

CMA Cost of Living update

26 July 2024

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1. Chief Executive's foreword

- 1.1 Despite inflation falling to 2%, many people are still struggling to pay for everyday items. Filling up at the pump, buying groceries, treating ill pets, or buying or renting a home can all lead to difficult choices about what people can afford. Too often, people feel that their interests are not being looked after, and that their concerns are not being addressed. At the CMA, we are addressing these concerns; through direct action and enforcement, and through recommendations to government where legal or regulatory changes are needed.
- 1.2 As set out in our Annual Plan, the CMA is committed to ensuring that people can be confident they are getting great choices and fair deals. We have prioritised action in areas that matter most to people: getting about and travelling; feeding our families; looking after ourselves and others; buying the goods and services we need online; and having somewhere to live.
- 1.3 In the face of sustained cost of living pressures, over the last 18 months the CMA has taken rapid and widespread action to ensure that people can get the best possible choices and prices, and that they are not being harmed by weak competition or unfair sales practices. Today we are providing an update on our work across the following key areas: road fuel, groceries, infant formula, veterinary services for pets, online shopping, and housing.
- 1.4 We have moved quickly, using all our powers, to protect consumers and promote growth by protecting competition and choice. Alongside this, we've made a range of recommendations to government where reform is needed. We stand ready to work with the UK and devolved governments to implement these recommendations, helping people and businesses across all four nations of the UK. Over the next year and beyond, we will continue to drive change in areas that people care about and rely on, and we've just completed a wide-ranging consumer survey to help inform our future work.
- 1.5 The interim monitoring report we are publishing today on **road fuel** indicates that motorists are still paying more for their petrol and diesel than they would be if competition was working well. When we published our market study report in July last year, we recommended a solution that government can implement at minimal cost which should deliver lower prices for millions of drivers – a smart data driven fuel finder scheme that will make prices available to motorists across the UK in real time. This will be backed up with ongoing monitoring by the CMA to hold the sector to account. The new government has committed to introduce a Digital Information and Smart Data Bill. This could provide the necessary legislative basis to set up the scheme – which we would welcome. Recognising the legislation may take time to come

into force, we encourage the government to introduce an enhanced interim voluntary scheme which is as close to the final scheme as possible.

- 1.6 As many households were struggling to put food on the table, in 2023 we launched a wide-ranging project looking at competition and prices in the **groceries** sector. We want to make sure that people can be confident they are getting the best deals possible for their shopping in challenging times. Overall, the updated retailer profitability analysis that we are publishing today provides reassurance that competition between grocery retailers is generally working well. This has been helped by decades of innovation, market entry and expansion by existing and new players, and by action the CMA has taken in the past to avoid a reduction of competition in the groceries sector, in particular blocking the proposed merger between Sainsbury's and Asda. Although competition is generally working well in the sector, we recognise that not everyone feels this benefit equally, particularly those who cannot travel to large stores or shop online, and so may rely on higher-priced convenience stores.
- 1.7 Alongside our work to ensure competition is effective, we have been scrutinising a range of pricing issues in the groceries sector to protect consumers from any **unfair or misleading practices**. In particular:
- (a) It's essential that shoppers get **accurate prices**. Our review found that some independent and smaller grocery retailers were failing to display clear and accurate prices, as required by consumer law. To address this, the CMA, in conjunction with Trading Standards, produced compliance materials to ensure retailers understand what they need to do to comply with the law.
 - (b) In response to cost of living pressures, some shoppers have looked more carefully at **unit pricing** to compare similar grocery items. Unit pricing can help consumers make choices, but a lack of consistency in how unit prices are displayed, or accuracy in pricing practices, can cause confusion. We've called on grocery retailers to make changes to their pricing practices, and published guides for consumers. We've also made recommendations to governments to reform the Price Marking Order (PMO) and Northern Ireland PMO, so that the rules retailers follow are clearer, including when displaying unit prices for products on promotion. We encourage the new government to take the steps needed to implement these changes.
 - (c) In the context of rising food prices, some shoppers have turned to loyalty schemes to access discounts. We're reviewing **loyalty scheme pricing**, to assess whether the savings on offer are genuine. We have considered

whether there are pricing practices that artificially inflate the non-loyalty (or non-member) price to make the loyalty price appear misleadingly attractive. To assess this we have gathered information from grocery retailers that offer loyalty pricing, and we are analysing, for example, what happens to prices before, during, and after a product goes onto a loyalty price promotion. Our analysis – involving tens of thousands of loyalty pricing promotions – is ongoing, but the results to date suggest we are unlikely to identify widespread evidence of loyalty promotions that mislead shoppers in this way. We are also carrying out a consumer survey to understand the impact of loyalty scheme pricing on how we shop. We will publish a report of our findings in November 2024 which will also set out the CMA's views on how retailers can stay on the right side of consumer law when offering loyalty price promotions, including in proximity to 'was'/'now' promotions.

- 1.8 Through our review of the groceries sector, we found signs that the market for **infant formula** was not delivering well for new parents, with significant price increases in recent years and limited private label alternatives (unlike for most other grocery items). This product is a vital part of the weekly shop for many parents and carers across the UK who rely on it to ensure their babies get the best possible start in life. Many parents are, naturally, not focused on comparing products and prices when they need to make a decision to start buying formula, and once they have started with a product that works well for their baby, they are reluctant to switch. For these reasons, it is vital that people are able to make the best choices and get good value for money when they are buying formula, so we launched a market study to get to the bottom of these issues.
- 1.9 Five months into the study, we have concerns that the combined effect of the current regulatory framework, the behaviour of manufacturers and suppliers and the needs and reactions of people buying formula, are resulting in poor market outcomes. Given the importance of the regulatory framework for infant formula in supporting public health objectives, we will be liaising closely with UK, Northern Ireland, Scottish and Welsh governments as we develop our thinking on these issues and potential action that could lead to better outcomes. We expect to publish an interim report with provisional recommendations for action in October this year.
- 1.10 Our work to protect consumers doesn't stop with groceries. The CMA has a strong record of tackling **potential breaches of consumer protection law**, and through this, putting money back into people's pockets. Just this month we secured undertakings from the deal-website Wowcher to change its online selling practices to avoid potentially misleading or unfairly pressuring

consumers into making quick purchases, meaning millions of people can expect to see clearer and more accurate claims about the availability of products and services. Wowcher has also agreed to refund a total of over £4m to their customers, who were signed up to Wowcher's 'VIP membership' via a pre-ticked box in credit with the option to convert to cash.

- 1.11 When it comes to caring for loved ones, millions of UK households see their pets as a part of the family. However, people are struggling with high costs and a lack of choice when their pet needs treatment from a vet. Tens of thousands of pet owners responded to our Call for Information into **veterinary services**, and we launched a market investigation into the sector this year. We are examining whether concentrated local markets and sector consolidation may be leading to weak competition; corporate incentives to reduce choice; a lack of information to consumers; overpayments for medicines; and whether the regulatory framework is fit for purpose.
- 1.12 We've also been looking at the huge challenges that renters and prospective homeowners face, with our market study finding that the **housing market** is not serving people's needs. The housing market is a sector essential for UK growth. We have made use of a broad range of our powers to tackle the issues affecting homeowners and those looking to buy a home, including opening investigations into 8 housebuilders who may have been sharing commercially sensitive information, and investigating the potential mis-selling of leasehold homes and contract terms that could break consumer law, leading to landmark changes. We have made recommendations to UK government and the devolved administrations on where intervention is needed – including on planning reform, estate management and leasehold reform. We welcome the commitment in the King's Speech that legislation will be introduced to give greater rights to renters through the Renters' Rights Bill, and that draft legislation will be published on leasehold reform. We stand ready to continue to work with government to deliver on these.
- 1.13 Looking ahead, the CMA will retain a relentless focus on ensuring people get the best possible choices and a fair deal when buying goods or services in areas of essential spend. We have just concluded a wide-ranging consumer survey so that we can be sure we understand those areas where consumers are facing the greatest difficulties. We will publish the results later this year, and focus our efforts accordingly. This is especially important as we take on stronger powers to enforce consumer protection law with the passing of the Digital Markets, Competition and Consumers Act. This legislation introduces a new direct enforcement regime for the CMA that will transform our ability to safeguard people from unscrupulous practices. This includes new powers for the CMA to determine breaches of some consumer protection laws, with tough monetary penalties for those that break the law, and redress for consumers.

2. Road fuel

- 2.1 It is just over a year since the CMA published the final report of our road fuel market study, in July 2023.¹ That study found that competition in the retail sector for petrol and diesel had weakened since 2019, meaning that drivers were paying more for road fuel. Our analysis suggested that, with greater price transparency to make shopping around as effective as possible, drivers of a typical family car could save up to £4.50 a tank within a 5-minute drive.
- 2.2 To address these issues, we made two recommendations to government in our final report: to introduce a new statutory fuel finder scheme to give drivers access to live, station-by-station fuel prices; and to create a new statutory monitoring function to hold the industry to account.
- 2.3 The then-government accepted both recommendations,² determined the CMA would take on the new statutory monitoring function, and confirmed that it intended to legislate to deliver both remedies. In the interim, it also asked the CMA to use our existing powers to create a voluntary price data-sharing scheme and monitor developments in the market, which we agreed to do. The voluntary price data-sharing scheme went live on 31 August 2023. We have now published three monitoring updates.
- 2.4 The CMA's work on road fuel, including our future monitoring role, complement the action and outcomes flowing from our previous electric vehicle (EV) charging market study. Following subsequent recommendations by the CMA, new regulations were introduced by the UK government in 2023 that will improve price transparency for drivers of EVs. Taken as a whole, these measures will help ensure that stronger competition delivers better outcomes for all motorists in the UK.

Third interim monitoring update

- 2.5 The interim monitoring update we have published today³ shows that weakened competition in fuel retailing persists, meaning prices at the pump are still too high.
- 2.6 Retailers' fuel margins – the difference between what a retailer pays for its fuel and what it sells at – remain significantly above historic levels. This is

¹ Supply of road fuel in the United Kingdom market study - Final Report

² Empowering drivers and boosting competition in the road fuel retail market: open data scheme and ongoing monitoring function for road fuel prices - GOV.UK (www.gov.uk). See also Rip-off retailers to be outed as government responds to CMA fuel report - GOV.UK (www.gov.uk).

³ Interim road fuel monitoring update: July 2024 - GOV.UK (www.gov.uk)

concerning: high road fuel prices put pressure on households and businesses. We estimate that the increase in retailers' fuel margins compared to 2019 resulted in increased fuel costs for drivers in 2023 of over £1.6bn. These continued high margins reinforce why it is important that the recommendations in our market study are implemented.

- 2.7 The powers for the CMA to carry out a statutory monitoring function were conferred in the Digital Markets, Competition and Consumers (DMCC) Act 2024. The CMA stands ready to take on this new function as soon as the powers come into force. Our ability to monitor prices in the market will be more powerful once the statutory fuel finder scheme is also in place.
- 2.8 In the meantime, the CMA will continue to monitor the market on the current basis, without compulsory information-gathering powers. When we take on the formal monitoring role, we anticipate reporting regularly on the state of the market, including the effect of the open data fuel finder scheme in improving outcomes for consumers (once implemented). We will provide advice to government as appropriate if we conclude that further action is needed.

Fuel finder scheme

- 2.9 The data we have published today reinforces the fundamental need for a statutory fuel finder scheme which would give drivers access to live, station-by-station road fuel prices. The scheme needs statutory backing to require fuel retailers to provide up-to-date pricing data and make it available to drivers in an open and accessible format that can be easily used by third-party tools such as satnavs or map apps, through dedicated fuel finder apps, or a combination of both. The proposed introduction of the Digital Information and Smart Data Bill by the new government could provide the statutory basis for the fuel finder remedy – which we would welcome. A smart fuel finder scheme is key to reigniting competition in this market, helping drivers find the cheapest fuel and driving down prices. The CMA stands ready to work with government to establish the statutory open data fuel finder scheme.
- 2.10 The temporary price data-sharing scheme, which government asked the CMA to operationalise, is in place – but it is not a substitute for a compulsory open data solution. For example, it currently covers only 40% of fuel retail sites and 65% of fuel sales by volume, and in its current form is not utilised by firms like Google and Apple to bring live fuel price information to people in a way that should have a substantial impact on the market. It is positive, however, that some major players, including petrolprices.com and the AA, have been integrating this data stream into consumer-facing products, and several national and local news outlets are hosting fuel price checkers based on this data on their websites. Building on this current temporary scheme, and

reflecting the time it could take for the necessary legislation to be passed, we encourage government to set up an enhanced voluntary scheme that is as close to the final scheme as possible in the interim.

3. Groceries

- 3.1 Being able to access affordable food and groceries goes to the heart of why competition really matters to people's daily lives, particularly for the most vulnerable in society. Given our determination to focus on areas where people spend the most time and money, and on those who need the most help, the CMA has been investigating fairness and competition in the grocery sector, in the context of cost of living pressures and food price inflation.
- 3.2 We have taken forward several complementary projects focused on the groceries sector, using a range of our tools. This includes work to understand the drivers of inflation and the strength of retail price competition, and to ensure that shoppers can access clear and accurate pricing information (through our work on unit pricing, pricing accuracy, and loyalty pricing).

Retailer profitability update

- 3.3 In our review of the sector last year (July 2023),⁴ we didn't find widespread evidence of weak competition: profit margins were historically low; consumers were switching to get the best deals; and the lowest-price retailers were gaining market share from others. But we committed to have another look at this, and monitor margins as costs came down.
- 3.4 The analysis we have published today⁵ finds that grocery retailer revenues, profits, and margins have increased slightly, in aggregate, in the most recent year (FY 2023/24), as inflation has eased. However, operating profits and margins remain broadly at or below FY 2019/20 to FY 2021/22 levels, while margins remain below the levels seen in the early 2010's.
- 3.5 Most retailers are planning to increase their operating margins in the current year (FY 2024/25), but only to levels which would bring average aggregate operating margins back to FY 2019/20 to FY 2021/22 levels, while there is mixed evidence on whether retailers will be able to achieve this.
- 3.6 At the time of our last report in July 2023, the price of food and some other groceries in the UK had risen sharply in the period since the COVID-19 pandemic, and this was adding pressure on household finances that were also being stretched by rising energy, road fuel and housing costs. To gain a

⁴ [Competition, choice and rising prices in groceries \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

⁵ [Competition and profitability in the groceries sector - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

more detailed and up to date understanding, we requested further information from the major supermarkets, the discounters and other retailers.

- 3.7 Overall, this update does not find evidence that groceries inflation is being driven at an aggregate level by weak competition between retailers. This should provide shoppers with reassurance that effective competition is making sure that they can shop around and get fair deals. This update concludes our work monitoring profitability in the groceries market at this time.
- 3.8 However, we recognise that the prices of groceries have gone up for consumers, and that they are likely to remain elevated. Furthermore, not everyone benefits in the same way from competition between retailers; for example, the discounters do not offer online shopping, meaning those who cannot visit one will not have access to some of the best deals, while those who cannot access online shopping or travel to larger stores may be reliant on convenience stores where prices are generally higher.

Pricing issues

Unit pricing

- 3.9 Unit pricing can help consumers make choices, but unclear or inconsistent use of unit pricing by retailers can cause confusion. During our review of how grocery retailers display unit pricing information in-store and online, published in July 2023,⁶ we identified problems with grocery retailers' unit pricing practices that may affect shoppers' ability to compare products. These issues include:
- (a) different unit metrics being used for the same type of product
 - (b) issues with unit pricing for products on promotion
 - (c) examples of unit prices in-store which we consider are difficult to read.
- 3.10 Our consumer research shows that while unit pricing is useful, it could be used more by shoppers. The value of unit pricing is highlighted by our price analysis, which has revealed that prices of some products relative to others can be surprising.⁷ In addition, shoppers' commonly held assumptions about what prices are cheapest on a per unit basis are not always right. Shoppers

⁶ [CMA Review of unit pricing in the groceries sector \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

⁷ [Summary of consumer research and unit pricing analysis - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

might assume that if they buy the biggest box of teabags or block of cheese, it will be the cheapest on a per unit basis, but this is not always the case.

- 3.11 Some of the problems we found in unit pricing practices stem from the legislation itself – the Price Marking Order 2004 (the PMO), which allows for unhelpful inconsistencies in retailers’ practices and leaves too much scope for interpretation.
- 3.12 We recommended changes to both the PMO and Northern Ireland PMO that will help people access better information when they shop, and help businesses comply with their obligations. We subsequently responded to the Department for Business and Trade’s (DBT) consultation on proposed reforms to the PMO.⁸ In particular, our proposed changes are intended to improve the consistency of unit pricing information (for example, in terms of the weight or measure used); the legibility of information (so that unit prices are clear and easy to identify); and to provide clarity that the rules apply to products on promotion.
- 3.13 The then-government accepted our recommendations and DBT has taken forward work ahead of laying a Statutory Instrument to make these changes. We encourage the new government to implement these changes and stand ready to support these reforms.

Price marking and accuracy

- 3.14 We published the findings from our review of the price marking practices of 139 grocery stores in England and Wales in May 2024.⁹ During this review, we identified that some independent and smaller grocery retailers are failing to display clear and accurate prices, as required under consumer law.
- 3.15 The most common types of issues seen were missing prices, conflicting prices (for example, instances where prices indicated on products conflicted with those shown on shelf edge labels) and prices not being displayed sufficiently close to products.
- 3.16 With shoppers looking for the most competitive prices, it is important that they can easily see how much their shopping will cost and are able to shop around and compare prices with confidence. Where this is not the case, shoppers’ trust in grocery retailers may be undermined.

⁸ [CMA response to price transparency consultation \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

⁹ [CMA review of price marking in the groceries sector \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

- 3.17 As a result of the findings from this review, the CMA, in conjunction with Trading Standards, produced compliance materials aimed at helping independent retailers understand what they need to do to comply with the law.¹⁰

Loyalty scheme pricing

- 3.18 With the rise in some supermarkets making cheaper prices only available for loyalty card members, and concerns raised by some stakeholders about whether such promotions are fair, we began a review of loyalty pricing by supermarkets in January 2024.
- 3.19 A key focus to date has been on whether any aspect of loyalty pricing offered by some grocery retailers could mislead shoppers. It is vital that people can have confidence that advertised savings are genuine and are able to make properly informed choices when shopping, particularly in the context of continued cost of living pressures.
- 3.20 We have considered whether there are pricing practices that indicate that the non-loyalty (or non-member) price may have been artificially inflated to make the loyalty price appear misleadingly attractive.
- 3.21 Our analysis – involving tens of thousands of loyalty price promotions – is ongoing, but the results to date suggest we are unlikely to identify widespread evidence of loyalty promotions that mislead shoppers in this way.
- 3.22 We have commissioned a consumer survey to understand the impact of loyalty pricing on how we shop, including how much people shop around and compare prices and consumer attitudes to loyalty pricing.
- 3.23 We will publish a report of our findings in November 2024. The report will also set out the CMA's views on how retailers can stay on the right side of consumer law when offering loyalty price promotions, and when offering 'was'/'now' promotions in close proximity to a loyalty price promotion.

¹⁰ [Pricing in store - are you breaking the law? \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

4. Infant formula

- 4.1 Infant formula is a vital part of the weekly shop for many parents and carers across the UK who rely on it to ensure their babies get the best possible start in life. The cost of infant formula has risen significantly in recent years, and there have been concerning reports of people who are struggling with cost of living pressures resorting to extreme and unsafe measures, such as shoplifting or watering down formula, to keep their babies fed.¹¹
- 4.2 While breastfeeding is an important public health priority for governments in the UK, there can be circumstances where it is not possible, or only possible in combination with bottle feeding. Alternatively, parents may make a choice not to breastfeed, or to combination feed. Latest official data indicates that around two thirds of babies are being given formula milk within two months of birth.¹²
- 4.3 For many, the decision to formula feed is made in vulnerable circumstances, for clinical reasons, in healthcare settings after birth. Many parents are, naturally, not focused on comparing products and prices when they need to make a decision to start buying formula, and once they have found a product that works well for their baby they are reluctant to switch.
- 4.4 Our November 2023 update on price inflation and competition in the groceries sector showed that the average price per pack of powdered cow's milk based infant formula had risen by over 25% between March 2021 and April 2023.¹³ It also highlighted concerns that weak or ineffective competition in the infant formula market might be keeping prices higher than they would otherwise be.
- 4.5 The report noted that families could make significant savings, of more than £500 over the first year of a baby's life, through buying cheaper infant formula. However, unlike other grocery products, there appeared to be little evidence of parents switching to cheaper options as prices have risen, meaning that family budgets have had to absorb these price increases. We are concerned by this, especially as this comes at a time when parents are facing additional cost of living pressures. Infant formula is an essential and non-substitutable product, which many consumers must continue to purchase in the same quantities. We also highlighted that suppliers may face insufficient incentives

¹¹ [Desperate parents are stealing baby formula to keep their children fed | UK News | Sky News](#)

¹² [Breastfeeding at 6 to 8 weeks after birth: annual data April 2022 to March 2023 - GOV.UK \(www.gov.uk\)](#)

¹³ [Price inflation and competition in food and grocery manufacturing and supply \(publishing.service.gov.uk\)](#)

to offer infant formula at competitive prices, and that consumers may not always be equipped to make well-informed choices.

Market study

- 4.6 We decided that it was crucial that we got to the bottom of whether any weaknesses in competition were contributing to these price rises and, if so, what could be done to address this. We therefore launched a market study into infant formula in February this year,¹⁴ enabling us to use our compulsory information gathering powers to fully investigate our concerns. Five months into the study we have concerns that the combination of the way suppliers interact with regulation of the sector, alongside the needs and reactions of consumers buying formula, may be resulting in poor market outcomes.
- 4.7 The issues we are considering include whether parents are getting information and advice to help them make the best decisions, supplier conduct in the market, and how the design of the regulatory framework may be shaping market outcomes.¹⁵ Given the importance of the regulatory framework for infant formula in supporting crucial public health objectives, we will be liaising closely with UK, Northern Ireland, Scottish and Welsh governments as we develop our thinking on these issues and potential actions that could lead to better outcomes.
- 4.8 We are determined to investigate these issues fully and, where we identify poor outcomes in the market, set out practical steps that can address these. We expect to publish an interim report with provisional recommendations for action in October this year and to issue our final report by the statutory deadline of 19 February 2025.

¹⁴ [Infant formula and follow-on formula market study - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

¹⁵ [Invitation to comment \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

5. Veterinary services for household pets

- 5.1 16 million households in the UK own a pet, with many people seeing them as part of the family. The evidence shows that the market may not be working in the interest of pet owners, which is of particular concern amidst rising cost of living pressures.
- 5.2 Our initial review of the sector identified issues with non-transparent pricing, an out-of-date regulatory framework, and significant consolidation which may be leading to a lack of competition in some local areas, as well as a concern that large groups may have the ability and incentive to concentrate on providing higher cost treatment options. We have received an unprecedented amount of engagement on our work on vets, with over 56,000 responses to our Call for Information, including c.11,000 responses from the veterinary sector.

Market investigation

- 5.3 We have now launched a full market investigation, allowing us to require businesses to provide us with information and enabling us to take direct action at the end of the investigation through remedies if our concerns are borne out.¹⁶
- 5.4 We are considering whether pet owners have the right information to make informed choices when they choose a vet, in terms of pricing, quality of service, and range of treatments, and whether people are paying too much for medication, prescriptions or crematoria. We are also looking at the impact on pet owners of the business models of the large corporate groups that own the majority of vet practices in the country; whether there are areas of the country where there are only a limited number of vet practices and how that impacts pet owners; and whether the regulatory landscape is operating in a way that is fit for purpose.
- 5.5 We have published an Issues Statement which sets out the areas we intend to explore and the evidence we will gather. As we progress, we will publish Working Papers to consult on our thinking on various aspects. We will also undertake site visits to help inform our understanding of the sector and run formal hearings where we can speak to the main parties and ask them specific questions.

¹⁶ [Veterinary services for household pets - GOV.UK \(www.gov.uk\)](#), see Issues Statement

5.6 Our initial report will be published and consulted on in Spring next year. In the meantime, we have published tips to help pet owners when purchasing veterinary services.¹⁷

¹⁷ [Choosing a vet practice and treatments for your pet - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

6. Potentially unfair online sales tactics

- 6.1 The design of online shopping environments – online choice architecture (OCA) – can make our online shopping experience smoother, more personalised, and simplified. However, it can cause harm if designed in a way that weakens competition or doesn't benefit consumers.
- 6.2 People can report sneaky online practices to the CMA through our 'Rip-off Tip-off' campaign,¹⁸ which also provides tips to avoid these practices.
- 6.3 For example, pressure selling tactics – such as misleading countdown timers and urgency claims that may create a false impression people must 'Buy now!' or miss out – can push shoppers into making snap decisions or spending more than they planned.
- 6.4 We published an open letter in March last year¹⁹ to UK businesses detailing 'online red lines' on urgency and price reduction claims. It provides practical illustrations of where common online tactics may be misleading consumers or applying unfair pressure.

Wowcher investigation

- 6.5 The CMA launched an investigation last year into the deal-website Wowcher,²⁰ over concerns that Wowcher's countdown timers and marketing claims – such as 'Running out!' and 'In high demand!' – may create a false sense of urgency and influence people's purchasing decisions. We were concerned that such 'urgency' claims risk giving the misleading impression that products shortly won't be available, when this is often not the case.
- 6.6 This month (July), we have secured undertakings from Wowcher to change its online selling practices – meaning millions of people can expect to see clearer and more accurate claims about the availability of products and services. In addition, Wowcher will refund over 870,000 customers who were signed up to 'VIP membership' via a pre-ticked box, with the amount totalling approximately £4 million.²¹
- 6.7 To ensure Wowcher is complying with the commitments it signed, the firm must regularly report back to the CMA over the coming year.

¹⁸ [The Online Rip-off Tip-off \(ripoff-tipoff.campaign.gov.uk\)](https://ripoff-tipoff.campaign.gov.uk)

¹⁹ [Using urgency and price reduction claims online - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

²⁰ [Wowcher investigated over online 'urgency' claims - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

²¹ [CMA secures over £4 million in refunds for Wowcher customers - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

7. Housing

- 7.1 The functioning of the housing market has a significant impact on the finances and living conditions of almost every person in the UK. The CMA continues to remain focused on this, given widespread evidence that the housing market is not working effectively.
- 7.2 We are determined to ensure that competition issues and unfair business practices in the housing sector (such as a lack of incentives to compete on quality and sharing commercially sensitive information), are not increasing costs, limiting choice or reducing quality. We are also taking action to address breaches of consumer protection law.

Ground rent and leasehold mis-selling

- 7.3 As part of a probe into leasehold housing in England, Wales and Northern Ireland, we found evidence that people who bought leasehold properties were potentially misled and/or taken advantage of.
- 7.4 Since 2019, we have investigated the potential mis-selling of leasehold homes and contract terms that could break consumer law, and took enforcement action that led to landmark changes. We have secured agreement from freeholders to strike out escalating ground rents clauses in contracts, in some cases doubling ground rents every 10 years. These lease terms can leave people trapped in homes they cannot sell or mortgage, and their property rights can be at risk if they fall behind on payments. To date, we have assisted over 21,000 households with doubling ground rents or other leasehold problems, including helping some leaseholders who acquired long leasehold houses to acquire their freeholds. We have also obtained refunds of ground rent for thousands of leaseholders.²²
- 7.5 Our work has focused on terms that may potentially be breaches of consumer protection law. Statutory intervention is needed to protect customers with other expensive ground rents, and to reform ground rents more generally. Removing outdated contract terms, such as ground rents, would help modernise the housing market and protect consumers. The CMA responded to the previous government's consultation on the Leasehold and Freehold Reform Bill, which outlined proposals to cap existing ground rents.²³ We welcome the commitment in the King's Speech that draft legislation will be

²² [CMA frees hundreds more leaseholders from costly contract terms - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

²³ [Full text of the CMA's response \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

published on leasehold reform. We stand ready to continue to work with government on this.

Private rental sector

- 7.6 Given the size and importance of the UK's rented housing sector, it is essential that landlords and intermediaries comply with their consumer protection law obligations and treat consumers fairly.
- 7.7 Last year, we took forward a consumer protection project to identify key issues for landlords and tenants across the UK.²⁴ As part of this, we undertook a period of stakeholder engagement. This identified that there is a lack of information available to consumers and landlords about their rights and obligations. Issues such as zero deposit schemes, sham licences, possible unlawful discrimination, and onerous guarantee clauses are of particular concern. We have also been reviewing the event fees charged by some operators of retirement villages.
- 7.8 We welcome the commitments in the King's Speech that legislation will be introduced to give greater rights to renters through the Renters' Rights Bill.

Green heating and insulation sector

- 7.9 It is crucial that consumers are empowered to make informed decisions when buying green heating and insulation products, and that there are sufficient consumer protections. This will develop consumer confidence in the sector, thus supporting its growth.
- 7.10 Recognising the importance of this sector, in May 2023 we published the findings of our review looking at consumer protection in the green heating and insulation sector, in which we made the following recommendations to Government:²⁵
- (a) To prioritise work to put in place accessible, trustworthy information sources and support to ensure people can make informed, confident decisions about green heating and insulation products.
 - (b) To make participation in an approved alternative dispute resolution scheme mandatory for businesses across this sector to help ensure people can uphold their right to redress; and

²⁴ [Rented Housing Sector: Consumer Research Project \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

²⁵ [Consumer protection in the green heating and insulation sector \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

(c) To carry out a broader, holistic review of the standards landscape to look at how it could be simplified and protections further improved.

7.11 Since then, we have published a set of good practice principles for standards bodies that oversee quality and consumer protection standards for member businesses.²⁶

7.12 We also launched a consumer guide and social media campaign to remind people about their consumer rights and the key questions to ask when buying a new green home heating or insulation product.²⁷

7.13 More recently:

(a) We are progressing our consumer law investigation into whether Worcester Bosch's marketing claims relating to its hydrogen-blend ready boilers (that is, boilers that can run on a blend of up to 20% hydrogen) mislead consumers.²⁸

(b) We have issued guidance to help businesses understand and comply with their consumer protection law obligations when marketing green heating and insulation products.²⁹

7.14 We are continuing to work with UK government and the devolved nations to take forward our steers to help improve consumer protection in the sector. We will continue to monitor businesses' compliance with consumer law in relation to their marketing of green heating and insulation products.

Housebuilding

7.15 The UK needs a housebuilding market that is working in the best interests of people, businesses, and the economy. Reflecting its significance, the CMA conducted a market study into housebuilding in England, Scotland and Wales in 2023. We found that, overall, the housebuilding market is not delivering well for consumers and has consistently failed to do so over successive decades.³⁰

7.16 Most importantly, too few houses are being built, especially in the areas in which they are most needed, which is having a negative effect on affordability.

²⁶ [Good practice principles for standards bodies \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

²⁷ [Buying green heating and insulation products: a consumer guide - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

²⁸ [Worcester Bosch: consumer protection case - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

²⁹ [Marketing green heating and insulation products: Consumer law compliance advice for businesses - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

³⁰ [Housebuilding market study final report \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

We also found that some purchases of new homes face problems, such as defects, which can be difficult and timely to resolve. We also identified significant consumer detriment arising from private management of public amenities on housing estates.

- 7.17 In our view, intervention is required to: (a) address the increasing prevalence of private estate management arrangements and the negative effects this can have; (b) improve quality and redress routes for consumers; (c) improve the planning system to counteract the time, expense and uncertainty associated with negotiating it and the effect this has on the number of planning permissions sought and granted each year; and (d) deliver the number of homes required to meet targets which go beyond the level private housebuilders have an incentive to provide.
- 7.18 We have made recommendations to governments to improve outcomes in the housebuilding market, set out in full in our report. We welcome the commitments made by the UK government this month (July), which set out plans for compulsory housebuilding targets and reform planning restrictions, and look forward to close engagement with them on this sector.
- 7.19 We have also launched an investigation into suspected breaches of competition law by 8 housebuilders, after our market study brought to light evidence that some housebuilders may be sharing commercially sensitive information with competitors in a way that could be influencing the build-out of sites and the prices of new homes. We are currently reviewing the information gathered, and will consider any representations received before a decision is taken as to whether competition law has been infringed.

8. Conclusion

- 8.1 In the face of persistent cost of living pressures, the CMA is committed to protecting people from unscrupulous practices and helping to ensure they can choose and access fair deals with confidence. This is especially important in areas of essential spend; where people are under particular financial pressure; and circumstances where consumers may be vulnerable. Through our work in this space, we will not hesitate to call out and take action where we identify problems. We can also offer reassurance when the evidence shows that there isn't a market failure.
- 8.2 Our work over the last year has identified a clear need for action to deliver cheaper road fuel for motorists and clearer comparative pricing for grocery shoppers. We stand ready to work with government to implement our recommendations in those areas. Our analysis of competition between grocery retailers suggests shoppers should generally be confident they can access competitive deals, but our focused work on high prices and potentially weak competition for infant formula remains a priority – as does our work in the vets sector. We will continue to champion the rights of consumers through our investigations into potentially misleading claims and unfair tactics from retailers, including securing direct redress for consumers.
- 8.3 From next year, the consumer enforcement regime will be reformed – fundamentally reforming and strengthening our powers. It is essential that traders comply with consumer protection law, treating people fairly and ensuring that they can make balanced and informed decisions about where to spend their money. We will also be guided by the findings of a wide-ranging consumer survey which we will publish later this year.
- 8.4 With greater powers comes greater accountability, reflecting that CMA has an important role to play in tackling pressures on household budgets and delivering economic growth. We will continue to partner with our stakeholders, including consumers and businesses, taking action where it is needed the most, in order to protect consumers and the many fair-dealing businesses that do comply with the law, and to promote growth. We know there is more to do, and the CMA is ready and willing to use the full extent of our toolkit to mitigate ongoing cost of living pressures, working hand in hand with the UK and devolved governments to support them on delivering their missions for the future of UK people, businesses, and the economy.