**Citizens Advice Scotland**

**Westminster Hall Debate: Motion by Jamie Stone MP - Delivery charges in the Highlands and Islands**

**Tuesday 8 June 2021**

Scotland’s Citizens Advice network empowers people in every corner of Scotland through our local bureaux and national services by providing free, confidential, and independent advice. We use people’s real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help, and we change lives for the better.

**Summary**

Citizens Advice Scotland (CAS) has consistently highlighted the detriment caused to consumers and small to medium-sized enterprises by location-based delivery surcharges and/or the refusal by retailers to deliver to certain locations. Through our research we have found that consumers living in affected areas pay on average 30-50% more for the delivery of goods bought online than consumers in other parts of mainland Great Britain.[[1]](#footnote-1) This issue also affects Scottish SMEs, with one in four (23%) of those who said they ordered items online for business asked to pay an additional delivery surcharge due to their location.[[2]](#footnote-2) CAS understands that currently, Royal Mail, who are the Universal Service Provider, are the only parcel delivery company who do not apply any surcharge to any area in the Highlands and Islands.

CAS is also concerned about the lack of transparency around the use of delivery surcharges. Customers shopping online report that advertised price structures do not reflect the extra costs they are forced to pay to receive parcels and that any surcharges are notified to them too late in the purchase process.

We have concluded that a co-operative and collaborative approach is needed to tackle this issue. We have been working as part of the Consumer Protection Partnership (CPP) on parcel surcharging, and in particular with the Competition and Markets Authority and the Consumer Council for Northern Ireland. CAS will continue to engage with relevant stakeholders including retailers, regulators and government representatives to find workable solutions to this issue.

**A lack of transparency**

With the rapid rise of e-commerce in the UK, consumers and businesses in some areas of Scotland – as well as Northern Ireland and elsewhere – have increasingly faced what seem to be excessive delivery costs. This trend has been exacerbated by the rise in online shopping during the COVID-19 pandemic.

Often online retailers charge very high prices to deliver to these addresses relative to other UK locations.[[3]](#footnote-3) Many problems around parcel surcharging arise from a lack of transparency in online marketplaces. This may be because online customers are placed in a tripartite relationship with both a retailer and a parcel company. It can be hard to know exactly where extra delivery costs are arising. Surcharging has therefore proved a complex issue to resolve.

The CPP has co-ordinated efforts to tackle misleading claims about delivery and support enforcement. This led the Committee for Advertising Practice to issue enforcement notices to almost 300 online retailers during 2018/19 whose advertising contained misleading language about delivery. Their enforcement work resulted in a 97% compliance rate.[[4]](#footnote-4)

**The effects of surcharging**

CAS has found that Scottish consumers and SMEs really care about the issue of surcharging and find it deeply unfair. 81% of those surveyed disagreed with the statement that people in remote areas should pay extra for delivery.[[5]](#footnote-5)

Surcharging can also result in a loss of choice for the consumer and a loss of business for the seller. Customers are not always willing to pay surcharges. Instead, they may:

* Abandon the purchase;
* Try to source the item from a shop; or
* Find the product elsewhere online.

The latter was the most common reaction, with 59% saying they always or often found the item elsewhere online.

In polling conducted for CAS by YouGov in April 2021, which was a representative sample of the Scottish public, 59% of those surveyed said parcel deliveries should cost the same across Scotland, even if that means that most people pay slightly more. An additional 14% believed it was unfair that rural mainlanders were paying higher costs but felt it was reasonable for Islanders to pay slightly more. This shows a real disparity between what consumers and SMEs believe and current practice by parcel companies and retailers.

**A widespread issue**

Surcharging can affect consumers and SMEs in a wide range of locations north of the central belt. These include Perthshire, Aberdeenshire, Argyll and Bute, the North-West Highlands, and the Scottish Islands. Those affected are not all rurally located: they include, for example, people living in urban Inverness. We found that delivery to these locations’ costs at least 30% more on average than delivery to the rest of mainland Britain. The Scottish Islands are particularly badly affected, with consumers and SMEs paying over 50% more for deliveries on average than the rest of the UK.

**Refusal to deliver**

Our [Fair Delivery campaign](https://www.cas.org.uk/fair-delivery-charges) work undertaken in 2020-21 highlighted the severity of the detriment that rural residents are facing in the B2C market. Alongside surcharging, there is a deep concern in rural communities in Scotland about the high percentage of companies who refuse to deliver to their areas. In a survey conducted by the 8 Citizens Advice Bureaux who were part of this campaign, 55% of respondents across the Highlands, Lewis, Moray and Aberdeenshire areas said that they were refused delivery due to their location a few times a year and a further 35% said this occurred regularly. In some areas, this refusal to deliver is even higher with Nairn CABs survey results seeing 87% of respondents stating they had been refused delivery because of their location either regularly or a few times a year. In the North-west of Sutherland, 94% of respondents are regularly refused delivery due to their location.

**Recommendations**

* Businesses should be pressed to take the lead on reducing surcharges, bringing pressure to bear on other companies by taking positive steps in the interests of their customers.
* Consideration should be given to whether Ofcom require further regulatory powers in relation to the parcels market, following on from their publication of recent data on this market.[[6]](#footnote-6)
* The Scottish Government should continue to implement their Fairer Deliveries for All action plan.
* Scottish consumers and SMEs should continue to be made aware of their rights in online market places through a variety of methods.
* The public and private sectors should collaborate on exploring solutions to surcharging. In particular, they should explore the possibility of Pick-Up and Drop-Off (PUDO) points using established public infrastructure in affected areas to bring down delivery costs.

**Contact information**

For further information contact Andrew Fraser, CAS Policy Officer via andrew.fraser@cas.org.uk

1. CAS (2017) The Postcode Penalty: Delivering Solutions - <https://www.cas.org.uk/postcodepenalty> [↑](#footnote-ref-1)
2. CAS (2018) Delivering for Business: Scottish SMEs use of Postal Services- <https://www.cas.org.uk/publications/delivering-business-scottish-smes-use-postal-services> [↑](#footnote-ref-2)
3. CAS (2017) The Postcode Penalty: Delivering Solutions- <https://www.cas.org.uk/postcodepenalty> [↑](#footnote-ref-3)
4. Advertising Standards Authority (2019) Annual Report 2018- <https://www.asa.org.uk/resource/asa-and-cap-annual-report-2018.html> [↑](#footnote-ref-4)
5. CAS (2017) The Postcode Penalty: Delivering Solutions- <https://www.cas.org.uk/postcodepenalty> [↑](#footnote-ref-5)
6. Ofcom (2020) Annual Report on the Postal Market - [www.ofcom.org.uk/postal-services/information-for-the-postal-industry/monitoring\_reports](http://www.ofcom.org.uk/postal-services/information-for-the-postal-industry/monitoring_reports) [↑](#footnote-ref-6)