

Reforming consumer credit and competition law

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Consumer legislation in England and Wales aims to maintain lower prices, produce better products and services and uphold consumer rights. However, this legislation is inadequate at protecting consumers, and reforms are due.

The proposed reforms aim to safeguard consumers' cash and eradicate the exploitation of online customers, as economic recovery from the COVID-19 pandemic relies heavily on the markets and consumers' confidence in them.

The regulator and its powers

The Competition and Markets Authority ([CMA](#)) is the competition regulator in the UK. Current legislation is inadequate because the CMA is slow to act, and its sanctions are too weak to deter.

The government suggests that the reforms will give enhanced power to the CMA for breaches of consumer protection legislation such as increased financial penalties (up to 10% of a global turnover) and the ability to enforce consumer law directly rather than having to go through the process of taking the business to court.

The government hopes that the increased powers available to the CMA will hold businesses accountable and protect consumers from the following issues.

Subscription traps

The first issue identified for reform is subscription traps for online consumers, such as automatic subscription renewals and hidden fees.

In response to this commonly experienced issue, the government will start requiring businesses clearly to inform customers of what they are signing up for, the

minimum contract terms and all relevant billing information. In addition, the proposal to make businesses allow the customer to choose whether to re-subscribe should tackle the problem of auto-renewal and make it easier to cancel subscriptions.

These changes are most likely to affect the digital services industry, and companies within that industry may need to alter their business models to accommodate the proposed changes.

Fake reviews

Another critical issue that threatens consumer confidence is online fake or misleading reviews. Not only do fake reviews distort the market, but they also undermine fair competition and ultimately undercut consumer trust in the market.

The [Consumer Protection from Unfair Trading Regulations 2008](#) prohibit these unfair practices by businesses. However, in its reforms, the government intends to make it illegal to pay someone to write or host a fake review.

Dodgy business tactics

The final issue the government intends to tackle with its reforms is 'dodgy business tactics'. For example, companies use websites to display their products in a particular order to influence consumer choice. These tactics limit consumers' ability to make informed choices and harm fair competition as businesses can pay to have their products feature highly on a trader's website without disclosing this.

These reforms are essential because consumer trust is key to economic recovery. Fair market competition will assist both big and small businesses. It provides more

opportunities and ensures that companies provide the best possible service to their customers and do not use unfair tactics to influence the market. However, these reforms are undetailed proposals, so which reforms, if any, are brought into legislation remains to be seen.

Contact corporate lawyer Victoria Holland to check your company complies with consumer law and is ready for any planned changes in legislation.

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