the Consumer Credit Tables revised 1980

Licensing: Consumer Credit Act 1974 revised 1980

Licensing—Your right to make representations 1976

Regulated and exempt agreements revised 1980

Responsibilities of a Licensee: Consumer Credit Act 1974 revised 1979

Consumer protection material

Dalier sylw! 1977 (insert in *Unioni Cam*)

Dear Shopper in Northern Ireland revised 1979

Dear Shopper in Scotland revised 1979

Fair deal: a shopper's guide revised 1980

How to cope with doorstep salesmen revised 1979

How to put things right revised 1980

No credit? Your right to know what credit reference agencies are saying about you
revised 1980

Stop and think revised 1980

There's more to credit than just HP 1980

Unioni Cam 1977 (Welsh edition of *How to put things right*)

'For your protection' series (covering codes of practice)

Buying by post 1979

Cars revised 1980

Electrical goods revised 1980

Funerals 1979

Furniture revised 1980

Launderers and Dry cleaners revised 1979

Package holidays revised 1979

Photography 1979
Shoes revised 1980

Competition policy

Anti-competitive Practices: A guide to the provisions of the Competition Act 1980
1980

Audio-visual material (slide/tape kits)

A Dog Deceived 1980 (on Trade Descriptions Act) price £13.20 or hire charge
£6.90

Dog days 1978 (on Sale of Goods Act) price £12.00 or hire charge £5.50

Would you credit it? 1980 (on Consumer Credit (Advertisements) Regulations)
price £16

All prices include VAT. Kits are available from Central Film Library, Government
Building, Bromyard Avenue, London W3 7JB. (from 1 August 1981 at Chalfont
Grove, Gerrards Cross, Bucks SL9 8TN).

Prestel

Sixteen programmes (over 300 pages) of information and advice on consumers'
rights and how to complain if things go wrong. Main index page 5005.

Advertising control

Review of the United Kingdom self-regulatory system of advertising control 1978
(Available from OFT, Room 114, Field House, Bream's Buildings, London EC4A
1PR)

Bibliography

Consumer bibliography second edition, reprinted with amendments 1978
(Available from OFT, Room 515, Chancery House, Chancery Lane, London
WC2A 1SP, at £1, post free, cash with order)

Codes of practice

Redress procedures under codes of practice: a consultative document 1980
(Available from OFT, Room 112, Field House, Bream's Buildings, London EC4A
1PR)

Consumer credit

*Consumer credit survey 1977: a report prepared for Office of Fair Trading by NOP
Market Research Limited* 1979

(Available from OFT, Registry, Field House, Bream's Buildings, London EC4A
1PR, at £40, plus £1 post and packing, cash with order)

Guarantees

Guarantees: a guide for manufacturers 1979

(Available from OFT, Room 106, Field House, Bream's Buildings, London EC4A
1PR)

Used cars

Buying a used car—consumers' problems: a consultative paper 1979

Consumer difficulties in the used-car sector: a report and recommendations made by the Director General of Fair Trading under section 2(3) of the Fair Trading Act 1973 1980

(Available from OFT, Room 106, Field House, Bream's Buildings, London EC4A 1PR)

Note: except where indicated all the above publications are available from the Publicity Section, Room 310a, Field House, Bream's Buildings, London EC4A 1PR.

Part B: HMSO publications

The following publications can be purchased from Her Majesty's Stationery Office. Prices quoted do not include postage.

Annual Report of the Director General of Fair Trading for the period January 1978 to December 1978 to the Secretary of State for Prices and Consumer Protection HMSO, 1979 (Sess. 1979-80, HC 79), £2.00

Annual Report of the Director General of Fair Trading for the period January 1979 to December 1979 to the Secretary of State for Trade HMSO, 1980 (Sess. 1979-80, HC 624), £4.00

Consumer credit tables, to calculate the annual percentage rate of charge HMSO, 1977 (in 15 parts, variously priced)

Mergers: a guide to the procedures under the Fair Trading Act 1973 HMSO, 1978, 90p

Review of the Trade Descriptions Act 1968: a report by the Director General of Fair Trading HMSO, 1976 (Cmnd. 6628), £1.35

Details of earlier annual reports and further information about publications in the Office's spheres of interest may be obtained from the Office's Library (Tel 01-242 2858 ext 245 or 345).

Part C: Public registers

The Consumer Credit Public Register

The register is now based at the Consumer Credit Licensing Branch of the Office at Government Building, Bromyard Avenue, Acton, London W3 7BB. It is open for inspection from 10am to 4pm on any day other than Saturdays, Sundays and public holidays. An index listing applicants and licensees by true name and business name is provided for personal callers and can be examined free of charge. Personal callers may inspect the register files on payment of a small fee. Copies of certified and uncertified documents on files may be obtained; also postal requests may be made for copies of clearly identified documents. There is also a telex facility. For each of these services a small fee is chargeable. The scale of fees is given in the current edition of the leaflet, *The Consumer Credit Public Register*.

Register kept under the Restrictive Trade Practices Act 1976

The register is kept at the Office of Fair Trading, Room 517, Chancery House, 53 Chancery Lane, London WC2A 1SP. The register (with the exception of the special section maintained by virtue of section 23(3) of the 1976 Act) is open to public inspection from 10am until 4.30pm on any day except Saturdays, Sundays and public holidays. The fee for inspection of the register is £1 a day, or 20p an agreement if fewer than five agreements are inspected during the day. Copies of agreements or extracts thereof, certified by the Director General as true copies or extracts, are provided at a charge of 20p a sheet. Copies of clearly identified agreements or extracts

from agreements are available by post from the Office of Fair Trading, Chancery House, Chancery Lane, London WC2A 1SP.

Part D: Research carried out or in progress during 1980

The following topics have been the subject of research sponsored or carried out by the Office during 1980:

- (1) *The effectiveness of codes of practice*—a study by the University of Manchester, commissioned in July 1979, was completed in 1980, and a final report received.
- (2) *Structure of the consumer credit industry*—this study, started in June 1977 by Sheffield University, was completed in 1980 and interim reports received. A full technical report is still due.
- (3) *Rates of return*—a study by Queen Mary College, commissioned in July 1979, was completed during 1980. The main report and two appendices were received.
- (4) *Competition in banking*—this study, by the University College of North Wales, was started in October 1979 and is expected to be completed by the end of 1981.
- (5) *United Kingdom industrial structure and foreign trade*—a study, by the National Institute of Economic and Social Research, commissioned in July 1977, was due to finish in 1980 but is now expected to be completed in early 1981.
- (6) *Industrial structure and entry*—this study by Queen Mary College, with the help of the Business Statistics Office, Newport, was completed in 1980.
- (7) *Economic interest of consumers*—a study of this concept and its ramifications by Sussex University was commissioned in February 1978 and completed in early 1980.
- (8) *Research into the furniture code of practice*—the first part of this research by NOP Market Research Limited was completed early 1980; the second part is under way.
- (9) *Informative labelling*—a survey begun in May 1980 by Strathclyde University is expected to take eighteen months to complete.

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