

# **A CONSUMER AGENDA FOR GOVERNMENT**

SUPPORTING ALL CONSUMERS  
IN A CHANGING WORLD

## INTRODUCTION

Consumer spending is the driving force of our economy. However, the ways that we buy and use goods and services have been transformed during the past decade, as have consumer expectations on sustainability. These changes have brought significant benefits and improvements. In many parts of everyday life, choice, speed and personalisation have become the new normal; whether that's buying products online from a global marketplace, booking a holiday on a smartphone, or making payments from a banking app.

**Consumer spending accounts for more than 60% of the UK economy, equal to £110 billion a month.**

But people are also facing new risks and challenges that have emerged as a result of the changing consumer landscape. If these issues are ignored then consumers will pay the price, and levels of trust in essential markets – already in a fragile state – will be further eroded. And as the transition to a more digital world continues, everyone must be able to benefit.

The next government should commit to a forward-looking agenda that will make UK consumers' lives simpler, fairer and safer. It must ensure that consumers can act with confidence, are protected when things go wrong, and have high levels of trust in the institutions and businesses that serve them.

### A SHIFT TO ONLINE

In the retail sector, change has been driven by the shift from high street stores to online. There is greater choice and convenience than ever before – we can access sellers from a global market and have products delivered to our door. But consumer law and the regulatory structure to enforce it has not kept pace with technological developments.

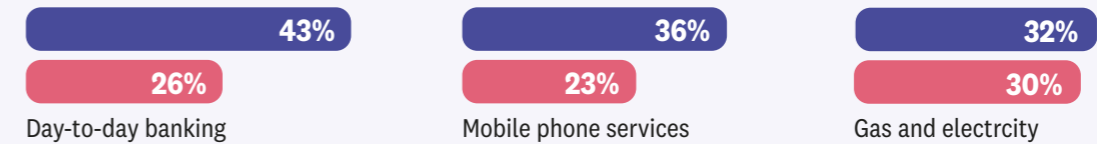
The plague of mis-information that seeks to deliberately manipulate consumers' buying decisions should be stamped out. Many people find customer reviews a valuable resource when shopping online, but that enthusiasm should not mean consumers' trust is taken for granted. We have revealed websites rife with fake reviews that not only seek to mislead people, but also undermine honest businesses trying to play by the rules.

Time and again, unsafe products are found for sale online, despite repeated warnings of severe safety risks. The danger of buying an illegal child car seat or smoke alarm that doesn't work is obvious, and yet many online marketplaces are failing to prevent them from being sold. Meanwhile people, assuming that they are covered by the same protections that exist when buying from a traditional retailer, can find themselves buying potentially dangerous goods as online marketplaces don't have the same responsibility for the safety of the products sold on their sites. We need urgent reform – safety should be a core principle, not something to pass along the chain. Shoppers should not have to worry about their rights or that the products they buy are safe, they should simply be able to buy with confidence.

Fraudsters are also constantly seeking new ways to target people, and online platforms often enable them to reach a wider audience with greater ease and increasingly sophisticated methods. While parts of the banking industry have started to respond to vulnerabilities within digital payment systems, and offer customers

greater protection and reimbursement for losses, there is more that other sectors that enable scams need to do to protect people from the devastating impact of fraud – the fastest growing crime in the UK.

### Levels of trust and distrust in essential markets



### CONNECTIVITY AND BRIDGING THE GAP

The emerging challenges from the shift online must be tackled. But the benefits of being connected should be available for all. A consumer-centric agenda must be underpinned by a commitment to improve mobile and broadband connectivity for everyone. Which? believes that everyone should have access to a reliable connection that enables them to participate fully in the digital economy and experience its benefits.

In banking we have seen the risk of radical change to embrace new technology before the infrastructure is ready. Contactless payments and online banking point towards a cashless society, but many parts of the country simply aren't ready. In places already poorly served by high street banking we have seen free-to-use ATMs under threat of removal. Millions of people still rely on cash and people now see everyday banking services as a utility. A premature dismantling of the fragile cash network must also not be a precursor of wider changes in retail banking before everyone has the digital skills and capability to engage with the changing world. It is crucial that the next government ensures that everyone can benefit from the way essential services, such as banking, are being transformed. Without this commitment, we risk leaving many people behind.

### ENFORCEMENT

The current regulatory framework is not designed to deal with many of the modern problems consumers face. The UK has one of the strongest consumer rights frameworks in the world, but the public and private enforcement systems that support it are no longer fit for purpose, nor reflective of the way people buy goods and services today. The UK needs a successful consumer-enforcement system that enables consumers and responsible businesses to have confidence that consumer protection legislation is complied with. It must also provide people with an effective route to redress when things go wrong.

The next government has the opportunity to deliver changes that will maintain the great advances in choice and convenience, while ensuring that everyone can participate with confidence and reassurance that they will be protected from harm.

## A CONSUMER AGENDA

Which? wants all political parties to set out a pro-consumer agenda with commitments that cut across the consumer economy to deliver positive, tangible improvements for individuals across the UK.

### 1 BETTER CONNECTIVITY

Set out an ambitious, joined-up strategy to deliver an improved digital infrastructure that meets the needs of people to be connected at home, at work and on the move.

### 2 AN ENFORCEMENT SYSTEM FIT FOR PURPOSE

Create a stronger Consumer and Competition Authority to proactively lead on the enforcement of consumer rights and fair trading law, make the Office for Product Safety and Standards (OPSS) an independent arm's length product safety regulator, and reform our alternative dispute resolution (ADR) system.

### 3 GREATER PROTECTION FROM ONLINE HARMS AND INSECURE PRODUCTS

Place more responsibility on online platforms and marketplaces to prevent scams, fake reviews and the sale of unsafe products, and ensure that security is built into the design of connected devices.

### 4 BANKING SERVICES THAT WORK FOR EVERYONE

Guarantee access to cash for as long as it is needed, and ensure all people are protected from Authorised Push Payment (APP) fraud.

### 5 FAIR AND TRANSPARENT PENSIONS

Enable everyone to understand their entire pensions savings through comprehensive dashboards, address the pensions gender gap, and ensure that all retirement income products are value for money.

### 6 A FUTURE TRADE POLICY AND FOOD STRATEGY THAT DELIVERS FOR CONSUMERS

Pursue a trade policy underpinned by world-leading consumer standards, consumer rights and enhanced choice, and deliver a national food strategy that maintains the UK's high food standards.



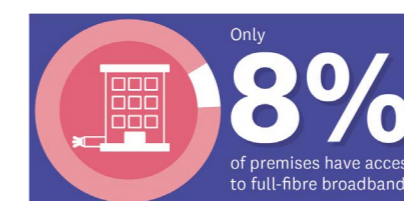
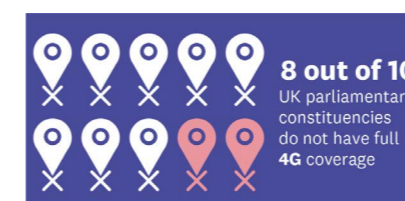
## BETTER CONNECTIVITY

In today's world, there is a growing need for people to be connected wherever they are. However, despite the increasing reliance on both broadband and mobile services, trust in the industry is low and many people across the UK struggle to access reliable, good quality, connections.

As well as causing frustration, poor connectivity can lead to social and financial exclusion. Without an overarching vision for connectivity as a whole, across fixed and mobile services, shared by government, Ofcom and industry, and a cohesive strategy in which roles, responsibilities and timescales are clearly defined, many people risk losing out on the benefits of good quality connections.

### The next government should:

- Set out an ambitious, joined-up, strategy to deliver an improved digital infrastructure, meeting the needs of people to be connected at home, at work and on the move.
- Set clear connectivity targets for the UK, with a clear roadmap for how and when they will be delivered and clarity on how existing initiatives will interact and work alongside each other.
- Improve 4G mobile coverage across the UK, ensuring consumers have access to a sufficient choice of operators, and addressing total and partial 'not spots'.
- Reduce the barriers to speedy and effective broadband roll-out programmes, including a legal requirement for new build homes to be built with gigabit-capable connections and a communications strategy for consumer take-up.





## AN ENFORCEMENT SYSTEM FIT FOR PURPOSE

The UK needs a successful consumer enforcement system that enables people and responsible businesses to have confidence that consumer protection legislation is complied with. It must also provide consumers with an effective route to redress when things go wrong.

Under the current product safety system, people are being put at risk because there has not been a proactive approach to identifying potential safety issues and because too little action has been taken to remove unsafe products from the market. The public enforcement system is heavily reliant on over-stretched local authorities, which is not sustainable.

In addition to ensuring enforcement bodies have effective tools and powers to incentivise compliance, and reviewing the balance of responsibilities between central and local regulators, the current alternative dispute resolution (ADR) system needs an overhaul. Across many sectors, people are confused and frustrated, waiting inordinate amounts of time to have their disputes resolved in a system that is built for businesses, not consumers. ADR is mandatory in some sectors but not others, with weak decisions which are too often not binding on the business.

### The next government should:

- Expand the consumer-enforcement remit of the Competition and Markets Authority (CMA), creating a Consumer and Competition Authority – a strong, independent national consumer body to proactively lead on the enforcement of consumer rights and fair trading law.
- Give stronger powers to the CMA, enabling it to take action when there are breaches to consumer law commensurate with its competition toolbox and powers; this includes introducing a wider consumer duty as part of its competition and consumer regime.
- Make the Office for Product Safety and Standards (OPSS) an independent arm's length consumer product safety body, which operates transparently and has a duty to put consumer protection and public safety first.
- Ensure that there is a robust alternative dispute resolution (ADR) system that sits alongside the better enforcement of consumer protection legislation. This system should include single ombudsman schemes for each sector, mandatory membership for businesses in sectors where there is the greatest potential for consumer harm, and easy access for consumers via a single portal.



## AVIATION

The recent collapse of Thomas Cook highlighted how vital insolvency protection is for holidaymakers. Atol protection helps many consumers avoid being left significantly out of pocket, but there is confusion over what types of holidays and flights are covered, and other protection schemes in the sector may leave passengers vulnerable.

Current consumer protections do not reflect the changing aviation market, as most flight-only bookings are not covered by Atol, yet these make up a growing proportion of purchases.

When things go wrong, for example when flights are delayed or cancelled, redress should be consistent and easily accessible. However, airlines can choose which ADR scheme they want to handle their complaints, leading to inconsistent outcomes and passengers left out of pocket and struggling to get the money and support that they are owed.

### The next government should:

- Create a single aviation ombudsman scheme, of which all airlines operating in the UK must be members.
- Expand insolvency protection so that all passengers departing the UK on an airline that fails while they are abroad have financial protection and are repatriated, regardless of how they bought their ticket.
- Ensure that consumers can easily understand, at the point of purchase, what coverage they have in the event of airline insolvency.





## GREATER PROTECTION FROM ONLINE HARMS

There has been rapid change in the way people interact with services and products online, and online platforms and marketplaces are now a regular part of everyday life for most consumers. However, regulations have not kept pace, leaving growing numbers of consumers increasingly exposed to many online harms, including scams, sales of unsafe products, and fake reviews.

Which? has found a succession of unsafe consumer products being sold to people via online marketplaces, including carbon monoxide and smoke alarms, child car seats and halloween costumes. In some cases, when Which? notified websites of safety issues, exact listings were swiftly removed only for the same unsafe products to be relisted and sold on the sites within days.

Scams are a significant and growing problem that often occurs over online platforms. Types include: investment scams advertised on social media; e-commerce scams where scammers pose as genuine sellers or buyers on online marketplaces; romance scams on dating websites and apps; and holiday-accommodation scams where people are tricked into booking fake holiday listings. The increasing harm consumers face suggests that actions being taken to prevent fraudsters exploiting the online world are woefully insufficient.

Online reviews are often used by consumers to inform their buying decisions, but Which? has uncovered a range of dubious practices, including widespread incentivisation of people to write favourable fake reviews, which can mislead people into making unsuitable purchases.

While platforms are best placed to design and innovate technological solutions to ensure safety as part of their ongoing business practices, regulation is needed to underpin these actions and to create the right incentives for businesses to take action as a sector, rather than individual piecemeal initiatives.

### The next government should:

- Ensure more responsibility is placed on online platforms and marketplaces to prevent fraudulent, illegitimate and illegal content appearing on their sites. Strong incentives must be placed on sites to not only swiftly remove harmful content when it is reported, but also to develop systems that prevent such content appearing online at all. Greater transparency obligations should be placed on sites so that consumers are clear who they are buying from.
- Give enforcement agencies the power to take effective action in response to online harms.

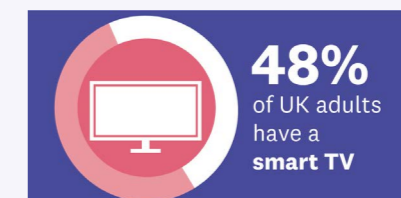


## SECURITY OF CONNECTED PRODUCTS

Connected technology, and the increasing proliferation of connected devices, brings many benefits to people. However, if connected devices aren't secure they pose significant risks. Which? has found multiple cases of products without adequate security requirements, including baby monitors and wireless cameras. At present, the onus is largely on consumers to secure their own devices or to try to determine whether the product they are buying is sufficiently secure. The codes and standards currently in place are all voluntary, with insufficient incentives on manufacturers to take action to improve the security of their devices, or on retailers to remove insecure products from sale. This approach is inappropriate given the risk and the level of harm people can be exposed to.

### The next government should:

- Ensure that security is built into the design of connected consumer products, with mandatory security standards that must be complied with in order for them to go on sale.





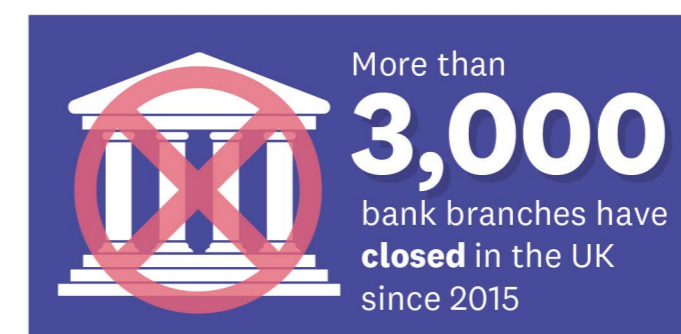
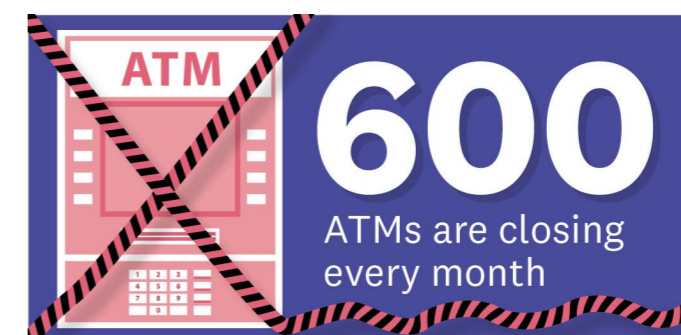
## BANKING SERVICES THAT WORK FOR EVERYONE

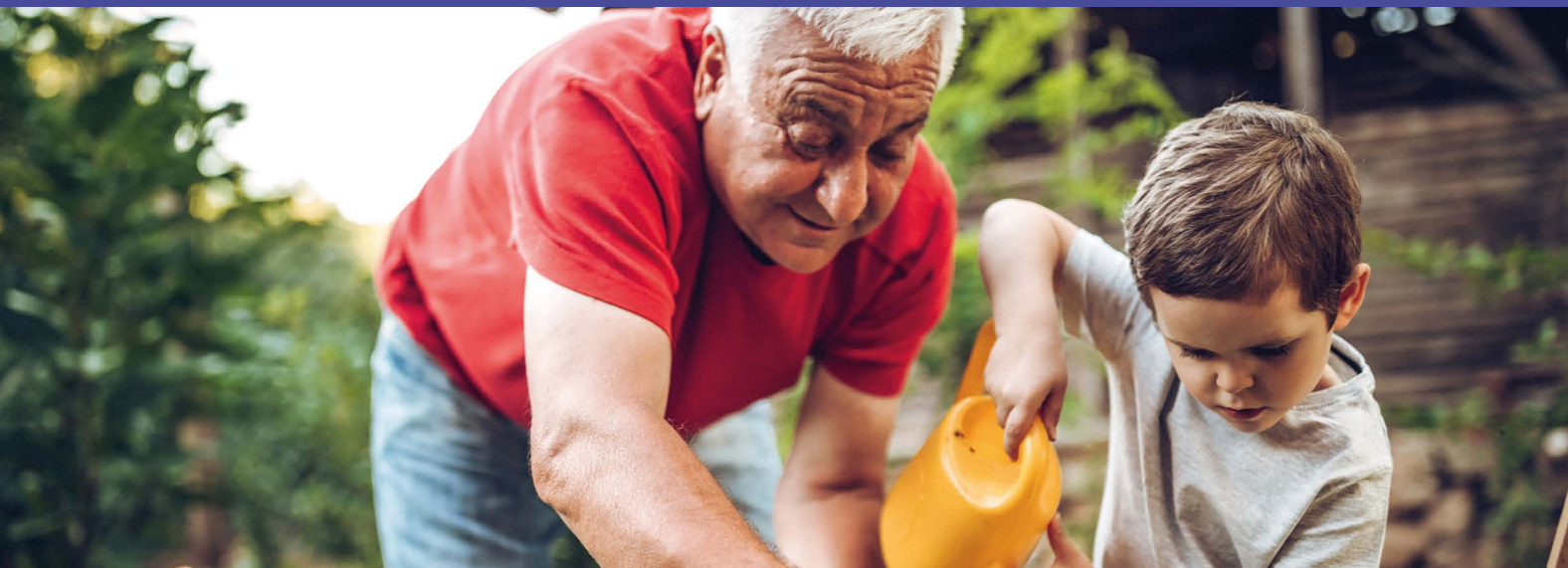
The way that people pay for goods and services is changing but millions of people still rely on cash. The fragility of the infrastructure that enables consumers to access cash and basic financial services risks leaving many people financially excluded, especially as we transition to a more digital world. More needs to be done to ensure that people in deprived communities, who are more likely to need access to cash, are not penalised by having to pay for this, and that those in rural areas and small towns are not forced to travel unreasonable distances to access cash free of charge.

Digital payments have also been targeted by fraudsters. Authorised Push Payment (APP) fraud occurs when victims are tricked into sending money to a fraudster via a bank transfer. Unlike with other payment types, such as credit or debit cards, people who are tricked into transferring money to a fraudster currently have no legal right to get their money back from their bank. In May 2019, a voluntary Contingent Reimbursement Model code set a new standard of consumer protection from APP fraud, including a commitment from banks to reimburse innocent victims. But only eight banking groups have signed up to date.

### The next government should:

- Introduce a form of minimum service guarantee, giving the Payment Systems Regulator (PSR) the necessary incentives and powers to guarantee access to cash for as long as people need it.
- Ensure all consumers are protected from Authorised Push Payment (APP) fraud by making the Contingent Reimbursement Model code compulsory for payment providers.





## FAIR AND TRANSPARENT PENSIONS

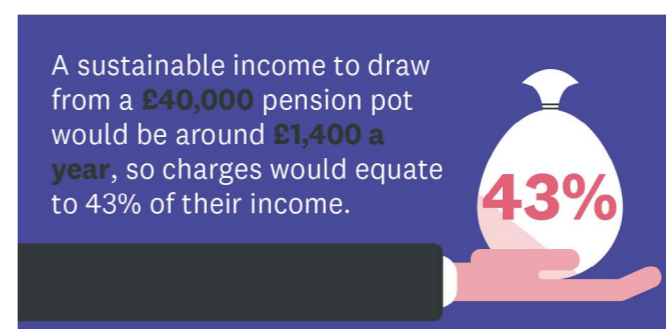
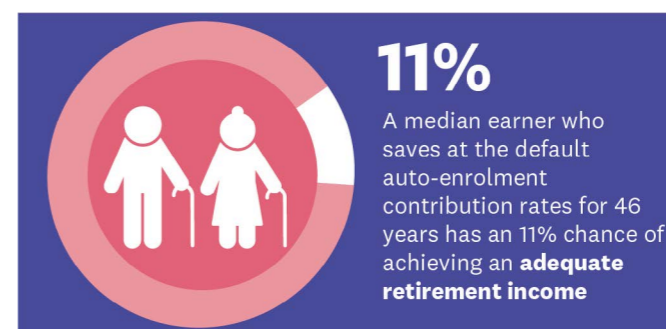
Currently there is a significant lack of consumer engagement with pensions, with people struggling to keep track of multiple pension pots. Pensions dashboards have the potential to show people crucial information about their pensions, help them make better choices for retirement, and drive up engagement.

Auto-enrolment has been very successful in getting more people to save into workplace pensions, but many people are still not saving enough to have a decent standard of living in retirement. Additionally, working less to provide care for children can reduce savings into workplace pensions and greatly impact on retirement incomes, and more needs to be done to narrow the pensions gender gap.

The ways in which people are accessing their pensions savings at retirement has changed. Increasing numbers of people are opting for ‘income drawdown’ investment products, but the charges associated with these products vary considerably, and customers not taking advice are not adequately protected from excessive fees.

### The next government should:

- Require all pension schemes to provide comprehensive and consistent information to pensions dashboards, including pension charges and retirement income projection figures, alongside the state pension.
- Make the provision of a dashboard a regulated activity.
- Make a lump sum ‘new parent’ pension contribution to mothers (or other nominated parent/guardian) on the birth of their first child.
- Increase the auto-enrolment default contribution rate for those on middle incomes.
- Ensure there is a cap on the charges consumers pay when investing in income drawdown products without having taken financial advice.





## A FUTURE TRADE POLICY AND FOOD STRATEGY THAT DELIVERS FOR CONSUMERS

The success of future trade policy will depend on the extent to which it will deliver tangible benefits for consumers, including greater choice and lower prices, within the frameworks of regulation, rights and standards that reflect UK consumer expectations and are important for consumer confidence.

### The next government should:

- Pursue a trade policy underpinned by four key consumer principles:
  - Standards are maintained and ideally strengthened
  - Choice of quality products is enhanced
  - Consumer rights are maintained and promoted
  - Opportunities to lower prices are taken, provided the above three tests are met.
- Ensure standards and rights are decided by the UK, in line with people’s expectations and priorities.
- Establish a specific consumer chapter in trade deals and use trade policy to drive improvements in consumer rights and standards across the world.
- Ensure a transparent approach is taken to trade – both in the negotiations and future cooperation mechanisms.



### FOOD

In order to deliver a successful national food strategy, a joined up approach to food and farming policy is needed, ensuring that the UK’s high food standards are maintained and that future agriculture policy serves consumer interests. There must be broad consumer consultation and engagement in shaping food policy, including ensuring that food is produced in a way that is acceptable to consumers and based on the standards that they expect.

### The next government should:

- Embed a joined-up approach to food policy across government that ensures food is produced in a way that meets people’s health needs, protects the environment and landscape, promotes high animal welfare standards, and develops the UK’s reputation for high quality affordable food.
- Update food labelling so that it meets consumers needs, including making traffic-light nutrition labelling mandatory and simplifying labelling related to wider sustainability, in-store and online.
- Ensure that food advertising and promotions support people in making healthier and more sustainable choices.
- Equip the Food Standards Agency with the powers and tools that it needs to effectively oversee and enforce food standards. This includes making it mandatory for businesses and online platforms to display food-hygiene ratings.







November 2019

Which?, 2 Marylebone Road,  
London NW1 4DF

Which? is the trading name of Consumers' Association – a registered charity No 296072