



# Consumer law compliance advice for Trader Recommendation Platforms

Summary at a glance

November 2024

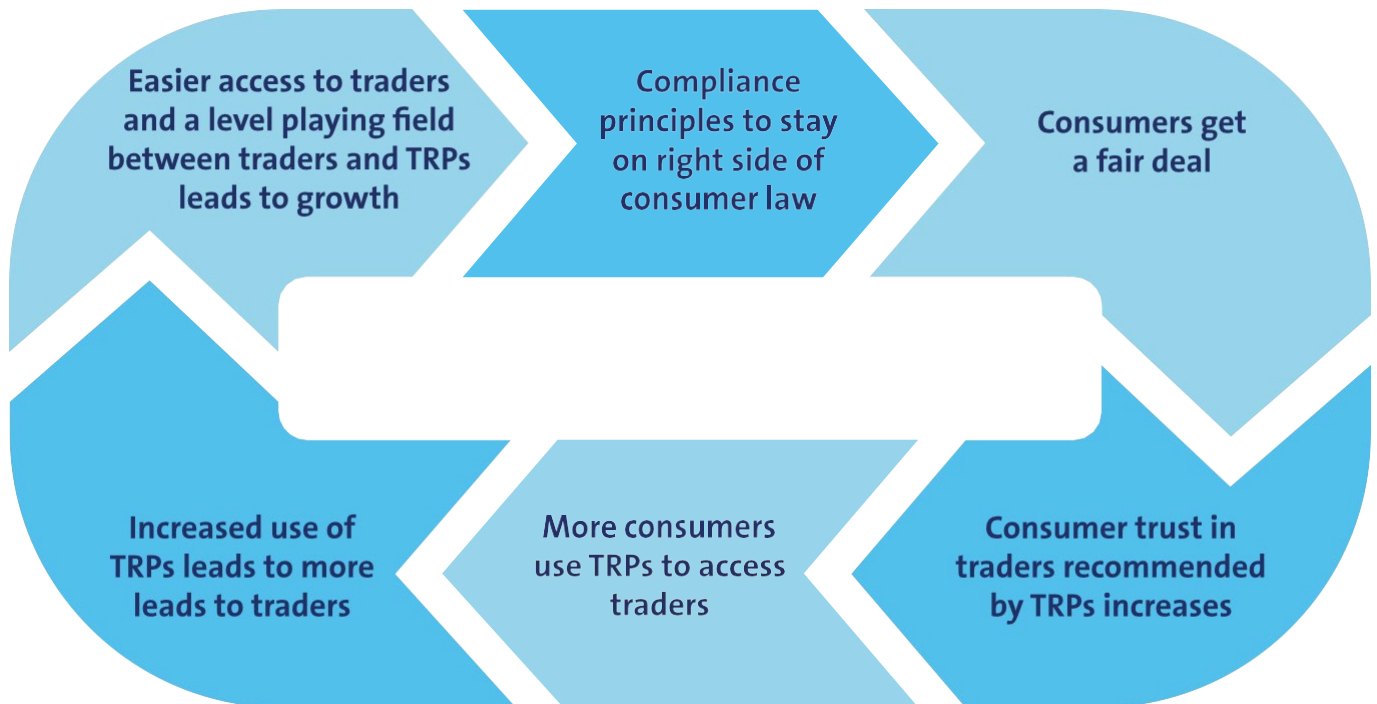
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## Summary at a glance

The Competition and Markets Authority (CMA) has produced compliance advice for trader recommendation platforms (TRPs) to clarify their legal obligations and promote compliance with consumer law.



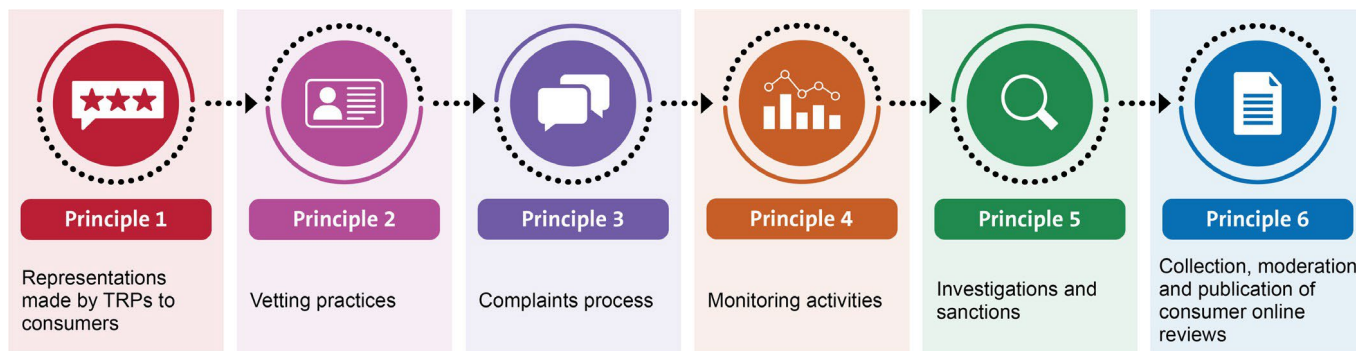
This 'summary at a glance' is a snapshot of the six key principles that TRPs should follow to stay on the right side of the law, together with some examples of 'dos' and 'don'ts', and should be read alongside the [CMA's compliance advice](#).

### TRPs are businesses that operate:

1. A website or app that consumers may **use to find a trader**, either in the form of a 'matchmaking' service in which consumers can post the work they require and traders can respond, or a database, search engine (general or specific to traders) or listing service (or similar);
- AND**
2. **Recommend traders**, by which we mean represent implicitly or explicitly, or otherwise create the perception or expectation, that the traders listed or hosted on the platform, or with whom matches may be made, are of a particular quality and/ or are trustworthy, reliable or suitable for the consumer's requirements.

This compliance advice applies to TRPs and their practices on any channel, including websites, apps, on social media, in online adverts (such as sponsored ads), posters, and sales brochures.

TRPs play an important role in facilitating consumer transactions, instilling greater trust in people and traders, and helping people making informed decisions. It is crucial that people can trust the claims made by TRPs, their vetting processes and consumer reviews, and can rely on an appropriate complaints process.



The compliance advice sets out six principles to help businesses understand their legal obligations and stay on the right side of consumer protection law. The compliance advice also provides some illustrative examples of practices that are more likely to uphold the principle and those that would be unlikely to do so.

We summarise them below and set out some illustrative dos and don'ts for each. You can find a full description of the principles and a more extensive list of 'dos and don'ts' in the CMA's compliance advice.

## Principle 1



### Representations made by TRPs to consumers

Your representations about your service and the traders on your platform should be clear and accurate, and must not mislead consumers, including in relation to the actions taken to ensure the quality, reliability or suitability of traders that appear on your platform.



#### Do

- Ensure all claims about the quality, reliability, and suitability of traders are supported by evidence.
- Ensure your representations to consumers, including vetting and monitoring practices, as well as complaints and sanctions processes, are:
  - Easy to find and understand
  - Accurate
  - Do not omit or hide important, relevant information



#### Don't

- Tell consumers, or imply, that traders on your platform are “trusted,” “reliable,” “approved,” “checked,” or superior to others unless you have evidence to support these claims.
- Make false, deceptive, or misleading statements about your vetting, monitoring practices, or the effectiveness of your complaints and sanctions processes.

## Principle 2



### Vetting practices

You must have in place appropriate processes and adopt the necessary practices to vet traders effectively. Consumers can expect you to have taken appropriate and effective steps to reduce the risk of you introducing them to poor quality, unreliable or unsuitable traders.



#### Do

- Take reasonable steps to:
  - establish that the trader is the company or person they say they are
  - ensure – taking a risk-based approach – that traders are suitable to appear on your platform (including, where appropriate, to carry out criminal records checks)
  - Have the necessary processes in place to ensure that the claims that traders make on your platform about themselves are not misleading



#### Don't

- Fail to conduct thorough checks on traders joining your platform, or neglect to request and properly review the necessary evidence for effective vetting.
- Allow previously expelled traders to rejoin your platform without implementing effective safeguards to prevent future issues.

## Principle 3



### Complaints process

You should have an accessible, transparent and effective complaints process. Your complaints process should ensure that consumers can easily submit their complaints and that complaints are considered and acted on promptly, professionally and fairly.



#### Do

- Ensure the complaints process does not require consumers to provide undue burdensome information.
- Handle complaints fairly, professionally, and in a timely manner.



#### Don't

- Make it difficult for consumers to use your complaints procedure.
- Ignore or fail to act on a complaint.

## Principle 4



### Monitoring activities

You should monitor the performance of traders on your platform on an ongoing basis and your monitoring activities should be appropriate and effective.



#### Do

- Conduct ongoing checks, such as tracking poor reviews, and regularly revisit and refresh your vetting processes.
- Repeat vetting checks based on a risk-based approach.



#### Don't

- Fail to monitor negative reviews or ignore red flags indicating a trader's low standards.
- Fail to take appropriate follow-up action when a trader no longer meets the necessary requirements.



## Principle 5



### Investigations and sanctions

You should act effectively on issues that come to your attention via your complaints process(es), and monitoring activities. This includes having a suitable and transparent sanctions policy and operating timely and effective investigation and sanction processes.



#### Do

- Maintain an effective, fair and unbiased investigation process along with a transparent sanctions policy.
- Apply appropriate sanctions, up to and including expulsion, if an effective, fair and unbiased investigation concludes that a trader has not met acceptable standards.



#### Don't

- Fail to cooperate fully and promptly with enforcement bodies investigating a trader.
- Fail to keep records of complaints or other feedback regarding traders on your platform.

## Principle 6



### Collection, moderation and publication of consumer online reviews

Where you publish or provide access to online reviews, you should adopt effective, transparent and impartial practices for the collection, moderation and publication of online consumer reviews.



#### Do

- Take appropriate steps to prevent the publication of fake and misleading online reviews, and promptly remove any that do appear to be fake or misleading.
- Assess negative reviews using objective criteria that do not suppress or alter genuine negative feedback while filtering out vexatious or offensive content.



#### Don't

- Adopt platform layouts or policies that prevent or discourage consumers from promptly submitting a review.
- Assign disproportionate weight to positive reviews compared to negative ones when calculating a trader's overall rating.



#### What should TRPs do:

We urge all TRPs to become familiar with the principles and all the examples set out in the [CMA's compliance advice](#). We are calling on all TRPs to observe these compliance principles by:

- i. reviewing their current practices.
- ii. considering how the principles apply to them and how they can best uphold them.
- iii. implementing as soon as possible any changes needed to meet the principles.