

Loyalty Penalty Working Group - Terms of Reference

February 2019

Scope

1. The Loyalty Penalty Working Group (LPWG) is convened to oversee the implementation of recommendations made by the Competition and Markets Authority (CMA) in its [loyalty penalty super-complaint response](#).
2. The LPWG will be chaired and led by the CMA.
3. The LPWG will focus on the following cross-cutting recommendations -
 - (a) Bolder enforcement and tackling harmful business practices (recs 1 and 2) – CMA/regulators [Lead – CMA];
 - (b) Publishing key metrics on the loyalty penalty (rec 3) – regulators [Lead – UKRN];
 - (c) Greater role of consumer-facing advisory organisations (rec 4) – government [Lead – BEIS];
 - (d) Rolling out smart data across markets (rec 5) – government/regulators [Lead – BEIS];
 - (e) Nudge remedies best practice sharing (rec 6) – regulators/UKCN;
 - (f) Consideration of targeted pricing interventions (rec 7) - regulators/CMA;
 - (g) Data matching feasibility assessment (rec 8) – regulators/CMA [Lead – CMA].
4. Leads will take overarching responsibility for progressing the recommendations and providing progress updates at each LPWG.
5. The FCA and Ofcom will also provide brief updates on the status and timeframe of ongoing work in the five specific markets referred to in the loyalty penalty super-complaint.
6. Discussions from the LPWG will inform a progress update on the loyalty penalty provided to the Consumer Forum in May/June, and the CMA's published update in summer 2019.

Composition and attendance

7. The LPWG will meet every 4-6 weeks up to June 2019 at a minimum. The scheduling of meetings is to be determined by the CMA as Chair.
8. The LPWG will comprise representatives from each of the following:

- CMA (Chair)
- Department for Business, Energy and Industrial Strategy (BEIS)
- Department for Digital, Culture, Media and Sport (DCMS)
- Financial Conduct Authority (FCA)
- HM Treasury (HMT)
- Ofgem
- Ofcom
- UK Regulators Network (UKRN)

[all standing attendees together referred to as “the Members”].

9. The LPWG will decide in June 2019 whether there is a need for further meetings.
10. The meetings of the LPWG will be supplemented by additional meetings of workstream teams where appropriate.

Minutes

11. Minutes will be taken of each meeting by the CMA and will be agreed by correspondence before the following meeting.