Loyalty penalty update - progress two years on from the CMA’s super-complaint investigation

Overview

1. In September 2018 Citizens Advice submitted a super-complaint to the CMA, raising concerns that longstanding customers were paying more than new customers (a ‘loyalty penalty’) in five essential markets - mobile, broadband, cash savings, home insurance and mortgages.

2. We investigated this issue and published our response to the super-complaint in December 2018. We found that the loyalty penalty was a significant problem impacting millions of people, including those who could least afford it. Consumers were rightly feeling ripped off and frustrated and were unfairly having to be constantly ‘on guard’ to avoid being exploited and get a good deal. Not enough had been done to address these problems and more action was needed. We highlighted the need for a ‘step-change’ in approach to tackle the loyalty penalty.

3. We set out a package of reforms which included recommendations to Ofcom and the FCA, the regulators in the five markets, as well as cross-cutting recommendations including taking enforcement action against harmful business practices, holding businesses to account and putting in place targeted pricing interventions where needed.

4. Since publishing our response, it is evident that significant progress has been made across the board in each of the five markets. Both Ofcom and the FCA have undertaken substantial further work to look at this problem in more detail – together estimating that in total more than 28 million customers were paying a loyalty penalty of £3.4 billion.[1] The regulators have proposed strong measures, as seen most recently in the bold interventions for general insurance, but also in broadband and mobile where various commitments by providers have come into force.

5. Although work is still in progress and some interventions are yet to be implemented, the direction and commitment of regulators to tackle the problems is clear. We support and encourage the regulators to continue to

[1] Estimate taken from combined published figures from FCA and Ofcom’s work in the five markets in 2019 and 2020; we recognise that there may be instances where customers are paying a loyalty penalty in more than one market and therefore may be counted twice or more.

take tough action where needed and to closely monitor the impacts in tackling the loyalty penalty.

6. The CMA will continue to use the powers we have to protect consumers from exploitative practices linked to the loyalty penalty. These types of harmful practices include making it harder for consumers to exit their contracts or rolling people over without giving them sufficient warning, which can enable firms to charge a loyalty penalty and exacerbate the problem. We believe our powers can be strengthened to enable us to take action more effectively, including through new powers to fine businesses who have broken consumer law directly. Consumer law on harmful practices relating to autorenewals and subscription services can also be clarified even further. We are committed to continuing to work with Government and others - including through engagement with the Penrose Review - to ensure the competition regime and consumer law is robust to tackle the problems arising in markets.

7. We recognise that the ongoing Coronavirus (COVID-19) pandemic continues to have significant impacts on consumers and businesses across the economy. The five markets we looked at all provide essential services, that are in many ways now even more critical to people's lives.[2] It's not only vital that people can rely on these services but also that consumers are getting a good deal rather than being unfairly penalised or misled into paying a loyalty penalty.

8. As the impacts of COVID-19 continue to be felt, more consumers may be in need of additional assistance - particularly vulnerable consumers.[3] Businesses need to ensure that they are continuing to provide support to consumers during this difficult period. We encourage regulators to monitor business practices and the impact this might be having on people's ability and incentive to shop around – otherwise there is a risk that even more people end up paying a loyalty penalty in their markets.

[2] For example, in broadband, between 23 March and mid-May, usage significantly increased as people work and learn from home following government lockdown measures; some broadband providers reported an increase between 35% and 60% in weekday daytime traffic. In mortgages, covering the period March-May over 1.8 million mortgage payment holidays were taken up when the scheme was first announced as many consumers are facing financial difficulties. The scheme was extended last month as the impacts of COVID-19 continue to be felt.

[3] As highlighted by recent research commissioned by Fair by Design and Turn2us, vulnerable consumers such as those on low incomes can also be at risk of being unfairly penalised in other ways, such as paying a 'poverty premium' in key markets like energy and insurance.

Progress in tackling the loyalty penalty

2018

- **Sep** — **Citizens Advice super-complaint** on loyalty penalty in five markets
- **Dec** — **CMA publishes report calling for action** on loyalty penalty and launches enforcement case in anti-virus software. Ofcom publishes proposals for end-of-contract and annual best tariff notifications, and launches review into broadband pricing practices

2019

- **Mar** — FCA publishes **mortgages market study final report** includes measures to help 'mortgage prisoners'
- **Apr** — CMA launches second enforcement case into online video gaming
- **Jun** — **Government publishes response** to the CMA supporting further action and new CMA fining powers
- **Jul** — CMA publishes 6-month update and a framework to tackle bad practices. Ofcom publishes mobile handsets review and gets **voluntary commitments from major mobile phone companies** (except Three)
- **Sep** — Ofcom publishes in-depth review of broadband pricing, including voluntary commitments from major providers
- **Oct** — FCA publishes provisional report into general insurance which finds significant concerns about 'price walking'

2020

- **Jan** — CMA publishes 12-month update calling for continued action by regulators
- **Feb** — New Ofcom **rules require firms to notify mobile and broadband customers** when contracts are ending and if better deals are available
- **Mar** — FCA publishes research into 10% of longstanding mortgage customers who don't switch but could
- **Jul** — Ofcom announces further **voluntary commitments from all major broadband companies** and publishes updated analysis. CMA publishes update warning about the impact of COVID-19.
- **Sep** — FCA announces **measures to tackle insurance loyalty penalties including a ban on price walking**

Our progress – protecting consumers from harmful business practices and strengthening our powers

9. In our super-complaint response, we found evidence of businesses using practices relating to autorenewals and subscription services to exploit consumers into paying more than they needed to. These harmful business practices included actively making it harder for consumers to exit their contracts or rolling people over without giving them sufficient warning, which make it more difficult for customers to avoid paying a loyalty penalty.

10. These types of practices not only impose a cost on the economy, in terms of time consumers spend trying to avoid being penalised, but also cause frustration and more broadly undermine trust in markets. Following our response, we published a framework for businesses which set out six key principles to help prevent customers from being hit by the loyalty penalty.[4]

11. Stopping these types of harmful practices, including the problems caused by subscription traps, is as important as ever given many consumers are facing additional financial pressures as a result of COVID-19. The CMA has issued guidance to consumers and businesses on some of these issues in the context of COVID-19.

Taking enforcement action

12. Where we see evidence of these and other forms of harmful practices in non-regulated markets, we will use our powers to investigate and take action against businesses where necessary. We encourage regulators to do the same in their regulated sectors.

13. Following our investigation, we launched enforcement investigations in the computer antivirus software and online video gaming sectors following concerns that some firms may not be complying with consumer law regarding various practices and contract terms relating to automatic renewal.

14. We have gathered significant evidence to closely scrutinise these firms' business practices. The matters under consideration include whether:

    (a) consumers expressly agree to be automatically renewed;

[4] These principles covered three broad areas, namely: practices should be transparent and never misleading (eg customers should be notified before renewal); it should be as easy as possible for customers to opt out (as least as easy as it was to opt in); and the behaviour encouraged by the practice should be in the customers' best interest (such as no autorenewal onto a fixed term unless it's clearly in the customer's interest). See: CMA, Loyalty penalty update: getting better and fairer deals, June 2019.

(b) price discounting claims are fair;

(c) customers can easily prevent renewal;

(d) the terms and conditions are fair; and

(e) customers should be entitled to refunds if they no longer want or need the service following autorenewal.

15. We will be reporting publicly on our next steps in these cases and any further action we will be taking, early next year.

Strengthening our powers to protect consumers

16. Under the current legal framework, where firms break consumer protection law, the CMA has two broad options: it can seek to engage with them to stop or prevent infringements and ensure they are not repeated; and/or it may take enforcement action through the courts.

17. We will continue to use our current powers to help protect consumers, but we believe there is significant scope to strengthen these so that we can take swifter and more effective action more generally.[5] For example, we do not currently have the power to seek fines against businesses directly under current consumer law. We welcome support from the Government for legislating to give the CMA these powers.

18. We also consider that consumer law could be clarified even further, for example by including specific provisions covering harmful practices relating to unfair automatic renewals and subscription services. However, we can still take action under the existing law, as we are doing in our enforcement cases.

19. We will continue to work with the Government to look at ways to strengthen our general powers and consumer law to help better protect consumers.

20. More broadly, we also welcome the ongoing Penrose review into the UK competition regime which is considering how the regime can be strengthened to deliver the best outcomes for consumers, including by tackling consumer rip-offs and bad business practices. We are supportive of this important work, particularly in the context of the COVID-19 pandemic and the challenges it raises. We will continue to engage with the Penrose review and Government on potential reforms.

[5] Last year the CMA proposed wide-ranging reforms to strengthen our consumer enforcement and our market study/investigation powers so that we can more effectively investigate and take action against firms.

Better understanding of the loyalty penalty and how to tackle it

21. Alongside taking enforcement action, we also commissioned E.CA Economics to undertake a review into the academic literature on the loyalty penalty, to help identify potential gaps in understanding within economic theory and to consider how this might inform policy thinking on tackling these issues.

22. The research highlights that while economic theory can be a useful basis for considering loyalty penalties in markets, the classic literature has some gaps, including around the consideration of fairness and trust in markets, unrealistic assumptions about consumer decision-making and the impact of business practices in inducing loyalty penalties. More recent research fills some of these gaps by describing more realistic accounts of consumer behaviour and its complexity, and how their experiences of interacting with markets affect the prices they pay. However, more needs to be done in this area to improve understanding.

23. In terms of interventions, the research recognises that there are a variety of tools available to reduce loyalty penalties but that the appropriate tool will depend on the nature of the specific market. In particular, it notes that:

   (a) harmful business practices require direct action. In some markets it may be that the root cause of a loyalty penalty is a harmful business practice, such as suppliers intentionally making it hard for consumers to switch or cancel. There are incentives for suppliers to introduce or worsen these types of practices – in which case it is necessary to intervene directly to stop them;

   (b) transparency-based remedies and those focussed on improving consumer engagement can be powerful, but they also can fail to reach the most vulnerable consumers who may need additional support and protection; and

   (c) pricing interventions can serve an important purpose. While there may be risks associated with direct price regulation, there are ways of implementing this which mitigates these risks. For example, regulating the difference between different sets of prices without dictating a price, or capping the price of fees without regulating the price of the main product.

24. This research reinforces many of the findings set out in our super-complaint response – in particular that business incentives are not necessarily aligned to make it easier for consumers to engage and direct action is needed to tackle the loyalty penalty in markets.

Progress by regulators to tackle the loyalty penalty in the five markets

25. In our super-complaint response, we made recommendations to the regulators on potential measures to tackle the loyalty penalty, to be considered as part of their work in mobile and broadband (Ofcom) and cash savings, home insurance and mortgages (FCA).

26. Overall, progress across the five markets has been positive, with regulators undertaking detailed further work in each of these markets since our response.

27. This has been impacted to some extent by COVID-19 as regulators are having to respond to this ongoing crisis and its effects on consumers and businesses in their markets. But we nevertheless believe that important steps have been taken to develop a better understanding of the problems and put in place appropriate solutions.

28. We welcome this work and the measures already introduced in some markets by Ofcom and the FCA to help tackle the loyalty penalty. We strongly encourage both regulators to continue to push forward in making changes to tackle this issue, as well as monitoring the impacts to understand their effectiveness in order to identify whether further action may still be needed.

Financial services - insurance, mortgages, cash savings

Insurance

29. Our investigation raised serious concerns about practices in this sector, where businesses were repeatedly increasing prices year on year leading to some customers paying much more than others. The FCA has since carried out an in-depth market study into general insurance pricing practices (including home and motor insurance), publishing its final report in September 2020. It found that six million policy holders paid high prices in 2018 and could have saved £1.2 billion (if they paid the average premium for their risk).

30. The FCA found extensive evidence of some firms gradually increasing the price to customers who renew with them year on year (‘price walking’). The FCA also found that firms are using complex and opaque pricing techniques to identify consumers who are more likely to renew with them and increasing prices for these customers at renewal resulting in a loyalty penalty. In addition, some firms use practices that can discourage consumers from shopping around.

31. The FCA is currently consulting on a package of robust remedies to tackle the problems it found in this sector. This includes a direct intervention to tackle price walking in home and motor insurance, requiring firms to offer a renewal price that is no higher than the equivalent new business price for that customer through the same sales channel (eg online or over the phone). The remedy will be accompanied by enhanced product governance rules to ensure firms have processes in place to deliver products that offer fair value to customers.

32. These remedies will work alongside additional measures focussed on increasing transparency and competition in general insurance, as well as addressing barriers to switching. The FCA is consulting on measures to stop auto-renewal being used as a barrier to switching. The FCA has also highlighted that it will put in place a strong supervisory approach[6] to ensure firms comply with any rules it implements and will monitor the impact of these remedies immediately, as well as undertaking a longer-term evaluation to understand how its remedies are affecting the market.

33. We strongly welcome the FCA's proposed remedies package to help tackle the loyalty penalty in general insurance. While we recognise that COVID-19 is having an impact in this market as in many others, we consider that an effective strong set of remedies is nevertheless needed to address the scale of the problems the FCA has found. In particular, we welcome the FCA's proposals to ban price walking. These are bold proposals, which could have a significant impact on the market and on consumers.

34. The FCA has recognised that this type of pricing intervention may potentially have unintended consequences and has undertaken modelling to simulate the effects this might have. The FCA estimates that although there will be increases in new business prices, on average across all consumers, prices will fall and that intense competition for new customers will continue. It will also change the incentives for firms to price walk these customers in future.

35. Similarly, in our super-complaint response we recognised the risks around pricing interventions. However, we also highlighted the need for appropriate intervention in markets where consumers are getting poor outcomes. We therefore welcome the detailed work the FCA has done to test the robustness of its proposed remedy and to understand the potential impacts on the market. Given the FCA's findings, we support a strong intervention to prevent

[6] The FCA's supervisory strategy comprises three main elements: assessing appropriate pricing governance, verifying compliance, and ensuring that firms consider the value provided to customers and treat them fairly.

price walking and substantial loyalty penalties, and the FCA's commitment to monitor the effectiveness and impact on the market going forward.

Mortgages

36. The FCA also carried out a market study in the mortgages market, publishing its findings in March 2019. Overall it found that competition in this market was working well and switching levels are high. However, the FCA estimated that some longstanding customers do not switch when they could and would benefit from switching (and usually revert to a higher rate after their initial mortgage has ended). These customers paid on average £1,000 more over the first two years and £100 a year thereafter than if they had switched to a new fixed-rate mortgage (using 2016 data).

37. In line with our recommendations, the FCA has also carried out further research into this group of consumers, who can switch but don't. The FCA found that a lack of time, a fear of the application process and, for many, relative contentment with their current lender or deal, are contributing factors to deciding not to switch. The FCA has said it expects to consult on proposed remedies to address these issues, subject to its continuing response to the COVID-19 pandemic. We welcome the FCA's work looking in more detail at this group of consumers and encourage the FCA to take action to support these consumers to switch to a better deal.

38. The FCA has also been looking into the issues faced by mortgage prisoners - consumers who for various reasons cannot switch providers despite being up to date on their mortgage payments. This includes introducing modified affordability criteria to help make it easier for some customers to switch mortgage providers. The FCA published a position statement in July 2020 on its work and the wider available support for mortgage prisoners.

39. The FCA recently published a Policy Statement setting out measures to provide additional support for mortgage customers, including mortgage prisoners. These measures include making it easier for customers of a closed book firm to switch to an active lender within the same group. The FCA has also extended the timeframe for mortgage administrators to contact customers about relevant switching options, to 15 January 2021 to provide more time for new products to be put onto the market. A few lenders have already started to offer new products and support re-mortgaging for mortgage prisoners.[7]

[7] For example, Ipswich Building Society and West Bromwich Building Society.

40. More broadly the FCA is also continuing to carry out important work in the mortgages market in the context of COVID-19, which benefits all consumers including longstanding customers and mortgage prisoners. This includes recent guidance highlighting that consumers impacted by COVID-19 have until 31 March 2021 to apply for an initial or further payment deferral, for up to six months in total

41. We continue to share concerns about the ongoing challenges facing many mortgage customers, including mortgage prisoners, particularly at this difficult time and welcome the FCA's ongoing work to help support consumers. Notwithstanding this, some customers may continue to struggle if they are considered by lenders to be commercially unsuitable and therefore it is important for these customers to be given appropriate protection.

Cash savings

42. Earlier this year, the FCA published a consultation paper setting out proposals to simplify and improve competition in cash savings, by introducing a Single Easy Access Rate (SEAR).[8] This work was delayed and the consultation was extended in April due to the impacts of COVID-19.

43. The FCA recently announced that it's stopping its work in cash savings, due to the impacts of COVID-19 and the low interest rates which mean the difference paid by front and longstanding back book customers is lower than when the FCA first started its work in cash savings.[9] Consequently, it currently does not consider the SEAR to be a proportionate intervention in this market. The FCA has said it will continue to monitor the market and whether to take action if it sees evidence of significant consumer harm in future.

44. As set out in our super-complaint response, we welcomed the FCA's proposals in the cash savings market. However we recognise that the ongoing low interest rates, alongside COVID-19, has impacted the case for interventions at this point in time. We strongly urge the FCA to continue to monitor developments in this market, particularly the impact of any changes in interest rates on longstanding customers. We encourage the FCA to consider taking action where it finds evidence of harm, to protect these customers from being charged a loyalty penalty; such as by introducing a SEAR or other proposals.

[8] This comprised a single interest rate set by firms for their easy access cash savings accounts and ISAs, and a requirement on firms to publish data on their SEARs.
[9] The FCA's modelling was based on interest rates of 1.38% for back-book customers and 0.78% for mid-book customers. Currently top interest rates are around 0.6-0.7% (for example as seen on Money Saving Expert).

45. More broadly, the FCA published a Call for Input on its strategy towards Open Finance in December 2019 and will publish a feedback statement in due course based on the responses received. In the general insurance market, this could deliver significant consumer benefits and spur better competition and more innovation through helping to make it easier for consumers to compare offerings and switch providers. We welcome these proposals to help consumers to engage in complex financial services markets, building on the success of Open Banking which was introduced following the CMA's retail banking market investigation.

Telecoms - broadband and mobile

Broadband

46. Since our investigation, Ofcom has completed a detailed review of pricing practices in the broadband market, publishing the initial conclusions of this work in September 2019 and a further report in July 2020 with updated analysis.

47. Ofcom collected data from over 20 million customers and found that providers were charging their customers different prices for equivalent broadband services based on their contract status, with out-of-contract customers paying the most (around 40% of customers). While vulnerable customers who are out-of-contract pay less on average than other out-of-contract customers, Ofcom found that vulnerable customers tended to stay out-of-contract for longer, and that difficulties engaging with providers can be more pronounced among vulnerable customers. Overall, Ofcom found that out-of-contract customers paid just under £500 million more a year, compared to the average price for the same service from the same provider. Ofcom also published data on the proportion of out-of-contract customers and the size of the price differential paid by out-of-contract and in-contract customers, by provider.

48. Following these reviews, Ofcom has secured a range of voluntary commitments from major providers to protect customers who are out-of-contract and/or face barriers getting better deals, most of which have already come into effect. These include commitments to reduce the price differential paid by out-of-contract customers and to conduct annual pricing reviews. Some providers have also made changes to their pricing strategies that will further help consumers get better deals, such as reducing the average differential between new and out-of-contract prices and providing free service upgrades.

49. All major providers have committed to conduct price reviews for their vulnerable customers which Ofcom estimates could benefit around one million potentially vulnerable out-of-contract customers, by an average of around £70 each. Ofcom has also published a guide for providers on treating vulnerable consumers fairly, to help providers take further actions to support those most in need.

50. Over time Ofcom estimates that these changes could benefit out-of-contract customers by over £270 million annually, addressing more than half of the price differentials for out-of-contract customers as a whole.

51. We welcome Ofcom's work to build a comprehensive dataset to understand the issues in the broadband market and which consumers are most affected, and its commitment to use this dataset as a baseline to monitor progress over time. Having robust and up to date data is essential in order to inform effective interventions to protect consumers, and to monitor their impacts. Publishing the size of the loyalty penalty paid by customers with different providers (one of our cross-cutting recommendations) is also an impactful way of holding providers to account for their practices and we encourage Ofcom to publish and highlight this data regularly on an ongoing basis, where available.

52. We are also supportive of voluntary commitments from providers which appear to directly reduce the size of loyalty penalty paid by out-of-contract customers in this market, in particular by vulnerable consumers. Going forward, it will be important to monitor providers to ensure that they continue to uphold these commitments and ensure that consumers can easily compare different providers to get the best deal for them.

53. Support for vulnerable consumers is important, more so now than ever. Ofcom has identified areas where providers in this market can do more to protect these customers and we urge Ofcom to continue to engage with providers to help achieve this.

54. Social tariffs are one way of targeting support for those consumers most in need. We welcome the recent lifting of data caps on existing voluntary social tariffs for dual-play broadband by BT and KCOM. We are also supportive of draft legislative changes that could give Ofcom additional powers to impose formal social tariffs on all providers where needed to help the most vulnerable. Social tariffs are particularly important in the context of restrictions from

COVID-19 as many households are reliant on broadband and increasingly, some consumers may struggle to afford this vital service.[10]

Mobile

55. Ofcom has carried out a comprehensive review of prices paid by mobile customers with bundled contracts, publishing its report in July 2019. It found that most out-of-contract customers with bundled contracts were overpaying: out of two million such customers, around 1.4 million customers would save an average of £11 month if they switched to a cheaper SIM-only deal. It also found that some out-of-contract customers, around 600,000, would pay more if they switched to a similar SIM-only deal (an additional £6 more a month on average).

56. Ofcom has taken a number of actions in this market including securing voluntary commitments from all major mobile providers, except Three, to reduce charges for out-of-contract customers. Ofcom estimates that together these commitments will account for 80% of the harm in this market.

57. We welcome Ofcom's work in this market and the commitments it's secured from providers – which are an important step forward.

58. We remain of the view that providers should not continue to charge consumers the same rate once they have effectively paid off their handsets. Therefore, we encourage Ofcom to ensure that providers continue to uphold their commitments, and to monitor their impact to determine whether further direct interventions are needed. We also encourage Ofcom to continue to monitor developments in the market by keeping its dataset updated over time.

59. We are significantly concerned that Three has not engaged with measures to protect its mobile customers as other providers have done. We encourage Ofcom to keep this under review and to take steps to ensure these consumers are protected.

60. Ofcom has also undertaken work which impacts both the broadband and mobile markets:

    (a) We welcome rules that came into effect earlier this year, requiring mobile and broadband providers to notify customers when their contracts are coming to an end and tell them if they have any better deals available. It is

[10] Ofcom's COVID-19 affordability tracker covering March-May 2020 found that 95% of broadband households said broadband was important at the moment, and was higher in importance than any other communications service; and that 6% of broadband households have had some form of affordability issue with their broadband service in the last three months. As reported in Ofcom's broadband pricing update, page 52.

too early to say how successful these notifications will be in tackling the loyalty penalty. We encourage Ofcom to monitor and report on the impacts of these notifications, and to take further steps if they have not having their desired effect.

(b) Ofcom recently consulted on proposals to introduce Open Communications in telecoms and pay-TV which would allow consumers and small businesses to safely share their data with a third party, to help them to get a better deal suited to their needs/usage. These proposals will require legislative changes in order to come into effect. As set out in our super-complaint response, smart data proposals have the potential to be particularly impactful in markets like mobile and broadband, to enable consumers to better compare across providers to get the best deals. We support the Open Communications initiative and the introduction of legislative changes to enable this to be put in place.

(c) Later this year Ofcom is publishing work on affordability in telecoms services. We encourage Ofcom to consider whether further intervention may be required to support certain groups of consumers who are in most in need, following this work.

(d) We also welcome a range of proposals which Ofcom recently consulted on as part of implementing the European Electronic Communications Code, a number of which are due to come into effect in 2021 and 2022. This includes requiring customers to be informed of the price of the mobile handset and airtime separately, before signing up to a bundled contract, banning providers from selling ‘locked’ mobile handsets to make switching easier, and introducing provider-led switching services in broadband to simplify the switching process in this market. We encourage Ofcom to monitor the impacts of these changes in their markets.

Conclusion

61. Two years on from our super-complaint investigation, the loyalty penalty continues to affect consumers across different markets. However important steps are being taken to tackle the problem and the harmful business practices that perpetuate it. In the context of COVID-19, it is vital that consumers are not being unfairly exploited or ripped off at what is already a difficult time, when many people are under significant additional pressure. Consumers need to be able to trust their providers and businesses must act fairly, ensuring they do not exploit their customers.

62. There have been many positive developments and much progress in the five markets. Ofcom and the FCA have carried out very detailed and thorough work to identify the extent of the problems and to introduce significant interventions to help tackle the loyalty penalty, most recently in broadband and general insurance. In some markets work is still ongoing and we recognise that in some cases COVID-19 has impacted this work.

63. We welcome the progress made to tackle the loyalty penalty and make life easier for consumers in these markets. But it will also be important for regulators to monitor the impact of these changes, to ensure they are sufficiently effective and be prepared to take further action if necessary. Where work is ongoing, we strongly encourage regulators to push ahead and take action in their markets where needed.

64. The CMA remains committed to helping tackle the loyalty penalty. We will continue to work with the regulators and Government on this important issue. This includes exploring how our powers can be strengthened, to ensure we can more effectively take action to help protect consumers from this and other exploitative problems, and further clarifying consumer law relating to harmful business practices.