

Response from the Better Business Cornwall Initiative, Cornwall

The Better Business Cornwall Initiative (BBCi) is a group of independent local holiday cottage letting agencies, working together in pursuit of a more sustainable approach to holiday rental, that makes a positive contribution to communities and the local, circular economy and to the local environment and ecosystems – as well as championing best practice in compliance, health and safety, and business governance. This response has been submitted on behalf of the BBCi through one of its member agencies.

Q1. Do you have any comments on the structure or clarity of the Draft Guidance?

BBCi appreciates the overall objectives of the proposed legislation concerning drip pricing and fake reviews. However, we believe that certain aspects of its implementation may not be entirely compatible with well-established practices within the self-catering tourism industry, potentially leading to unintended challenges.

Safeguarding the Role of Agencies in the Short-Term Rental Sector

The current draft guidance on unfair commercial practices under the DMCC Act 2024 introduces significant concerns for the short-term holiday rental market, particularly regarding the function of agencies. While protecting consumers is essential, some of the proposed provisions risk undermining the core structure of agency operations, impacting property owner privacy, increasing security risks, and potentially disrupting the integrity of the industry.

We encourage further discussions with the Competition and Markets Authority to refine the legislation and guidance to better reflect the realities of our sector.

Q2. Do you have any comments on the illustrative examples of commercial practices applying the prohibitions? Are there any areas where you think additional examples could usefully be reflected in the Draft Guidance?

Tourist Levies Application

The CMA guidance stipulates that 'local taxes and other fees payable upon arrival at hotels' should be considered mandatory charges. The Welsh tourism levy is a relevant example of such local taxes that will impact the tourism sector once enforced. We understand the legislation to mean that these levies should be incorporated into the total/headline price at the point of purchase.

Our concerns include:

Using the Welsh tourism levy as an example, it will be charged per person per night. Properties are often advertised based on maximum occupancy, but booking groups may not always reach full capacity. While this does not affect the property's base price, it does impact the total payable levy, calculated per individual.

We seek further clarification—perhaps through an additional example—confirming that such instances where the total charge cannot be determined in advance should instead require clear consumer guidance on how the fee is calculated (i.e., per person, per

night). Including the levy for maximum occupancy in the headline price and subsequently adjusting it downward if fewer guests stay could misrepresent the cost of larger properties marketed to smaller groups.

Mandatory vs. Optional Charges in the Tourism Sector

Regarding mandatory and optional fees, the guidance (at 9.20) notes:

"Charges should not be excluded from the headline price if, while technically avoidable, they are not realistically avoidable in practice."

Tourism industry context:

Examples that we believe should not be classified as 'viable in practice' include:

1. Holiday rentals advertised as dog-friendly, with an additional fee for bringing dogs.
2. Properties offering linen hire as an optional extra, with guests free to bring their own bedding.

Although these charges are optional, their relevance to consumer expectations might imply they are essential. We request additional guidance clarifying that such scenarios should not be treated as mandatory costs within the headline price.

Additional Tourism-Specific Examples

The draft guidance could benefit from more tourism-specific examples, particularly relating to online holiday accommodation bookings, including:

1. When the 'invitation to purchase' stage occurs.
2. How to address situations where the total price depends on variable factors such as visitor levies.
3. Clear definitions of mandatory fees (including the issue of damage deposits).
4. Proper presentation of headline price breakdowns.
5. Consideration of practical limitations of booking platforms in providing comprehensive information upfront.

Q3. Do you have any comments on the Draft Guidance on the 'drip pricing' provisions in the DMCC Act, including the illustrative examples? Are there any specific pricing practices not included that should be addressed?

BBCi supports efforts to prevent 'drip pricing' that omits necessary costs from the headline figure presented to customers. However, we have specific concerns about the treatment of damage deposits in the proposed legislation.

Holiday rentals commonly require refundable damage deposits to cover potential costs arising from accidental damage. Examples of industry practices include:

1. An optional, non-refundable damage waiver.
2. A refundable deposit paid at booking.
3. A pre-authorized hold placed on a guest's card.

Clarity is needed regarding whether fully refundable damage deposits should be included in the headline price, as doing so could mislead customers about the actual cost of their stay.

We strongly recommend that fully refundable damage deposits be excluded from the headline price requirement, while ensuring they are transparently communicated during the booking process.

Q4. Do you have any comments on the Draft Guidance on the banned practice relating to fake consumer reviews?

BBCi welcomes the measures introduced to combat fake reviews, which will enhance transparency and trust within the tourism sector.

Q5. Do you have any other comments on topics not covered by the specific questions above?

A key issue is the proposed requirement for agencies to disclose full property owner contact details at the invitation to purchase stage. This raises serious privacy, security, and business operation concerns.

Disclosing owner details would:

- Increase exposure to fraudulent activities and phishing schemes.
- Diminish the role of agencies that provide critical services such as guest vetting and dispute resolution.
- Erode the value that agencies bring to the market, potentially leading to financial losses and property withdrawals from short-term rental platforms.

We urge the CMA to reconsider this requirement and acknowledge the crucial role agencies play in ensuring a secure and efficient booking process for both owners and guests.

In conclusion, while BBCi supports the goals of the guidance, we encourage further dialogue to ensure the unique needs of the self-catering tourism industry are adequately addressed and that any new regulations do not inadvertently disrupt the market.
