**CAS submission to the Consultation on the Governments new steer to the CMA**

**August 2015**

*Introduction*

1. Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer service, and the Extra Help Unit, form Scotland’s largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Adviceguide provides information on rights and helps people solve their problems.

2. We are champions for both citizens and consumers and in 2013/14 the Citizens Advice Service in Scotland helped over **330,000 clients** in Scotland and dealt with **over one million issues** overall. In addition, the Scottish zone of our self-help website Adviceguide received approximately **4.2 million** unique page views. In 2013/14, our citizens advice bureaux recorded a financial gain for clients of over **£125 million**.

*The Government’s Steer*

3. We welcome that the Government have set out to encourage the CMA to consider consumer behaviours in all of its assessments including how consumers react to switching mechanisms in different markets. We support the CMA continuing to use interventions which seek to facilitate better consumer empowerment and switching. CAS continues to be alarmed at a number of markets where switching is extremely low in Scotland, for example energy and personal banking markets, and consumers are thus not benefitting from the best deals.

4. Barriers to switching are not often simply that consumers are ‘sticky’ and fail to compare and thus being solely at fault for poor deals. There are significant issues within some markets putting off consumers from switching (only 34% of energy consumers have ever switched provider). These include: competition is lacking due to availability across geographies; trust in the industry by consumers is rock-bottom; bad experiences on the part of consumers, their friends and family of switching processes and of different firm’s behaviours; and technological barriers which prevent some firms taking consumers on as a customer. The answer to these issues is not simply more information for consumers promoting choice; tackling the uncompetitive behaviour in some markets has now become a major priority.

5. CAS welcomes that the steer recognises the growing role of digital markets for consumers in the 21st Century. CAS strongly support that consumers should have the same protections whether they are operating in an online domain or shopping for goods or services offline. As such we support the Government’s intention that the CMA continues to build expertise in digital markets. We are aware that the CMA has carried out significant work in this area and we look forward to further developments. CAS would especially encourage new concepts in digital markets to be developed ensuring that consumer rights are protected online as they are offline.

6. CAS supports the principle that honest, fair and transparent businesses can operate in marketplaces that are free from unnecessary burdens that can stop them bringing the best deals and service provision to their customers. However any move to reduce ‘burden on business’ as stipulated in the Government’s steer must not come at the price of reducing consumer protections. We also hope that the enforcement of those protections from unfair trading or misleading practices is not reduced as this would have a significant impact on consumers receiving the necessary protections that CAS feels they deserve. This is especially true with the implementation of the Consumer Rights Act which will only be effective if proper and meaningful enforcement is taken against anyone who seeks to abuse the rights set out in the Act.

7. The Governments steer includes the CMA encouraging competition across all markets. CAS believes that this should continue to meet the CMA’s long term aim that consumers will be protected from any harmful anti-competitive mergers. Over dominant market players have in the past led to severe consumer detriment and we welcome steps that the CMA and the previous Competition Commission has taken to rectify these situations. To ensure expertise in certain markets we would expect the CMA to continue its close working relationship with all specific regulators thus ensuring unique features of some markets are not missed.

8. We are encouraged by the good working relationship the CMA has built up with CAS and other members of the consumer landscape through the Consumer Protection Partnership (CPP). We feel this collaborative approach has worked to the benefit of consumers across the UK and also realises the unique challenges in certain markets in particular nations of the UK. We see it as vitally important that the CMA continues to play a full part in the CPP and brings its own expertise for the other member’s benefit.

*CAS Recommendations for additions to the steer*

9. The Government have stated in the steer that they would like the CMA to have a view on encouraging competition internationally with a view to being a leader in the EU to ensure consumer voices are properly heard. While we support the CMA bringing its experience to international markets we would also like the Government to set out in its steer that they will ensure differences between the UK’s nations and regions are properly considered in competition and consumer issues. We note that they have done this in recent market studies which have highlighted particular concerns around competition in personal banking and energy in Scotland. We value the CMA’s role in seeking to identify and act upon issues which affect Scotland more than the rest of the UK and would welcome reassurance that this will continue.

10. When working with regulators the CMA should ensure that competition law is enforced within these markets and encourage new entrants into the most focused of these markets to encourage competition. This may involve working with regulators to ensure that entrance into a market either by new firms operating similar business models or brand new inventive firms are not hindered in offering better or new products to consumers. We would encourage the Government to include some detail about ensuring entering difficult markets is not prohibitive in the steer.

11. The Government should add a particular point regarding the protection of vulnerable and low-income consumers to the steer. The CMA have already carried our preliminary work on both of these topics and we would be encouraged if issues around ‘poverty premium’, where the poorest in society pay the most for the same goods or services, are addressed as a matter of priority. There are a number of markets where firms currently do not see these groups as positive contributors to their business. This attitude is not only outdated but it also holds back businesses from growth that they may be able to achieve through serving these customer’s needs.

12. In order for the CMA to continue its important role in informing and supporting businesses to understand their responsibilities we would encourage the steer to include developing minimum standards for consumer protection. These could be applied across different consumer markets starting with those where significant consumer detriment or lack of redress is known to exist. This pre-emptive approach could be applied to different markets in a staged roll out process to reduce impact on firms.