[redacted]

Response to CMA Consultation: *Steering Conduct Requirement -* [redacted]

July 2026

1. Executive Summary

[redacted] is responding to this consultation specifically regarding [redacted]. We believe that a Conduct Requirement (CR) is the appropriate approach, as any voluntary commitment from [redacted] would be insufficient. We outline our views on fees in **Section 2** of our response about the CMA's proposals, but we wanted to flag a key recommendation to the CMA that we do not believe any other developer would raise directly: [redacted]

[redacted] has already outlined its unique position on this issue with the CMA in our previous submission in April 2026. To reiterate, [redacted] distributes premium banking accounts that bundle regulated financial services with certain third-party digital benefits. This approach reflects a rising innovation [redacted]) and financial services products and services which are viewed by [redacted] as "physical" (i.e. not a "digital good or service"). [redacted] works collaboratively with [redacted] to adhere to [redacted] guidelines which restricts the merchandising or 'unlocking' of third-party digital goods within an app.

[redacted] - this means that when we have to communicate benefits vaguely in-app, this uniquely impacts us compared to other [redacted] It also requires us to add more friction to the user experience to view details and claim benefits on iOS compared with Android, which negatively impacts the consumer experience. Finally, it is especially relevant to consider the importance of sharing this information transparently with customers, because our premium banking accounts are a highly cost effective product, [redacted] Given the current cost of living pressures in the UK, we believe that access to cost effective banking services is vital and a key measurable for positive customer outcomes.

We therefore see the proposed CR (as it is currently drafted) as unsatisfactory because it creates a scope ambiguity with a direct consumer-information consequence. Whilst we recognise the free-text carve-out described at paragraphs 4.25–4.26 of the CMA's Consultation, we note that the definition of an End-user Redirection Mechanism at paragraph 2(i) expressly captures text prompts and non-interactive elements that are "*reasonably likely to encourage*" access to an alternative destination. The boundary between protected free text and a Redirection Mechanism is undefined, and in any event the carve-out cannot extend to the actionable links required to complete a purchase or redeem a benefit.

We do not believe that we could change our existing flow (hiding benefits from users until they have completed a purchase via an actionable link) without attracting new fees. This does not align with the CMA's open choices objective of preventing any limitations to users' ability to make informed and effective decisions. But conversely, if we faced new steering fees, given how competitive our fees are for [redacted], any additional costs would likely lead to increased prices for [redacted], which would be a negative outcome for UK consumers.

We believe that the CMA must go beyond the current free-text carve-out and publish an interpretative note alongside the CR, explicitly outlining that the display, listing or description within an app of goods, services or benefits included in a subscription or package, whether or not already purchased by the end-user, does not itself constitute a steered transaction and no steering fee may be charged in connection with it. Additionally, where a user accesses or redeems a benefit already included in a subscription previously purchased, any Interpretative Note should clarify that no transaction for a digital good or service has occurred and therefore no steering fee should be charged. This is because redemption of a benefit that has already been paid for involves no purchase and no exchange of consideration at the point of redemption.

Beyond this, there is also potentially an even greater risk, whereby [redacted] This would be without any operational precedent, as the flow or product has not changed. However, [redacted] would of course need to recoup fees that they will otherwise now lose due to reduced/removed steering fees.

[redacted] This would represent a clear undermining of the CMA's desired outcomes of its CR, as:

- [redacted] and inventing new charges to recoup lost revenue without any operational precedent
- [redacted]
- It could limit the information shared to customers on [redacted] details, limiting their ability to make informed and effective decisions pre-purchase and post-purchase

Therefore, we request the CMA take the following actions:

1. **Create new obligation within CR** outlining that [redacted] does not expand or reclassify categories of transactions in a way to increase fees
2. **Publish an Interpretative Note alongside CR**, outlining that [redacted] must not use scope reclassification methods to expand fees
3. **Publish an Interpretative Note** clarifying that neither the display within an app of benefits included in a subscription, nor the redemption of a benefit already included in a subscription that the customer has previously purchased, constitutes a steered transaction, as in each case no purchase takes place and no steering fee may be charged in connection with it

[redacted]

We have laid out our key points below, which address the CMA's questions. We would be happy to meet with the CMA to discuss this further.

2. Key positions

[redacted]

[redacted] does not believe that any fee should be payable for steering. Firstly, we believe that the current proposals do not align with the EU's approach, which established that a gatekeeper can only be remunerated for the acquisition of a customer, not for the ongoing relationship. This equates to a fee for IAP, but not for steering. We would appreciate clarity on why the CMA's proposal, which enables fees on indefinite subscription renewals, diverges from this. We think the CMA should go even further than this and permit no fee at all.

Practically, any divergence between the UK and EU creates challenges for [redacted] because it introduces cost barriers to our [redacted] that are different in certain jurisdictions. [redacted] This would lead to two things. Firstly, it would put us at a competitive disadvantage compared to other EU banks and fintechs who do not have to face these restrictions from the UK, which doesn't feel in spirit with the CMA's objectives here. Secondly, as our UK distribution flows potentially face steering fees, this would put UK consumers at a disadvantage compared to their EU equivalents, as the cost-effectiveness of our premium bank accounts would likely require any new charges to be passed onto UK consumers.

Additionally, we note that steering is a flow which allows developers to choose an alternative service to [redacted]. The purpose of enabling steering is to allow developers to avoid a 30% IAP fee via alternative payment methods. A steering fee is essentially creating the same charge that the remedy is attempting to help developers avoid. We would note at this point, the service has already been purchased by users, on a device they have already paid for, using an app store where developers already pay an annual developer fee. We note the CMA outlines proposals (12(c)) to prevent [redacted] double-counting costs already recovered via other fees. We do not see how this point can align with [redacted] charging steering fees.

[redacted]

Whilst we believe that there should be no fees for steering, we recognise that this might be the direction of travel the CMA insists upon. Our views as follows are only based on the assumption that the CMA insists there must be a fee.

We believe in this situation, any fee should be cost-based, instead of value based. Firstly, we think this concept gives [redacted] the opportunity to preserve their current dominance and fundamentally would be unlikely to reduce the costs of steering significantly enough for the CR and CMA's positive work here to have any meaningful impact.

Secondly, when considering the financial services angle on this, if we were to consider the 'value' provided to customers upon a transaction, the value comes from the fraud protection, chargeback policies and other protections they receive, which all come from the Developer (ie. us) as the Merchant of Record. The value contribution from the Developer is higher than the one coming from the app store, so it would be very difficult to unpack any proposal for a value based fee without considering why the MoR is bearing the costs of this payment and providing the value, yet is paying [redacted] for the value they've provided in that flow.

Next, the concept of 'value' is only effective in a field with clear competition. We do not think app stores or iOS/Android operating systems represent an area of effective competition, instead both are some of the most obvious duopolies in the global economy. Developers do not have any notable alternatives to app distribution, so the concept of 'value' is muddled here with 'only viable option' - which are not the same things.

The CMA even acknowledges this in its proposals, outlining its objective is to "*open up opportunities for innovation*" in app store markets (which is unlikely to be mentioned if there was a healthy, competitive ecosystem within this area) and the CMA explicitly excludes value created by "*substantial and entrenched market power.*" But there's no clarity how this exclusion will work in practice and we believe this ambiguity will be exploited in order to protect its own commercial interests. [redacted] already justifies the current fees by the value their app stores provide, which suggests that any future 'value' based pricing mechanism would not sufficiently reduce the cost of steering.

[redacted] The test with steering is to what extent [redacted] provides a value-added service, and to what extent they are bearing significant costs in order to enable steering. We would cast doubt on the first point, due to the concept of 'value' being undermined by a [redacted] If [redacted] does have clear upfront costs that need to be underwritten by steering fees, then this is proportionate. But, we have yet to see clear evidence of this.

[redacted] believes that upon the CR being implemented three months after the CMA's final decision, [redacted] would be able to set their own fees, provided they outline these fees are "fair and reasonable". The CMA could disagree, but would need to open an investigation under the powers provided by the DMCCA.

It feels like a common sense point, but [redacted] The CMA would need to review whether these fees are lawful, and if it does, then will open a multi-month investigation before taking any final action. It seems inevitable that there would be a multi-month period where [redacted] would be able to charge these fees, until the CMA took action. This could be easily resolved by the CMA ensuring that steering fees are reduced to 0 until a price is agreed by the CMA and deemed lawful under the powers provided by the DMCCA. We would strongly urge the CMA to do this, as otherwise it risks its own CR and powers being undermined and exploited, at the expense of developers.

[redacted] current interpretation of the CMA's proposals is that when a [redacted] is paid for by a steered transaction, [redacted] is able to charge a fee on every automatic renewal of that [redacted] for however long that customer remains a subscriber. We don't think this is either a cost-based or value based fee, but is essentially a commission. Consistent with the European Commission's position under Article 5(4) of the DMA, any fee the CMA does permit must be limited to remuneration for facilitating the initial acquisition of the customer and must not attach to subsequent transactions or to automatic subscription renewals. This was addressed by the European Commission's concern in its non-compliance [decision]() of 23 April 2025, expressly noting it applied to "*auto-renewing subscriptions, for as long as users use the app.*" and stating that "*By imposing a recurrent commission fee on all transactions that are completed by all end users within 7 calendar days... The Commission considers that this fee also does not amount to remuneration for the facilitation of the initial acquisition, which is in principle allowed under Article 5(4) of Regulation (EU) 2022/1925. This is because this fee is not limited in time to the initial acquisition and is not commensurate to the value of the initial acquisition.*" The EU is right here, and the CMA should align with them.

[redacted]

As mentioned in the Executive Summary, we would support an Interpretative Note which outlines the following:

> *"The display, listing or description within an app of goods, services or benefits included in a subscription or package, whether or not already purchased by the End-user, does not itself constitute a Steered Transaction and no Steering Fee may be charged in connection with it."*
>
> *"Where an End-user accesses or redeems a benefit already included in a subscription or package previously purchased, no transaction for a digital good or service occurs for the purposes of paragraph 2(j), and accordingly no Steering Fee may be charged."*

The rationale is straightforward. A Steered Transaction, and any Steering Fee, presuppose that a purchase - takes place. Where a customer redeems a third-party digital benefit that is already included in a [redacted] they have previously purchased, no further consideration passes at the point of redemption, whether between the customer and [redacted] or between the customer and the third-party partner. Because no purchase occurs at that point, there is no transaction capable of being "steered", and no Steering Fee can properly be charged in connection with it. Treating redemption as a Steered Transaction would permit a fee to be levied on an activity in which nothing is bought or sold, which would be inconsistent with the purpose of the CR and with the ordinary meaning of a steered transaction.

If the CMA was minded to go further, we would also be open to the CMA introducing an explicit financial services exemption, analogous to the category-based treatment [redacted] already affords under its own guidelines — for example "reader" apps, which may link out without in-app purchase, and free companion apps to web-based services such asIP and cloud storage, which fall outside IAP entirely. Such treatment would also sit consistently with [redacted] which already provide that insurance apps cannot use in-app purchase and must be free [redacted] This demonstrates that category-based treatment of regulated financial services is an established feature of [redacted] own rules, not a specific carve-out. Therefore this reinforces our view that the CMA can confirm that [redacted]

As mentioned, there is a growing market of UK banks offering similar [redacted] with a variety of services included in a monthly/annual fee. [redacted]

[redacted] These are benefits that our UK customers could end up paying more for if the CMA does not address the scope ambiguity. Therefore, we believe that the CMA's proposals should not have any unintended consequence on the ability of the UK financial services sector to continue to offer these cost-effective benefits, and the CMA should explicitly address this within its CR or an Interpretative Note.

[redacted]

[1] Financial services include: Card payments, FX, ATM, Bank transfers, Topups, Savings, P2P, Crypto, Trading

[redacted]

[redacted]

[redacted] does not agree with the CMA's proposal for [redacted] to display a "neutral" interstitial screen when a user clicks out of the app to an alternative destination. We believe even a neutral interstitial is an unnecessary obstacle which introduces friction and discourages end-users from completing transactions through alternative channels, contrary to the CMA's open-choices objective. This mirrors the European Commission's concern regarding [redacted] disclosure "scare screen" in its non-compliance decision of 23 April 2025, where the Commission identified the recurrent presentation of [redacted] disclosure sheet as one of the restrictions rendering its steering terms non-compliant. [redacted]
We see multiple constraints around [redacted] that crucially give [redacted] a competitive advantage, so we believe even a "neutral" interstitial screen could be exploited to reduce our competitiveness and ultimately negatively impact consumer outcomes.

We would therefore request that the CMA:

- prohibits any screen that discourages, delays or deters completion of the steered transaction;
- limits any permitted screen to a single, non-repeating, information-only notice; and
- prohibits the use of risk, security or privacy warning language of the kind the European Commission saw as an impermissible restriction in its non-compliance decision of 23 April 2025