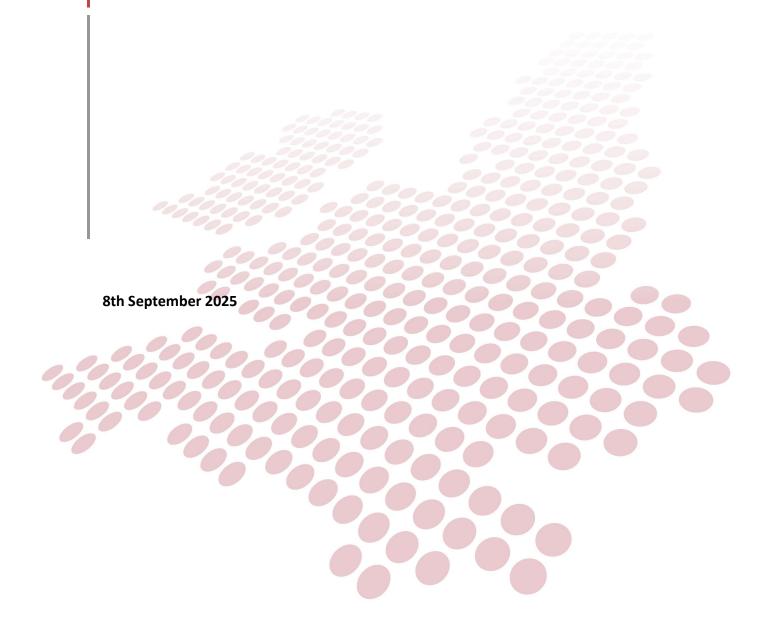


Response to the CMA consultation on draft guidance for businesses on the price transparency provisions of the Digital Markets, Competition and Consumers Act 2024





About UKCTA

1. This submission is made by the UK Competitive Telecommunications Association (UKCTA). UKCTA is a trade association promoting the interests of fixed line telecommunications and broadband companies competing against BT as well as each other, in the residential and business markets. Its role is to develop and promote the interest of its members to Ofcom and the Government. Details of membership can be found at www.ukcta.org.uk. Its members serve millions of UK consumers.

Summary

- 2. UKCTA is grateful to the CMA for the significant level of stakeholder engagement during the consultation period. UKCTA acknowledges the enormity of the task before the CMA providing meaningful guidance on price transparency to consumer-facing businesses operating across the full spectrum from traditional retail to e-commerce.
- 3. UKCTA was very pleased to see the CMA has revised its stance on the issue of total aggregate pricing.
- 4. UKCTA is concerned to see new proposals in relation to periodic contracts. These additions do nothing to alleviate our concerns that some of the proposals have the real potential to negatively impact consumer experience in the communications market.
- 5. We reiterate that the proposals do not sit well with the government's growth agenda nor take account of the impact that our sectoral regulator has and will continue to have in promoting and ensuring consumer protection.
- 6. We are concerned to see that the CMA has not confirmed that it will allow an implementation period or "grace period" following publication of its final guidance.



The issues

- 7. UKCTA is concerned to see new proposals in relation to periodic contracts
 - Section 5.33: "Some periodic contracts may include an additional one-off fee (e.g.: an administration, set up or installation fee) that is payable at the start of the contract. In these cases, the trader must provide either a total cumulative price or a total monthly price for the first month that includes those fees".
- 8. Our working assumption is that the proposals mean installation charges would have to presented in the stated cost of the first month, e.g. "12-month contract, first month is £75 including installation, and then £30 per month for the remaining 11 months". Thus, the existing practice of saying "£30 per month with a one-off £45 installation fee" would be prohibited under the new rules. We believe that this requirement increases complexity of the message as it's not an intuitive way of communicating that information and it diverts from existing practice. There is no evidence of harm to justify it and there is no evidence it would bring consumer benefit.
- 9. The CMA's approach doesn't align with Ofcom's approach. Strict compliance will result in repetition of the same information explained differently, which could cause consumer confusion. Ofcom has only recently introduced new rules which require that pricing is presented clearly in pounds and pence for the term of any contract¹. There has been significant investment by industry to meet these requirements, and a further change will result in additional costs for providers, without any clear evidence of consumer benefit.
- 10. A requirement to present any one-off charge with equal prominence should be sufficient to address any transparency concerns.

¹ General Conditions of Entitlement C1 Contract requirements



- 11. A clear, realistically achievable implementation timeframe is vital. We are concerned to see that the CMA has not confirmed that it will allow an implementation period or "grace period" following publication of its final guidance, stating only that any enforcement action will be informed by its prioritisation principles. Our members, have complex systems and any change requirements will not be limited to a simple content update of sales and marketing materials. Significant IT development, as well as budgetary planning will be required. Whilst it is possible to do some pre formal guidance planning, the costs and complexity of work required means that it is not possible to finalise budgets and contractual arrangements with suppliers until the guidance itself is published in final form. We believe it would be proportionate for the CMA to permit a minimum implementation period of 12 months. In making this recommendation our members take account of the fact that the current measures in place, which are well established, understood by customers and provide a high degree of consumer protection
- 12. Whilst UKCTA acknowledges that the DMCC and subsequent CMA guidance covers all consumer sectors, we continue to believe that, as participants in a market which has been very effectively regulated by Ofcom for more than two decades, our members are at the forefront of ensuring consumer protection and information transparency. They already face the real prospect of regulatory enforcement and significant financial penalties for non-compliance, not to mention reputational damage. Imposing an extra layer of complexity to their compliance requirements will do nothing to further improve consumer protection. If there were any concern that customers were being misled in the telecoms sector by for example one-off connection charges, surely Ofcom should be involved, and a better solution would be a targeted remedy.

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