

HEATING OIL MARKET STUDY

Statement of Scope

20 March 2026

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Statement of Scope

Introduction

1. The Competition and Markets Authority (CMA) has launched a market study into the retail supply of fuel (predominantly kerosene) for use in domestic central heating systems (“heating oil”) in the United Kingdom. We will examine whether the market is working well for consumers. If we find that it is not, we expect to identify opportunities to help improve outcomes for consumers in this market.
2. This document sets out our proposed scope for the market study, on which we are consulting. We include questions at the end on which we invite your feedback.
3. Alongside this Statement of Scope we have published a Market Study Notice and a Project Roadmap.

Why we are launching a market study

4. Work in the heating oil market aligns strongly with our strategic objectives. Across all our work, we focus on delivering tangible benefits for the UK’s economy, its citizens and businesses. In particular, as set out in our Strategy 2026 to 2029¹, the CMA helps improve household prosperity by promoting competition and championing consumers.
5. We take particular care to prevent harm to consumers in areas of essential spend. Heating oil is used by around 1.5 million homes across the UK, including around 500,000 homes (almost two-thirds of all households) in Northern Ireland. Many of these customers rely on heating oil to heat their homes and provide hot water.
6. The sudden rise in oil prices caused by the current conflict in the Middle East has been accompanied by sudden and significant increases in retail prices of heating oil. Since the conflict, many consumers have also raised concerns with the terms on which they have been supplied with heating oil. There is therefore an urgent need to examine the heating oil market in more detail, in particular to explore whether there are features of the market that mean it is not working well for consumers. The market study will build on the findings of the Office of Fair Trading’s 2011 market study into off-grid energy² and will complement the CMA’s recently launched work to identify and tackle any breaches of consumer law in the heating oil market.³ If we find that the market is not currently working well, we will

¹ [CMA Strategy 2026 to 2029](#).

² Office of Fair Trading (October 2011) [Off-Grid Energy – an OFT market study](#), OFT1380.

³ [CMA examines concerns about heating oil](#).

consider whether additional measures are needed to protect consumers, especially in moments of high price volatility.

Key market characteristics

7. We understand that there are over 150 suppliers of heating oil operating across the UK. While some of these businesses are large and operate across all, or large parts, of the UK, many are small, supplying local or regional areas, and are sometimes family-run.
8. Heating oil is different from most other forms of home heating as it is not currently regulated by Ofgem in Great Britain or the Utility Regulator in Northern Ireland. The following features of the heating oil market have been identified:
 - There is a lack of protection for consumers in debt/suffering financial difficulty;
 - There is no supplier of last resort;
 - Suppliers have no obligation to ensure security of supply;
 - There are no formalised regulations on charging – allowing scope for price discrimination – and limited options for payment methods;
 - There is no access to mandatory independent alternative dispute resolution (ADR) or an ombudsman; and
 - There is no Priority Services Register type of service, or equivalent non-financial service, to address consumer vulnerability and no requirement to provide energy efficiency information or advice.

A well-functioning heating oil market

9. For the purposes of this study, the CMA uses the term ‘a well-functioning market’ to mean one that delivers positive outcomes for consumers, including as a result of effective competition, but not necessarily an idealised, perfectly competitive market.
10. Our current view is that a well-functioning market would be expected to have the following characteristics:
 - (a) Consumers have a choice of suppliers who compete with one another on price and service quality.

- (b) Suppliers are incentivised to treat customers fairly and their pricing practices are reasonable and appropriate including during periods of high and/or volatile input costs.
- (c) Suppliers' prices are transparent and inform consumer choice.
- (d) There are appropriate consumer protection measures in place.

What we are proposing to focus on

11. We propose to focus on the retail supply of heating oil for domestic use only, and will be focusing on the following issues:
 - (a) An assessment of the effects of a sudden increase in global oil prices on heating oil distributors' retail prices and profit margins.
 - (b) The reasons for recent increases in retail prices and any potential increases in retail profits including consideration of:
 - (i) the challenges faced by suppliers in sourcing and maintaining sufficient stocks of heating oil, and
 - (ii) how any shortages have impacted pricing incentives.
 - (c) An assessment of the extent to which competition between suppliers restrains price rises.
 - (d) Whether there is sufficient price transparency for customers.
 - (e) Evidence of poor conduct on the part of suppliers, or of other aspects of the functioning of the market, that may harm customers, including during periods of volatile input costs.
12. In terms of geographical scope of the market study, we plan to look at the supply of heating oil across the UK, noting that there appear to be differences in the way the heating oil market functions in Northern Ireland compared to the rest of the UK and that energy policy is a devolved matter in Northern Ireland.

Possible outcomes

13. A market study can result in a range of outcomes including a finding of no material competition or consumer concerns, action for the benefit of consumers, recommendations to business or government, action to investigate and enforce consumer and competition law, acceptance of undertakings in lieu of a market investigation reference, or a market investigation reference.

14. Once we have carried out the necessary evidence-gathering and analysis, we will consider whether any measures are needed to improve market outcomes for consumers. We currently envisage the most likely potential outcomes from the market study falling into the following categories:
- (a) **Making specific recommendations to governments**, including, for example, on how best to deliver enhanced regulatory protections for consumers, and/or improved price transparency.
 - (b) **Taking direct CMA action to improve competition/consumer outcomes**, such as by taking enforcement action if we identify suspected breaches of consumer or competition law, noting that the CMA is already taking steps to identify and tackle any breaches of consumer law.⁴

How we will approach the market study

15. The CMA has powers under the Enterprise Act 2002 that it can use to help ensure that markets work well for consumers. In the case of a market study, the CMA examines the causes of why a particular market may not be working as well as it could be, taking account of regulatory, government and other economic drivers and patterns of behaviour.
16. The CMA recognises the potential concern that a formal market study can create market uncertainty and burdens for businesses. The CMA is committed to undertaking this market study in line with its “4Ps” framework, with a strict focus on the pace, predictability, proportionality and process of this market study, as set out in the CMA’s approach to markets work.⁵ Looking ahead:
- (a) On **pace**, we will aim to complete the market study in three months.
 - (b) On **predictability**, we have published a Project Roadmap and will update stakeholders on our progress and developing thinking at appropriate stages in the project.
 - (c) On **proportionality**, we will take a targeted approach to evidence gathering, including when requesting information under our statutory powers, and ensure it is proportionate to the anticipated importance of the issues for our understanding and ultimate findings. We will reassess the scope of the market study at key points.

⁴ See footnote 3.

⁵ [CMA's approach to markets work](#).

- (d) On **process**, we will engage with businesses and wider stakeholders to understand likely impacts of our emerging thinking and to inform key decisions.
17. We are also committed to undertaking the market study in line with the government's strategic steer to the CMA.⁶
18. The CMA's market study tool has a statutory time limit of 12 months. However, due to the acute nature of the challenges faced by consumers at this time, we will aim to complete our study significantly faster than this – within three months.
19. We intend to consult with interested parties, including suppliers, industry and professional representatives, consumers and consumer groups, the UK and devolved governments and regulatory bodies. In some cases, we will use our formal powers to issue Requests for Information (RFIs).

Invitation to comment

20. We want to hear views from a broad range of market participants now and at other points during the market study. This will be vital to develop our understanding of how well the market is currently working, and to identify potential areas that could work better, and ways to improve outcomes for competition and consumers.
21. Below are some initial questions, which provide a first opportunity for anyone to engage with our work.
22. You can choose to respond to any or all of the questions that are most relevant to your experience and knowledge.

Questions

In responding to these questions, please state if your response(s) relates to a specific UK nation, and if so, which nation.

Q1: Do you agree with our proposed scope for this market study, as set out in **paragraphs 11 and 12**? If not, what areas would you suggest we include, exclude, or prioritise, and why?

Q2: Do you agree with our articulation of the characteristics of a well-functioning heating oil market as set out in **paragraphs 9 and 10**? If not, what should be changed, and why?

Q3: Do you consider that the heating oil market currently displays the characteristics of a well-functioning market as set out in **paragraphs 9 and 10**? If not, please explain why you

⁶ [Strategic steer to the Competition and Markets Authority.](#)

consider this to be the case, what is driving this, and how this could potentially be addressed.

Q4: What are the key differences in the heating oil market across the four nations of the UK, what drives these differences, and how should they be reflected in our analysis?

Q5: Are there any specific areas we should focus on because they have the potential to disproportionately affect vulnerable consumers?

Q6: Are there any specific issues we should focus on in terms of how, and the extent to which, heating oil suppliers compete, including on price, to win customers?

Responding to the consultation and next steps

23. Please email written submissions to heatingoil@cma.gov.uk by 8 April 2026.
24. Please ensure that all personal data, other than your contact details, is redacted or excised from your response and any documents you submit to us.
25. We propose to publish full responses, or where appropriate, a summary of responses to this Statement of Scope. Therefore:
 - (a) Please supply a brief summary of the interests of organisations you represent, where appropriate.
 - (b) Please consider where you are providing any material that you believe to be confidential, and if so, please explain why this is the case. Please provide both a confidential and non-confidential version of your response where applicable.
26. If you are responding as an individual (i.e. you are not representing a business or other organisation), please indicate whether you wish your response to be attributed to you by name or published anonymously.
27. An explanation of how we will use information provided to us is in **Appendix A**.

Appendix A: Use of information provided to the CMA

A.1 This appendix sets out how the CMA may use information provided to it during the course of this market study, in line with our legal responsibilities.

Why is the CMA asking for information?

A.2 The information you provide will help the CMA to understand the market and identify any competition or consumer issues.

What will the CMA do with the information I provide?

A.3 Your information will inform the CMA's final market study report, and any interim updates. The CMA may publish information you provide and identify you as the contributor of it in those reports, or alongside them on our website. The final market study report will set out the CMA's findings and any proposed remedies to any existing or potential issues it finds.

A.4 The CMA may disclose any information provided by you for the purposes set out in sections 7, 170 and 241 to 243 of the Enterprise Act 2002, where it considers such disclosure to be appropriate. In particular, the CMA may choose to put information provided by you to third parties, such as other government departments and other parties providing information to the CMA, for the purpose of facilitating any further related work. The CMA may also appoint one or more experts to assist us in understanding information provided to us or obtained by us.

A.5 Where appropriate, the CMA may share your information within the CMA to facilitate the performance of its functions. Similarly, the CMA may use information you provide to take enforcement action, including against businesses operating in the markets within the scope of this study, using its competition or consumer powers. The CMA may also share your information with another enforcement authority or with another regulator for them to consider whether any action is necessary.

A.6 Unless an exemption applies, the CMA may disclose the fact that you have provided information to it, and the information you have provided, in accordance with its obligations under the Freedom of Information Act 2000.

Will the CMA take steps to protect my information?

A.7 The CMA may only publish or share information with others in specific circumstances set out in legislation (principally Part 9 of the Enterprise Act 2002). In deciding whether to publish or otherwise disclose information received, we will

have regard to, among other considerations, the need for excluding, so far as is practicable, any private or commercial information.⁷

- A.8 The CMA will redact, summarise, or aggregate information in published reports where this is appropriate to ensure transparency whilst protecting legitimate consumer or business interests.

How will the CMA handle any personal data I provide?

- A.9 Any personal data you provide to us will be handled in accordance with the CMA's obligations under the UK General Data Protection Regulation and the Data Protection Act 2018. The CMA's [personal information charter](#) sets out the standards you can expect from it when it collects, uses or shares personal data and provides details of your rights in relation to that personal data as well as information on how to contact the CMA.

What should I do if I have concerns about how the CMA will use any information I provide?

- A.10 You should make clear to the CMA any information that you consider to be confidential when you provide it to the CMA and set out why you consider it to be confidential.
- A.11 If the CMA wants to include any sensitive commercial or personal information in a document that will be published it will, save in exceptional circumstances, give you an opportunity to tell it about any concerns you may have regarding that publication.

Where can I find further information?

- A.12 Further details of the CMA's approach can be found in [Transparency and Disclosure: Statement of the CMA's Policy and Approach \(CMA6\)](#).

⁷ Under section 246A of the Enterprise Act 2002 private information means information relating to the private affairs of an individual whose disclosure the public authority concerned thinks might significantly harm the individual's interests and commercial information means information relating to any business of an undertaking whose disclosure the public authority concerned thinks might significantly harm the undertaking's legitimate business interests.