

Federation of Small Businesses Response:

Heating oil market study

7.4.26

FSB

fsb.org.uk

T 01253 336000

E customerservices@fsb.org.uk

W fsb.org.uk

A Sir Frank Whittle Way,
Blackpool Business Park,
Blackpool, FY4 2FE

Registered Office:
National Federation of Self Employed and Small Business Limited,
Sir Frank Whittle Way, Blackpool Business Park, Blackpool, FY4 2FE

Registered in England: 1263540

To whom it may concern,

RE: Heating oil market study

FSB welcomes the opportunity to provide a response to the above consultation.

FSB is a non-profit making, grassroots and non-party political business organisation that represents members in every community across the UK. Set up in 1974, we are the authoritative voice on policy issues affecting the UK's 5.7 million small and medium businesses, micro businesses and the self-employed.

The Federation of Small Businesses welcomes the Chancellor's request for the Competition and Markets Authority to closely monitor heating oil prices, with a particular focus on protecting small business consumers.¹ Small firms interact with the energy market in much the same way as domestic users, yet often purchase heating oil in significantly larger volumes. It is therefore essential that the Competition and Markets Authority actively consider the needs of small business consumers and ensure strong safeguards against unfair contract terms, misleading practices, and a lack of price transparency.

Data collected by FSB shows that 7 per cent of small businesses use heating oil, representing hundreds of thousands of firms. Our data further found significant regional disparities of usage among the small business population, 17 per cent of rural SMEs rely on heating oil as part of their operations, compared with just 2 per cent of urban SMEs.²

At present, small businesses are not covered by the Government's £50 million support package for vulnerable consumers. While this is disappointing, we hope that closer collaboration with the CMA, and with an investigative focus also including small businesses as laid out by the Chancellor, we can reduce some of the fear and anxiety many firms are currently experiencing with the heating oil market.

FSB has heard numerous examples about the impact of sudden price rises and the behaviour of some suppliers in the heating oil market. These include:

- A small business in the Yorkshire Wolds that faced a 116 per cent increase when purchasing six months' worth of heating oil. The supplier refused to provide a quote until the day before

¹ Chancellor of the Exchequer, Letter from the Chancellor of the Exchequer to Competition and Markets Authority, 13 March 2026: https://www.gov.uk/government/publications/letter-to-the-cma-on-vigilance-for-unjustifiable-price-increases/letter-from-the-chancellor-of-the-exchequer-to-competition-and-markets-authority?utm_source=chatgpt.com

² Federation of Small Businesses, Energy Bill Relief Scheme review, 2022: https://issuu.com/federationofsmallbusinesses/docs/fsb-report-energy-bill-relief-scheme-review-novemb?fr=xKAE9_15JNQ

purchase, allowing prices to shift rapidly and creating significant uncertainty for cash-flow planning.

- A restaurant whose heating oil bill jumped from £574 to £1,240 overnight.
- A holiday accommodation provider whose usual 500 litres of heating oil rose from £340 before the conflict to £658 and then £750, alongside long delivery delays.

When energy costs rise, small businesses have limited options to absorb the impact. During the last energy price crisis, 45 per cent of firms increased prices, 24 per cent downsized, closed or radically altered their business model, and 5 per cent temporarily shut parts of their operations.²

We welcome the fact that the CMA is keeping a close eye on practices within the heating oil sector, to ensure that small businesses are not falling victim to sharp practices or paying more than they should do, due to existing contracts being cancelled then being required to pay higher prices. We would encourage the CMA to keep a strong focus on small businesses, as well as domestic consumers, as your work progresses.

Yours sincerely,



Federation of Small Businesses

For further information please contact:



Federation of Small Businesses

3rd Floor, 10 Dean Farrar Street, Westminster, SW1H 0DX