

# The Postcode Penalty

How some online retailers are  
disadvantaging Scottish consumers



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# The Citizens Advice Service in Scotland

Citizens Advice Scotland and its member bureaux form Scotland's largest independent advice network. CAB advice services are delivered using service points throughout Scotland, from the islands to city centres.

The CAB Service aims:

to ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities, or of the services available to them, or through an inability to express their need effectively

and equally

to exercise a responsible influence on the development of social policies and services, both locally and nationally.

The CAB Service is independent and provides free, confidential and impartial advice to everybody regardless of age, disability, gender, race, religion and belief and sexual orientation.

In 2010/11, citizens advice bureaux (CAB) in Scotland helped over 230,000 clients with over half a million new problems. That's over 1,500 new problems brought to CAB each day of the year. More than 2,200 trained volunteers and paid staff ensure that thousands of people in Scotland receive vital advice every day.

However, the Scottish CAB Service isn't just the country's leading independent advice service. It's also a leading advocate for social change.

## Introduction

In late 2011, the Scottish CAB Service surveyed consumers in Scotland about their experiences of online shopping, looking specifically at the issue of delivery. From the initial 900 responses, we published our interim findings into the problems facing Scottish consumers. Our report – Free Delivery\* - is available online.<sup>1</sup>

In total, 3191 people responded to our survey between November 2011 and January 2012. Consumers from across Scotland – from the Borders to the Highlands and Dumfries and Galloway to Aberdeen told us of a wide range of problems. From high surcharges to late delivery and many survey respondents told us that they had even been refused delivery because of where they lived. Others reported that retailers refused to send items via Royal Mail whose universal service obligation means that delivery costs the same, regardless of where you are in the UK.

We asked consumers to tell us their postcode and their experiences of online shopping delivery and to name any specific companies with which they had had particularly good or bad experiences. This allowed us to look beyond the anecdotal experiences of consumers and to examine the policies employed by retailers.

A total of 640 different retailers were named by survey respondents. This report details the findings of our research into 534 of those companies' policies (the remainder had either gone out of business, did not sell online, were courier companies or were one of several companies by that name).

A handful of companies were highlighted as providing a good service and we detail them in this report. However the majority of retailers named by consumers were highlighted as providing a poor service. Therefore the research presented here focuses on the retailers which consumers told us were problematic.

The report is intended to be used as a snapshot of current consumer experiences of delivery and the policies employed by a selection of retailers. Given that these retailers were identified by consumers as providing a poor delivery service, this report should serve as a guide to "what not to do" rather than a reflection of the practices of all online retailers.

This report is the product of several months of research which would not have been possible without the hard work and enthusiasm of staff and volunteers in citizens advice bureaux across Scotland and the local communities which they serve. Specific thanks are due to several people in particular and these are detailed at the end of the report.

In addition, over the last year Citizens Advice Scotland has worked closely with the Office of Fair Trading, Consumer Focus Scotland and Highland Council Trading Standards.

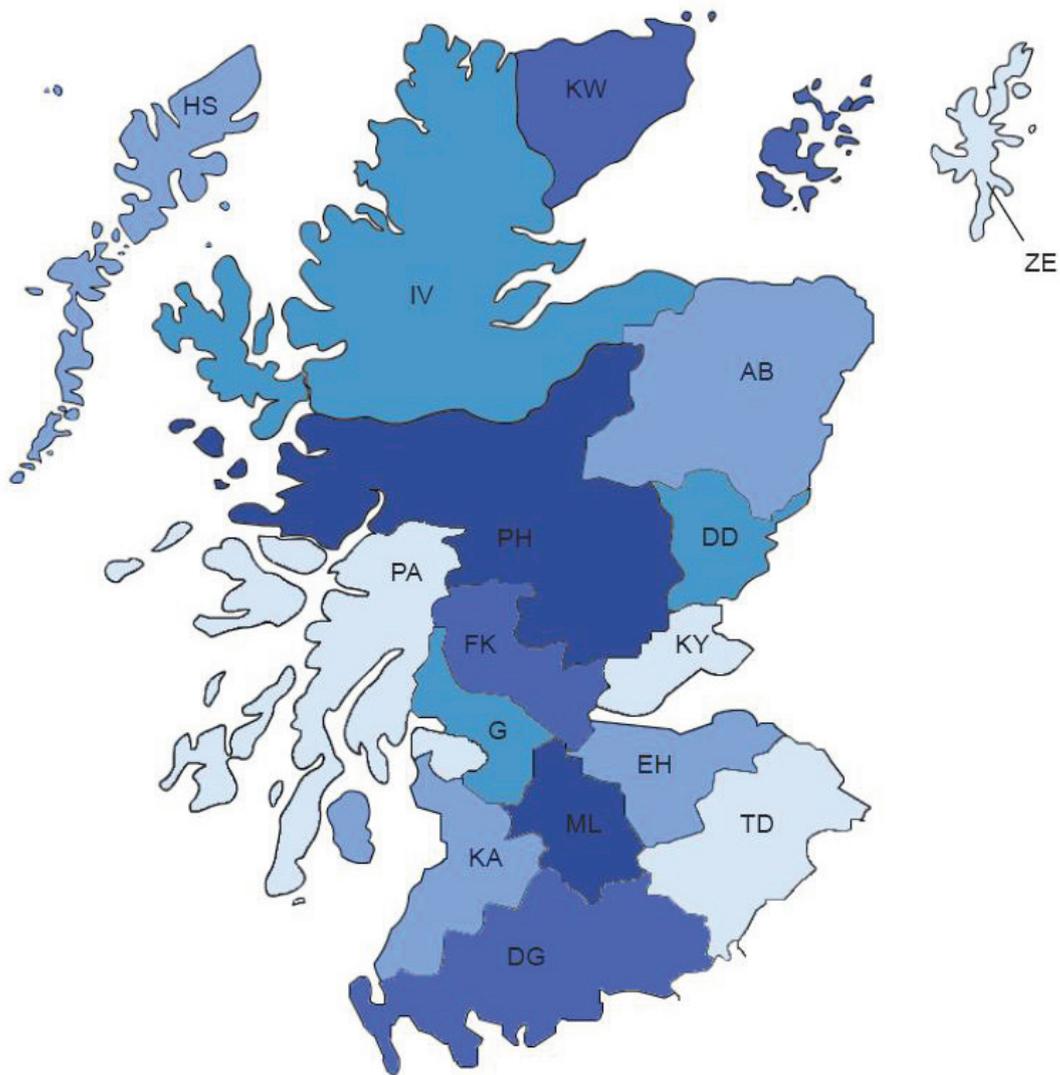
Our joint work is undoubtedly of benefit to consumers and we are grateful to all of our partners for their excellent research and campaigning, support and collaboration in working for a fairer deal for consumers.

- At least 1 million Scots face surcharges, late delivery or are refused delivery altogether when they try to buy goods online.
- Consumers in Scotland's island communities face a postcode penalty of nearly £19 extra (£18.60) to deliver goods they buy online – that's a 500% mark up on the standard delivery price.
- Consumers in the Highlands are charged an extra £15 per delivery on average
- Of the 534 retailers whose policies we investigated, 335 of them (63%) charged extra for delivery to certain parts of the UK. 72% of those surcharges applied to consumers in Scotland, indicating that Scottish consumers are disproportionately affected by delivery surcharges.

# Key findings

- 55% of retailers who restricted the areas of the UK to which they would deliver refused to deliver goods to any Scottish islands, disadvantaging the estimated 100,000 people who live in island communities.
- Ofcom's latest statistics show that UK shoppers spent an average of £1000 on online shopping in 2011
- 85% of the consumers who responded to our survey said they would warn family and friends against using a retailer with unfair delivery practices
- 34% of retailers we investigated said that delivery would take longer for consumers in some parts of the UK. 39% of these retailers took an extra three or more days to deliver to consumers in certain parts of Scotland, with some customers waiting as long as 35 extra days for delivery compared the rest of the UK.
- A quarter of retailers who told their consumers that delivery could take longer to them did not specify how long it would take. In addition, 44% of retailers who took longer to deliver did not specify which parts of the country were affected
- 69% of retailers we investigated did not offer delivery by Royal Mail, despite the Royal Mail's universal service obligation meaning that delivery by this method costs the same across the UK
- 63% of the retailers who charged extra for delivery to some locations did not offer delivery by Royal Mail as an alternative.

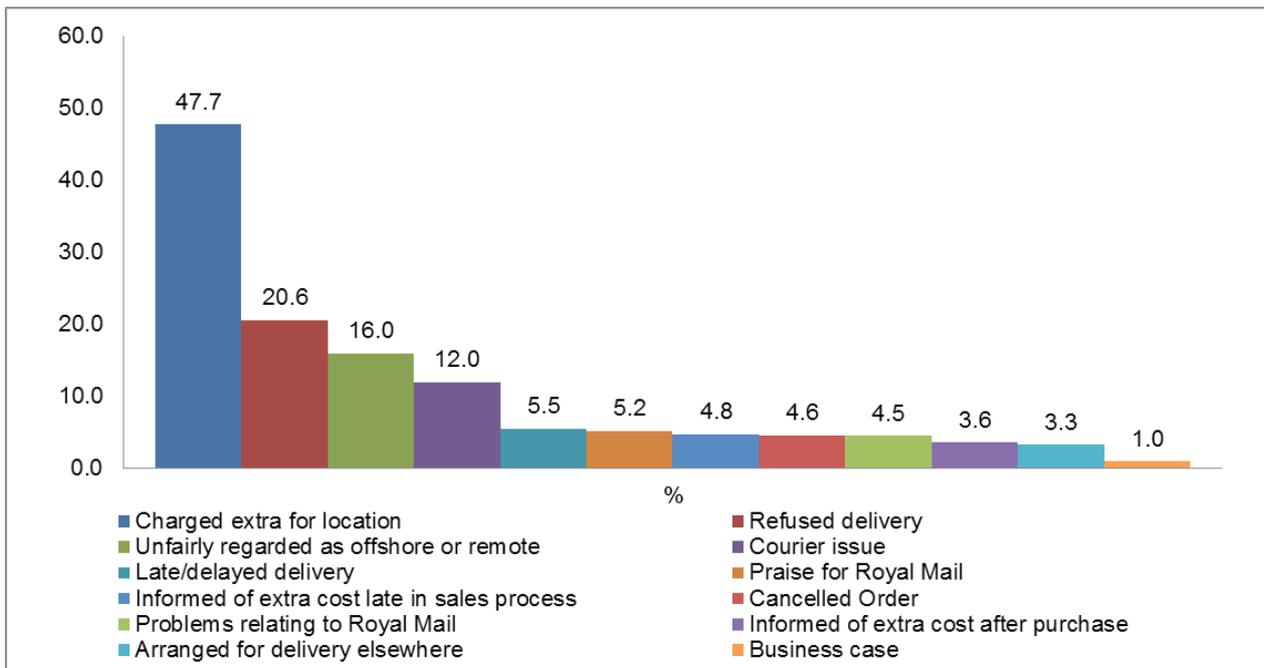
## Postcode areas of Scotland



Postcode	Postcode area	Postcode	Postcode area	Postcode	Postcode area
AB	Aberdeen	HS	Outer Hebrides	PA	Paisley
DD	Dundee	IV	Inverness	PH	Perth
DG	Dumfries & Galloway	KA	Kilmarnock	TD	Galashiels
EH	Edinburgh	KW	Kirkwall	ZE	Lerwick
FK	Falkirk and Stirling	KY	Kirkcaldy		
G	Glasgow	ML	Motherwell		

# What consumers told us

A total of 3191 consumers responded to our survey to share their experiences of delivery of online shopping. The chart below shows the kinds of issues that consumers said they experienced (note that the percentages do not sum to 100 as many consumers identified more than one issue).



Nearly half of respondents (47.7%) had been charged extra for delivery due to where they lived. Consumers reported that retailers, as well as their couriers, often regarded them as living in “remote” areas and therefore added a surcharge. This issue is examined further below.

Over a fifth of respondents (20.6%) told us that they had been refused delivery by a retailer due to their location. One consumer who lived near Falkirk in Central Scotland told us;

- ▶ As I live on a farm, in a rural location some courier companies refuse to deliver at all. Others accept the package delivery and then do not deliver meaning I have to wait months sometimes for refunds while the package has never left the warehouse. They will not ring for directions and several drivers have told me the packages are put on a van with no intentions of delivery as it is a rural address

*A consumer near Falkirk*

The issue of consumers being refused delivery is detailed below.

Just under a fifth of respondents (16%) felt that they were unfairly treated as living in a “remote” or “offshore” area. This is a problem acutely felt by consumers in parts of Caithness who share their postcode with Orkney, but shoppers in urban areas such as Paisley, Dundee and even Edinburgh can also face unfair delivery practices because their postcode is shared with some “remote” or island areas.

▶ On more than one occasion after I had ordered and paid for an item online I have been sent an email say that I live off shore. I do not – I live in Caithness on the Scottish Mainland. Due to me living on an “island” I was told I would need to pay an extra 50% or 70% or even sometimes 100% more postage. I have been told that it makes no difference if Caithness is on the Mainland of Scotland, it is still classed as the same as the Isle of Scilly. Or that my Postcode is KW therefore I must live on Orkney. Or that I live in the Highlands and Islands so they class all address as on an island.

*A Caithness consumer*

Consumers told us of late and delayed delivery which often made online shopping unreliable and unattractive. Whilst only 5.5% of respondents stated that this was their main concern, those who experienced delays often said that it put them off shopping online and made it “more hassle than it’s worth”. The problem of late delivery is explored in more detail below.

More than 5% of respondents praised the Royal Mail, with many stating that it was a service upon which they relied. Where retailers did not offer delivery by Royal Mail, consumers often felt that surcharges for their area could be avoided. In addition, 12% of respondents blamed private courier companies for late arrival, additional charges or for the fact that the retailer would not deliver to their area.

▶ There was one occasion I purchased a CD from a company in London and from one in California at around the same time. The courier was the same company, UPS. I paid £5 carriage from the USA, £25 from London. The items took 5 days from USA, 2 weeks from London. So far as the California office was concerned we’re all UK; the London office splits us into the far north, and hence inaccessible, and the rest. The thing that really annoys me is when you query why it is so expensive for a small item weighing a few ounces and why don’t they just send it in the post, to be told that their contract with the courier does not allow to use the Royal Mail.

*A consumer in Shetland*

An additional problem consumers faced was being hit with additional charges very late in the sales process, often after deciding to make a purchase because the website advertised “free

delivery". Just under 5% of respondents to our survey reported such problems, with many saying it was frustrating and a waste of their time to get to the checkout and then realise there was an extra charge.

Such practices are likely to be in breach of the Consumer Protection from Unfair Trading Regulations (2008) as the retailer has made a misleading omission about material information (the price of delivery) which has led to a transactional decision being made by the consumer.

Being refused delivery or charged extra because of their "remote" location led some consumers to cancel orders (4.6%) or arrange to have their parcel delivered to a different address (3.3%).

*A consumer on Lewis*

## Delivery surcharges

The main problem facing people responding to our survey was being charged extra for delivery because of where they lived. With nearly half of respondents (47.7%) reporting surcharges it is clearly a serious issue for Scottish consumers.

Our research into the delivery policies of 534 retailers named by consumers shows that 63% of these retailers made a surcharge for delivery to certain parts of the UK.

Of the 335 companies who charged extra, 44 of them (13%) gave no detail of the additional price that consumers could expect to pay for delivery.

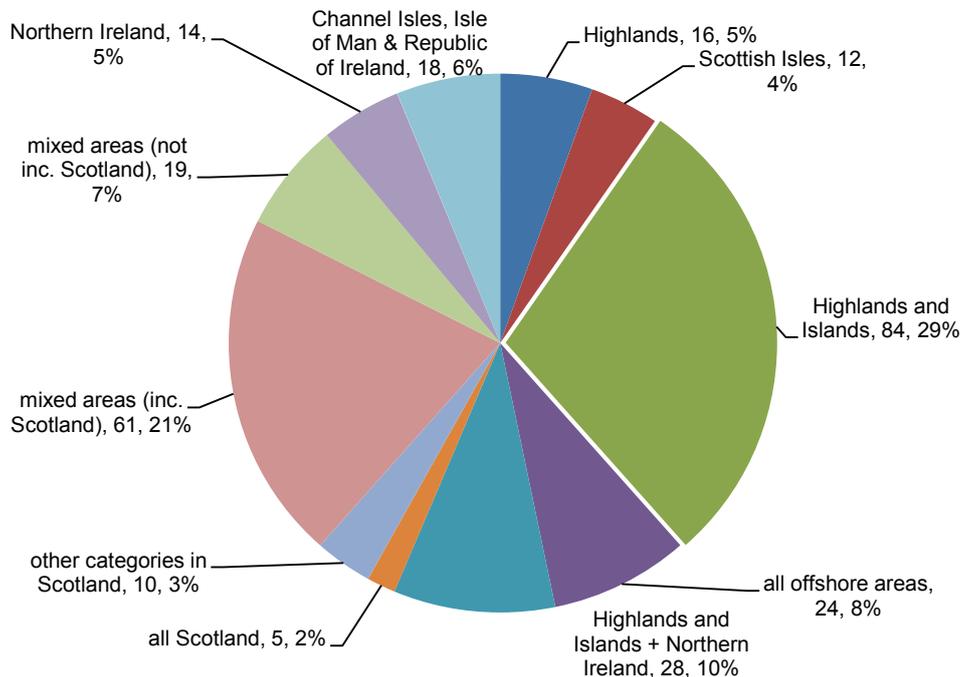
In these cases, consumers were either expected to contact the company to enquire about costs, or were told that they would be contacted after purchase and advised of any additional charges. It is a breach of the Consumer Protection from Unfair Trading Regulations (2008) to add an additional charge after purchase. In our survey, 3.6% of respondents told us that they had experienced such practices.

Which consumers are affected?

Using the websites of the remaining 291 retailers, it is possible to establish the additional costs imposed on consumers.

Our research recorded whether retailers made any differential charge for different parts of the UK as well as to areas such as the Republic of Ireland, the Channel Isles or the Isle of Man as these areas can often be a useful comparator.

The chart below shows the different areas commonly affected by surcharges by UK retailers.



At least 74% of the surcharges made by the retailers we examined applied to consumers in Scotland. This rose to 82% for consumers on Scottish islands.

Therefore, whilst many consumers in other parts of the UK such as Northern Ireland, the Scilly Isles and the Isle of Wight are also hit with additional costs, it is clearly consumers in Scotland who are disproportionately affected by delivery surcharges.

The chart above shows that consumers in the “Highlands and Islands” are most likely to face additional costs, with 29% of retailers we investigated charging extra for delivery to these areas. However, it is important to note that the definition of Highlands and Islands varies from one retailer to the next. For a select few, the phrase refers specifically to those in the Highland council region and any consumer living on an island. But many more retailers grouped together consumers on the basis of their postcode, including consumers in Aberdeenshire, Moray, Argyll and Bute and Perthshire.

For the purpose of analysing the data, we have taken the broadest definition used by retailers. Therefore our use of the phrase “Highlands and Islands” refers to areas including those mentioned above as well as Highland local authority area, all Scottish islands, parts of Angus, Aberdeen city and large parts of Stirling and Clackmannanshire local authority areas. We recognise that by using this definition we risk perpetuating a misunderstanding of the geography and associated delivery costs in Scotland. However, as consumers in all of these areas face similar treatment, grouping them together allows us to build a picture of the kind of problems they experience.

The categories of “mixed areas (inc. Scotland)” and “mixed areas (not inc. Scotland)” refer to different groupings of areas across the UK which incur a surcharge. For example, one retailer we looked at imposed the same surcharge on “Channel Islands, Isle of Man, Northern Ireland, Scilly Isles and Scottish Highlands” and another charged for delivery to “Isle of Wight and Northern Ireland”. This makes comparison across areas of the UK challenging and therefore these categories are marked as mixed.

Finally, “other categories in Scotland” refers to some retailers’ policies which impose a charge on areas as diverse as all AB, DD, IV, KW, PA, PH postcodes or all of Scotland “up to Edinburgh”. One retailer even listed every Scottish local authority area as being excluded from free delivery. Such broad definitions seem to be based not on cost but on an inaccurate perception of Scottish geography and its associated costs.

For example, the postcodes listed above cover Aberdeen, Aberdeenshire, Moray, Angus, the whole of the Highland council area, Orkney, Perthshire and Paisley as well as Argyll and Bute. It is clear that the costs to a retailer or courier of delivering goods to Paisley (just 10.8 miles from Glasgow) would differ from the costs of delivering to Orkney, unless the Royal Mail was used. Therefore such blanket policies make little sense economically and cause frustration, confusion and financial detriment to consumers.

Our research shows that the additional costs incurred by customers in certain parts of the UK varies depending on the products on sale, the weight of the items, how they are delivered and exactly where they are delivered to.

However it is possible to calculate the difference between standard delivery prices and the average prices payable by consumers in different parts of the UK (see appendix 4 for details of the research methodology). From this data, we can work out the additional monetary cost as well as the percentage increase in cost for consumers in these areas. These “postcode penalties” are outlined in the table below.

Area affected	Average additional price	Average percentage mark up
Highlands	£15.23	195%
Scottish Islands	£18.60	508%
Highlands and Islands	£13.19	243%
all offshore areas	£16.03	331%
Highlands and Islands + Northern Ireland	£12.32	216%
mixed areas (inc. Scotland)	£12.06	260%
mixed areas (not inc. Scotland)	£15.42	303%
Northern Ireland	£9.29	127%

# The Postcode Penalty

The categories covering all of Scotland and other combinations of areas in Scotland were too small to be statistically significant so are not included in the table above. It is evident, however, that consumers in Scottish island communities face a significantly higher mark up in the delivery price they are charged than consumers in other parts of the UK. With a postcode penalty of more than 500%, it is small wonder that consumers in the Scottish islands feel a strong sense of injustice about the situation they face.

- ▶ I live on the Isle of Skye, which, by virtue of being attached to the mainland by a free bridge, should be classed as mainland delivery, as there are no ferry fees included. This is rarely the case! If you are lucky, you can negotiate, but in many cases it costs more to deliver here than, for example, Kyle of Lochalsh. There are a lot of companies who don't include the Highlands and Islands as a whole as being mainland UK - this is particularly frustrating. Especially when the same companies will deliver to English towns much further away from their depots than any part of Scotland.

*A consumer on Skye*

## Recommendations

- Any delivery charges should be based on costs incurred and not on arbitrary post codes.
- Retailers should offer delivery by Royal Mail wherever possible and work to ensure a fair and equitable delivery cost across the UK
- Delivery charges should always be made clear to consumers as early in the shopping process as possible, in line with the distance selling regulations

# The Good the Bad and the Ugly

## Which retailers were identified by consumers

- ▶ A high percentage of ebay traders now specify 'not available for delivery to highlands' or 'email for extra charge for delivery to postcodes listed below' (PA is in these lists). Some quote an actual figure (usually twice the normal delivery charge). This practice has become far more common in the last 4 or 5 years. Couriers are being used more commonly, instead of Royal Mail, even for smaller items. Amazon are excellent and do not surcharge even when using couriers.

*A consumer in Argyll*

In our survey, we asked consumers to name specific retailers with which they had experienced particularly good or bad delivery practices. Consumers highlighted a total of 68 different companies which they felt had provided a good service and 525 whose service they were unhappy with.

The remainder of companies named by consumers were courier firms. We did not investigate the policies of couriers in this research as many of them required specifications of products and postcodes before they could determine a possible price.

However our examination of retailers' policies indicates that further investigation into couriers' policies is needed, particularly regarding how they determine the price to be charged.

## The Good

Of the 68 different companies named by consumers as providing a good delivery service, Amazon was named 72 times – more often than all the others put together. Survey respondents told us that Amazon provided free delivery across the UK, including the islands. This universal service was welcomed by consumers who often felt penalised by other companies.

However, Amazon's Marketplace – where private companies can sell their goods – was highlighted by consumers as allowing poor practice such as surcharging, late delivery, refusal to use Royal Mail and refusal to deliver. As both Amazon and Amazon Marketplace appear in the top ten "Bad" companies, it is possible that some consumers do not see a difference between the two.

Other companies which won praise from consumers included John Lewis, Marks & Spencer and Play.com. Consumers commented that they felt these companies treated them fairly, often charging the same price across the UK, finding ways to use several different couriers to ensure the products were delivered on time and delivering to the whole country.

Many of the companies' websites we looked at had tools where consumers could enter their postcode early on in the shopping process and see whether delivery was available to their area, how long it would take and how much it would cost. Consumers welcomed this transparency and felt that fair practices deserved their brand loyalty.

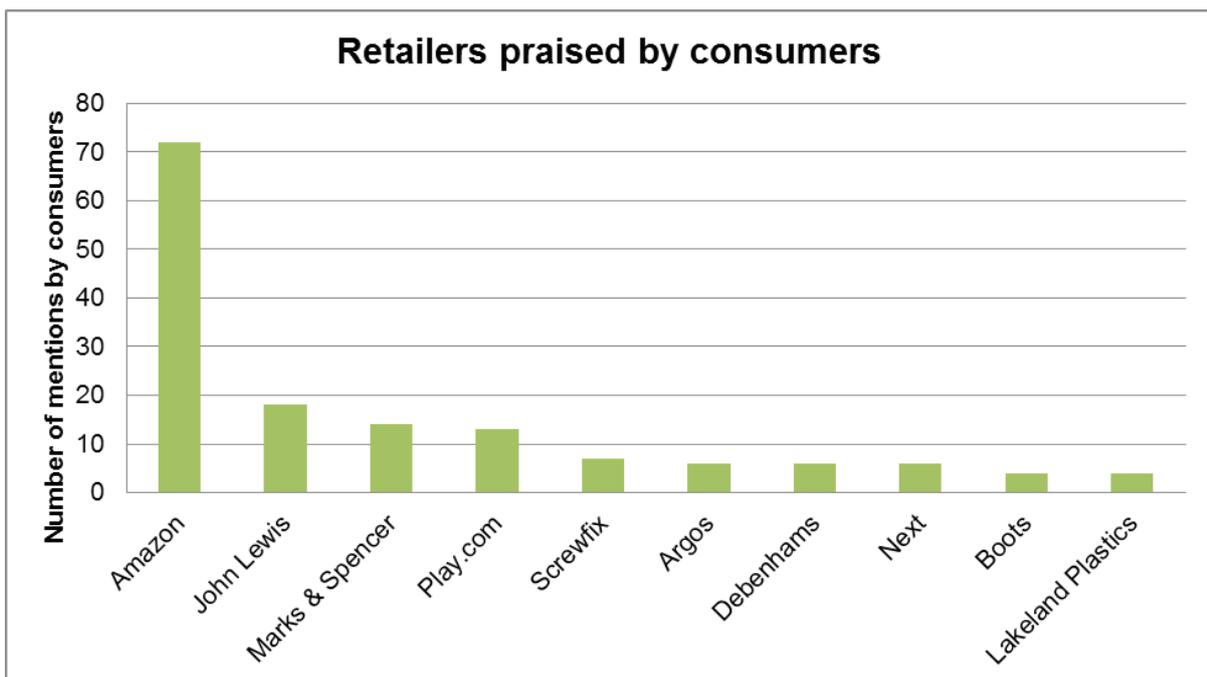
- ▶ Many companies charge a flat rate "Highlands and Islands" weighting, regardless of what you want to order. Sometimes it is as much as £20 on top of the normal postage fee, even for small items. I never buy from those places - I'd rather do without the item! Other places are excellent. I have a list of them & just go back to the same places again and again. It means I have a very narrow choice but I'd rather that than give my money to the rip off merchants. Marks and Spencer, John Lewis, Amazon themselves (I don't use other retailers advertising via Amazon) are top of my "don't rip off" list.

*A consumer in Argyll*

- ▶ Recently whilst looking online for a new toilet brush I found one I liked for £18 but the Postage was £25 to the Highlands and Islands (£5 elsewhere in the UK). We have learned to be very loyal to the companies that treat us well and just avoid those that don't. LOVE JOHN LEWIS!

*A consumer in the Western Isles*

The chart below shows the top ten "good" companies as highlighted by consumers.



## The Bad

With over 525 different retailers named by consumers as providing a poor service, it is clear that consumers in Scotland are facing delivery issues in a wide range of retail sectors, from furniture to clothes and from tools to toys. Despite shopping around for the best deal, consumers in parts of Scotland still faced surcharges, late delivery and being refused delivery by retailers.

The most heavily criticised retailer was ebay with over 299 consumers pointing to the internet auction site as being problematic. Whilst the types of complaints levelled against ebay varied, one of the main issues was that the company's computer system regarded IV postcodes as "offshore" whilst counting some island postcodes as being on the mainland. This meant that consumers across the Highlands, Moray and Aberdeenshire were regularly told by ebay sellers that they would be charged more or that they could not deliver to those consumers as they lived on an island.

Many consumers told us that they had complained to ebay on numerous occasions to highlight the problem but felt that they were not listened to. Since our survey was completed earlier this year, Highland Council Trading Standards service has been working to address this issue. Highlighted to them by their own survey of Highland consumers and confirmed by our evidence, the Trading Standards team recognised that the issue was causing serious detriment to Highland consumers and undertook to ensure ebay fixed it.

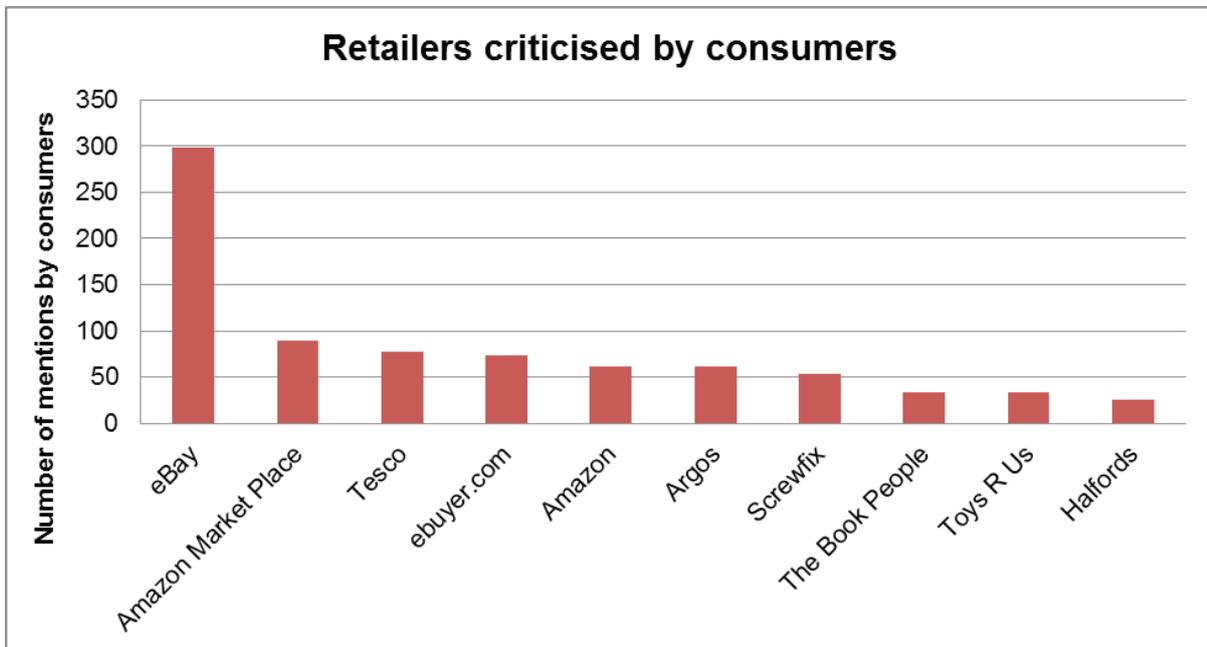
The glitch in ebay's system has now been resolved, resulting in far fewer complaints to Trading Standards in Highland.

Despite this, island consumers in Scotland often still face additional charges or are refused delivery by ebay sellers, indicating that the site still has a way to go before winning back public trust.

Other retailers that were highlighted by consumers in Scotland included Tesco and Argos, both of which place restrictions on where they are willing to deliver to and in the case of Tesco, charged extra to deliver to some locations.

Screwfix appears in both the top ten "good" retailers and the top ten "bad" retailers. Judging from the comments from consumers, this may be down to the fact that they offer slower delivery to large parts of Scotland than to the rest of the UK. In addition, several consumers noted that the company had, at one stage, raised its delivery costs for certain areas, putting off many potential shoppers, but after complaints, these surcharges were reversed. This demonstrates the lasting reputational damage which poor delivery practices can have.

The chart below shows the top ten retailers with which consumers reported delivery problems.

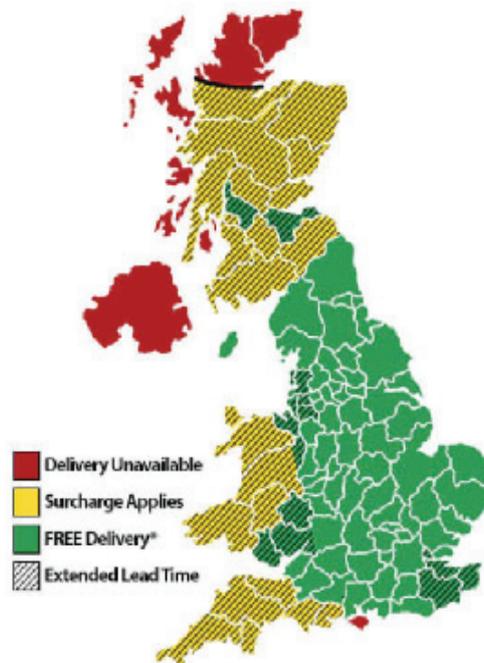


## The Ugly

Some of the retailers we investigated had some policies which seemed to bear little relation to Scottish geography. For example, Mattresses World seemed to deliver to the Western Isles but not to Pitlochry in Perthshire, 245 miles closer to the distribution centre.

Other retailers produced maps on their websites to indicate where they would and would not deliver to and which areas would incur a surcharge or experience later delivery.

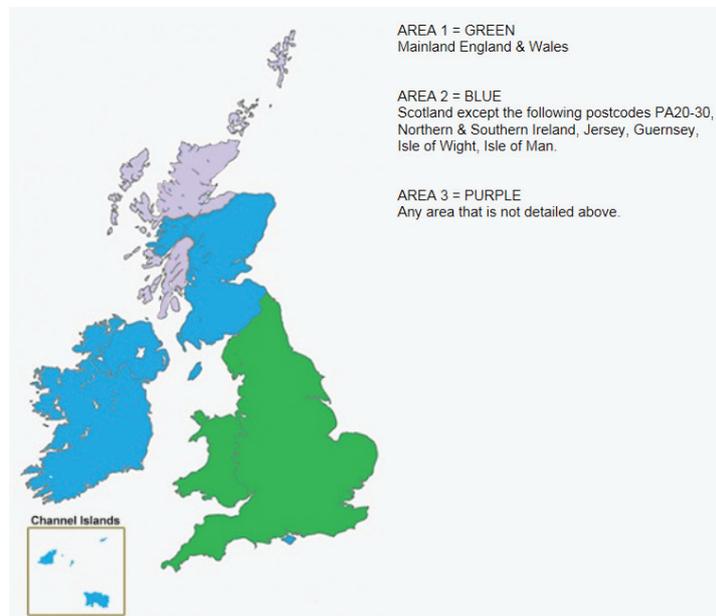
The map overleaf is from the website of Garden Buildings Direct<sup>2</sup> which produces sheds and children's playhouses. The use of postcode areas to break up the country means that delivery is free to all G and EH postcodes in Scotland, whilst TD, DG, ML and PA postcodes must pay a surcharge. This is despite the fact that both Glasgow and Edinburgh (with G and EH postcodes respectively) are further from the company's depot in Nottinghamshire than many areas covered by these other postcodes and that a courier would have to drive through these areas in order to reach either city.



Three companies (seemingly unrelated) used the below map which describes the areas in orange as “Industrial Scotland”. These areas all got delivery at a slightly higher price than consumers in England but consumers in the “Highland” and “Grampian” areas were charged more. Nowhere on the websites of these retailers was there an explanation of why these charges were levied, or indeed why delivery to Aberdeen – the centre of the oil and gas industry in the UK – cost more than to “industrial” Colonsay which is served by four or five ferries a week.



On a similar vein, Furniture Barn's delivery map (below) indicates that the company will deliver to remote areas of the Western Highlands but not to the city of Inverness.



Such delivery policies leave consumers confused as to whether they can access delivery and whether it will cost more or take longer than the advertised time. In addition, the policies do not appear to be based on costs but rather on postcodes. For example, Furniture Barn's map appears to indicate that PH postcodes are in "AREA 2" but PA postcodes, along with IV, KW, HS and ZE are in "AREA 3".

Over 16% of consumers responding to our survey felt that they had been unfairly treated as "remote" or "offshore". As the case study below illustrates, this can be very frustrating for consumers who repeatedly have to explain that they live on the UK Mainland.

- ▶ I have been refused delivery because the company maintained that Oban was an island and no amount of arguing convinced them that it is in fact on the mainland of Scotland. The amount of companies that will not deliver to Scottish Highlands and Scottish Islands is ridiculous - for goodness sake we are only 2 hours from Glasgow/Perth/Stirling not Outer Mongolia.

*A consumer in Oban*

## Recommendation

- Delivery prices should not be based on arbitrary post codes and they should be explained simply and displayed clearly by retailers on their websites.

# Excluded Consumers

Many consumers in our survey reported being refused delivery when they tried to purchase goods online. More than a fifth of all respondents (20.6%) told us they had been refused delivery on the basis of their location.

Our research found that 126 companies (24%) out of the 534 we investigated stated that there were restrictions on the areas they could deliver to. Of these, 32 gave no detail about the restricted areas but simply gave statements such as “we may not be able to deliver to some remote areas” and “if we cannot deliver to your postcode you will be informed of this after purchase”.

Such opaque statements are confusing for consumers who cannot see whether such restrictions apply to them. Often consumers are asked to contact the retailer for information or are advised that their order will be cancelled if it emerges that the retailer cannot deliver to them.

This is frustrating for consumers who have spent time shopping around for the right product at the right price, only to find out that they may not be allowed to purchase the item.

Not only do such practices by retailers have an impact on consumers in terms of time wasted and orders cancelled, but they have an impact on willingness of consumers to shop online at all.

Over 86% of our survey respondents said that they shopped online more than 10 times a year, but 85% said they had warned family and friends against shopping with online retailers with delivery policies they felt were unfair.

▶ I have been refused delivery because of my postcode on several occasions. Also had surcharges levied because of my postcode - these have been anything from and additional £10 or up to £50. Needless to say, I did not use these companies. This can be the case even if the company website states that they use Royal Mail Delivery/Parcelforce.

*A consumer in Shetland*

## The usual suspects

When researching the delivery policies of the retailers highlighted to us by consumers, certain areas of Scotland and certain postcodes came up time and again as being excluded from delivery. Most commonly these were Scottish islands, which were more often refused delivery than other UK islands such as the Isle of Wight or the Scilly Isles.

In fact, 55% of all the companies we looked at stated that they could not deliver to any Scottish island. This means that the estimated 100,000 people living on Scottish islands are left with less choice in where and how they shop and need to spend more time searching the web to find retailers who will deliver to them.

In addition, 14% of companies refused to deliver to the whole of the Highlands and Islands. As with policies on surcharges, the definition of “Highlands” varied but most frequently covered all IV, AB and KW postcodes as well as many PH and PA postcodes.

A total of 15% of companies we researched would not deliver to any postcodes in the PA postcode area beyond PA20. These postcode areas cover almost the whole of Argyll and Bute, much of which is little more than an hour’s drive from Glasgow. There are approximately 91,000 people living in that area, according to the 2001 census.

PH postcodes were also amongst the usual suspects, with 16% of companies refusing to deliver to many areas with a PH postcode. The PH postcode area reaches from the City of Perth in central Scotland to Mallaig and several islands in the North West. The postcode area is home to approximately 150,000 people.

The chart below shows the top ten “usual suspects” in terms of postcodes which retailers refused to deliver to.

Postcode area	% of retailers who refused to deliver	Estimated population <sup>3</sup>
KW	15	50,000
PA20+	15	91,000
ZE	13	22,210
HS	11	26,000
PH15+	10	90,000
KA27-28	9	6,000
AB	5	432,380
IV	5	203,420
PH9	4	800
DD8-11	2	96,917

Using the population data for each postcode area, it is possible to calculate how many people are excluded by retailers who refuse to deliver to them. Although 33 different post code areas were noted as being excluded, taking just the top ten excluded postcodes gives us a total of 1,018,727 people affected.

## The missing millions

*“Online businesses are quick to employ the excuse of everything North of Hadrian’s Wall being served by goat tracks and smoke signals.”*

*A consumer in the south of Glasgow*

Many of our respondents suggested that some couriers may refuse to deliver to certain areas because it is not profitable for them given the small population density of the area. Consumers reported being told by retailers that if they have a contract with a courier, they often find themselves constrained by the courier’s policies and thus miss out on potential retail revenue from customers in those areas.

Our research bears out that assumption, with a large proportion of retailers stating on their website that they were bound by the policies of their couriers and that they made no profit from delivery.

However, our research suggests that such policies may not only be detrimental to consumers but to retailers and the wider economy.

Ofcom’s figures for 2011 indicate that consumers in the UK spent an average of £1000 on internet shopping during the year. Many analysts predict that this total is set to continue rising as more consumers get access to fast internet connections and as competition in the online market makes it more appealing for shoppers.

Consumers in rural or remote parts of Scotland told us that online shopping was particularly appealing for them because there were often very few shops in the area, offering little choice and the costs of travelling to these shops was prohibitive.

▶ Like everyone else in the Western Isles I have been ripped off on delivery charges to ‘remote areas’. On one occasion I was refused delivery altogether when I tried to order goods by phone - but then when I went to their website the order was processed with no extra delivery charge at all! It does not seem to have occurred to some retailers that it is those of us living in remote areas who are most in need of mail order services.

*A consumer on Lewis*

As the table on the previous page and the map on the following page show, large sections of the Scottish population live in areas which many retailers refuse to serve. The estimated population of the areas most commonly refused delivery is over one million – almost a fifth of the total Scottish population.

Therefore, it is clear that it’s not just the consumers who miss out when retailers refuse to deliver, but the retailers themselves.

## Recommendations

- Retailers should offer delivery by Royal Mail wherever possible to ensure that they can deliver to consumers anywhere in the UK.
- Where one courier firm does not deliver to certain areas, retailers should shop around for alternative couriers who do.

## Transparency of charges and policies

Some of the consumers who responded to our survey told us that they were often caught out by unexpected charges late in the checkout process (4.8%) or after purchase (3.6%). This indicates that some retailers may not be making their delivery policies as clear as they could early enough in the sale.

To investigate where the problem lay, we recorded the number of “clicks” it took to find the delivery information from the home page of each of the 534 websites we examined. That is, we looked at how many times a user would have to click their mouse in order to find the relevant delivery information on cost, lead time and where the retailer delivered to.

We found that in two thirds of cases (66%), the information was actually very easy to find, with most websites requiring just one click of the mouse to find the delivery details. However, 4% of sites took four or more clicks and for 5% of sites we could find no details of delivery at all.

This indicates that whilst the delivery information was simple to find from the home page in most cases, it may not have been flagged up at the relevant point in the sale, or consumers may simply not know what to look for.

Consumers from island communities consistently told us that they looked for delivery information upfront as they were used to be treated differently from people in other parts of the country. However consumers in many other areas of Scotland may (understandably) assume that a website advertising “free mainland UK delivery” would offer free delivery to them and therefore they may not go looking for delivery information as a first port of call.

The case studies below illustrate some of the experiences of consumers in island and mainland areas.

- ▶ This problem is so common that most people here don't even look at a company's goods now without first checking the delivery policy even when it says UK and especially when it says Free Delivery. I am delighted that CAB have taken this matter seriously, it's so ironic that those of us in rural areas who are most in need of online shopping are penalised or treated like second class citizens.

*A consumer in Orkney*

- ▶ I am very aware of delivery costs, but increasingly find I have to go very near to the end of transaction before the costs are made clear - I then often cancel the transaction - this is a big waste of my time and feel companies should be much more open with their delivery costs. A recent example had the list of postcodes which incurred an additional charge, however this list was in the terms and conditions related to returns, and not clear before purchase.

*A consumer in Aberdeenshire*

## Recommendation

- Retailers should ensure that delivery information is clear and easily accessible as early as possible in the sale process.

## Late delivery

- ▶ The best delivery is first class Royal Mail which always gets here within 2 days, often next day. Parcel companies' next day delivery never works and is often 7-10 days because they mark the item delivered when it arrives at the Glasgow depot and then don't deliver it for several days.

*A consumer from near Fort William*

Late delivery was cited as the main problem for 5.5% of consumers responding to our survey. But for many, it exacerbated the feelings of frustration that some Scottish shoppers felt about the policies practiced by online retailers.

Over a third of the retailers we investigated (34%) stated on their website that delivery would take longer to certain parts of the UK.

Of these, 39% took an extra three or more days to deliver to consumers in certain parts of Scotland, with some customers waiting as long as 35 extra days for delivery compared with the rest of the UK.

A quarter of retailers who stated that delivery could take longer did not specify how much longer it would take. In addition, 44% of retailers who took longer to deliver did not specify which parts of the country were affected.

Although 15% of consumers only had to wait one extra day for delivery, the uncertainty around delivery times caused inconvenience and damaged confidence in online shopping. Consumers in more remote parts of Scotland, including island communities told us they were often understanding about delays but simply wanted to know what service to expect.

Later delivery can be a particular problem when consumers do not know when to expect delivery. This can mean that they are not at home when packages are delivered and then face redelivery or collection from a central point which can result in additional costs.

## Who is affected?

The areas of Scotland that were affected by late delivery were much the same as those affected by retailers which refused to deliver and those which added surcharges. The “usual suspects” in the table above are also the usual suspects for late delivery.

## Recommendation

- Retailers should give full details of how long delivery will take as early in the shopping process as possible. Statements such as “free next day delivery” should not be used to promote the site if next day delivery is not available to certain UK consumers.
- Consumer Focus Scotland’s recent report Effective parcel delivery in the online era<sup>4</sup> makes several recommendations for couriers and retailers on the subject of tracking orders and redelivery policies which we endorse.

## Royal Mail

- ▶ Couriers generally try to deliver once, then go back to their depot if you are not at home. They then ask you to phone an automated service to rebook your delivery slot. Sounds very user friendly - but the delivery slot will be somewhere between 8 am and 6 pm. No good if you are working. Or you could just come to the depot (usually Aberdeen, a two hour round trip if traffic is bad) and collect... Why would I buy online if I wanted to drive to Aberdeen for my shopping? The Royal Mail (much maligned) are, in contrast, fantastic. They leave a card if I am out, stating that the item is either at the local post office or at the delivery office in Fraserburgh. Very handy, and easy to collect. The Royal Mail service is a lifeline to rural communities.

*A consumer from Fraserburgh*

One of the key recommendations in our initial report in 2011 was that retailers should offer delivery by Royal Mail wherever possible. Consumer Focus Scotland have also called for this in their research into parcel delivery and recently looked at the Royal Mail's deliver to neighbour trial.

The Royal Mail's universal service obligation means that it costs the same amount to post any package up to a weight of 20kg to anywhere within the UK. Consumers in island communities and in more remote and rural parts of the UK expressed their support for the service in our survey. Over 5% of responses to our survey explicitly praised the service.

In addition, 12% of respondents were critical of courier companies who they saw as responsible for retailers' policies of surcharges, late delivery or refusal to deliver to certain areas.

A total of 69% of retailers we investigated did not offer delivery by Royal Mail. Of these, 8.5% did not offer Royal Mail because of the nature of the product. For example, retailers selling bulky furniture or other larger heavier products either delivered their own products or employed the services of a courier. However, for the majority of retailers, delivery by Royal Mail was possible but simply was not offered.

Frustratingly, 63% of the retailers who charged extra for delivery to some locations did not offer delivery by Royal Mail as an alternative. This left consumers in remote and island communities doubly disadvantaged.

## Recommendations

- Wherever possible, retailers should offer delivery by Royal Mail
- The universal service obligation which ensures that delivery of packages up to 20kg costs the same across the UK must be protected

# The postcode penalty for businesses

We received 28 responses to our survey from people who ran businesses. The vast majority of these (25) were from people who ran small or micro businesses in Scotland, particularly in the Highlands, islands and Argyll and Bute. Two were from people based in England who had seen the survey and wished to share the problems they face in delivering items to customers in Scotland and one was from an employee at a factory.

Most of the businesses based in Scotland told us of difficulties they had faced when ordering products for use in their business. They had often been refused delivery, been charged extra or experienced significant delays in receiving goods. Such problems had knock on effects for the viability of their business and some respondents expressed concern that the problems associated with delivery had become worse in recent years, exacerbated existing economic problems.

Almost all of the businesspeople who responded to our survey pointed to the courier industry as being part of the problem in delivering to certain areas of Scotland. Many pointed to the difficulties in finding an affordable courier who would both deliver to and pick up from their address, whilst others expressed similar concerns to those of residential consumers around couriers who simply treated parts of Scotland differently from the rest of the UK.

However, some of the business respondents pointed to difficulties in finding a courier who would provide a good price and reliable service, with one saying they found it hard to know where to look and others saying that contractual issues tie businesses in to using one particular courier.

Several of the business respondents praised Royal Mail for providing an affordable, reliable and universal service. However there were several concerns raised about Royal Mail. Firstly, several respondents complained that many of the businesses they dealt with refused to use Royal Mail, even when it would be cheaper for both the sender and recipient of the parcel. Secondly, one of the responses from a business in England stated that delivering to parts of Scotland via Royal Mail would actually be more expensive than if they used their courier. Given that their courier was able to give free delivery to everywhere in the UK apart from areas of Scotland, the retailer felt that this was a price worth paying.

In addition to problems of prices set by couriers, many of the business respondents from Shetland reported problems with late deliveries and parcel tracking that stopped in Aberdeen or Lerwick. They reported that such issues were problematic for business and put them off using certain companies.

It is clear that there is an economic impact of poor delivery practices for businesses based in Scotland, given the extra time spent searching for affordable delivery as well as the surcharges often imposed. In addition, the choice of some retailers not to offer delivery by Royal Mail is both disadvantaging the consumer (whether a business or private individual) but is also a worrying trend for Royal Mail themselves, at a time when they wish to grow their parcel delivery business.

However, the responses from business also show that they feel there is often little choice when it comes to deciding which courier to use. Some businesses also expressed some concern about the reliability of Royal Mail, indicating there may be some work to do in boosting that reliability and building confidence in Royal Mail's ability to deliver goods on time and in one piece.

The comments from business respondents are contained in Appendix 3 at the end of this report.

## Recommendations

- Enforcement bodies such as Trading Standards services and the Office of Fair Trading should ensure that retailers across the UK are aware of and complying with the Consumer Protection (Distance Selling) Regulations 2000. The OFT's Distance Selling Hub is a very useful resource which could be further promoted.
- Retailers should ensure that they are complying with distance selling regulations and refer to the DSR Hub.
- Enforcement bodies should work with business groups such as the Federation of Small Businesses, Chambers of Commerce and Highlands and Islands Enterprise to ensure that business to business internet sales are conducted in such a way that Scottish businesses are not disadvantaged.

# Conclusions and recommendations

It is clear that delivery of online shopping continues to cause consumers and small businesses in Scotland considerable detriment.

Whether it is high surcharges, late delivery or refusal to deliver at all, several problems persist. We make several recommendations below which may alleviate some of these problems.

In addition to our recommendations, we are also supportive of the work that Highland Council Trading Standards have done and continue to do in this area. Their exploration of possibilities for the introduction of kite marks for Scotland-friendly retailers shows promise and we look forward to contributing to their work in this area.

In addition, their best practice guide for retailers selling to consumers in the Highland council area is very useful and believe that this is a model which could be developed to cover the whole of Scotland.

Throughout our research into the retailers named by consumers in our survey, various issues around couriers were continually raised, both by consumers and by retailers. We believe that there is now sufficient evidence of consumer and business detriment caused by the policies of some couriers to warrant an investigation into the courier market. We will work with the Office of Fair Trading to take this forward.

Finally, Consumer Focus Scotland's work in the area of parcel deliveries has generated a great many useful recommendations for best practice by retailers, couriers and Royal Mail as well as guidance for consumers. Rather than repeat those recommendations here, we simply endorse them and encourage the relevant bodies to take cognisance of them.

## Recommendations

- Where one courier firm does not deliver to certain areas, retailers should shop around for alternative couriers who do.
- Wherever possible, retailers should offer delivery by Royal Mail
- Retailers should give full details of how long delivery will take as early in the shopping process as possible. Statements such as "free next day delivery" should not be used to promote the site if next day delivery is not available to certain UK consumers.
- The universal service obligation which ensures that delivery of packages up to 20kg costs the same across the UK must be protected
- Delivery prices should not be based on arbitrary post codes and they should be explained simply and displayed clearly by retailers on their websites.
- Enforcement bodies such as Trading Standards services and the Office of Fair Trading should ensure that retailers across the UK are aware of and complying with the Consumer Protection (Distance Selling) Regulations 2000. The OFT's Distance Selling

Hub is a very useful resource which could be further promoted.

- Retailers should ensure that they are complying with distance selling regulations and refer to the DSR Hub.
- Enforcement bodies should work with business groups such as the Federation of Small Businesses, Chambers of Commerce and Highlands and Islands Enterprise to ensure that business to business internet sales are conducted in such a way that Scottish businesses are not disadvantaged.

## Acknowledgements

Citizens Advice Scotland first got involved in the issue of unfair delivery practices because of the campaigning efforts of Skye and Lochalsh CAB, in particular, by their Social Policy Coordinator Angela Murphy. The local community in Skye have fought unfair delivery practices for a number of years and Angela, alongside staff and volunteers in the bureau has helped to turn the community's fight into a nationwide campaign.

Several other bureaux were also central to the campaign, whether through encouraging responses to the survey or conducting research into retailers. Particular thanks are due to Orkney CAB, Shetland CAB, WICAS, Caithness CAB, East Sutherland CAB, North and West Sutherland CAB, Ross & Cromarty CAB, Inverness CAB, Nairn CAB, Moray CAB, Turriff & District CAB, Lochaber CAB and Argyll & Bute CAB. Claire Hunt at North Ayrshire Citizens Advice Service and colleagues in Coatbridge CAB were also vital in conducting the research.

Annie McGovern and Trisha McAuley in Consumer Focus Scotland, Kyla Brand and Hannah Frodsham in the OFT and Gordon Robb and David MacKenzie in Highland Council Trading Standards have also been of great assistance. Whether helping to plan the research, taking enforcement action against companies identified by consumers in our survey or helping to take the campaign to Westminster and Europe, they have all been integral to the campaign to make delivery fair for consumers in Scotland.

## References

- 1 <http://www.cas.org.uk/publications/free-delivery>
- 2 <http://www.gardenbuildingsdirect.co.uk/delivery>
- 3 Estimated population figures were based on 2001 census data and mid-2000 population estimates which are broken down by local authority and by postcode, as 2011 census data was not available at the time of writing.
- 4 <http://www.consumerfocus.org.uk/scotland/files/2012/08/Effective-parcel-delivery-WEB.pdf>

# Appendix 1 – Who responded to our survey

As every respondent to our survey gave their postcode, we can map where they came from. This gives an indication of which areas of the country are most affected by problems with unfair delivery.

Local authority area	% of respondents
Highland Council	26.5
Comhairle nan Eilean Siar	14.4
Shetland Islands Council	14.1
Argyll and Bute Council	11.1
Orkney Island Council	10.9
Aberdeenshire Council	7.2
Moray Council	5.9
Perth and Kinross Council	1.5
Aberdeen City Council	1.3
Angus Council	0.8
North Ayrshire Council	0.7
City of Edinburgh Council	0.6
Fife Council	0.5
Scottish Borders Council	0.5
Renfrewshire Council	0.5
Glasgow City Council	0.4
South Lanarkshire	0.4
West Lothian Council	0.4
Stirling Council	0.3
Dundee City Council	0.3
Falkirk Council	0.3
Dumfries & Galloway	0.2
North Lanarkshire	0.2
Inverclyde Council	0.2
East Lothian Council	0.2
Clackmannanshire Council	0.1
Midlothian Council	0.1
East Ayrshire Council	0.1
East Renfrewshire	0.1
East Dunbartonshire	0.1
West Dunbartonshire	0.1
South Ayrshire	0.0

Holyrood constituency	% of respondents
Na h-Eileanan an Iar	14.4
Shetlands Islands	14.08
Orkney Islands	10.94
Argyll & Bute	10.73
Skye, Lochaber & Badenoch	10.55
Caithness, Sutherland & Ross	8.34
Inverness & Nairn	7.59
Moray	5.35
Aberdeenshire West	3.17
Aberdeenshire East	2.14
Banffshire & Buchan	1.43
Angus North & Mearns	1.18
Perthshire North	0.96
Cunninghame North	0.68
Aberdeen Central	0.57
Perthshire South & Kinross-shire	0.57
Aberdeen South & North Kincardine	0.5
Angus South	0.5
Aberdeen Donside	0.36
Dumbarton	0.36
Clydesdale	0.32
Ettrick, Roxburgh & Berwickshire	0.32
Stirling	0.32
Dundee City East	0.25
Linlithgow	0.25
Edinburgh Southern	0.21
Falkirk East	0.21
North East Fife	0.21

Renfrewshire South	0.21
East Lothian	0.18
Edinburgh Central	0.18
Galloway & West Dumfries	0.18
Greenock & Inverclyde	0.18
Clackmannashire & Dunblane	0.14
Midlothian South, Tweeddale & Lauderdale	0.14
Renfrewshire North & West	0.14
Almond Valley	0.11
Carrick, Cumnock & Doon	0.11
Cowdenbeath	0.11
Dunfermline	0.11
Eastwood	0.11
Edinburgh Eastern	0.11
Edinburgh Northern & Leith	0.11
Glasgow Provan	0.11
Glasgow Southside	0.11
Mid Fife	0.11
Midlothian North & Musselburgh	0.11
Paisley	0.11
Uddingston & Bellshill	0.11
Coatbridge & Chryston	0.07
Dumfriesshire	0.07
Dundee City West	0.07
Falkirk West	0.07
Glasgow Maryhill & Springburn	0.07
Strathkelvin & Bearsden	0.07
Ayr	0.04

Holyrood list area	% of respondents
Highlands & Islands	67.6
Na h-Eileanan an Iar	14.4
North East Scotland	10.2
Mid Scotland & Fife	2.5
West Scotland	1.9
South Scotland	1.4
Lothian Electoral Region	1.1
Central Scotland	0.5
Glasgow	0.5

Westminster constituency	% of respondents
Orkney & Shetland	25.03
Highlands & Islands	14.4
Argyll & Bute	11.05
Ross, Skye & Lochaber	10.16
Inverness, Nairn, Badenoch & Strathspey	9.09
Caithness, Sutherland & Easter Ross	7.24
Moray	5.92
West Aberdeenshire & Kincardine	3.35
Gordon	2.17
Banff & Buchan	1.85
Perth & North Perthshire	1.03
North Ayrshire	0.68
Ochil & South Perthshire	0.61
Aberdeen North	0.57
Angus	0.57

Aberdeen South	0.53
Paisley & Renfrewshire North	0.46
Berwickshire, Roxburgh & Selkirk	0.39
Dundee East	0.39
Linlithgow & East Falkirk	0.36
Stirling	0.36
Dumfriesshire, Clydesdale & Tweeddale	0.32
Edinburgh South	0.25
North East Fife	0.21
Dumfries & Galloway	0.18
East Lothian	0.18
Edinburgh North & Leith	0.18
Falkirk	0.18
Inverclyde	0.18
Coatbridge, Chryston & Bellshill	0.14
Dundee West	0.14
Dunfermline	0.14
Glasgow Central	0.14
Ayr, Carrick & Cumnock	0.11
East Renfrewshire	0.11
Edinburgh South West	0.11
Glasgow North East	0.11
Glasgow North West	0.11
Glenrothes	0.11
Lanark & Hamilton East	0.11

Westminster constituency (cont.)	% of respondents
Livingston	0.11
Midlothian	0.11
East Dunbartonshire	0.07
Edinburgh East	0.07
Kilmarknock & Loudon	0.07
Kirkcaldy & Cowdenbeath	0.07
West Dunbartonshire	0.07
Cumbernauld, Kilsyth & Kirkintilloch East	0.04
East Kilbride, Strathaven & Lesmahagow	0.04
Glasgow North	0.04
Glasgow South	0.04
Motherwell & Wishaw	0.04
Rutherglen & Hamilton West	0.04

## Appendix 2 – Issues faced by consumers in Scotland

Issue	% of respondents
Charged extra for location	47.7
Refused delivery	20.6
Unfairly regarded as an island/remote	16.0
Courier issue	12.0
Late/delayed delivery	5.5
Praise for Royal Mail	5.2
Informed of extra cost late in sales process	4.8
Cancelled Order	4.6
Problems relating to Royal Mail	4.5
Informed of extra cost after purchase	3.6
Arranged for delivery elsewhere	3.3
Business case	1.0

# Appendix 3 – Research methodologies

## Surveying consumers

Our first survey took place in November 2011. The survey questions and statistics on the answers given can be found on the Citizens Advice Scotland website at [www.cas.org.uk](http://www.cas.org.uk)

Within this survey, we asked people to leave a comment, naming any companies with which they had had any problems or which had provided a particularly good service. A total of 863 people responded to this survey.

On publishing our interim findings from this first survey, we opened a second, simpler survey to allow people to tell their story if they had missed the initial call for input. This second survey consisted of asking consumers to enter their postcode, leave a comment about their experiences and naming any good or bad retailers and leave contact details if they wished to be a case study in the media. A total of 2328 people responded to this survey.

We then added together the comment boxes and postcodes from both surveys to form the core of our analysis.

Reading all 3191 comments, several key themes emerged. We categorised the comments according to these themes – for example, being charged extra, being unfairly regarded as “remote” or “offshore” and comments about couriers.

This formed the basis for appendix 2 – the proportion of respondents experiencing different issues.

We were also able to use the postcodes of consumers to map the problems across the country. This formed the basis of several “area profiles” for MSPs and MPs, detailing the problem in their area.

We noted the names of any companies highlighted by consumers in their responses, recording whether the sentiment of the comment was positive or negative and collated a list of retailers and couriers.

A research plan was then established to examine the policies of each of the retailers named in order to determine whether particular policies translated into problems for consumers.

## Surveying retailers

A tool was developed to allow Citizens Advice Scotland staff and volunteers from CABs throughout Scotland to analyse the delivery policies of retailers. Developed in conjunction with the Office of Fair Trading, Consumer Focus Scotland and Highland Council Trading Standards, the analysis focused on the extent to which retailers complied with Distance Selling Regulations as well as examining some of the issues which consumers had highlighted.

Using the websites of retailers named in our survey, we recorded information on 21 different aspects of the retailers' policy. The questionnaire we used to assess the policies on retailers' websites is available below.

In order to accurately test each site, several consumers who responded to our survey allowed us to use their address and postcode. This allowed us to test whether an automated system would charge extra to the Isle of Lewis when compared with Edinburgh or Moray.

By recording stated standard prices for delivery, we were able to compare this with any charges to different areas of the country. Where delivery prices were dependent on size and weight, a tester product was used. This comparison between standard prices and any higher charges allowed us to analyse the "postcode penalties" outlined in the report. By subtracting the standard charge from any higher charge, we were able to calculate a numerical surcharge and a percentage mark up. The areas to which these surcharges were also recorded, allowing us to pinpoint the parts of the UK where charges applied. These areas were then grouped together – as "Highlands and Islands", "Scottish islands" and so on – and average surcharges and mark ups were calculated for each area.

## Research questions to answer using retailers' websites

1. Please enter the name of the company you are researching
2. Please give the website address for the company you are researching
3. Before looking at any products, how many clicks from the home page does it take to find the company's delivery information?

This section of the survey is designed to record the extent to which retailers comply with various aspects of the law around selling goods over the internet.

4. Do you feel that the website describes the product in enough detail? (i.e. does it state the size, quantity etc?)
5. Does the website give the price of the goods on offer?

6. If a price is given, does this include VAT?
7. Does the website give details of any delivery costs before you get to the checkout?
8. Does the website give details of how payments can be made?
9. Does the website give the full geographic address of the company?
10. If the company address is given, please enter it here. (if only an email address is provided, please enter it here)
11. Please enter the post code of the company
12. Does the website give the arrangements for delivery? (for example, how long delivery will take and where items will be delivered to)
13. If delivery arrangements are given, please detail them here
14. Does the website give information about consumers' right to cancel?
15. The law states that retailers should pay the cost of returning any substitute products supplied to consumers when the goods originally ordered were not available. Does the website make this clear?
16. Does the website clearly show your progress through the sale process?
17. Does the website allow you to edit your order before you confirm your purchase?

This section looks at whether consumers in rural or remote areas are charged more than their urban counterparts or face longer delivery times.

18. What is the standard price for delivery? (if there are different prices for next day delivery or longer delivery times, please detail them here)
19. Are there different delivery charges for certain post codes or geographical areas?
20. If there are different charges made for certain post codes or geographical areas, please detail these prices here.
21. Does the website state whether there are post codes or geographical areas that the retailer cannot deliver to?
22. If you answered yes to the last question, what are the exemptions (if listed)?

23. Does the website indicate whether it takes more time than a standard delivery to deliver to certain Scottish consumers?

24. If yes to the previous question, how much more time does it take?

25. Does the company offer delivery via Royal Mail?

Comment (optional)

26. Please use this space to add in any further comments you have about this website.

## Appendix 4 – The postcode penalties for businesses

Below are the responses we received from businesses.

- ▶ Having worked for a local business, I have countless times had companies say that it's extra to deliver to Aberdeen, as it's in the highlands and islands. Even phoning up and arguing with them seemed to get me nowhere. This is a particular problem on E-Bay who seem to think the same, and refuse to do anything about it, despite many people bringing it to their attention.
- ▶ I was shopping for a folding gazebo online to use in my craft business. I ordered a few for choice in the same price range and the postal charges varied from "free" to about £12. One company based in the Midlands said the charge would be £25 because Aberdeen was in North Scotland and was considered to be "remote". Needless to say I did not buy their product. Recently I received an e-mail from Chesca clothing with a preview of their sale. Delivery was offered by Christmas but excluding Scotland and Northern Ireland. I wondered if it would be OK to ask for it to go to Carlisle. Another sale lost for Chesca.

*Businesses from Aberdeen*

- ▶ Russums - Catering products Company In their Delivery section in states Highlands and Islands pay extra postage. UK Mainland is a third of the price of H & I. I do not think Aberdeen is in the H & I and neither do many other retailers so I object to paying 3 times the postage than say Glasgow or Edinburgh. It is only

when you get to checkout that the postage is changed by Russums' system from UK to H & I. At this point I abandoned the purchase. They are the only company I can find who have exactly what I want but I will not even consider buying from them on principle.

### *A catering business in Aberdeenshire*

- ▶ I have a small retail shop and regularly buy goods online for both business and private use. Many business suppliers only have a contract with a courier company so their postage charge depends on the volume of business they put with the courier. Those who use royal mail are still usually reasonably priced, and the delivery is excellent, so I really think the quality of service (from royal mail) should be highlighted more, in order for more people to choose them as first option. Some companies refuse to deliver here despite the ferry service being almost hourly, but these are generally small businesses on ebay etc, so I don't know who the courier is. Delivery is almost always a bit more expensive, but if requested I find suppliers can usually come back with a better price.
- ▶ I ordered a divan bed via Amazon for the guest room the order was accepted online but 7days later received a call to say that it was being cancelled because it would have to go via 2 couriers to get to us. I also bake and decorate cakes as a business and have found many of the online companies will charge £10/15 more than delivering to the UK addresses, many have a drop down box for locations and the difference is very often very vast.
- ▶ I purchase online nearly every day, both for private and business use. 95% involve a surcharge for PA23 delivery, sometimes so much that it's clear that they really are not interested. Too many companies to single out particular 'problem' ones, it's just endemic. Toolstation deserves praise for a good delivery policy; in return they get my business. Only a few totally refuse delivery. A major and increasing problem is delivery delays (not post Office-usually good), no matter which company initiates the delivery it is invariably transferred to only 2 companies in Argyll who wait till they have a 'worthwhile' pile before bothering to drive up our glen.
- ▶ We are regularly penalised with extra carriage charges even though we are on the mainland, only 100 miles from Glasgow. We understand that next day delivery doesn't always work - the main couriers (DHL, FedEx, UpS, and TNT etc) pass goods to local carriers for fulfilment we can lead to delays - but not always!

- ▶ We have been faced with carriage charges of £15 for a £8 plastic valve. In some cases if we phone the supplier and explain that they can send it by Royal Mail as a packet and the charge is significantly less, they will oblige by doing so, but many just aren't interested and saying that they are unable to get to the post office. We are a micro business sending goods from Argyll and we have never charged extra to our customers. However we do find that if we try and book direct with the big carriers their quotes are ridiculous because of us being in a remote pickup area. We have got round this by working with Interparcel - they use the major carriers and get much better prices. For example, if we wish to send a parcel from Argyll to London, we are quoted £34 by TNT but by booking through Interparcel it costs us £9.60 - for the same service!
- ▶ I run my business from home, and regularly find I'm required to pay around £20 for delivery every time I order goods, which I feel is unrealistic to say the least.

*Businesses in Argyll and Bute*

- ▶ When ordering online some shops treat us as being off shore and charge extortionate prices for delivery when we key in our postcode. Very often delivery is far dearer than the item. When we choose to use Royal Mail some companies don't believe they deliver to the islands hence they prefer to send by courier. We think that this is a rip off! I am self employed and I buy all my materials online.

*A self-employed respondent from the Western Isles*

- ▶ I have a B&B in Brora, Sutherland, and recently placed a small order with an internet company called Hotel Guest Supplies. As this was for items that are sold with a gram weight (guest soap etc) I was able to surmise my order would weigh little more than 4Kg. The total cost, including £5.66 delivery charge, was to be £31.64. A few hours after placing the order I received an email from the company telling me that my delivery cost would actually be £10.19 – not £5.66. This was because the £5.66 was a 'UK delivery charge'. Delivery to the Highlands and Islands costs £10.19!
- ▶ This issue affects businesses as well. I work for a manufacturing company called Hambleside Danelaw Ltd who have a factory situated just outside Inverness. We certainly do not consider ourselves remote by any means but that is not how some of the carriers see it. TNT for example imposes surcharges that are simply

obscene and for that reason we don't use them. Tuffnalls are a bit more reasonable but have difficulty understanding that when we want to transport an item from our factory outside Inverness to Elgin, for example (just a few miles and within the remote area) the surcharge should not apply. We simply refuse to pay this, so it is a case of take it or leave it as far as we are concerned. The fact that they are prepared to forego the surcharge simply confirms that they are trying it on (if it wasn't obvious enough already). I have raised the subject of remote area surcharges with HIE and in various business forums over the years but nothing ever seems to get done, so I really hope that it will be different this time. Just a word about the good guys. Screw-fix levy a charge but Toolstation doesn't, just as long as your purchase costs a minimum of £10. No prizes for guessing which company I deal with.

- ▶ To be honest, there have been so many instances of things I've either bought, or been in the Process of buying and stopped because of the additional costs of Postage. This happens to me every week and sometimes several times a week especially if I'm trying to buy online using ebay or something similar. I first began complaining about this nearly twenty years ago when a company tried to charge me extra for being Highland based even though they were using the Royal Mail. Clearly this was an unfair charge without any grounding. Then, about three years ago I brought up the subject again whilst I was a board member of the Inverness Chamber of Commerce. My argument was that Highland businesses were jointly paying multiple thousands of Pounds extra each year and that many of these flat rate additional charges did not accurately reflect the actual costs involved (if any that is as many of them arrive via the same courier where additional charges are not made!) Clearly, something is wrong and has been for a very long time. My business Partner and I did manage to once persuade a company to change to a different courier as this was the only way we could afford to buy from them. This was a Persuasive argument and one that could be used if there was some form of co-ordinated response from Highland businesses and individuals.
- ▶ I've experienced many Problems over the last few years; often getting to the 'buy' stage on-line then being instructed to Phone the company to find out what the delivery charges will be, more often than not to be told they ridiculously high. It is entirely inconsistent what the various companies I have ordered from have said;
  1. You are on an island therefore you will Pay a Premium due to the ferry costs when we now have a free from toll bridge
  2. More recently I find that if you have an IV Postcode you will have to Pay a Premium - it seems that the high delivery costs are no longer just for the west highlands and islands but for the entire Highland region - I've even experienced

a company who applied the same delivery cost to relatives in Helens burgh including all Postcodes north of Glasgow. I regularly have used an online company 'Jam Jar Shop' for my business, the owner has been extremely helpful in finding a courier who would deliver to the Isle of Skye at not too high a cost, however she has found that this courier will no longer deliver at the same Price and cannot find an alternative - in fact the Price quoted on my last order exceeded the value of the goods so I had them delivered to the mainland at Kyle 14 miles away over the 'free bridge' for me to Pick up, I only managed this I suspect by confusing her a little as it seems all Highland deliveries will attract a Premium on her website. I am not sure what I will do when I next need to order jam jars - I had tried other companies before I found this one but the delivery costs were exorbitant. This is a micro-business which combined with Part-time work keeps my head above the water, there are few jobs available here so it will make an impact if I am no longer able to continue it. If it is a small item I now ask a company if they would mind sending it with the Royal Mail rather than their courier service - this generally works but not all will play ball. My mother, who lives next door, ordered a small Part for her fridge direct from the makers, they refused to send it in the Royal Mail, unable to source the Part from anywhere else she was forced to buy it and Pay £17 for delivery - she weighed the Package on arrival including Packaging it weighed 150g. All in all it is incredibly frustrating having to fight every time you order an item and I generally try and use the companies who are informed enough to know ways around Paying vast sums for delivery - these are often large national companies such as Amazon, Argos, John Lewis, the Wine Society etc but I do feel sorry for the smaller companies who are not on the ball, as they will lose business and in a time of recession it is a shame for them. It would be extremely helpful if this issue could be resolved by making it easier for companies in the UK to find out the best and cheapest ways to deliver to the Highlands. I do not mind paying a little extra, we are of course on the Periphery and fuel costs are high but we should not be crippled by them.

- ▶ I run two companies which rely on deliveries: Picture Framing - if I order from some English based companies I have to order more to get the free delivery, one glass supplier (Glass & Mirror) refuses to drive further north than Dundee. I was told that if I wanted glass from them, I could get it delivered to Glasgow, but I would have to Pick it up myself Online shop - Some suppliers are excellent; Ravensden, Barcino. Wild Republic (Wild Republic can sometimes even deliver the next day), but many other suppliers charge extra for delivery, which we have to wait even longer to receive. One supplier (Karma) now refuses to deal with us quoting 'delivery cost is too high', even though we said that we were happy to take the hit.

- ▶ I am on e-bay and other on line sites and purchase many items for my company and also for myself and family and recon on people or companies attempting to excessively charged me about two or three times a week , last example was on Friday when I purchased a computer TV and they tried to charge me an extra £20 for being Highland & Island area, so I told them where to put their computer which was in excess of a thousand pound so I got my secretary to find one for me at same price and delivery was charged at standard £25. I never accept an additional cost for my postal location, on some occasions I have no options when urgent ordering materials for our company and the only time I will pay additional charge is when it is an overnight charge and if this is not delivered by 3pm next day I do not pay. I live exactly half way between Aberdeen & Inverness.
  - ▶ We often have to pay extra, and always have to wait an extra day for delivery. For the business we have a parcel Force account, if we have something picked up and brought back it has a highlands surcharge, and we have to pay an additional fuel surcharge on anything we send. Companies often charge extortionate amounts for delivery of items as we are an IV postcode which means I have less choice over suppliers.
  - ▶ UK Sweets (a wholesale confectionery company based in Devon) used to deliver free on all orders over £150; as of 2011 this only applies to the whole of the UK as far as Perth, after which the charge is £1 per kilo, capped at £60 after I complained. Free delivery north of Perth now requires a minimum spend of £1000 per order, and for a small business this cost is prohibitive.
  - ▶ We regularly face increased charges for delivery to post code AB37. Often adding £10 on top of an already high charge. I cannot be specific about which carriers charge more - as I receive deliveries from so many (I am a sole trader in the wedding business) but the carriers we use mostly are UpS, DHL, AJG, FedEx and Home Delivery. Our second issue is the consistent “no guarantee” on items sent 24hr or 48hr. This applies to Royal Mail, parcelForce and every carrier we receive deliveries from.
- Businesses in Moray*
- ▶ We run 2 small businesses from our home address and rely on deliveries for numerous things. We have been refused delivery occasionally but usually it's just a surcharge often 3 times the standard delivery charge. It is extremely

infuriating and unfair (we are 1.5 hours north of Edinburgh). The other thing that we are told is we can't do delivery for next day, but it will be 2-3 days, yet we have couriers who will deliver to us on a next day service. One of our businesses requires us to send out parcels to our customers and again we are stung by having to pay a surcharge for couriers to come and collect from us. We are doubly damned because even if we used royal mail, the larger parcels that have to be done through ParcelForce can't be taken to our 2 local post offices, as they are too small.

*A small business owner from Perth and Kinross area*

- ▶ A number of companies offer delivery to Shetland at no additional cost - These are the ones I buy from if possible. Many, however, charge a hefty surcharge even if they normally offer free delivery. Others will frequently double their standard carriage cost. I also run a small business which relies on carriage costs for materials. My main supplier uses City Link -Standard freight costs within the UK mainland of about £10.00 become £30.00 when materials are shipped to the island. I recently bought cycle parts from Germany and from Holland. Shipping costs from both Germany and Holland were less than a number of UK retailers could offer me.
- ▶ A DHL next day delivery resulted in my 4 boxes arriving late. 2 boxes arrived a week later; the remaining 2 arrived after 10 days! John Lewis deliveries have been prompt and on time - overall good service. Deliveries very much depend on the local company who have been sub-contracted by the courier. Although electronic systems are used we (and so are the original courier) are unable to track the package after it leaves the last mainland base (typically Aberdeen). Additional charges due to location (and at times refusal to deliver to my location) has resulted in me not ordering goods due to additional cost or not being unable to purchase items due to delivery refusal.
- ▶ I have been refused delivery by Amazon - larger items and IKEA won't deliver to Shetland. Simply Be always send their parcels by courier. The south courier is not the problem, the local company to whom the parcels are passed on to is however. Streamline routinely take up to 10 days after receiving the goods to actually deliver - and I only live in Scalloway, 6 miles from the depot. Most south courier products I order come through streamline and it's stressful each and every time. Puts me off ordering, especially when they keep losing the parcels too. And all at my own cost

- ▶ We frequently get surcharged due to our location. Despite the fact that Royal Mail charge the same price wherever you live, many companies want to charge up to £25 on top of normal delivery charges. £12 extra is normal. Last time I tried to order from Tesco Direct for example they wanted to charge me around £50 delivery on a £30 item! On top of that, we have to phone up our order rather than order online. Previously, although it was some years ago, we were charged just standard UK delivery. My husband frequently has problems with ebay sellers who want to charge extra - so much so that he now as standard asks if they deliver to Shetland by Royal Mail as it is often the cheaper (and faster) option.
- ▶ Usually refusal to use Royal Mail to deliver packages and the company preference is to use a carrier. Cost can be much higher and I have cancelled orders. I also have concerns about the time a package takes if it's by courier. A two day service can take nearly two weeks and it's impossible to track packages beyond the point they are handed over to the courier... I suspect packages may sit in Aberdeen, or Lerwick but it's impossible to find out. On a recent occasion Lands End chased up an order which had been in transit for nearly 3 weeks. Surprise surprise - it arrived with me the next day - lying in Lerwick for much of the time?
- ▶ I cannot remember individual companies names but... there are many who are brilliant and offer free delivery or royal mail costs however here are many more who do not offer reasonable rates or only delivery to mainland addresses. I use Amazon or online companies frequently and try to only buy from those who offer royal mail services or free delivery. Living in Shetland sometimes makes it seem as if this is another planet where some companies are concerned. The courier service can be extremely slow with parcels taking a long time to be delivered.
- ▶ Nearly all companies charge exorbitant prices to deliver to Shetland. They seem to think we live on the moon! I run a small business from home and getting the raw materials can be quite expensive eg glass jam jars. I can get the individual items cheaper, but the delivery fee makes it uneconomical. I have found much the same with a lot of other companies.

*Companies based in Shetland*

- ▶ I run a 1-man business selling products on ebay. My items are all delivered by courier or Royal Mail. My delivery charges are therefore controlled by what is being charged by the courier companies and by Royal Mail. My profit margins are so small that if I compensated on the delivery charges I would not be making any profit at all, and that would put me out of business. All of my delivery charges are controlled by what is being charged by the courier companies and by Royal Mail. That is the reason for high delivery costs to the Highlands.

*A micro-business owner in Lincolnshire*

- ▶ Your suggestion that we all use Royal Mail to solve the problem and provide a standard rate for all of the UK is not a satisfactory working model for us. Taking the customer's order requirement Royal Mail price would be as follows: 2 boxes at 8kg, RM parcel service (not tracked or signed for and no insurance) = 2 x £12.67 = £25.34 If we sent 1 box at 16kg then if dropped the contents would probably arrive damaged. With the additional packaging cost and RM's 1x16kg price is would be c£17. Our system quoted our customer a price of £14.95 for a tracked and signed for service. Because the courier company we use for UK Mainland deliveries does not have a depot near Aberdeen/Inverness they surcharge this region. We are however able to provide UK Mainland customers a promotional free delivery on this order. At Royal Mail's prices we are unable to absorb 'Free Delivery'. Also at Royal Mail's prices we are not able to use them for our UK Mainland deliveries - using the above 2 x 8kg order, delivery to UK mainland would cost approx £6.95 for tracked 24hour delivery - using a RM at a reduced level of service and no tracking at £25.34 clearly does not make business sense. As a supplier we are in the hands of the Royal Mail/Courier companies.

*A business owner near Leicester*

## Appendix 5 – Companies named

Below is a list of the top ten “bad” retailers and the number of times they were mentioned by consumers responding to our survey:

Negative sentiment	# of Mentions
eBay	299
Amazon Market Place	90
Tesco	77
ebuyer.com	74
Amazon	62
Argos	61
Screwfix	54
The Book People	34
Toys R Us	34
Halfords	26

Below is a list of the top ten “good” retailers and the number of times they were mentioned by consumers responding to our survey:

Positive sentiment	# of Mentions
Amazon	72
John Lewis	18
Marks & Spencer	14
Play.com	13
Screwfix	7
Argos	6
Debenhams	6
Next	6
Boots	4
Lakeland Plastics	4

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Spectrum House, 2 Powderhall Road, Edinburgh EH7 4GB

Tel: 0131 550 1000

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