

Dear Consultation Team,

Thank you for the opportunity to respond to the consultation on the draft guidance relating to price transparency. We welcome the CMA's aim of ensuring that consumers are given clear, fair, and easily comparable information when considering fixed-term contracts.

We would, however, find it helpful if the final guidance could provide more clarity on how businesses in our sector (vehicle leasing) should present pricing where the structure involves:

- an initial rental payment which is typically higher than subsequent monthly rentals,
- a separate administration fee, and
- a fixed monthly rental thereafter.

Our concern is that the current draft leaves some uncertainty over whether we are required to present the *total cumulative price* (i.e. the total payable over the full term of the contract) in every case.

From our reading of the guidance:

- The second bulleted point under early-stage advertising examples appears to allow traders to show a monthly price with a clear indication of the contract length, without needing to show the cumulative total.
- Point 5.33 suggests that where there is a separate administration fee, this can either be presented as a separate item or included within the first month's payment. In our case, the admin fee is paid at a different time (not with the initial rental), by a different method (card payment rather than Direct Debit), and to a different entity (the broker rather than the funder). For this reason, it would actually be *less transparent* to roll this into the initial rental. Presenting it separately avoids confusion.
- The initial rental amount itself varies depending on the parameters chosen by the customer (e.g. length of term, mileage allowance, initial payment structure). The same applies to the total contract term, which is also customer-driven. For that reason, we consider it important to include an explanation alongside the advertised price to show the basis of calculation. For example: *Based on a 36-month contract (initial rental followed by 35 monthly payments). Customer maintained, 5,000 miles per annum. All prices inclusive of VAT.*
- Point 5.32 also appears to permit the monthly cost to be given prominence, provided that other mandatory charges are disclosed in a way that allows the consumer to calculate the total cost if they wish. The examples given (e.g. ticket

prices plus a transaction fee, or item costs plus delivery fees) show that differential prominence can be consistent with transparency.

On this basis, our interpretation is that it remains lawful to present our prices in the following way:

- Regular monthly payment (given prominence)
- Initial rental (disclosed clearly)
- Administration fee (disclosed clearly and separately)
- A descriptor explaining that the initial rental is payable first, followed by the regular monthly payments.

For example:

Personal Contract hire from

£240.95 per month*

Initial Rental: £2,168.55

Admin fee: £330

*Based on a 36-month contract (Initial rental followed by 35 monthly payments).

Customer maintained, 5,000 miles per annum. All prices inclusive of VAT.

We would welcome confirmation that this approach is consistent with the CMA's expectations, or alternatively, specific guidance for fixed-term lease agreements where the pricing model differs from a simple flat monthly subscription.

Finally, we would note that requiring cumulative totals to be displayed at the advertising stage would be likely to place businesses in our sector at a competitive disadvantage if others do not adopt the same approach. Clear, prescriptive guidance for our use-case would therefore help ensure consistency across the market and avoid consumer confusion.

Thank you for considering our response, and we look forward to the finalised guidance.

 **Fleet Alliance**