

# Unfair commercial practices: price transparency

CMA209con

**Draft guidance for businesses on the price transparency  
provisions of the Digital Markets, Competition and  
Consumers Act 2024**

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# 1. Introduction

## *Summary at a glance*

- Consumers should be given the information they need to make informed decisions, shop around and compare the prices of competing products.
- When a trader gives information to consumers about a product and its price, this will normally be an ‘invitation to purchase’.
- Prices must not be misleading and should include any fees, taxes, charges or other payments that the consumer will necessarily incur if the consumer purchases the product.
- **Drip pricing** – the prohibited practice of showing consumers an initial headline price for a product which is not a total price (for example, where additional mandatory charges are introduced as consumers proceed with a purchase process or transaction).
- **Partitioned pricing** – the practice of providing a breakdown of fees and charges without also providing the total price, which should only be used in invitations to purchase where the total price cannot reasonably be calculated in advance.

## Introduction

- 1.1 When a trader gives information to consumers about a product and its price that will normally be what is known as an ‘invitation to purchase’. Invitations to purchase are important because it is vital that shoppers can access clear and timely pricing information. Knowing what a product will cost is fundamental for them to make good purchasing decisions – working out which product is best for them, and where to buy it.
- 1.2 When businesses do not display their prices accurately or leave out essential pricing information that people need to know, it can make products appear cheaper than they are. That can undermine people’s trust when they find out the real cost, and prevent businesses from competing on a level playing field. Price transparency therefore not only benefits consumers but, by promoting competition, it also benefits businesses and the wider economy.
- 1.3 In line with this, the Digital Markets, Competition and Consumers Act 2024 (DMCC Act) updated the law to protect consumers from unfair trading (the

UCP provisions),<sup>1</sup> including strengthening the rules on price transparency in the context of invitations to purchase.<sup>2</sup>

- 1.4 Prices should not be misleading and, whenever possible, consumers should be presented with the total price of the product at the outset.<sup>3</sup> Traders are prohibited from showing consumers an initial headline price for a product and then introducing additional mandatory charges as consumers proceed with a purchase or transaction. This is sometimes called ‘drip pricing’. A trader which provides the component parts of a price without giving the overall total – sometimes called partitioned pricing – also risks misleading consumers as to the true price and reduces the possibility to compare prices on a like-for-like basis. Partitioned pricing is also prohibited, save in certain circumstances discussed in this Draft Guidance.
- 1.5 Traders may also need to include other pricing information in an invitation to purchase, including information that is required by the UCP prohibitions on misleading actions<sup>4</sup> and omissions<sup>5</sup> (described in Chapters 5 and 6 of **CMA207**) or required by other relevant legislation.
- 1.6 This Draft Guidance will help businesses comply with the requirements of the UCP provisions on price transparency in the context of invitations to purchase.<sup>6</sup> This Draft Guidance will also be of use to legal advisers, enforcers and consumer advisers in understanding what actions are prohibited.<sup>7</sup>
- 1.7 This Draft Guidance supplements the Competition and Markets Authority (CMA) [Guidance on the protection from unfair trading provisions in the Digital Markets, Competition and Consumers Act 2024](#) (CMA207) which provides further guidance on the UCP provisions, both in the context of invitations to purchase and more generally. In particular:

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<sup>1</sup> Chapter 1 of Part 4 of the Digital Markets, Competition and Consumers Act 2024.

<sup>2</sup> Section 230 DMCC Act.

<sup>3</sup> Section 230(2) DMCC Act.

<sup>4</sup> Section 226 DMCC Act.

<sup>5</sup> Section 227 DMCC Act.

<sup>6</sup> This Guidance uses ‘unfair commercial practices provisions’ or ‘UCP provisions’ as a shorthand for the provisions contained in Chapter 1 of Part 4 of the DMCC Act.

<sup>7</sup> This Guidance illustrates how the law may apply in practice. The examples used in this Guidance are non-exhaustive. This Guidance is not a substitute for, or definitive interpretation of, the law and should be read in conjunction with it. This Guidance may be revised from time to time, including to reflect changes in the interpretation of the law as a result of enforcement action taken by the Competition and Markets Authority (CMA) or others.

- Chapter 2 of CMA207 provides more guidance on core concepts of the UCP provisions – ‘trader’, ‘commercial practices’, ‘consumer’, ‘average consumer’ and ‘transactional decisions’;
  - Chapter 4 of CMA207 provides guidance on other (non-pricing) information that the UCP provisions require traders to provide in an invitation to purchase; and
  - Chapters 5 and 6 of CMA207 provide more guidance on the prohibitions on misleading actions and misleading omissions respectively.
- 1.8 Other unlawful pricing practices such as misleading reference pricing and banned practices such as bait and switch advertising must also be avoided, but are outside the scope of this Draft Guidance.

### Common pricing terms used in this Draft Guidance

- 1.9 This Draft Guidance uses the following terms to refer to the different types of prices that might be presented to consumers in an invitation to purchase.
- **Base price** – the initial price of a product or service before any additional charges, fees or taxes are added. It might be the base price for one item or a collection of items in a basket.
  - **Headline price** – the main price promoted or communicated to a consumer in an invitation to purchase. In most cases this will be the total price but, in some cases, it might be the base price or the base price plus some additional charges.
  - **Total price** – the ‘fully inclusive’ price of the product including any fees, taxes, charges or other payments that the consumer will necessarily incur if the consumer purchases the product.

## 2. What is an invitation to purchase?

### *Summary at a glance*

- When a trader gives information to consumers about a product and its price, this will normally be an ‘invitation to purchase’.
- An invitation to purchase does not need to include an actual opportunity to enable the consumer to purchase the product.
- A consumer may be presented with an invitation to purchase at multiple points during the process of deciding whether to purchase a product.

2.1 The UCP provisions define an invitation to purchase as:

**‘a commercial practice involving the provision of information to a consumer—**

- **which indicates the characteristics of a product and its price; and**
- **which enables, or purports to enable, the consumer to decide whether to purchase the product or take another transactional decision in relation to the product.’**

2.2 Invitations to purchase where the product’s price and characteristics are given include:

- a price on a product in a shop;
- an item listing on the website of an online marketplace;
- a menu (including a physical menu card or a digital menu that can be accessed through the scanning of a QR code) in a restaurant;
- an advertisement of a product on TV or in a social media post;
- a text message promotion;
- an advertisement in a newspaper displaying a car with a ‘drive away from’ price;



- a banner that appears within a mobile application advertising an ad-free version of the app or in-app purchases.

- 2.3 An invitation to purchase can exist before the consumer makes an in-principle decision to purchase a product<sup>8</sup> and before it is possible to make a purchase. It can occur even where the information given is far from complete.
- 2.4 An invitation to purchase can exist even where the information indicating the price and characteristics of a product is minimal. This includes, for example, where a trader indicates the lowest price for which the advertised product can be bought or where a single visual reference is used to describe a product that is available in a variety of forms.<sup>9</sup>
- 2.5 An invitation to purchase does not need to include an actual opportunity to enable the consumer to purchase the product.<sup>10</sup> For example, a poster above the seats in a train carriage which advertises a product and its price will still be an invitation to purchase, even if the poster does not explain where to buy the product.
- 2.6 A consumer may be presented with an invitation to purchase at multiple points during the process of deciding whether to purchase or take another transactional decision about a product.

## When are commercial practices not invitations to purchase?



- 2.7 A commercial practice which does not include a price is not an invitation to purchase. Where a commercial practice does not indicate the characteristics of a specific product, through text, image or otherwise, it will not be an invitation to purchase. In many cases, advertisements which promote a trader's 'brand' rather than any particular product(s) will not be invitations to purchase.
- 2.8 It is important to note that if a commercial practice is not an invitation to purchase, a trader may still be required to provide certain information if consumers need it to make an informed decision. Failure to do so may constitute a misleading omission, subject to meeting the transactional decision test.<sup>11</sup>

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<sup>8</sup> See 'Transactional decision' section in Chapter 2 of CMA207 (Core concepts).

<sup>9</sup> Paragraph 1374 DMCC Act explanatory notes.

<sup>10</sup> Paragraph 1375 DMCC Act explanatory notes.

<sup>11</sup> See Chapter 6 of CMA 207 (Misleading omissions).

### 3. What pricing information must be included in an invitation to purchase?

#### *Summary at a glance*

- Traders are responsible for ensuring that the prices of the products presented in an invitation to purchase do not mislead consumers, in particular, the price presented should be realistic, meaningful and attainable for the product being advertised.
- The price should be presented in a clear and timely way and include any fees, taxes, charges or other payments that the consumer will necessarily incur if the consumer purchases the product.
- Mandatory charges must be included in all invitations to purchase, even early-stage advertising. If a consumer is later presented with new charges that were not disclosed at the outset, this is likely to breach the UCP provisions.

#### Is the price misleading?



- 3.1 Traders are responsible for ensuring that the prices of the products presented in an invitation to purchase do not mislead consumers.<sup>12</sup> In particular, the price of a product is likely to be misleading if it is not a realistic, meaningful and attainable price (that is, it is not a price at which most consumers would be able to purchase the product). The price is also likely to be misleading if it is not set out in a clear and timely way.<sup>13</sup>
- 3.2 For many products, a price will be realistic, meaningful and attainable if the headline price includes all mandatory charges that consumers will need to pay to purchase the product.<sup>14</sup> Further guidance on what should be considered a mandatory charge is set out in the following sections, particularly paragraphs 4.2 to 4.8 below. Presenting a fully inclusive total price in a clear and timely way will normally be enough for traders to comply with the requirements of the

<sup>12</sup> Sections 226 and 227 DMCC Act. See also Chapters 5 and 6 of CMA207 (Misleading actions and Misleading omissions).

<sup>13</sup> Section 230(9) DMCC Act.

<sup>14</sup> Sections 230(2)(b) and (4) DMCC Act.

UCP provisions. However, if the price is presented in a way that would mislead consumers for other reasons, it may still be unlawful.

- 3.3 In particular, the price must relate to the product that is being advertised. For example, if an invitation to purchase presents a particular version of a product such as a car or phone model, or advertises the product as having certain features, the price should reflect what the consumer would need to pay to obtain that version of the product. Additionally, if a trader provides an indicative price for a customisable product or a bundle of services (such as a set of subscription television channels), that price should reflect the total price the consumer would have to pay to purchase all the elements advertised in that bundle, regardless of whether the consumer could opt to later remove or vary what was included.
- 3.4 A price is likely to be misleading if the product cannot be purchased at the advertised price, is only available at that price in very limited quantities or can only be purchased on significantly different terms to those presented in the invitation to purchase. A price is also likely to be misleading if it is given in relation to a product that purports to meet the consumer's stated requirements (once the trader knows them) but in fact does not, and the consumer ends up having to pay more for the product actually requested. For example, where a product is presented as being delivered to the consumer, the stated price should include the cost of delivery.
- 3.5 Indicative and 'from' pricing can be a useful tool that can help make complex pricing accessible to a consumer. For example, prices for a hotel which may differ depending on the type of room or the dates stayed can be presented as being 'from' the cheapest prices available for a basic room. However, if not used appropriately, indicative pricing can increase the risk that consumers are misled. For example, if the hotel were advertising a weekend break when prices are more expensive, it would be misleading to use a 'from' price based on staying midweek.
- 3.6 Ensuring a price is realistic, meaningful and attainable may sometimes require traders to include one or more optional charges (for example, enabling work for home improvements). While these optional charges will not necessarily be required for every customer, traders should include these charges in the total price if it is reasonably foreseeable that most consumers will need to pay them. Failure to do so may be a misleading omission.
- 3.7 It is important that traders ensure their invitations to purchase comply with all their obligations under the UCP provisions (and any other relevant legislation).

Further detail about the prohibitions on misleading actions and omissions can be found in **CMA207**.<sup>15</sup>

### Examples of *realistic, meaningful and attainable* pricing



- A travel agent advertises an indicative price for a cruise based on parameters such as specified dates, cabin class and number of people travelling. The total price stated in the advertisement is the total price for that package holiday. There is availability on the advertised dates, at the stated price. This pricing is realistic, meaningful and attainable.
- An indicative quote for installing solar panels on a consumer's roof includes the cost of erecting scaffolding (and other unavoidable charges). The trader does not know with certainty if scaffolding will be required but knows that it will be for most consumers. Therefore, omitting it from the initial headline price would be likely to mislead consumers. The price, inclusive of scaffolding, is realistic, meaningful and attainable.

### Examples of pricing that is not *realistic, meaningful or attainable*

- A consumer searches a fashion retailer's website for baby clothes, filtering by size 9-12 months. The retailer provides a list of search results with prices. However, when the consumer tries to purchase their desired item, they find that the stated price is only available for size 0-6 months. They have to pay more to purchase the product in size 9-12 months. The originally advertised price was not realistic, meaningful and attainable and is therefore likely to be misleading.
- A zoo advertises tickets 'from £12'. When a consumer tries to purchase these tickets, they find that the £12 is only for children under the age of 10. Adult tickets are £25. Children under the age of ten are unlikely to go to the zoo on their own so the advertised price is not realistic, meaningful and attainable and therefore likely to be misleading.
- A car manufacturer advertises a new model of car and gives a 'from' price for purchasing it. The invitation to purchase makes a point of emphasising that the car has advanced driver assistance features. However, the version of the car available at the 'from' price does not include these features and consumers would have to pay significantly more to obtain

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<sup>15</sup> See Chapters 5 and 6 of CMA207 (Misleading actions and Misleading omissions).

them. The 'from' price is therefore not realistic, meaningful and attainable because it is not reflective of what the consumer would have to pay to purchase the version of the product advertised in the invitation to purchase. This is likely to be misleading.

## Is there specific pricing information that must be included?



- 3.8 When a trader gives information to consumers about a product and its price, this will normally be an 'invitation to purchase'. In addition to the general requirement that prices must not be misleading, the UCP provisions set out that certain pricing information is 'material' where traders make invitations to purchase. To comply with the law, this 'material information' must be included in the invitation to purchase.<sup>16</sup>
- 3.9 In an invitation to purchase, traders must tell consumers **the total price of the product<sup>17</sup> which includes any fees, taxes, charges or other payments (charges) that the consumer will necessarily incur if the consumer purchases the product.**<sup>18</sup>
- 3.10 Alternatively, if, because of the nature of the product, the price (or a part of it) cannot reasonably be calculated in advance, the invitation to purchase must include information that enables the consumer to calculate the non-calculable (parts of the) price.<sup>19</sup> That information must be provided with as much prominence as the part of the total price that is calculable in advance.<sup>20</sup>
- 3.11 The diagram below shows what pricing information must be included in the price stated in the invitation to purchase (the headline price).

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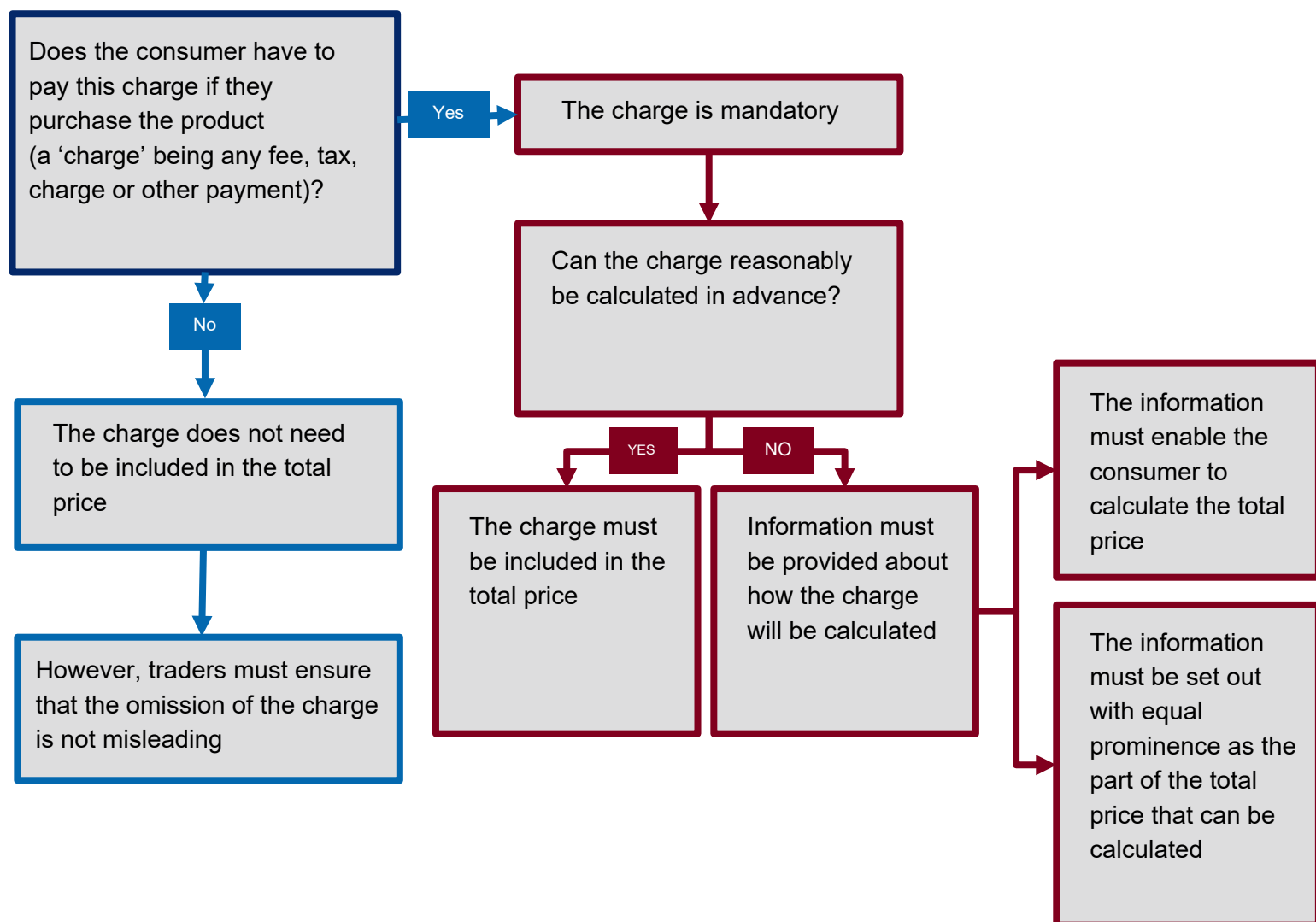
<sup>16</sup> Other information that must be included in an invitation to purchase is described in paragraphs 4.13-4.17 of CMA 207.

<sup>17</sup> Section 230(2)(b) DMCC Act.

<sup>18</sup> Section 230(4) DMCC Act.

<sup>19</sup> Section 230(5)(a) DMCC Act.

<sup>20</sup> Section 230(5)(b) DMCC Act.



**Figure 1: Pricing information that must be included in the price stated in the invitation to purchase (the headline price).**

- 3.12 A consumer may be presented with an invitation to purchase at multiple points during the process of deciding whether to purchase or take another transactional decision about a product. **Each commercial practice that is an invitation to purchase, even if taking place early in the consumer journey, must include the required information.**
- 3.13 Chapters 4 and 5 of this Draft Guidance explain the core principles traders should follow when calculating and presenting the total price of their products in an invitation to purchase. The Draft Guidance also deals with common issues that may arise when doing so.



### *Drip pricing*

- 3.14 **The practice of showing consumers an initial headline price for a product and subsequently introducing additional mandatory charges as consumers proceed with a purchase or transaction – sometimes called ‘drip pricing’ – is prohibited under the UCP provisions.**
- 3.15 **An invitation to purchase** – namely when a trader gives information to consumers about a product and its price – **must provide the required pricing information clearly, in a timely way and in a way that the consumer is likely to see it.**<sup>21</sup>
- 3.16 This provision makes sure that consumers know up front what they will end up paying and that they have accurate and timely pricing information. It also ensures that consumers are not faced with unexpected mandatory charges only later in a purchasing journey. This is important, because businesses compete for customers on headline prices.
- 3.17 Where any part of the price cannot reasonably be calculated in advance, there are specific rules around prominence. These rules mean that the information enabling the consumer to calculate the total price must be given with as much prominence as the headline price.<sup>22</sup>

### **Examples of prohibited drip pricing practices**



- A hotel provides a price of £100 per room, per night, on their website. The consumer inputs the dates of their two-night weekend stay into the hotel's website and is provided with a total price of £200 for the entirety of their stay. The consumer navigates through several webpages of optional extras, such as upgrading the room to one of a bigger size and adding a bunch of flowers to the room. The consumer does not choose to add any additional extras to their stay. After the consumer completes their choices, they are informed of a ‘weekend surcharge’ of £25 per night. The total price of the stay is actually £250, which is higher than the original price they were given.
- A company offers an online learning course in a specific subject area for £100. When the consumer prepares to pay the £100 total, they are informed

<sup>21</sup> Section 230(9) DMCC Act.

<sup>22</sup> Section 230(5) DMCC Act.

of an additional mandatory £40 'enrolment fee' to access the course content. The consumer should have been presented with the total price of the course which is £140 at the outset.

- A hairdresser displays a pricing list, within a hairdressing salon, which lists the cost of several different services. A consumer chooses a haircut which is shown as £50 on the pricing list. When the consumer pays for the haircut, they are charged an additional £25, 'long hair' fee. The total price of the haircut is therefore £75. The higher price was not presented to the consumer until the very last stages of the purchase.
- A car hire company website displays the cost of hiring a car as £60 for 24 hours. The consumer pays the £60 total cost online to hire the car. When the consumer goes to pick up the car, the consumer is told there is an additional mandatory 'pick-up fee' of £40. Although this fee was included in the small print terms and conditions, the consumer was not otherwise informed of the 'pick-up fee' at any point prior to booking. The consumer was initially given a headline price for the car hire of £60 while the total price to hire the car is actually £100. The 'pick-up' fee is mandatory because a customer cannot use a hire car without picking it up so the website should have displayed the cost of hiring the car as £100 rather than £60.

### ***Partitioned pricing***

- 3.18 **Partitioned pricing – the practice of providing the component parts of a price without giving the overall total** – will generally be prohibited since it is not consistent with providing the 'total price' of the product.
- 3.19 For example, where the total price is made up of several components, which are also each listed, the cost of those components must be added together for the consumer into a total price and it must be shown to them in a clear and timely way.<sup>23</sup> It is not enough to present the individual price components and expect the consumer to calculate the total price.
- 3.20 The new provisions in the DMCC Act mean that partitioned pricing should only be used in invitations to purchase if, owing to the nature of the product, the total price cannot reasonably be calculated in advance.<sup>24</sup> Where some, but not all, of the price is calculable, the trader should provide a headline price inclusive of all the calculable elements. Any remaining charges should be set

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<sup>23</sup> Section 230(9) DMCC Act.

<sup>24</sup> Section 230(2)(c) DMCC Act.

out with the same prominence as the headline price.<sup>25</sup> Further detail on when this exception may apply can be found at paragraphs 4.9 to 4.15.

### Examples of prohibited partitioned pricing



- A theatre advertises tickets for a show in an online advertisement. The price of a ticket is £50. There is a mandatory booking fee of £1 per ticket. The headline price for each ticket is shown as '£50\*'. Further down the page there is text explaining that there is a mandatory £1 booking fee per ticket. The £1 fee should be included in the headline price of each ticket so that the cost of each ticket is £51. The trader can state that the price includes a £1 booking fee per ticket.
- An online hotel booking site lists a hotel with the price of £100 per night. There is a mandatory resort fee of £20 per person, per night (on top of the room price) and a one-off cleaning fee of £100 per stay. The website advertises a headline price of £500 for a five-night stay based on two people sharing. Below that is reference to the additional £20 per person, per night resort and £100 cleaning fees that the consumer would also have to pay. The resort and cleaning fees would be calculable based on the advertised assumption of 2 people staying for five nights so the total price should be given as £800 (£500 for the room, £200 for the resort fee and £100 for the cleaning fee). The trader could state that the price includes the resort and cleaning fees.
- An online retailer sells bedroom furniture. They charge an additional, mandatory £5 for packaging per item. A consumer looks at a bedside table. The price per item is shown as: £150 plus £5 for packaging. Since the £5 packaging is a mandatory charge for each item, it should be included in the headline price of each item so that the cost of each bedside table is £155. The trader can state that the price includes a £5 packaging fee.

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<sup>25</sup> Sections 230(2)(c) and 230(5)(b) DMCC Act.

## 4. Total price: core principles

### ***Summary at a glance***

- The total price of a product should include any fees, taxes, charges or other payments that the consumer will necessarily incur if the consumer purchases the product.
- If the whole or part of the total cost cannot reasonably be calculated, consumers must be given the information they need to calculate the total price themselves (for example, price of fabric per metre).
- The information about how to calculate the total price must be set out with 'as much prominence as' the part of the total price that is calculable in advance.
- In most cases, traders should be able to provide material pricing information in a full and timely manner regardless of the means of communication used.

- 4.1 This section explains the core principles traders should follow when calculating and presenting the total price of their products in an invitation to purchase. It also explains what traders must do if the total price is not reasonably calculable.

### **When are charges mandatory versus optional?**



- 4.2 If the consumer cannot purchase a product without the payment of a charge (ie any fee, tax, charge or other payment), then that charge is mandatory. Mandatory charges should be included in the headline price.
- 4.3 In some cases, a trader may wish to offer an optional service in addition to the product they are selling. This does not have to be included in the headline price if it is genuinely optional. However, merely presenting a charge separately to the headline price or describing it as a service does not make it optional. If the consumer will have to pay the additional charge in order to purchase or receive the advertised product, it is a mandatory charge.
- 4.4 Mandatory charges include:
- purchase taxes (eg VAT);

- administration fees, however described, such as booking or processing fees, quality assurance charges, platform charges;
- fees relating to additional services that cannot be avoided (eg routine cleaning fees, venue restoration fees, mandatory cover or service charges at a restaurant);
- delivery charges where consumers cannot arrange for their own collection or delivery of the product being advertised (eg where a consumer is selecting food items for delivery from a food delivery app);
- local taxes, resort fees and other unavoidable charges that become payable on arrival or departure at hotels, ports or airports;<sup>26</sup>
- pick-up fees or mandatory insurance cover required for renting a car; and
- joining fees that new members pay on top of their first regular payment when joining gyms or getting other subscriptions.

4.5 The total price should also include any other mandatory charges resulting from the trader's input costs. These should not be presented to consumers separately. For example, if a trader contracts with a third-party provider to supply a service to a consumer, the trader may want to charge the consumer an additional fee to cover that cost. Consumers have no control over such expenses. They cannot compare and select the third-party provider or products they use and have no way of opting out of them. The trader will therefore need to ensure that any such charges are included in their advertised headline price. If a trader wants to present the total price, together with a breakdown of how that price is made up, then that is permissible.

4.6 Some products may be subject to specific legislation that requires the inclusion of specific charges in the total price presented in the invitation to purchase, even if these may otherwise be considered optional. If so, these charges must also be included in the total price when advertising that product. For example, the Consumer Rights (Payment Surcharges) Regulations 2012 restrict merchants from charging a fee in addition to the advertised price of a transaction on the basis of a consumer's choice of payment instrument (eg credit card).

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<sup>26</sup> Deposits, or holds on a consumer's payment card, such as those that are sometimes taken when checking into a hotel which will be automatically refunded (if not called upon) would not be 'mandatory charges' for these purposes and do not need to be included in total price.

- 4.7 Traders who supply products to both consumers and other traders may make VAT-exclusive price lists available to trade customers, but they must ensure that any prices offered or directed to consumers include VAT (where applicable). Whether a price is directed at a consumer will depend on the circumstance of the offer. If a trader who sells to the public is advertising generally or a trader is quoting to someone who they know is a consumer, they must *always* include VAT in the total price.
- 4.8 Taxes such as vehicle tax, TV licences and council tax do not form part of the price of a product and do not need to be included in the total price. These taxes relate to the ongoing ownership of a product and can be distinguished from taxes such as VAT which do relate to the purchase of a product and must be included in the total price.

### Examples of lawfully provided mandatory charges



- A hotel provides the price of a room for a three-night stay as £250. This price includes the cost of the room being cleaned, as well as the use of Wi-Fi and a safe within the room. As the room cleaning, use of Wi-Fi and safe are not offered as optional extras by the trader, they are included within the total price displayed for the room and the cost of £250 is a fully inclusive price.
- The total price of a second-hand car is provided as £2,000. This total price includes an administration fee and the cost of valeting the car. As the administration fee and car valeting are not offered as optional extras by the trader, they are included within the total price displayed for the car and the cost of £2,000 is a fully inclusive price.
- A bike retailer provides the cost of a second-hand bike as £100. This total price includes full servicing of the bike. As the full service is not offered as optional by the trader, it is included within the total price displayed for the bike. The £100 is therefore a fully inclusive price.

### Examples of lawfully provided optional charges

- A hotel displays the price of a 'room only' for one night as £80. This price does not include breakfast as guests can stay overnight at the hotel for the headline price and decide whether they want to pay for breakfast based on their individual preference. As the additional service, of breakfast, is optional, it does not have to be included within the headline price.
- An electronics retailer displays the price of a television for £350. This price does not include an extended warranty. Consumers can purchase the

television for the headline price and decide whether they want to pay for the extended warranty. As the additional service, of an extended warranty, is optional, it does not have to be included within the headline price.

## When might it not be possible to calculate the total price?



- 4.9 'If, owing to the nature of the product, the whole or any part of the total price cannot reasonably be calculated in advance', the UCP provisions require that consumers are given information about 'how the price (or that part of it) will be calculated'.<sup>27</sup> The information about how to calculate the total price must be set out in the invitation to purchase<sup>28</sup> with 'as much prominence as' the part of the total price that is calculable in advance.<sup>29</sup>
- 4.10 This exception will most commonly apply when the nature of the product means that the total price will depend on a consumer's requirements, and the trader has not yet been provided with those requirements by the consumer. This includes products sold by:
- weight – for example, minced meat;
  - length – for example, rope;
  - time – for example, solicitor services charged by the hour; or hotel stays charged per night; and
  - distance – for example, airport transfer services charged according to the distance from the pick-up location to the airport.
- 4.11 **If a total price cannot reasonably be calculated, the trader must instead give the consumer the information needed to *enable the consumer to calculate the total price themselves*** (eg the price per kg or the price per person).
- 4.12 Where some, but not all, of the price is calculable, the trader should provide a headline price inclusive of all the calculable elements. As noted above, information about any remaining charges should also be set out with 'as much prominence as' the part of the total price that is calculable in advance.<sup>30</sup> In practice, this means the information about the additional charges should be set out in the invitation to purchase next to the headline price of the product

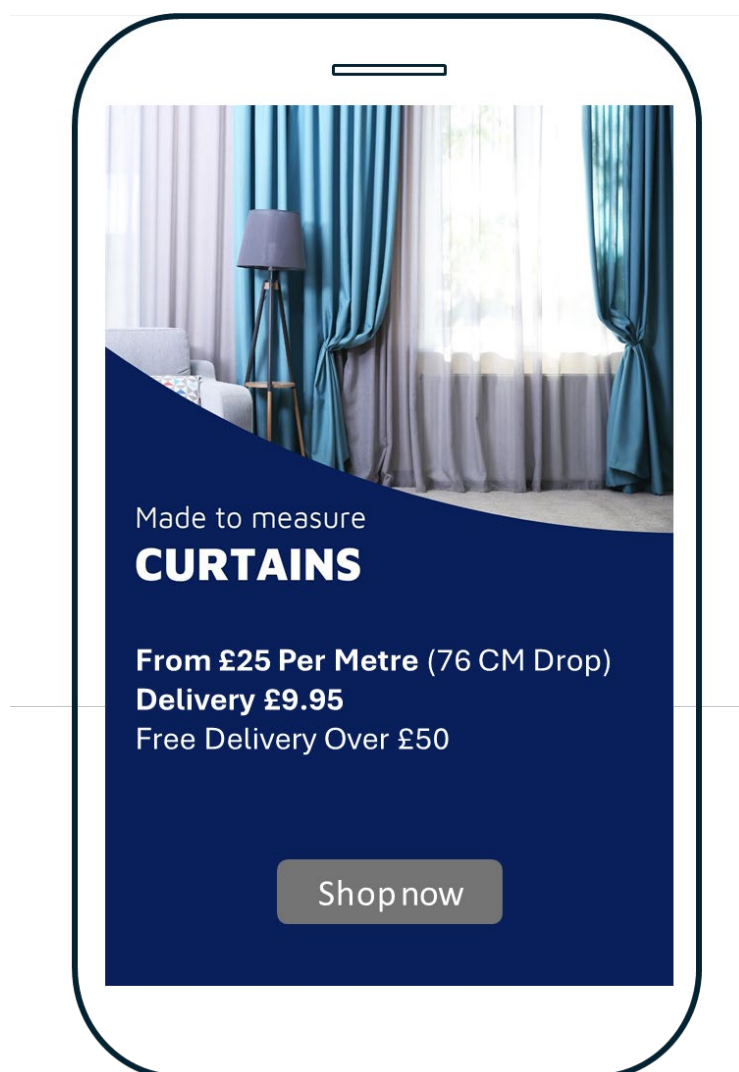
<sup>27</sup> Section 230(2)(c) DMCC Act.

<sup>28</sup> Section 230(5)(a) DMCC Act.

<sup>29</sup> Section 230(5)(b) DMCC Act.

<sup>30</sup> Section 230(5)(b) DMCC Act.

(eg immediately underneath or next to, rather than somewhere else on the page). An illustrative example showing this is set out below.<sup>31</sup>



**Figure 2: Early-stage advertising displaying unit pricing when a total price cannot reasonably be calculated, with the information additional delivery charges presented immediately underneath the headline price.**

- 4.13 When a consumer is going through a purchase process (such as ordering a product through a trader's website) they will normally be presented with multiple invitations to purchase. If the total price cannot reasonably be calculated, the information needed to enable the consumer to calculate the total price should be included for *each* invitation to purchase until the total price can be calculated. It is not sufficient to present this information once

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<sup>31</sup> The illustrative examples provided in this Draft Guidance are intended to assist understanding of the pricing practices covered by this Draft Guidance. They should not be taken as comprehensive representations of other material information that may be required in an invitation to purchase.

(eg on the front page of the website) and then omit it at later stages of the purchase process. Once the total price becomes calculable, it must then be presented from that point onwards.

4.14 The trader may also be unable to calculate the total price where the product is bespoke, or the total price will depend on the consumer selecting from a range of options that make it impossible to fix a standard price. For example, the price of portrait photography services may depend on factors such as the type of shoot (eg family, children, pregnancy, newborn), the duration of the photo session, the number of people being photographed, or the number and format (eg digital images and/or prints) of photos ordered.

4.15 If the total price cannot reasonably be calculated, the trader may choose to:

- Present a full price list with the various options to enable a consumer to calculate the total price based on their requirements. In the case of the photography services example discussed above at 4.14, the trader could provide their hourly rate for the session, the price per photo, and the price for each format that the images can be ordered in.
- Present an indicative price or 'from' price (provided the price is realistic, meaningful and attainable). Indicative prices may take the form of a price for an illustrative product (eg the price for a two-night stay in a property or pre-packaged bundles that consumers can select between or customise). For example, applying this to the photography services example discussed above at 4.14, the trader could offer certain 'default' bundles at different prices that can then be customised to the consumer's requirements (eg a 30-minute photo session, with 20 photos, plus digital files of all the pictures). The price for each of those bundles should be the total price required to purchase all the elements advertised in each bundle, regardless of whether the consumer could opt to later remove them. Further guidance on the use of indicative pricing is provided in paragraphs 3.1 to 3.7 above.
- Structure their purchase process to obtain the information required to calculate a total price from consumers at the outset. For example, car hire prices can vary greatly and depend on a range of factors, in particular, the intended pick-up and drop-off locations, proposed dates and times and driver's age. Providing prices without knowing this information is likely to result in misleading pricing, so car hire companies should obtain the customer's main requirements at the outset.

- Refrain from presenting prices at all until they have received enough information from the consumer to be able to calculate the total price that would apply to a particular consumer. For example, it is common for home improvement services, removal services, courier services, cleaning services, holiday booking agents etc. only to quote a price after the consumer has provided information about their circumstances and individual needs or the trader has been able to assess these independently. This does not prevent traders from advertising indicative prices in early-stage advertising.

### **Examples of lawful pricing when the total price cannot reasonably be calculated at the first stage of advertising**



- A travel agency website displays the price of a holiday as 'from £1,000 per person including flights'. Immediately underneath, the website informs the consumer that the price is stated to be based on two adults sharing. This is a legitimate way of presenting the price because, at this point, the trader does not know how many people will be staying or the dates they will be staying. The consumer then inputs their requirements (two adults, two children). On the next page, the trader provides the price for the stay as a fully inclusive total cost based on those requirements (ie the total price for two adults and two children).
- A hotel offers an afternoon tea service with the per-person price of £20 for the afternoon tea and £15 extra per person to add a glass of Champagne. The trader does not know the consumer's precise requirements (eg number of diners or precise beverage selection). However, the hotel advertises a 'Champagne afternoon tea for two' on selected dates at £70. Provided the consumer can purchase the afternoon tea, including Champagne, at the stated price, this is a legitimate use of indicative pricing.
- A removals company does not provide upfront prices on its website. Instead, it provides information about the services it offers and allows consumers the option to enter some basic information about their requirements (eg number and type of rooms and distance travelled) and then provides an estimated price on that basis. The price is clearly stated to be an estimate based on the requirements the consumer has provided. The estimate includes an indicative amount for every part of the removal service. The trader then offers consumers the option to have an 'in-person' assessment of their requirements after which the trader provides a full and final quote.



- 4.16 When deciding whether a trader has omitted material information from an invitation to purchase, two factors can be taken into consideration. These are:
- any limitations that arise due to the type of communication used. This includes limitations of space or time, such as the size of packaging or the duration of a radio advertisement, that may mean that the trader cannot practicably convey all the required information relation to that product,<sup>32</sup> and
  - any steps the trader takes to overcome the limitations eg by providing information in another way.<sup>33</sup>
- 4.17 In most cases, traders should be able to provide material pricing information in a full and timely manner regardless of the means of communication used. A single price figure inclusive of all mandatory charges will be able to fit on or within all types of devices and media. In addition, where the nature of the product means that the total price cannot reasonably be calculated in advance, the means of communication will often pose no barrier to prominently providing the headline price alongside information enabling the consumer to calculate the total price. For example, where products are sold by a standard unit of measurement and therefore what constitutes 'a single product' is inherently variable, giving the unit price (such as £X per kg, square metre, hour etc.) would still be possible.
- 4.18 Where, by exception, the means of communication used has limitations that mean it is genuinely not practicable to present all the required pricing information on the face of the invitation to purchase, the trader should take steps to overcome these limitations in order to provide the consumer with the required pricing information by another means.<sup>34</sup> The information must still be provided in a way that is clear and timely, and so that the consumer is likely to see it.<sup>35</sup>

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<sup>32</sup> Section 230(8)(a) DMCC Act.

<sup>33</sup> Section 230(8)(b) DMCC Act.

<sup>34</sup> Section 230(8) DMCC Act.

<sup>35</sup> Section 230(9) DMCC Act.

## 5. Guidance on specific charges

### ***Summary at a glance***

- ‘Per-transaction’ charges (eg administration or booking fees) should always be included in an invitation to purchase and, wherever reasonably calculable, included in the total price.
- For early-stage advertising the trader should present their prices in a way that either provides the total price, or if not reasonably possible, allows a total price to be calculated by the consumer.
- For online retail websites traders can comply by providing an explanation of the per-transaction fees (eg a £5 booking fee) plus a running total cost throughout the purchase process.
- Similar principles apply for delivery fees. Where a consumer must choose between delivery charges (ie there is no collection option) the trader must include the cheapest delivery option until the consumer chooses a different one.
- Local charges and taxes will normally be calculable and should be included in the total price.
- For periodic contracts (eg a 12-month gym membership) the total price may be the total price payable each month.

- 5.1 This section contains case studies that explain in more detail how pricing information can be presented in an invitation to purchase in a way that complies with the UCP provisions.

### **How should ‘per-transaction’ charges (eg administration or booking fees) be presented?**



- 5.2 ‘Per-transaction’ charges refer to mandatory (often fixed) additional charges which are linked to a purchase rather than the specific products purchased. Examples include a one-off flat booking fee for the purchase of multiple cinema tickets, an administration fee or a cleaning fee.

5.3 Mandatory per-transaction charges should always be included in an invitation to purchase and, wherever possible, included in the total price – even in early-stage advertising. Depending on the type of per-transaction charge, and the stage in the marketing process, the way these charges should be presented may differ. For example:

- A trader applies a £1 charge to every product sold on their website. Because this charge can be allocated to individual products, it must be included in the headline price for each of those products, and not displayed separately.
- A trader publishes an advertisement in a magazine promoting tickets to an event. The price for a single ticket at the cheapest rate is £20. There is also a per-transaction fee of £2.50. The price shown should be the total price, including any per-transaction charges, that a consumer would be required to pay to purchase the minimum possible number of tickets (ie a ticket for one person). In this case, ‘from £22.50’.
- An accommodation platform advertises the price of a property on the basis of a two-night stay at £160. The £160 should be the total price a consumer would have to pay to stay for two nights, including any mandatory administration, booking or other per-transaction charges.
- A radio advertisement for a train trip indicates it is available off-peak ‘from’ £26. The £26 must include the per-transaction charges that would apply to the purchase of the cheapest available tickets.

5.4 An illustrative example showing lawful per-transaction pricing is set out below.



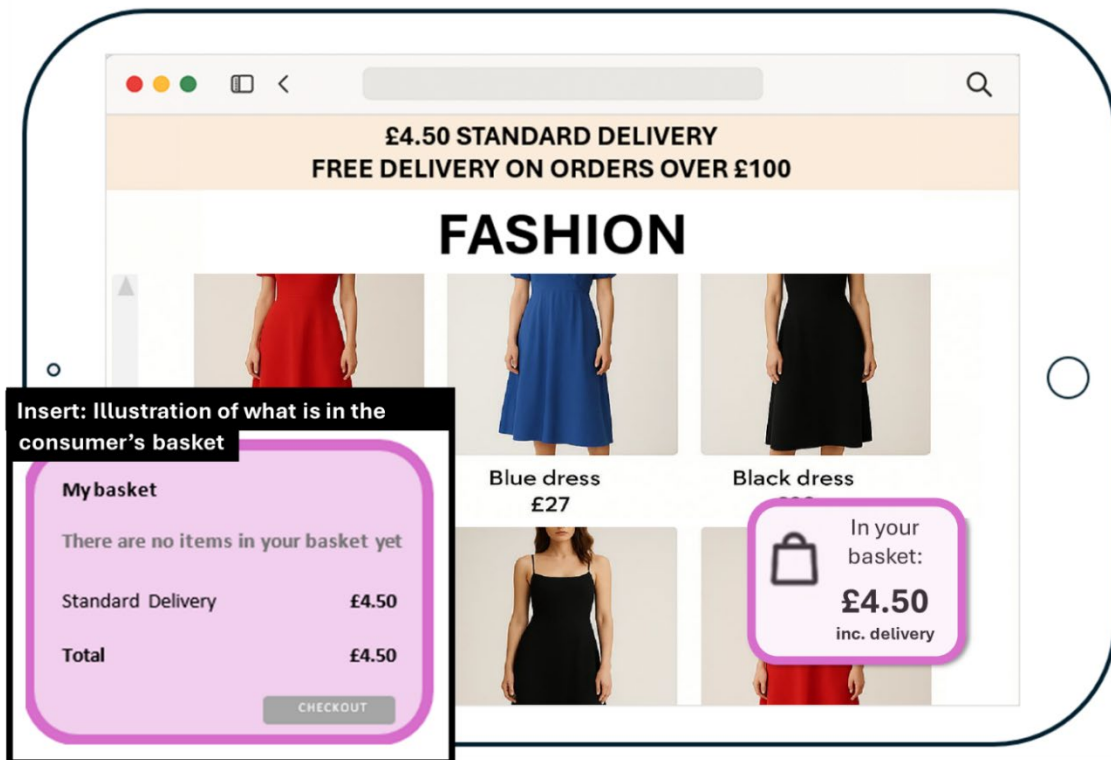
**Figure 3: Early-stage advertising with a mandatory £2 per-transaction charge included in the headline prices.**

- 5.5 Traders must use any information already supplied by the consumer to calculate the per-transaction charge. For example, if a consumer searches for a 'three-night stay for two people' on a hotel booking website, the trader should use this information to calculate the total price based on those requirements including any per-transaction charges (and any other mandatory charges). This means that, in many cases, the per-transaction charge will be calculable from very early on in the purchase process.
- 5.6 However, where a trader's website allows multiple products to be selected and purchased together (for example an online clothing retailer, tickets for a concert or groceries for home delivery), and one or more per-transaction

charges are applied to the order it may not always be realistic or meaningful to include all mandatory per-transaction fees in the headline price of each product when these charges would only be paid once. One way the trader can comply would be to present the consumer with a running total for their order throughout the purchase process. This should be clearly visible to the consumer and begin with the per-transaction charges (as well as any other mandatory charges) included. How to best present the running total may differ between products and websites but the following examples would ensure compliance:

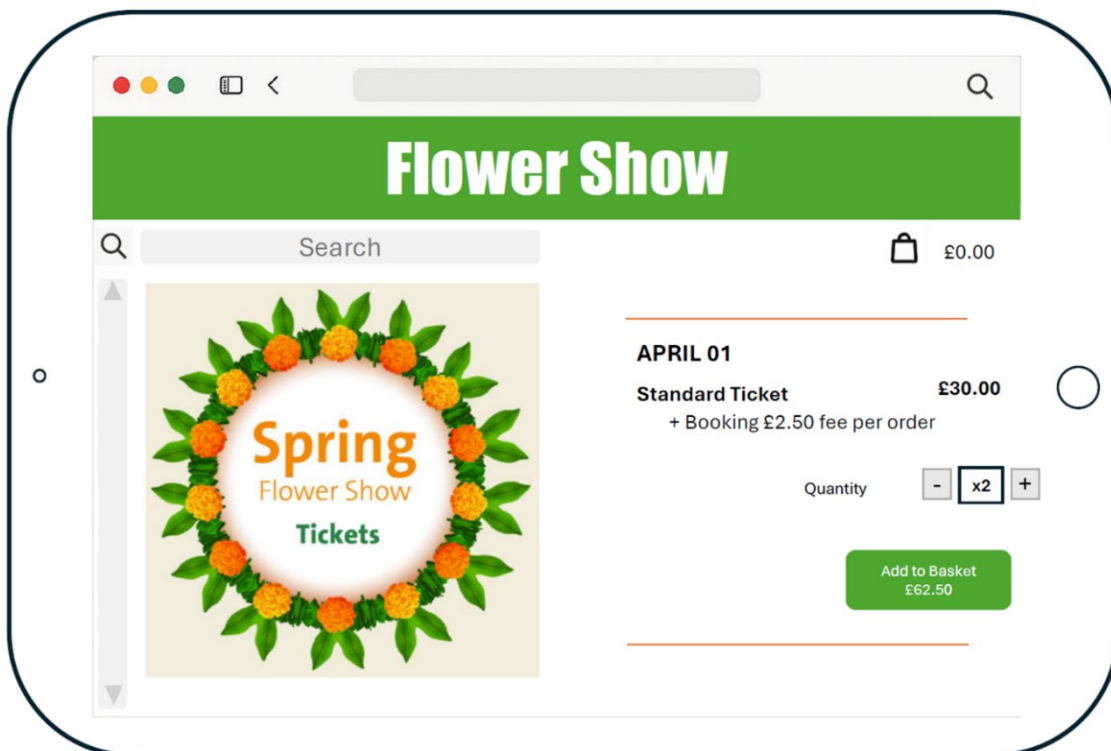
- A prominent 'floating basket' which stays on the screen as the consumer scrolls up and down, and updates in real-time with the total price clearly visible to the consumer at all times;
- presenting consumers with a dynamic 'add to basket' button on the product page which tells the consumer what the cost of adding an item to their basket will be, including any additional fees or discounts that would apply to the purchase of that item (ie the difference between the total price of the consumer's basket before and after the selected item is added); or
- automatically displaying the consumer's 'basket' with the total price (including all mandatory charges) based on the products currently selected by the consumer after each product is selected (eg through a pop-up or new webpage).

5.7 Illustrative examples showing these solutions are set out below.

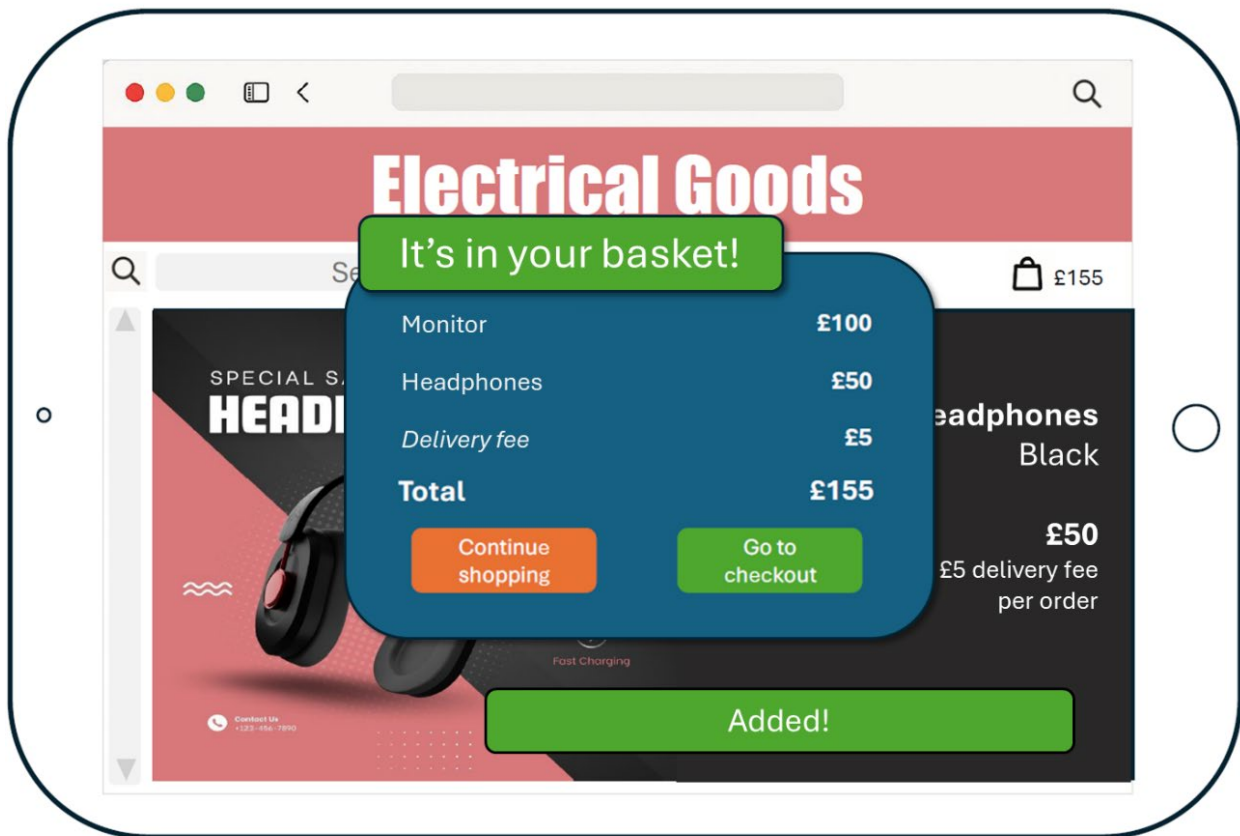


**Figure 4: A 'floating basket' which displays the total price. Basket is presented prominently on each page and scrolls with the consumer so that it always visible. The mandatory £4.50 delivery charge is included in the basket from the outset.**

**Insert: An illustration of what the consumer might see if they selected their basket at this stage of the purchase process.**



**Figure 5: A product page with a dynamic 'add to basket' button showing the total the consumer will have to pay to add the selected item to their basket, including a £2.50 booking fee.**



**Figure 6: The consumer's basket has been automatically displayed when consumer clicks 'add to basket', with a running total of the consumer's selection and mandatory charges shown.**

- 5.8 When a consumer views their basket, they should be shown the total price based on the products they have selected at that point, along with a breakdown of any of the per-transaction charges (and any other mandatory charges). If those charges would change as the consumer selects different products, those charges (and the total price) should update automatically.
- 5.9 Where a trader uses a third party booking platform to manage orders, the platform should not charge an additional sum of money to consumers at the end of their order: the cost of using the booking platform should either be included in the headline price of the products (in which case the trader's pricing model might have to change), or presented in the advertised prices shown to consumers at all stages of the marketing process, following the principles set out above.

## Examples of lawful per-transaction charges



- A cinema offers £15 cinema tickets and charges a booking fee of £1 per ticket for online transactions. As the £1 booking fee is applied to each ticket purchased online, the price shown on the website for a cinema ticket should be £16. The cinema may choose whether to state that this price is inclusive of a £1 online booking fee.
- An online ticket retailer advertises concert tickets in its weekly e-newsletter that range between £50 to £100 per ticket. There is a £3 booking fee applied to each transaction (regardless of how many tickets are purchased in that transaction). Since the minimum price that a consumer will have to pay to purchase a single concert ticket is £53, the price shown in the advertisement should be 'from £53'. The advertisement may say: 'Tickets available from £53 to £103 (inclusive of a transaction fee of up to £3).'
- A resort advertises a seven-night stay for two people. The cost of the room per night is £150 and there is an additional resort fee of £25 per person per night. Since the minimum price that the consumer will have to pay to purchase the resort stay is £150 per night for the room + £25 per person per night resort fee x 7 nights, the advertisement should display the total price for two people as £1,400. If the trader wished to also include a per night rate (based on two people sharing), that rate would be £200.
- A museum charges £20 for an exhibition ticket and a £2.50 administration fee per transaction on its website. The £2.50 administration fee is displayed prominently underneath or next to the £20 ticket price listing and is also displayed in the consumer's floating basket so that it is clearly visible to the consumer at all times. When a consumer selects an exhibition ticket to purchase, the total price displayed in the basket is £22.50.
- A coach company sells tickets between Manchester and London for £10 and has a mandatory per-transaction fee of £2.50. The company promotes tickets on social media stating 'Manchester to London – only £12.50'.

## When are delivery charges mandatory and how should they be presented?



- 5.10 The total price of a product must include any mandatory delivery charges, in the same way that it must include any other mandatory charges. Therefore, the principles set out in paragraphs 5.2 to 5.9 above will apply to mandatory delivery charges as they do to other per-transaction charges.
- 5.11 Delivery charges refer to the costs of shipping an item to the consumer, and generally will be costs that are paid by the trader to a third party. Delivery charges are mandatory if the consumer cannot purchase a product without paying an additional mandatory charge to cover the cost of delivery. Delivery charges will be optional if the consumer is able to purchase and receive the product without having to pay the cost of delivery (eg by collecting the product in-store for free). Whether a delivery charge can be considered mandatory or optional may depend on the context, and how the product is being marketed to consumers. For example, if a trader offers products for purchase either in-store or online, but online purchases must be delivered, then the delivery charge would need to be included in the total price advertised on the website or otherwise in the marketing of products for purchase online.
- 5.12 Optional delivery charges must also be provided in an invitation to purchase but may be indicated separately from the headline price.<sup>36</sup> A delivery charge is optional where, for example, the product is advertised for collection or it is an option to pay for a premium delivery option such as next day or nominated date delivery. Delivery charges are not optional merely because the trader offers a choice between several paid delivery options (eg standard or next day delivery). If the consumer must pay for delivery, the total price should start with the cheapest delivery option included in the headline price. If the consumer decides to select a more expensive delivery option, the total price in any subsequent invitation to purchase must include the cost of the selected delivery option.
- 5.13 An illustrative example showing how mandatory and optional delivery charges may be presented is shown below.

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<sup>36</sup> Section 230(2)(g) DMCC Act.



**Figure 7: A product specific advertisement showing a price inclusive of mandatory delivery fees, optional delivery charges are presented separately.**

- 5.14 Where mandatory delivery charges are applied on a per product basis (for example, when a marketplace displays items listed by different traders, each of which can be purchased individually and have their own delivery charges), the price of delivery should be included in the headline price of each product.
- 5.15 Where mandatory delivery charges are fixed (eg £4.99) for all deliveries regardless of minimum purchase or distance, such delivery charges should be presented in the same way as other per-transaction fees (for example, booking and administration fees) as described above.

- 5.16 In some cases, delivery charges may vary. Where a mandatory delivery charge cannot reasonably be calculated in advance, the trader must indicate that delivery charges are payable and how the cost will be calculated. Furthermore, the information provided must be sufficient to enable the consumer to calculate the total price of the product (including the mandatory delivery charge).<sup>37</sup> This exception should be viewed narrowly and only used when there is a genuine reason why a mandatory delivery charge cannot be set in advance. Where the trader is unable to calculate a fully inclusive total price, mandatory delivery charges which may vary depending on factors outside the consumer's knowledge and control are not permissible because the consumer will also be unable to calculate the total cost of the product.
- 5.17 In most cases, a base delivery charge should be calculable from very early on in the consumer purchase and, if it is a mandatory charge, must be included in any invitation to purchase. Even if a delivery charge cannot reasonably be calculated (and therefore included in the total price) in early-stage advertising, it will become calculable as the purchase process progresses because the consumer has given the trader the information required to calculate the applicable delivery charge.<sup>38</sup> The invitations to purchase that occur after that point must include the mandatory delivery charge in the total price.
- 5.18 In some cases, traders may wish to waive or reduce the delivery charge based on consumer spend (eg the trader offers free delivery over £40). This does not mean that the cost of delivery is not reasonably calculable in advance. The trader must include the full delivery fee in the total price until the consumer's basket of products reaches the spend threshold to qualify for a lower (or free) delivery charge. At this point the total price may be adjusted to reflect the reduction or waiver of the delivery charge.
- 5.19 In addition to the requirement to present the total price in an invitation to purchase, traders will also need to ensure that the way they present their delivery charges does not amount to a misleading action or omission for other reasons. Any unclear, untimely or obscure presentation of such optional delivery charges (as with any mandatory charges) may amount to omission of material information from an invitation to purchase.<sup>39</sup> It may also amount to a misleading action or omission more generally and breach the UCP provisions

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<sup>37</sup> Section 230(5)(a) DMCC Act.

<sup>38</sup> As noted above, traders are more likely to achieve compliance if they request this information at an early stage in the purchasing process.

<sup>39</sup> Section 230(9) DMCC Act.

if the average consumer is likely to be misled about whether a delivery charge will apply or what it will cover.<sup>40</sup>

### Examples of lawfully presented delivery charges



- An online clothing retailer displays an advertisement for a dress with a base price of £20 in a search engine's results page. The retailer does not offer collection and has a £4.50 minimum mandatory delivery charge. The advertisement therefore presents the total price of the dress as £24.50, because that is the price the consumer would have to pay to purchase that dress from that retailer. The advertisement is specific to the individual dress so this is not affected by the fact that once on the retailer's website the consumer might choose to purchase other products as well.
- An online perfume retailer offers free delivery on its products, with the option to choose next day delivery for £5. A banner at the top of the website informs the consumer about the free delivery, as well as the option of paying £5 for next day delivery.
- An online-only homeware retailer offers a flat £5.99 fee for delivery of items purchased on its website. A consumer searches for a bedside lamp costing £25 and a set of plates costing £30. The flat delivery fee of £5.99 is clearly explained alongside the headline prices of the individual products. When the consumer adds each product to their basket, they are automatically presented with a prominent pop-up in the centre of the screen that shows the items in the consumer's basket and confirms the total price of the items – including the £5.99 fee for delivery (ie £30.99 after adding the lamp and £60.99 once the plates have also been added).
- A florist in Edinburgh advertises seasonal bouquets for £40 with free local delivery in a local newspaper. The advertisement also states that for flowers delivered outside the local area, a £5 delivery charge is payable, and an additional £5 charge applies for deliveries in the Highlands and Islands. The advertisement reads: '£40 seasonal bouquets delivered locally in Edinburgh for free. £5 delivery charges apply outside Edinburgh. £10 delivery charges apply to the Highlands & Islands.'

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<sup>40</sup> Whether a commercial practice amounts to a misleading action or omission depends on whether it is likely to cause a consumer to take a different decision.

- A food delivery app presents listings of local restaurants for customers to order food for delivery, based on the customer's location. There is an extra 'long distance' charge for consumers more than a 15-minute drive away from a restaurant. A customer opens the app and is presented with the list of local restaurants. The delivery charges (in £s) for each restaurant are shown on restaurant listings. The app has the consumer's delivery address from their account, so the delivery charges are calculated based on that address and include the 'long distance' charge (if applicable). The consumer navigates to the menu of one of the restaurants. On this page, the delivery charge associated with this restaurant is again prominently displayed in £s. The delivery charge is also displayed in a 'basket icon' that remains visible to the consumer as they select their order. If the restaurant or platform impose any other mandatory charges they should also be notified to the consumer and included in the total displayed in the basket icon. As the customer selects their food items these are added to the basket and the updated running total (which includes the delivery charge plus the sum of the selected food items) is displayed to the consumer on the basket. When the consumer completes their order and proceeds to the check-out page, the total price shown in basket is the amount the consumer pays, and there are no further charges.
- A marketplace offers personalised gifts and similar items for sale. Each item is sold by different traders, and each product has their own delivery charges. A personalised photo frame with a base cost of £10 and a minimum delivery charge of £2.99 is presented to consumers with a total cost of £12.99. Another similar item with a base cost of £8 and a minimum delivery cost of £5.50 is presented to consumers with a total cost of £13.50. As the delivery costs are attributable to individual products, the marketplace has presented a headline total price for each product inclusive of the applicable delivery charge for that product.

## How should local charges and taxes be presented?



- 5.20 Mandatory charges can include local taxes, resort fees and other unavoidable charges that become payable on arrival or departure at hotels, ports or airports, pick-up fees or mandatory insurance cover required for renting a car (local charges and taxes). While commonly referred to as 'tourist taxes' the responsibility for paying, or at least collecting, local charges and taxes will normally sit with the trader providing the accommodation. The UCP provisions therefore apply to these charges in the same way as any other mandatory charge.

- 5.21 Local charges and taxes will normally be reasonably calculable and, therefore, should be included in the headline total price. Local charges and taxes will often be calculated on a similar basis to travel or accommodation products (eg a charge per person, per night). Before the trader has the consumer's specific requirements the local charges and taxes should be incorporated into the headline per person, per night (or similar) price presented to the consumer. If indicative pricing is used, local taxes and charges should also be incorporated into those prices - for example, if taxes are charged on a per person per night basis, and the advertisement indicates a week's stay in a cottage for four people, the indicative price should include the amount payable in taxes for those four people, even though the base price for the cottage might not vary depending on the number of holiday makers staying there. Once the trader has been given the consumer's specific requirements (eg how many people will be staying) the precise local taxes and charges that will be payable should be included in the total price.<sup>41</sup>
- 5.22 Where the trader collects the total price, including the charges, directly from the consumer at the time of booking, the trader will necessarily have to calculate the charges (including, if applicable, any currency conversion) and include them in the total price. In such a case, the trader need only display the total price charged to the consumer.
- 5.23 If the charges are payable locally in a foreign currency, for example local taxes paid to a hotel or fees paid to a car rental company ('pay later' charges), the approximate charges must still be calculated using current exchange rates and included in the total price. The UCP provisions do not preclude the use of 'pay later' charges but the requirement to include the total price, inclusive of those charges, in each invitation to purchase is unaffected by when the payment is taken or who it is paid to.
- 5.24 If a trader is presenting price comparisons to a consumer (eg multiple accommodation options in the form of advertisements, brochures or search results) it is particularly important that the prices are presented on a like-for-like basis, including all mandatory charges and taxes with indicative, and consistent, estimates of local charges in order to allow the consumer to make

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<sup>41</sup> Occasionally, local taxes or charges that are imposed by governments or other public bodies may change between the time of booking and when they become payable. Changes to local charges or taxes imposed by government or other public bodies happen relatively infrequently and are usually published well in advance so this should only happen exceptionally, eg where a booking has been made a long time in advance, or a charge is introduced or varied with unusually short notice. In these cases, a trader will not be considered to have breached the requirement to provide a fully inclusive total price, provided that they had presented the total price including the local charges and taxes that were expected to apply to the booking at the time it was made.

a meaningful comparison between the prices advertised. Failure to do this is likely to mislead consumers and breach the UCP provisions.

- 5.25 Where the total price includes such a 'pay now' price and a 'pay later' price the trader should also provide a clear and prominent breakdown of how much consumers will have to pay and at what time. This should be provided no later than the stage at which the consumer will complete their booking. The total price must also be displayed clearly and prominently next to the constituent elements.
- 5.26 Exchange rates may change in advance of the charges becoming due locally, the trader should therefore include an explanation of how the total price has been calculated (eg the currency exchange rate used). This must be provided no later than the stage at which the consumer will complete their booking. An illustrative example showing this is set out below.

The screenshot shows a checkout interface for 'The Beachy Hotel'. At the top, it says 'CHECKOUT NOW' and 'The Beachy Hotel'. Below this, the booking details are '5 night x 2 adults, dbl room'. A 'Price Breakdown' section shows 'Pay now: £475' and 'Pay at property: €30', with a 'Total' of '£500.27'. It also includes a note about tax and an exchange rate of 1 EUR = 0.842276. A green 'PAY NOW' button is at the bottom.

| CHECKOUT NOW                                              |                |
|-----------------------------------------------------------|----------------|
| The Beachy Hotel                                          |                |
| 5 night x 2 adults, dbl room                              |                |
| <b>Price Breakdown</b>                                    |                |
| Pay now:                                                  | <b>£475</b>    |
| Pay at property:                                          | <b>€30</b>     |
| <b>Total</b>                                              | <b>£500.27</b> |
| Includes approx. £25.27 (€30) tax to be paid at the hotel |                |
| Based on an exchange rate of (1 EUR = 0.842276).          |                |
| Exchange rate may change before you pay at the hotel.     |                |
| <b>PAY NOW</b>                                            |                |

**Figure 8: Final payment page for a hotel booking where taxes will be payable locally in a foreign currency.**

## Examples of lawfully presented local charges and taxes



- A travel agent publishes a general advertisement featuring hotels in Paris on a room-only basis. The room price is £100 per night with a €2.50 per person, per night local tax. Using a currency conversion tool, the rate of tax is £2. Since the minimum price that the consumer will have to pay is £102 for a one-night stay, the price shown in the advertisement should be 'from £102'. The advertisement should include an explanation, that the price includes €2.50 local tax (1 person, 1 night), converted to £2 and give the conversion rate used.
- An online accommodation platform allows consumers to search for holiday stays around the UK. A consumer search for properties that can sleep four people (two adults, two children) for seven nights. The consumer is interested in a cottage listed in the search results that offers a special rate for weeklong stays. A local tax of £2 is also payable on a per adult, per night basis. The trader has the consumer's requirements (number of adults and number of nights) so the total amount of local tax payable is calculable (£28) and should be added to the base price of the cottage (£950). The total price of the cottage, including all local charges and taxes, is presented as £978 to the consumer in the cottage's listing on the search results page.
- The final payment page of an online booking website sets out the total price for the consumer's stay. As the consumer has selected a specific hotel and provided their travel dates, number of days, people (including any children) and number of rooms, the trader is able to calculate the total price, including the applicable local taxes. The total price is shown as £500 which includes £25 local taxes. The trader has chosen to collect the local taxes directly from the consumer at the time of booking so there is nothing for the consumer to pay later. The trader may choose to, but does not have to, provide a breakdown of costs including any administration fees or taxes as they have been included in the total price.
- A travel agent advertises a 10-night, two-person stay in an overseas hotel. The hotel charges a 'resort fee' of \$15 per person, per night payable on departure from the hotel. The total price of the hotel stay is presented as £800. The advertisement states that the total price includes the \$300 resort fee, but that this will have to be paid locally at the hotel. The advertisement also explains the exchange rate used to calculate the total price.

## Do costs paid to other traders need to be included?



5.27 Some invitations to purchase relate to products that will be provided by other traders (eg in the context of a price comparison site or an online hotel booking platform). The requirement to give the total price, inclusive of all mandatory charges, applies irrespective of whether the charges are to be paid to the trader making the invitation to purchase or another trader. For example, as discussed in paragraphs 5.20 to 5.26 above, staying in some accommodation may require the payment of local charges or taxes. These form part of the total price, but traders sometimes collect these charges at the time of purchase while other times they are left to be collected at the time of check-in or departure. The UCP provisions permit both options, but the requirement to include the total price, inclusive of those charges, in each invitation to purchase is unaffected by when the payment is taken or who it is paid to.<sup>42</sup>

## How should periodic pricing be displayed (eg monthly contracts)?



5.28 Some products require the consumer to make periodic payments in return for ongoing services. Examples of these types of contracts include subscriptions,<sup>43</sup> monthly gym memberships and broadband contracts.

5.29 These contracts can be:

- ‘rolling contracts’ where the consumer is free to cancel at any time; or
- ‘minimum or fixed term contracts’ under which the consumer makes periodic payments (eg monthly) but commits to a minimum term (eg 12 months) and is required to continue to contract for that period, pay a penalty to cancel early or can only cancel early in limited circumstances.

5.30 For rolling contracts the total price will be the price that the consumer has to pay for each period of the contract (eg £20 per month). As with any other product, the total price must be inclusive of all mandatory charges the consumer will necessarily incur in that period.

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<sup>42</sup> Further guidance on the presentation of such charges when they are payable in a foreign currency is set out above.

<sup>43</sup> Subscriptions are also subject to the provisions of Part 4 Chapter 2 of the DMCC Act, on subscription contracts, which when in force will require certain providers of subscription contracts to state the minimum total amount for which the consumer will become liable under the contract. The additional rules around subscription contracts are outside the scope of this Draft Guidance.

- 5.31 For minimum or fixed term contracts the trader may advertise the ‘total price’ as either:
- the total price that the consumer pays for each period of the contract in the same way as for a rolling contract (‘total monthly price’), alongside a prominent statement of the number of months the consumer is committed to pay that price for; or
  - the cumulative price that the consumer will necessarily incur over the entire minimum length of the contract (‘total cumulative price’).
- 5.32 Where a trader advertises the ‘total cumulative price’ for a minimum or fixed-term contract, they may also provide other pricing information. For example, the monthly price can be presented more prominently than the total cumulative price, provided that the total cumulative price is still presented in a way that the consumer is likely to see and understand it.<sup>44</sup>
- 5.33 Some periodic contracts may include an additional one-off fee (eg 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.
- 5.34 Contracts which have to be paid upfront in full are not periodic contracts, even if the price relates to the provision of a service over a period of time. In these cases, the total price for the service must be included in the invitation to purchase. For example, if a trader offers a discounted 3-month summer gym membership but the consumer has to pay for the full 3 months and joining fee up front, the invitation to purchase should state the total cumulative price payable. Similarly, if a trader sells an object such as a sofa but allows the consumer to pay for it in monthly instalments, any advertising must include the total price for the sofa (rather than the monthly price payable under the contract), as the product being sold is the sofa rather than a monthly service.

#### **Examples of lawfully presented monthly pricing**

- A bowling club offers a 12-month membership for £30 a month. The club advertises the price of this membership as ‘£30 per month for 12 months’.



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<sup>44</sup> If the consumer is required to pay monthly, the monthly fee is likely to be material information that needs to be provided to the consumer.

- A gym offers an annual membership, for £70 a month with a £30 one-off joining fee. The price of this membership is advertised as '£70 per month for 12 months, plus a £30 joining fee (Total price for a year: £870)'. It would also be lawful for the price to be presented as '12 months Membership: You pay £100 for the first month, then £70 per month for the remaining 11 months'.

## How should targeted price reductions be presented?



- 5.35 Some traders offer targeted price reductions which are only valid for certain consumers or specific groups (eg special offers for new customers or discounts for NHS workers). These offers must not be presented in a way that would mislead other consumers about the price they will pay for the product. If an invitation to purchase includes such an offer, it must also make explicit which consumers will qualify for that offer. If it is presented as a price available for all consumers when it is not, this is likely to be misleading and a breach of the UCP provisions.