

Which?

UK Country Presentation to ECCG

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Overview

- A new consumer landscape
- Changes to British consumer law
- How are British consumers feeling?
- Key national consumer focused debates: energy & banking
- National political debates
- Questions

New consumer Landscape - changes from 2013-14

- Some familiar UK institutions are being scrapped, merged or replaced as a result of the UK Government's consumer landscape review
- The Office of Fair Trading (OFT) is being abolished with its competition and national enforcement functions merged with the also abolished Competition Commission (CC) to form a new Competition and Markets Authority (CMA). The CMA will be in operation from April 2014.
- The OFT's other enforcement roles are handed to a new National Trading Standards Board (NTSB) which will coordinate consumer law enforcement with local government's trading standards departments as well as regionally.
- Citizens Advice has inherited all publicly funded consumer information, education and advice from the OFT. This includes the Consumer Direct website and helpline. They've also inherited from Consumer Focus general advocacy work such as on public services and consumer rights.
- Consumer Focus will be abolished in Spring 2013. Its advocacy functions on energy, postal services and water (in Scotland only) will be housed temporarily in a Regulated Industries Unit (RIU) and may transfer to Citizens Advice in 2014.
- Arrangements in Scotland differ slightly.
- Northern Ireland is not affected by these changes as consumer policy is devolved.

Changes to UK consumer law in 2013-14

- Updated UK-wide consumer rights legislation is expected by end 2013/early 2014.
- UK Government is currently consulting on the various aspects of the bill with an expectation that it will be presented to Parliament in the 2013-14 session - around May 2013.
- There are at least 10 separate strands. The most important are:
- Implementation of the Consumer Rights Directive (this must be in force by June 2014)
- Modernisation of the existing law on goods, services and digital content. This will lead to partial repeal of iconic UK legislation like Sales of Goods Act 1979 and Supply of Goods and Services Act 1982
- Reform of the existing legislation on unfair contract terms. This should clarify regulators' powers to consider all relevant contract terms for fairness (following the 2009 Supreme Court judgment on bank charges and the Law Commission's report)
- Update the law on misleading and aggressive practices. This is based on the recommendations of the Law Commission and may lead to a private right to redress under the Consumer Protection Regulations.
- Enabling easier collective action in competition cases (like Which?'s 2007-08 JJB Sports follow-on case). Consumer groups want it to allow opt out cases and lead to a form of cy pres. It would however only apply in competition cases.

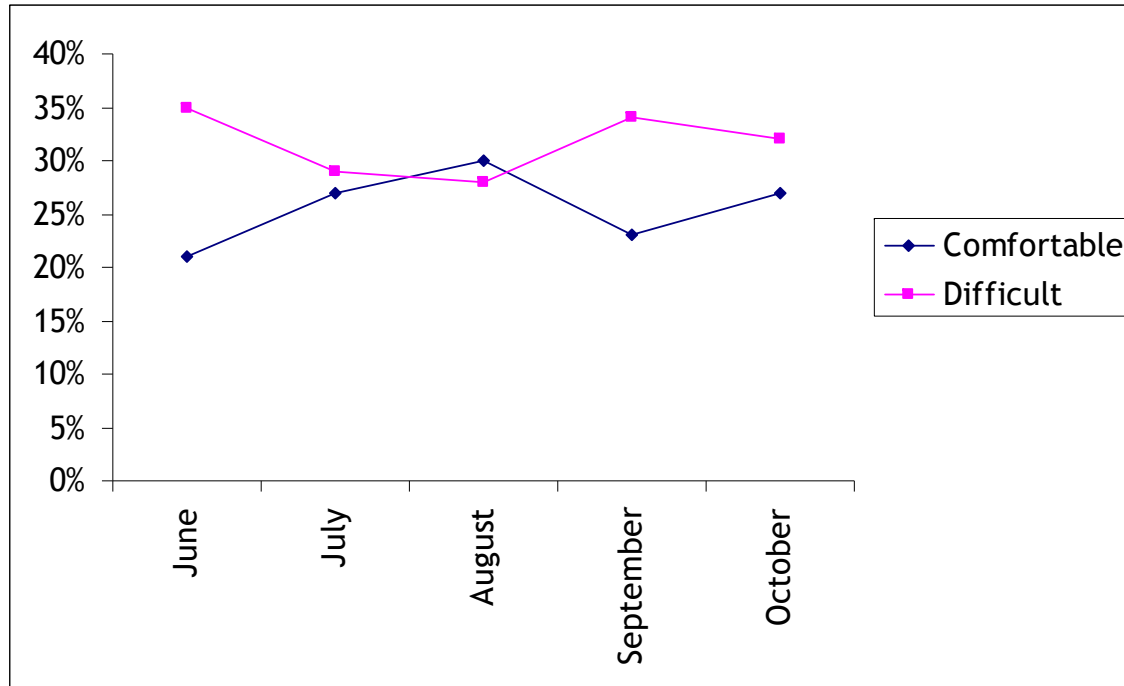
How are British consumers feeling?

Data from the Which? Consumer Insight Tracker:

- People are most worried about: Fuel prices (85%); Energy prices (85%); Food prices (78%).
- Although spending power has increased, people avoid spending money on non-essential items and last month a third of people cut back spending on essentials.
- In September, 43% of people borrowed money or took out debt to cover their spending.
- A quarter of people dipped into their savings last month. People are most likely to spend money on holidays, food or household bills.
- Distrust in energy companies has seen a significant increase - from 34% to 47% - in light of the increases in energy prices.
- With decreasing savings rates, worry about interest rates on savings has increased to 68% (up from 58%).

Can consumers stimulate the economy?

- Consumers lack confidence in both the government and the state of the economy and are reluctant to spend



- People are unlikely to spend left over money (7%) and a third of people cut back their spending last month
- Two thirds of people think that the UK economy is having a negative impact on their finances



Consumer Insight Tracker

Which?

Which? works for you

Real-time data on what people are saying about a particular issue or topic



Consumer Insight

Tracker

Which? Spending Power Index

The Which? state of the nation

The Which? Consumer Insight tracker is an online resource providing a uniquely detailed picture of today's consumers. The tracker, updated monthly, has data on consumer spending, attitudes and behaviour, and can be filtered by age, income, gender or region.

Read more about how consumers are feeling and coping in the Which? Quarterly Consumer Report.

[Download PDF >](#)

Top 10 consumer issues

The figures

Satisfaction and wellbeing [see in depth >](#)

55% (-11) ?

How many people are satisfied with life overall?

Household finances [see in depth >](#)

23% (-7)

How many people are living comfortably on their income?

Spending patterns [see in depth >](#)

25% (-2)

How many people are cutting back spending on essentials?

Top consumer worries [see in depth >](#)

21% (+5) ?

How many people think the UK economy will get better in the next year?

Longitudinal Data

Regular Consumer Well-being poll findings

Regular Economic Data from Govt

Introducing the human face of the squeeze

Contented Carefree



This group are optimistic and happy with life overall. They are more likely to think the economy and their finances will get better soon. However, many of this group are in a precarious financial position. This group is typically younger than average and fairly evenly split across household earnings bands.

Mature Secure



This group are the most financially secure and happy with life. Few of them find it difficult to cope with an unexpected expense and most are in a financially stable position. They are likely to be homeowners and are typically older age groups and higher income groups.

Feeling Low



This group have the bleakest outlook on life generally. They are less likely to be satisfied with their finances but also their social lives and leisure time. They are a financially vulnerable group and as the summer high drops down the realities of the cost of living for their households could kick in. They are

Stoic Struggler



This group are the most financially vulnerable group; however they do look on the bright side and are positive about other areas of life including their family and social life. They are worried about household finances and their debt. They are likely to have children and be across a spread of age groups.

Which? Spending Power tracker (+ quarterly hard copy report)

Which?

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Key national consumer debates: energy

- **Price rises** - average bill already rising by 13% from 2011; 75% of consumers are on the most expensive tariffs and the level of switching continues to decline; calls on the UK Government to launch an urgent and swift independent review into what's really behind the rising cost of energy as well as enquiry into revelations of possible market manipulation on wholesale prices.
- **Consumer dissatisfaction with the market** - complexity of tariffs; UK government wants to force energy companies have only 4 core tariffs and move disadvantaged consumers on to the cheapest; tariffs have to include one variable rate and one fixed-term, fixed-price deal: Which? Big Switch - collective switching of 38,000 consumers securing a saving of approx €275.
- **Future investment in energy infrastructure** - UK Energy Bill & how to incentivise investment; calls for independent scrutiny of future contracts to ensure value for money.

National consumer debates - banking



- Need a consumer focused regulator with teeth - Which? Watchdog Not Lapdog campaign for a strong, open and proactive regulator. www.which.co.uk/watchdog
- Bank structure reform - UK government to legislate in 2013 for ring fencing retail banks from risky investments.
- Bank culture needs to change - Which? Big Change campaign has over 100,000 supporters pushing for: www.which.co.uk/bigchange
 1. Bankers should put customers first, not sales
 2. Bankers must meet professional standards and comply with a code of conduct
 3. Bankers must be punished for mis-selling and bad practice.
- Claims management firms & mis-selling of payment protection insurance - Citizens Advice report focusing on an industry 'out of control'
- Improving access to mortgages for first-time buyers and mortgage 'prisoners'

Political Debates in the UK

- Scottish independence - referendum due in autumn 2014
- UK General Election due in 2015
- UK government has launched a review of EU competences
- what has the EU delivered for the UK?
- In/out referendum on the UK's membership of the EU

Thank you. Any questions?

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