

Press release: CMA tackles loyalty penalty charges

The Competition and Markets Authority (CMA) has investigated concerns raised by Citizens Advice in a 'super-complaint', that companies penalise existing customers by charging them higher prices than new customers.

The CMA has looked at the 5 markets highlighted by the super-complaint – cash savings, mortgages, household insurance, mobile phone contracts and broadband – and found that there is a total loyalty penalty of around £4 billion a year in these markets. It also found that vulnerable people, including the elderly and those on a low income, may be more at risk of paying the loyalty penalty.

The investigation has uncovered damaging practices by firms, which exploit unsuspecting customers. These include continual year on year stealth price rises; costly exit fees; time-consuming and difficult processes to cancel contracts or switch to new providers; and requiring customers to auto-renew or not giving sufficient warning their contract will be rolled over.

Millions of people are affected – from around 1 million in the mortgage market to nearly 12 million in the insurance market. The loyalty penalty is also likely to arise in many other markets, where people's contracts are rolled over to a higher price.

A number of recommendations are being made to regulators and government to help stop loyal consumers being ripped off. These include:

- Cracking down on harmful business practices using enforcement and regulatory powers to clamp down on harmful practices that stop people getting better deals. The CMA has today opened a consumer law enforcement investigation in the anti-virus software sector. This is a first step and further action may be taken by the CMA and regulators against other companies.
- Setting out clearly the principles businesses across all markets should follow, such as people being able to leave a contract as easily as they enter it. The CMA will also be looking at whether consumer law should also be reinforced.
- Firms should be publicly held to account for charging existing customers much more; regulators should publish the size of the loyalty penalty in key markets and for each supplier on a yearly basis.
- Targeted price caps to protect the people worst hit by the loyalty penalty, such as the vulnerable, where needed.

The CMA has also made recommendations to the FCA and Ofcom in each of the 5 markets, where work is currently underway. These include:

- Mobile: providers must stop charging pay-monthly customers the same rate once they've effectively paid off their handsets at the end of the minimum contract period. Ofcom should continue its work to challenge this practice and bring it to an end. More should also be done to make people aware of sim-only packages.
- Insurance: there is evidence of firms continually raising prices in this market. The FCA must look closely at these pricing practices in its current market study and take action to prevent people being exploited by firms. This should include considering pricing interventions.

Other recommendations have also been made in the mortgages, cash savings and broadband markets on ways that regulators can tackle the loyalty penalty and protect those being hit the hardest.

The CMA considers urgent action is required. It will be taking forward these recommendations, along with government and regulators. If sufficient progress isn't made, it may take further action.

Andrea Coscelli, Chief Executive of the Competition and Markets Authority said:

Our work has uncovered a range of problems which leave people feeling ripped off, let down and frustrated. They shouldn't have to be constantly 'on guard', spending hours searching for or negotiating a good deal, to avoid being trapped into bad value contracts or falling victim to stealth price rises.

Millions of loyal or vulnerable customers are being taken advantage of each year by firms – and end up paying much more than they should do. This must come to an end.

That's why we have today recommended a robust package of reforms. There must be a step change to protect the people being hardest hit, including targeted price caps where necessary.

Together the CMA, regulators and government must act more promptly and powerfully to hold firms to account, stop them exploiting their customers and restore people's trust in markets.

Further details of the CMA's super-complaint investigation are available on the [loyalty penalty investigation page](#).

Notes to editors

1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law.
2. The Enterprise Act 2002 (the Act) makes provision for designated consumer bodies to make super-complaints. Citizens Advice is a designated consumer body.
3. A super-complaint is a complaint submitted by a designated consumer body that any feature, or combination of features, of a market in the United Kingdom for goods or services is or appears to be significantly harming the interests of consumers.
4. Within 90 days after the day on which a super-complaint is received, the CMA must say publicly how it proposes to deal with it.
5. Citizens Advice describes the "loyalty penalty" as the cost of being a long-standing customer, compared to a new customer receiving the same product or service.
6. Details of our consumer law investigation into the anti-virus software sector can be found on the [antivirus software investigation page](#). The CMA has not reached a final view on whether the terms and practices it is concerned about breach consumer protection law.
7. The key pieces of consumer protection legislation relevant to the CMA's investigation are the Consumer Protection from Unfair Trading Regulations 2008 (CPRs) and Part 2 of the Consumer Rights Act 2015 (CRA). The CPRs contain a general prohibition against unfair commercial practices and specific prohibitions against misleading actions, misleading omissions and aggressive commercial practices. Part 2 of the CRA aims to protect consumers against unfair contract terms and notices, and requires contract terms to be fair and transparent.
8. Enquiries should be directed to press@cma.gov.uk or 020 3738 6460.
9. Follow us on [Twitter](#), [Facebook](#) and [LinkedIn](#). Sign up to our [email alerts](#) to receive updates on the markets cases.

[Press release: December deal delivers for UK fleet and fish stocks](#)

The UK Government has secured a deal that supports the whole of the UK's fishing industry and the long-term health of fish stocks at this year's [annual EU quota negotiations](#).

During two days of intensive talks in Brussels, which concluded in the early hours of this morning, the UK negotiating team worked to deliver increased quota in certain high-value stocks for our fishermen while ensuring stocks continue to be fished at sustainable levels to ensure the future prosperity of our industry.

This year's December Council discussions were challenging for all Member States given scientific advice on quota, which included a recommendation of zero total allowable catch (TAC) for five key species for UK fishermen. A particular challenge was the introduction of [the Landing Obligation](#) from 1 January 2019 – a requirement to cut the discarding of fish.

The agreed deal ensures there are now workable solutions to alleviate the pressure for fishermen while preventing fish from being wastefully discarded unnecessarily. The agreement also includes a commitment to review scientific data as the new regulation comes into effect.

Speaking as the Council drew to a close, Fisheries Minister George Eustice said:

These negotiations were the culmination of months of government-led work with the Devolved Administrations, industry and environmental NGOs, to secure the best possible deal for the whole of the UK fishing industry.

We entered into discussions knowing that a good deal needed to carefully balance progress towards sustainability targets, while ensuring that we listen to the scientific evidence on the health of fish stocks and safeguard a profitable future for our hard-working fleet.

We welcome quota increases for important species like megrim and hake, and progress towards achieving sustainable fisheries – in what was a particularly challenging year of negotiations for all Member States.

Total fishing opportunities agreed for 2019 include increased quotas for:

- West of Scotland monkfish (+25%)

- Western hake (+28%)
- Skates and rays in the English Channel (+10%)

Limits remained the same for Celtic Sea sole and pollack – and where the science showed it was necessary, quotas were reduced for certain stocks, including herring in the Celtic Sea.

The UK delegation included representatives from all four corners of the UK, including Scottish Government's Cabinet Secretary for Rural Economy Fergus Ewing.

Benefits will be felt around the country with increases in quota for hake, haddock and megrim. Increased quota for monkfish will provide a boost for the Scottish fleet, while Northern Ireland have benefited from an increased share in Irish Sea cod. Agreements on sea bass will offer welcome support to the inshore fleet in Wales.

[News story: Marvel legends assemble to inspire next generation of engineering super heroes!](#)

The government's Year of Engineering is assembling Marvel super heroes, including Iron Man and The Hulk, to launch an exciting new partnership with the iconic comic brand. Marvel is the latest big name to join the campaign, which aims to transform perceptions of engineering among children age 7 to 16 and encourage more young people from different backgrounds to consider careers in the profession.

Young people are being encouraged to take the [More Heroes Needed aptitude test](#) to help them find out which super hero qualities they share with these legendary characters. They can then discover how those strengths could help them thrive in the world of engineering.

Launching the partnership, Year of Engineering Minister Nusrat Ghani joined children from the Berger Primary School in Hackney and a team of real-life super heroes – including a female army engineer turned weight-lifter, and an expert in comic book science – at an immersive new Marvel exhibition in east London.

The test aims to demonstrate to children that they have an abundance of talents that would suit a career in engineering, ones that perhaps they hadn't previously appreciated. It demonstrates that engineering isn't solely about academic aptitude but that curiosity, creativity and being honourable and collaborative are all important qualities of a successful engineer. The Year of Engineering is encouraging parents to take the test with their kids

over the Christmas holidays, and curriculum-linked resources are available to help teachers bring super hero engineering to life in the classroom in the New Year.

Since the start of 2018, government has worked with more than 1,400 partners to deliver more than a million inspiring experiences of engineering, and research carried out in the first 6 months of the campaign shows that the percentage of 7 to 11 year olds who would consider engineering careers has shot up by 36%.

The new aptitude test is part of a wide range of resources for parents and teachers on the Year of Engineering website, which also features inspiring ideas to help keep kids busy and entertained over the Christmas holidays.

Nusrat Ghani, Minister for the Year of Engineering said:

The characters who inhabit the Marvel universe are famed for achieving amazing things against all odds; something engineers do on a daily basis.

Whether it's tackling the problems of climate change, helping to provide clean water and energy in developing nations or using technology to help us live healthier more independent lives, the engineering profession is full of its very own super heroes.

I'm certain that this partnership will encourage many young people to look again at their own amazing abilities and realise that while they may never possess the strength of the Hulk they could one day move mountains as an engineer.

To take the test with your kids, head to moreheroesneeded.com.

For festive activities to get children making and inventing, visit yearofengineering.gov.uk/theholidaymakers.

Press release: PM urges devolved leaders to 'listen to businesses' and back the Brexit deal

The Prime Minister will tomorrow (Wednesday 19th December) urge leaders from the devolved administrations to listen to businesses all across the UK who have supported the Brexit deal negotiated with the EU.

At the Downing Street meeting, the Prime Minister will update First Minister

of Scotland Nicola Sturgeon, First Minister of Wales Mark Drakeford and representatives of the Northern Ireland Civil Service on the next steps for the UK's withdrawal from the EU.

She will reiterate how the deal agreed with the EU works for all parts of the UK and will call on leaders to work together and support the Brexit deal to protect the interests of all four nations of the United Kingdom.

The Prime Minister will also update leaders on the preparations being made for every eventuality including a 'no deal' scenario, and the extensive steps undertaken already to support businesses and citizens.

Ahead of the Joint Ministerial Committee (Plenary) (JMC(P)), the Prime Minister said:

I am confident that what we have agreed delivers for the whole of the UK.

This deal honours the result of the referendum – taking back control of our money, laws and borders, protecting jobs and livelihoods, and freeing the UK to strike new trade deals with countries around the world.

That's why it is more important than ever that the devolved administrations get behind this deal and listen to businesses and industry bodies across all four nations who have been clear that it provides the certainty they need.

From the Scottish Fishermen's Federation and Diageo, to Airbus and Manufacturing NI, business and industry right across the UK want to us to deliver this deal as it gives them the clarity and stability they need to protect jobs and living standards.

So my message is clear: now is the time for us to pull together and harness our efforts behind this deal and build a bright future for people all across the United Kingdom.

Speech: Obstacles to peace in Israel and Palestine

Thank you very much Mr President. Before I start, could I through the American delegation pass on a tribute to Ambassador Haley's time on the Council. Her ambition for the Council and her commitment to delivery and effectiveness have really helped move issues and ourselves forward. So please thank her very much indeed for that. And I'll come on to what she said about the peace process a little bit later.

Thank you to the Special Coordinator; I completely echo the Swedish Ambassador in paying tribute to you and your team in such difficult circumstances.

Mr President, as others have noted, it's two years since this Council passed Resolution 2334 and no steps have been taken by Israel to cease settlement activity during this period. In fact, settlement activity has continued. The government of Israel has also moved forward with retroactive legislation of the outpost Havat Gilad. We are deeply concerned about the Government's announcement last week to retrospectively legalise thousands more homes in the West Bank, construct 82 new residential units in the offshore settlement and advance the construction of two new industrial zones in the West Bank.

The United Kingdom's position on the settlements is clear: they are illegal under international law. Settlements present an obstacle to peace and they threaten the physical viability of a two-state solution. And that's why we supported Security Council 2334. And we urge the government of Israel to reverse its policy of settlement expansion.

At the same time, we see continued demolitions take place, including in East Jerusalem. We are concerned by the demolition of 16 small businesses in the Shu'fat refugee camp on 21 November. There are no valid term plans for the camp and this forces Palestinians to resort to building without permits. We are also closely monitoring developments in Sheikh Jarrah and Silwan where many hundreds of Palestinians are at risk of eviction. This risk is exacerbated by recent Israeli legislative developments and court rulings. We will continue to support the Palestinian presence in East Jerusalem Mr President, including through legal aid programs for those facing demolition or eviction.

We welcome the temporary postponement of plans to demolish the Bedouin community of Khan al-Ahmar but we remain gravely concerned about the fate of this community. The United Nations has said this demolition could amount to forcible transfer in violation of International Humanitarian Law. As I've said before in this Chamber, Israel is in no way obligated to demolish Khan al-Ahmar. It has the power to change its mind and we urge it to do so.

We look to the Israeli government to provide a clear transparent route for Palestinian construction to end the cycle of illegal building and

demolitions.

Turning to some of the other issues the Special Coordinator raised, I have no hesitation in joining him in unreserved condemnation of all terrorist attacks no matter on whom they are perpetrated. We share his concern about the intensity of these attacks and we send our condolences to the victims of both sides. I note in the context of the Hamas resolution that was in the General Assembly recently, I note that it passed with a majority of 30. It would have passed formally had there not been an attempt to require two-thirds but I think that majority Mr President of 30 is very significant and it shows in which direction the tide is going.

Turning to the humanitarian situation in Gaza, yesterday the United Kingdom announced an additional \$7 million of emergency funding to UNRWA to provide food to refugees in Gaza and the immediate priority must be to ease restrictions on movement and access, reduce tensions and avoid another conflict. And we expect Hamas, the Palestinian Authority and Israel to do their utmost to prevent escalation.

We continue to support tangible steps towards intra-Palestinian reconciliation and uniting the Gaza Strip and the West Bank under the effective functioning of the Palestinian Authority. And we welcome the efforts of the Special Coordinator in this respect.

Mr President, I'd like to address what Ambassador Haley said about the peace process. We very much welcome the confirmation that a US plan is ready and we look forward receiving it and studying it in due course. We agree that both sides will clearly be asked to make difficult decisions to achieve peace and we agree that Europe and Arab states will have an important role in supporting any peace plan. We look now to the parties to take steps to build confidence and to build the right environment so any peace process can succeed.

For the United Kingdom, we are very clear that the well-known parameters are the most viable framework for a just and lasting peace. First, there must be an agreement on the borders of the two states based on the 4 June 1967 lines with equivalent land swaps as may be agreed between the parties. Second, security arrangements for the Palestinians must respect their sovereignty, show the occupation is over and, for the Israelis, they must protect their security. Third, a just, fair, agreed and realistic solution to the refugee question must be put in place. Fourth, the aspirations of both parties for Jerusalem need to be fulfilled and a way found, through negotiations, to resolve the status of Jerusalem as the future capital of both states.

It follows from this Mr President that we continue to believe that a two state solution remains the best outcome of a peace process and the United Kingdom remains committed to working with both parties, regional and international partners in support of this goal. Thank you very much.