



The Consumer Council

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18 February 2011

Ref: PD200734

For attention of: Nicola Brown

By email : Nicola.Brown@oft.gsi.gov.uk

Dear Nicola,

Re: Consultation on the Office of Fair Trading (OFT) Annual Plan 2011-12

The Consumer Council is a Non-Departmental Public Body set up in legislation to safeguard the interests of all consumers, and particularly the vulnerable and disadvantaged. The Consumer Council is an independent organisation which operates to promote and protect the consumer interest.

The Consumer Council has well established links with the OFT and is committed to continue working together in the interests of consumers in Northern Ireland.

We welcome the opportunity to respond to this consultation

The key points that the Consumer Council wish to make regarding the OFT Annual Plan 2011-12 are:

- We will continue to work with the OFT and are willing to use our expertise to help the OFT;
- Increased transparency is essential in how the OFT consults with consumers;
- We are keen to have clarity regarding the future of consumer education GB if it moves out of the OFT;

- Consumer education and stronger enforcement are both needed to protect consumers in the recession;
- OFT has much work to do in developing consumers trust in online markets.

Overarching comments

The Consumer Council agrees with OFT's proposal to increase its efforts to involve citizens through more substantial consultation on priorities. We regularly engage directly with individuals in consumer panels on current and emerging issues. This strengthens our lobbying and campaigns and this model has been adopted by a number of other NI public sector organisations. We are willing to share our experience and expertise on consumer panels with OFT.

Question 1

The Consumer Council supports the priority areas identified by the OFT and have the following comment to make:

Although the OFT says that 'confident, informed and active consumers drive competition and are able to protect themselves from unfair trading', in some cases such as the need for fair and transparent charges, prepayments and online markets, stronger enforcement measures are needed.

The document mentions 'the stronger likelihood of firms exploiting consumers to protect profits' in the current recession. This supports the case for stronger enforcement to protect consumers, especially those traditionally regarded as vulnerable and the new vulnerable group of consumers (25 – 34 year olds) identified in the Consumer Council's 'Consumer 2010' research¹.

We welcome the OFT's commitment to developing trust in online markets. Consumers rely on the OFT encouraging and when necessary, enforcing online retailers and service providers to comply with consumer law. If consumers are to have genuine trust in online markets then OFT has a lot of work to do in promoting business compliance with even the basic step of raising web retailers' awareness of their legal obligations to provide a geographical address for consumers and a clear notification of consumers' cancellation rights.

The Consumer Council welcomes the announcement that OFT will be undertaking an 'Off-Grid Energy Market' Study. Northern Ireland has a unique position in the UK in this market as 68 per cent of homes use Home Heating Oil as their main heating fuel. This figure rises to 82 per cent in rural areas. Northern Ireland also has the highest level of fuel poverty in the UK at 44 per cent of households and on average NI households pay £340 more per year towards their energy bills than GB households. The Consumer Council monitors the price of home heating oil on a bi-daily basis. We have raised

¹ "Consumer 2010", Consumer Council, October 2010

concerns on how the market operates and have produced papers on this matter. We have undertaken to share our research and expertise and work closely with the OFT on the study. We believe that because of the increased reliance on oil in NI that the study should boost the numbers that it surveys in Northern Ireland.

The Consumer welcomes the OFT's commitment to focusing on protecting vulnerable customers. The Consumer Council has recently completed a project called the Price of Being Poor. The focus for this report is to ensure that there is not any extra disadvantage or cost added to consumers who are already struggling in poverty. We believe the report will help set the direction for Government, businesses and organisations to work together to deliver real benefits. This will be available online within the next few weeks and will provide useful information for the OFT.

Question 2

Strong enforcement should be supported by changes in consumer behavior brought about by consumer education. We are concerned that if Government transfers consumer education from OFT in 2012 the result will be an increase in consumer detriment, lower levels of consumer proficiency and not enough consumer education to protect consumers in a recession.

The Consumer Council works with the advice, voluntary, community and education sectors to help put more money in consumers' pockets and encourage responsible informed choices. We are fully committed in our Corporate Plan 2011 – 14 to maintain consumer education as one of our priority areas of work and would welcome more clarity on the future delivery of consumer education projects in GB.

It is important that reform of the financial regulation framework offers protection to consumers. In doing so, we believe it would be appropriate for one body to oversee all regulation relating to both current accounts (which often also have overdraft facilities) and all other lending products. This would ensure that overarching policies are addressed and do not fall between a series of bodies. In the meantime, communication about the defined responsibilities of organisations that regulate accounts needs to be clearer for consumers.

Question 3

Aside from the comments that we have made above, we feel that the OFT has identified appropriate activities for its work plan.

Finally, we would like to reiterate our willingness to work and share our expertise with the OFT.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'R. Williams', with a stylized, cursive script.

RICHARD WILLIAMS
Senior Consumer Affairs Officer