

# Briefing Note: Government’s response to the BEIS Reform Consultation

# Background and summary

On 20th April 2022, government published its [response](https://www.gov.uk/government/consultations/reforming-competition-and-consumer-policy/outcome/reforming-competition-and-consumer-policy-government-response) to the July 2021 consultation on [‘Reforming competition and consumer policy’](https://www.gov.uk/government/consultations/reforming-competition-and-consumer-policy). In that consultation, government posed a wide-ranging reform programme to the UK’s competition and consumer policies to drive enterprise, innovation, productivity, and growth.

Competition and consumer policies have been the subject of a public debate in recent years, and this consultation was long awaited. It brought with it many helpful proposals which we were broadly in support of, but in CTSI’s view this consultation did not look widely enough at the structural aspects of trading standards that are so critical to ensuring that consumers are protected, and which directly underpinned what the consultation set out to do.

The gap that the paper did not address is multifaceted. Consumer protection in today’s world has a number of interdependencies. Whilst the paper rightly recognised the importance of the CMA, NTS and business education in protecting consumers and creating a level playing field for business, it lacked focus on the role of trading standards within the consumer protection eco system in the UK at a local, regional and national level. We addressed this gap in our [response](https://www.tradingstandards.uk/media/documents/news--policy/consultation-responses/beis-cp-consultation-response-ctsi.pdf) to the consultation.

# Key elements of the government response

Government has now set out revised policies after consideration of the 188 consultation responses it received. Many reforms require legislation to implement and government has said it will identify the appropriate legislative vehicle or vehicles as Parliamentary time and priorities allow.

The 3 key areas of reform are:

1. promoting competition to drive enterprise, innovation, growth, and productivity: a more active pro-competition strategy, rebalanced merger controls, stronger enforcement against anticompetitive conduct, and cross-cutting reforms to the CMA’s powers
2. updating consumer rights to keep pace with markets: a series of reforms to benefit consumers by tackling subscription traps, improving the consumer experience in online shopping, and better prepayment protections
3. strengthening the enforcement of consumer law by individuals and regulators: changes to support individuals resolving their own disputes and strengthen state enforcement powers and delivering better guidance and support for businesses to comply with their obligations.

Within the part 3 section on enforcement, government has considered the need to support local authority trading standards services tackling rogue traders:

“Government recognises the vital role National Trading Standards (NTS), Trading Standards Scotland (TSS), and LATSS play in protecting consumers across the country. Government consulted on how national and local enforcement can work best together to tackle regional and national consumer harm, enforcing criminal breaches of consumer law. Government will continue to explore how the structure of national support can best increase the resilience of local and national criminal enforcement of consumer law, with regards to management of legal and financial risks.”

In relation to the extension of administrative powers to Local Authority Trading Standards Services (LATSS), government has said “it is not envisaged that LATSS will be granted direct consumer enforcement powers”, setting out the reasons for this as “this is because LATSS consist of, in many cases, a small number of qualified employees of a local authority who are authorised to enforce trading standards laws, but this diffuse structure lacks the institutional capacity of a regulatory authority to set rules, intervene in markets and adjudicate the law in the same style as a court. However, LATSS already can apply to the civil courts for an enforcement order requiring the business to comply with consumer protection law and therefore will be able to avail themselves of the new court-based fining powers set out below”.

CTSI's position

CTSI has considered government’s response to this important paper in tandem with the findings of the [Consumer Protection Study 2022](https://www.gov.uk/government/publications/consumer-protection-study-2022) which was released on the same day. We welcomed the reforms which will deliver enhanced protections for consumers, including making it clearly illegal to pay someone to write or host a fake review, so shoppers aren't misled by bogus claims, along with more transparent rules for businesses to make it easier for consumers to opt-out of subscriptions, so they are not stuck paying for things they no longer want.

However, the announcement of these crucial reforms comes as consumers face increasing challenges, reinforced by figures in the concurrently released and Government-sponsored Consumer Protection Study 2022. Conducted between April 2020 and April 2021, the study revealed that 36 million consumers (69%) experienced at least one problem with a product resulting in stress, monetary loss, or wasting their time. These losses are equivalent to £54.2 billion; the figure includes £21 billion lost in time costs due to UK consumers spending 1.5 billion hours attempting to get redress.

CTSI Chief Executive, John Herriman, said:

"The proposed reinforcing of consumer rights comes at an important time when many people are struggling with the cost-of-living crisis and need to know that mechanisms will be put in place to prevent them suffering unnecessary financial loss as a result of unscrupulous practices.

The reforms are very welcome but we must also be honest about the steadily rising levels of risk consumers face, not just from price rises and faulty goods, but from the fact that in times of crisis we always see an increase in scams and other fraudulent activity from those who seek to exploit others hardship. The vulnerable are particularly at risk. The billions of consumer detriment reported in the Consumer Protection Study conducted a year ago are likely to be outdated. The likelihood is that the levels of risk will have increased since then. High levels of detriment result in lower consumer confidence, impacting the economy.

Trading standards services are on the front line of protecting the public from harm. We are sadly seeing a return of doorstep selling since pandemic restrictions were removed. We expect a rise in fake money-saving deals offered on energy prices and many other scams. The proposed reforms will address some of this but not all, and there is a need for effective funding at all levels of the consumer protection system, from national to local. The reforms focus on the national level, the CMA, which is important, but local structures are not being addressed, which will result in some areas of consumer detriment not being fully tackled, especially after a decade that has seen cuts of 50% in capacity in some trading standards services whose sole focus is to protect consumers.

Internet sales also clearly need to receive further attention, and CTSI looks forward to working with the UK Government on proposals to tackle all of these issues."

# What next?

We are pleased to see the Government’s recognition of the vital role National Trading Standards (NTS), Trading Standards Scotland (TSS), and LATSS play in protecting consumers across the country. We believe that the Government’s Consumer Protection Study findings illustrates that the UK needs a change in consumer protection investment at the local level and not just the national, to combat the growing levels of consumer detriment compounded by the cost-of-living crisis.

CTSI is looking forward to working with the UK Government on proposals to tackle the issues of:

* the need for more trading standards boots needed on the ground to ensure consumers are protected
* the need to ensure businesses getting the right advice at a local level
* the need for more attention to be paid to detriment caused by internet sales.

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