

# Consumer Policy

(UK)

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**Competitive markets should work for older people, being fully inclusive and offering a real choice of goods and services that meet their needs and preferences at fair prices.**

“An older person attempted to switch energy supplier. Their new supplier said the switch had been blocked due to an outstanding balance, and their existing supplier more than tripled their direct debit payments without giving any notice.”

*Call to Age UK Information & Advice line*



## Key Issues

Older people are a large and growing consumer force; people aged 65+ spend at least £145 billion every year.<sup>1</sup> In general, older consumers are the same as consumers of any age and face similar problems, for example, the difficulties facing those on low incomes.<sup>2</sup> However, normal consumer problems<sup>3</sup> are exacerbated by age discrimination, stereotyping, poor design and poor selling practices. Digital exclusion is increasingly affecting consumers' ability to find the right products and services at the right price.<sup>4</sup> Over half (56%) of people aged 75+ have not used the internet recently, which is also the case for 1 in 5 (20%) people aged 65-74.<sup>5</sup>

In addition, rogue traders continue to target older people with a range of scams (see 'Crime and scams' policy position).

## Key statistics

**87%**

of people aged 65+ pay a loyalty penalty in at least one market (Citizens Advice 2018)

**40%**

of people aged 65+ have a limiting longstanding physical or mental health condition (FCA 2017)

**50% cut**

in Trading Standards spending in the last seven years (Age UK 2017)

## Changing landscape – data and pricing

New technology is radically changing the way that consumers interact with markets. For increasing numbers of products, the price you pay is individually calculated using the increased amount of data now available about your behaviour, including how likely you are to switch, where you live and where else you shop. This is more likely to apply in online shopping than on the high street. However, it is important that consumer protection and regulation keeps pace with the changing landscape. Many of the resulting potential risks for consumers have their roots in pre-existing practices, which now have much greater scale and impact but are not in themselves new.

New forms of personalised pricing (where different customers are charged different prices for the same product) are of particular concern as they may embed direct and indirect age discrimination, particularly if you are not aware that you are being charged a different price from somebody else. In this environment and given the increasing risk from fraud, data security is becoming ever more important. So too is ensuring that consumers really understand how firms use their data, and can give meaningful consent to its use.

## Fairness in markets

In many markets, individual consumers have very limited power. They are often unable to negotiate price or terms and conditions, effective choice is often difficult and for some consumers almost impossible. People living in poverty often only have access to more expensive products – this is the ‘poverty premium’. This (along with increasingly personalised pricing) challenges the assumption that you can rely on consumers ‘shopping around’ to make markets fair.

The Government and regulators such as the Financial Conduct Authority (FCA)<sup>6</sup> are increasingly recognising this<sup>7</sup> and explicitly requiring firms not to exploit the lack of consumer power, particularly where customers may be in vulnerable circumstances (see ‘Consumer vulnerability’ policy position). For example, in the energy market, the Government has intervened to cap prices for 11 million consumers on expensive default tariffs.

The Government’s green paper, Modernising Consumer Markets, proposed the principle that those who cannot shop around should not be unduly penalised, and emphasised the importance of clear terms and conditions. While this is welcome, there is a need to go further to protect vulnerable consumers, tackle exploitation of customer loyalty in a range of markets,<sup>8</sup> and ensure the fairness, not just clarity, of terms and conditions, including price. Citizens Advice has raised a super-complaint with the Competition and Markets Authority (CMA) with evidence of a significant premium paid by ‘loyal’ customers.

To reduce the risk of high-pressure selling, it is also now time to do away with cold calling altogether - regulators have already banned it for some products.

## Enforcement

In markets where there is no specialist regulator (such as Ofgem for energy and the FCA for financial services) consumer protection is severely undermined by a lack of funding for local enforcement work. Trading Standards services have a key role to play but have suffered severe cuts to resources. As a result, there has been a 50 per cent fall in Trading Standards spending in the last seven years.<sup>9</sup> There are now gaps in coverage at the local level with some services concerned about their viability, and some services have stopped providing consumer advice and working on doorstep crimes.<sup>10</sup>

## Care and other specialist markets

Some markets particularly serve older people, including home care agencies, retirement income products and assistive products e.g. mobility scooters, adjustable beds. Evidence from Trading Standards services suggests there are often poor selling practices, a lack of redress and a severe lack of price transparency in markets where a majority of consumers are older or in vulnerable circumstances. Where there is no specific regulator with the relevant powers, there is even greater onus on the CMA to ensure that problems are picked up and acted on, as it is doing in the care homes market,<sup>11</sup> and on the Government to fill any regulatory gaps.

## Consumer principles

Age UK has developed a set of six principles that take account of the issues faced by older people which can be applied across all consumer markets. These are based on those already used by consumer organisations such as Which? and Consumers International. They will enable us to judge consistently whether a particular consumer market is meeting the needs of older people.



“A caller to Age UK was concerned about his mother, who was in her 90s and had been living in a care home for more than five years. The care home increased its fees by nearly £1,000 per month, without giving any written reasons.”

*Age UK Information  
& Advice line*

## Age UK's consumer principles

### Access and choice

Competitive markets should work for older people, offering a real choice of products and services that meet their needs and deliver what is promised over the lifetime of the product or service. Effective consumer protection and strong consumer advocacy should drive continuous improvements in the market.

### Fair pricing

Consumers should be charged a fair price for goods and services. This means that firms should not exploit consumers' lack of knowledge, loyalty, poverty, vulnerability or digital exclusion. There should be greater levels of protection for vulnerable consumers and consumers of essential services.

### Safety and security

Consumers should be protected against products, production processes, environments and services which are hazardous to health or life, and against frauds and scams. Some consumers are more vulnerable and want peace of mind. Government and regulators must ensure that products and services they need or are likely to use are safe and secure.

### Information

Older consumers must be given the facts needed to make informed and confident choices, in a format and language they can use. They must be protected against dishonest or misleading advertising and labelling. All consumers, whatever their age, should have the opportunity to acquire knowledge and skills needed to make such choices, while being aware of basic consumer rights and responsibilities and how to act on them.

### The right to be heard

The interests of older consumers and those who act or speak on their behalf must be represented in the making and implementation of government policy and in the development of products and services. The diversity of older consumers, including those who are disadvantaged and hard to reach, should be acknowledged and reflected in engagement and research programmes.

### Redress

Consumers should receive a fair settlement, within a reasonable time, of just claims, including compensation for misrepresentation, shoddy goods or unsatisfactory services. Redress systems must take into account the needs of those who need a swift resolution or who are not able to represent themselves, to ensure they are not excluded from justice.

## Public policy proposals

- Following the Modernising Consumer Markets Green Paper, the Government and regulators should not rely on changing consumer behaviour but should look at changing business behaviour, for example by ensuring that they do not exploit customer loyalty.
- Given the harm to older people caused by continued poor sales practices, selling of goods and services through cold calling should be banned altogether.
- Government, regulators and firms should eradicate the poverty premium, especially in essential services.
- Firms and the market research industry should reflect the diversity of the older population when devising and marketing products and services.
- Legislation, regulation and guidance should promote inclusive design of products for older people, and public bodies should require the products they buy to be inclusively designed.
- Regulators should actively monitor personalised pricing and ensure that it does not result in age discrimination in breach of the Equality Act or other forms of unfairness. Consumers should be able to challenge firms' pricing decisions if they feel they have been treated unfairly.
- The Government and regulators should assess the risks (and benefits) of digital methods of pricing and selling to older and vulnerable consumers, and ensure regulation and protection keep up with changing requirements.
- The Government must ensure local Trading Standards services have adequate resources to provide effective consumer protection.
- At both national and local levels, the Government must ensure that adequate resources are available for consumer information, advice and advocacy.
- User testing of terms and conditions for clarity, whether by regulators or firms, should include older and vulnerable consumers, but is no substitute for ensuring that terms and conditions are fair.
- The CMA should pay particular attention to markets where the majority of customers are older or in vulnerable circumstances, especially where there is no specific regulator with relevant powers to review, and intervene if necessary.

## Want to find out more?

Age UK has agreed policy positions on a wide range of public policy issues. Our policies cover money matters, health and wellbeing, care and support, housing and communities. There are also some crosscutting themes, such as age equality and human rights, age-friendly government and information and advice

### Further information

You can read our policy positions here;  
[www.ageuk.org.uk/our-impact/policy-research/policypositions/](http://www.ageuk.org.uk/our-impact/policy-research/policypositions/)  
Individuals can contact us for information or advice here;  
[www.ageuk.org.uk/informationadvice/](http://www.ageuk.org.uk/informationadvice/)  
or call us on 0800 169 8787

### Further information

<sup>1</sup> Age UK Research calculation based on Family Spending 2014, ONS 2014 and Family Spending 2013, ONS 2013 Table A11

<sup>2</sup> Fair by Design Roadmap to End the Poverty Premium, 2018, [https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/money-matters/age\\_uk\\_response\\_to\\_the\\_consumer\\_green\\_paper.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/money-matters/age_uk_response_to_the_consumer_green_paper.pdf)

<sup>3</sup> *The Golden Economy*, Age UK, 2010

<sup>4</sup> [https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/money-matters/crs\\_may17\\_submission\\_to\\_cma\\_on\\_dct\\_market\\_study.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/money-matters/crs_may17_submission_to_cma_on_dct_market_study.pdf)

<sup>5</sup> Office for National Statistics. 2018. Internet Users.

<sup>6</sup> <https://www.gov.uk/government/consultations/consumer-green-paper-modernising-consumer-markets>

<sup>7</sup> FCA Approach to Consumers doc 2018

<sup>8</sup> <https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/citizens-advice-issues-super-complaint-as-loyal-customers-continue-to-be-penalised-by-over-4-billion-a-year/>

<sup>9</sup> [https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/safe-at-home/rb\\_mar18\\_applying\\_the\\_brakes.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/safe-at-home/rb_mar18_applying_the_brakes.pdf)

<sup>10</sup> <https://www.nao.org.uk/wp-content/uploads/2016/12/Protecting-consumers-from-scams-unfair-trading-and-unsafe-goods.pdf>