CMA Price Transparency Consultation

Online Travel UK response

Executive summary

Online Travel UK (OTUK) welcome the Competition and Markets Authority's consultation on the further draft guidance around price transparency. OTUK supports the principle of protecting consumers while encouraging competition. We offer the following response to highlight areas of alignment and suggestions for alterations to the guidance to provide additional clarity, or to ensure that measures are efficient and proportionate for traders to implement.

This includes the following points:

- *OTUK supports the clarity provided by the guidance, noting the helpful structure and illustrative examples that detail relevant invitations to purchase for online travel businesses. Members also welcome the supplementary consultation that builds upon the Unfair Commercial Practices guidance and the additional engagement the regulator has committed to in line with the 'Four Ps' regime.*

- *OTUK requests that clarity is provided on the extent of intermediary platforms liability / responsibilities when they depend on information from suppliers in order to display the accurate and total price to consumers. In particular, that intermediaries can rely on the information given to them by suppliers so long as reasonable steps are taken to ensure its accuracy.*

- *OTUK asks that the CMA draws upon other regulatory frameworks, such as by the Office of Rail and Road, which has offered guidance on invitations to purchase for in-app purchases. Where possible, regulators should align on their position to maintain consistency for traders.*

- *On local charges, OTUK notes that the current guidance suggests, through illustrative examples and phrasing, that traders must display the exchange rate that has been used alongside the total price for consumers when converting taxes/charges paid in local currency to the currency of payment. We ask the CMA to make the guidance more flexible so that traders can inform consumers about how currencies have been converted in a range of transparent ways.*

- *OTUK asks that further detail and nuance is provided in Chapter 5 on the specific charges and pricing, notably for clarifying 'tourist taxes' such as local tax and city tax. Such taxes can be difficult to calculate and include complex exemptions based on information that traders may not have. This may impact the ability to include in the total price as a mandatory charge.*

- *OTUK notes that the CMA is currently progressing its dynamic pricing project and seeks clarification of where this may overlap with price transparency guidance. Where possible, the regulator should minimise the duplicative burden for platforms to comply with various investigations, consultations, and regulation. Clarity about how the results of the dynamic pricing project will be addressed would be helpful, particularly if it is expected to result in changes or additions to this guidance.*

Clarity and structure of the guidance

OTUK supports the CMA's proposal in the original Unfair Commercial Practices Guidance to encourage fair competition between traders and to protect consumers from the risks associated with misleading pricing.

As outlined in OTUK's response to the Unfair Commercial Practices draft guidance earlier this year, we welcome the requirement for traders to clearly display the total price of a product or service in any invitation to purchase. To ensure fair competition across sectors, we advocate for consistent enforcement of such standards across all sectors, including travel platforms.

Members of OTUK already comply with comprehensive regulation and guidance that is designed to ensure price transparency for consumers. This includes the CMA's 2019 Principles for Consumer Protection in the Accommodation Booking Sector, the CMA's 2018 guidance "Selling Car Rental", the Package Travel Regulations, ATOL regulations and the Civil Aviation Authority's guidance on the sale and advertising of flights and holidays.

Notwithstanding, OTUK welcomes the CMA's additional proposed guidance on price transparency, designed as a supplementary to the Unfair Commercial Practices, agreeing that clarity of regulation for businesses is important to encourage investment and growth. We also use this opportunity to acknowledge the proactive engagement pursued by the regulator, with industry feedback clearly reflected in the development of guidance.

Largely, OTUK believes that the draft guidance on price transparency is sufficiently clear for traders to navigate. We particularly appreciate clarity on questions such as whether security deposits should be considered mandatory charges. Our members welcome the illustrative examples of invitations to purchase, and mandatory charges, particularly as they well reflect the relevance of the proposed measures to the travel sector.

The points outlined below offer additional opportunities for the CMA to support fair competition for businesses by ensuring that the regulation is clear and proportionate.

Responsibility of platforms as intermediaries

In some cases - for instance in the case of hosting platforms - intermediaries rely on suppliers to ensure that the prices provided to the platform are accurate and include certain mandatory charges. Platforms take reasonable steps to ensure suppliers provide all necessary information for example by prompting them to include certain mandatory fees (e.g. local taxes) in the prices they provide.

For example, a property listed on one member's service could have a nightly rate, optional fees (such as parking, pets), a nightly resort fee, and tourist taxes. The platform providing the service relies on the accommodation provider to detail all of these pricing details in order to provide transparent pricing to guests. However, it is not feasible for the platform to independently identify all of the fees. It relies on the owner of the property to do so, and requires this in its terms and policies.

We ask that the guidance clarifies that platforms will not be penalised for the actions of suppliers if, to the best of their knowledge, the suppliers have provided all relevant pricing information.

In-app purchases

The guidance notes that in-app purchases and upgrades are classified as invitations to purchase under the CMA's Unfair Commercial Practices. OTUK notes that work has already been undertaken by other regulators to tackle the issue of price transparency for in-app purchasing by platforms.

For example, throughout 2024 the Office of Road and Rail worked with a number of rail ticket retailers to improve the presentation of information about their fees to address the regulator's concerns about price transparency. We ask that the CMA aligns with other regulators on the standard for this process, to maintain consistency for platforms as they make any necessary adaptions for compliance.

Clarifying specific types of charges and pricing

OTUK is concerned at the implication of the draft guidance on local charges and taxes in Chapter 5, which suggests that businesses displaying charges payable in a foreign currency must calculate this using an exchange rate that is displayed alongside the total price.

Currently, the guidance states that 'As exchange rates may change, the trader should therefore include an explanation of how the total price has been calculated' (e.g. the currency exchange rate used.) Detailed in the illustrative example of figure 8 in the guidance, this would necessitate platforms including exchange rates for each transaction despite currency exchange rates often fluctuating. It would also mean platforms must be aware of the underlying base currency that the accommodation is using, which differs as it could be the currency of the place where the accommodation is located, the currency of the residence of the host, or another alternative currency.

This obligation is very rigid, and reads as though the only way to 'explain how the total price has been calculated' is to display the live exchange rate used. This is concerning as local taxes and charges are common in the travel industry, and displaying a live and regularly updated exchange rate alongside every invitation to purchase would be a significant technical build for travel websites, particularly those run by smaller companies.

We also question the consumer benefit of displaying the raw exchange rate – usually a string of decimal points – next to the total price. This is difficult for most consumers to interpret and is unlikely to increase their understanding of the price being displayed, despite the considerable cost to businesses of displaying it.

We ask that the specific requirement that some traders are required to display an exchange rate is removed from the guidance, in favour of a more proportionate obligation to ensure that there is an explanation of how the total price has been calculated. There may be a range of ways to transparently inform consumers, including displaying the price of local taxes/fees both in local currency and in the currency of payment (therefore allowing an exchange rate to be inferred) or to provide more information to the consumer via a link or 'hover over' box about the methodology that has been used.

Accordingly, we ask the CMA to recognise that transactions involving currency conversion (and in some cases, multiple conversions) may give rise to marginal price differences due to exchange-rate movements. Such differences should not be treated as inconsistent with an obligation to display an all-inclusive total price, nor as a breach of the prohibition on drip pricing. Where payments are split over time, exchange-rate movements between payment dates can affect the final amount debited to the consumer. Consumers are generally aware that currency fluctuations and processing transactions in different currencies can influence the amount charged. Finally, in cases where all mandatory fees, charges, and taxes are disclosed upfront, businesses should not be regarded as engaging in drip pricing where the final amounts differ from the displayed amounts because of currency conversion or charges applied by banks or payment service providers. These factors are often unknown to businesses and remain outside their control.

In addition to this, in Chapter 5, the guidance notes that local taxes, resort fees, and other unavoidable charges often referred to as 'tourist taxes' are included within mandatory charges for invitations to purchase, since responsibility often lies with the trader to pay or collect this. We ask that the CMA acknowledges the complexity for platforms to calculate all 'tourism taxes', local taxes and city taxes within total price, as they often have different rates or have exemptions reliant upon information that the platform does not have available. Where possible, the total price should include mandatory local taxes that are payable by most people and only include the variables that platforms can readily access, such as: number of guests, number of nights, ages of travellers, and star rating of hotels.

The role of dynamic pricing in competitive markets

OTUK acknowledges that the CMA is progressing an ongoing project on dynamic pricing and we seek clarification of where any conclusions from this may overlap or have implications for price transparency guidance. We note that the initial investigation into dynamic pricing by the CMA cited travel as one of the sectors that was being looked at.

Where possible, the regulator should minimise the duplicative burden for platforms to comply with various investigations, consultations, and regulation. Clarity about how the guidance and project conclusions relate to each other is important.

About Online Travel UK

Online Travel UK represents leading UK online travel services (further information can be found at www.onlinetraveluk.com). Our members facilitate seamless travel experiences for consumers by providing comparison services and access to the best deals on the market. We are committed to fostering competition and transparency to drive growth in the travel sector while also prioritising consumer welfare.