

- **DIGITAL MARKETS, COMPETITION AND CONSUMERS BILL**
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- **NORTHERN IRELAND CONSUMER POSITION**

**A submission from the Consumer Council for Northern Ireland
to the Digital Markets, Competition and Consumers Public Bill Committee
13 June 2023**

Digital Markets, Competition and Consumers Bill



DESIRED OUTCOMES FOR CONSUMERS

| Competition that benefits consumers | Consumer protection | Consumer empowerment | Consumer redress | Regional parity |
|---|--|---|--|---|
| <p>Competition should improve consumer outcomes, and their access to and choice of affordable products and services that meet their needs, in increasingly complex markets.</p> | <p>Reform should enable consumers to have justified confidence in markets because robust protections are in place to prevent harm.</p> | <p>Reform should deliver improved transparency, increased consumer understanding, and provide consumers with greater control over their data and its use.</p> | <p>Where problems occur consumers must have easy access to effective redress mechanisms.</p> | <p>Regardless of region, consumer detriment should not differ with a view to overall reduction, but this must be considered alongside regionalised protections and redress.</p> |

Opportunity to improve consumer protection



We welcome and support the Digital Markets, Competition and Consumers Bill (the Bill):

- It is focused on improving outcomes for consumers.
- It could be a step change in consumer protection and provisions are made for vulnerable consumers.
- Direct enforcement by the Competition and Markets Authority (CMA) with the ability to determine breaches of consumer protection law will improve the flexibility and agility of the regulatory regime.
- Tackling subscription traps and protecting payments to Christmas and other savings clubs strengthens consumer protection at a time of heightened consumer affordability and vulnerability issues.
- With consumers losing £54.2 billion every year from unresolved disputes with traders they have bought from, mandatory accreditation for Alternative Dispute Resolution (ADR) schemes is a positive step.
- With £23 billion of consumer spending influenced by online reviews every year, consulting on adding fake reviews to the CPRs list of banned (automatically unfair) practices is very timely.
- Replacing the CPRs which are retained in EU Law will provide certainty.

Areas for consideration

In relation to interpretation and implementation of the Bill:

- Building consumer confidence should be a priority.
- Only giving the CMA direct enforcement powers risks other agencies deferring enforcement to the CMA.
- Will the Bill establish supervision of ethical standards, codes of practice, business conduct and safeguards.
- Should the CMA and sector regulators coalesce to minimise consumer harm at the intersections of markets.
- Should the CMA have authority to add to the CPRs list of banned practices as part of its new direct powers.
- The provision of ADR schemes should be widespread and accessible with enforceable service standards.
- Will the Bill regulate against firms competing by exploiting consumer behavioural bias to negative effect.
- Consider legislating for opt in clauses that would offer consumers the choice to avoid auto renewals.
- Success to be judged by how well the Bill's provisions delivers clearly defined consumer outcomes.

Northern Ireland specific considerations

The Bill's competition and consumer provisions should create conditions where Northern Ireland consumers are afforded the same protection and enforcement rights as their GB counterparts.

- Consumer enforcement is a transferred matter delivered by the Northern Ireland Trading Standards, with the safeguarding and promotion of consumer interests delivered by the Consumer Council for Northern Ireland.
- Micro and small businesses often act like consumers:
 - 89% of Northern Ireland businesses have less than 10 employees and 2% have 50 or more employees.
 - 45% of businesses in Northern Ireland have a turnover of less than £100,000 and just 10% have a turnover in excess of £1 million.
- Potential divergence between the UK and EU legislative regimes and its impact on Northern Ireland consumers needs to be closely monitored, particularly as interaction with the Windsor Framework crystallises over time.



- Consideration given to how the Bill is operationalised on the ground at a regional level, with the resources and connected pathways required to deliver positive change and impact for consumers in Northern Ireland.
- The Bill should consider:
 - Reviewing the current definition of consumers to include micro businesses.
 - Introducing regional criteria for CMA merger and market investigations so the characteristics of regional markets are duly considered.
- There should be better monitoring and reporting of regional considerations and future divergence to identify additional emerging features and risks of local markets, and the behaviours of consumers and firms.

About the Consumer Council

Who we are



Our vision

To protect and empower consumers in Northern Ireland.

Our mission

To be the trusted go-to organisation for consumers in Northern Ireland. To work with governments and stakeholders to inform policy and decision making, using our research, insight and expertise to deliver positive outcomes for consumers.

Statutory body

Extensive general powers and areas of statutory focus that represent, protect and empower consumers, with non-statutory functions covering unfair practices in any market.

Consumer interests

Champion consumer interests by investigating complaints, carrying out research, and disseminating advice, information and outreach.

Work collaboratively

Collaborate with government, regulators, industry, academia, the third sector and civic society to safeguard and advance consumer protections in Northern Ireland.

Citizen centric

Work to influence any public policy affecting Northern Ireland consumers, so it is citizen centric and supports inclusive economic recovery.

Our responsibilities

General Consumer Council (Northern Ireland) Order 1984

- Investigate complaints
- Carry out inquiries and research
- Promote and disseminate information
- Make proposals to public authorities
- Designated a super-complaint body and can raise a complaint if any feature(s) of a UK market appears to be significantly harming consumers

Statutory focus areas

- Energy
- Transport
- Water and sewerage
- Postal services
- Food accessibility
- Rural needs
- Section 75 groups

Extensive general powers

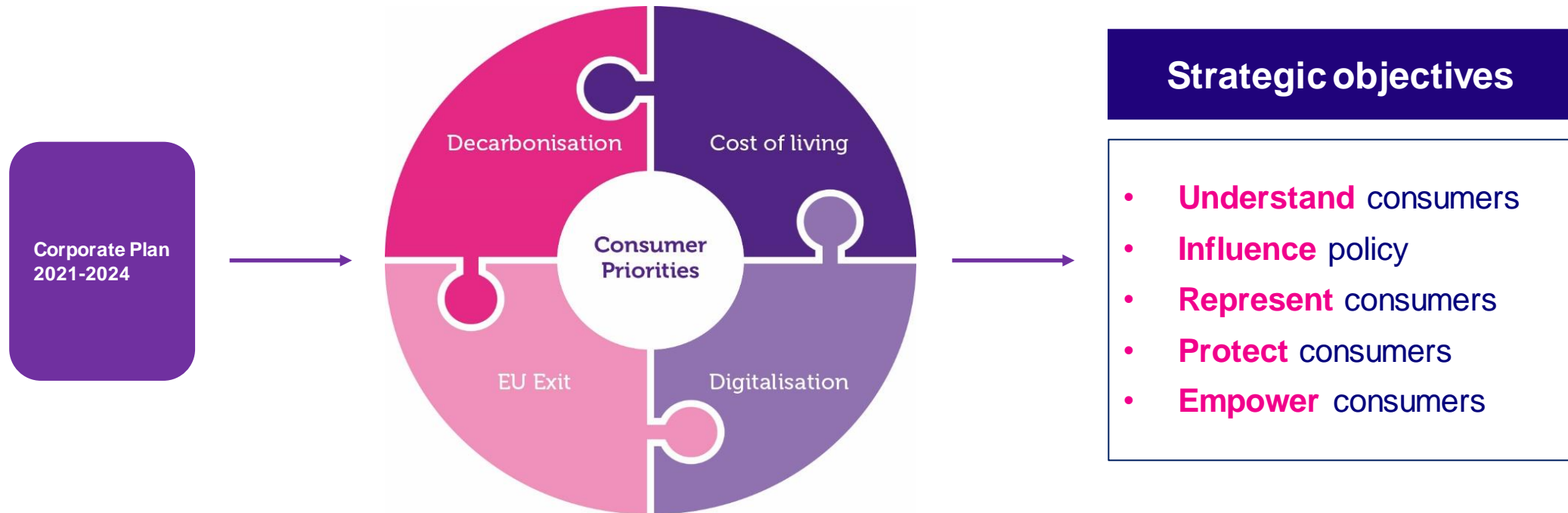
We have statutory powers to educate and empower consumers against unfair or discriminatory practices in any UK market.

Non-statutory focus areas

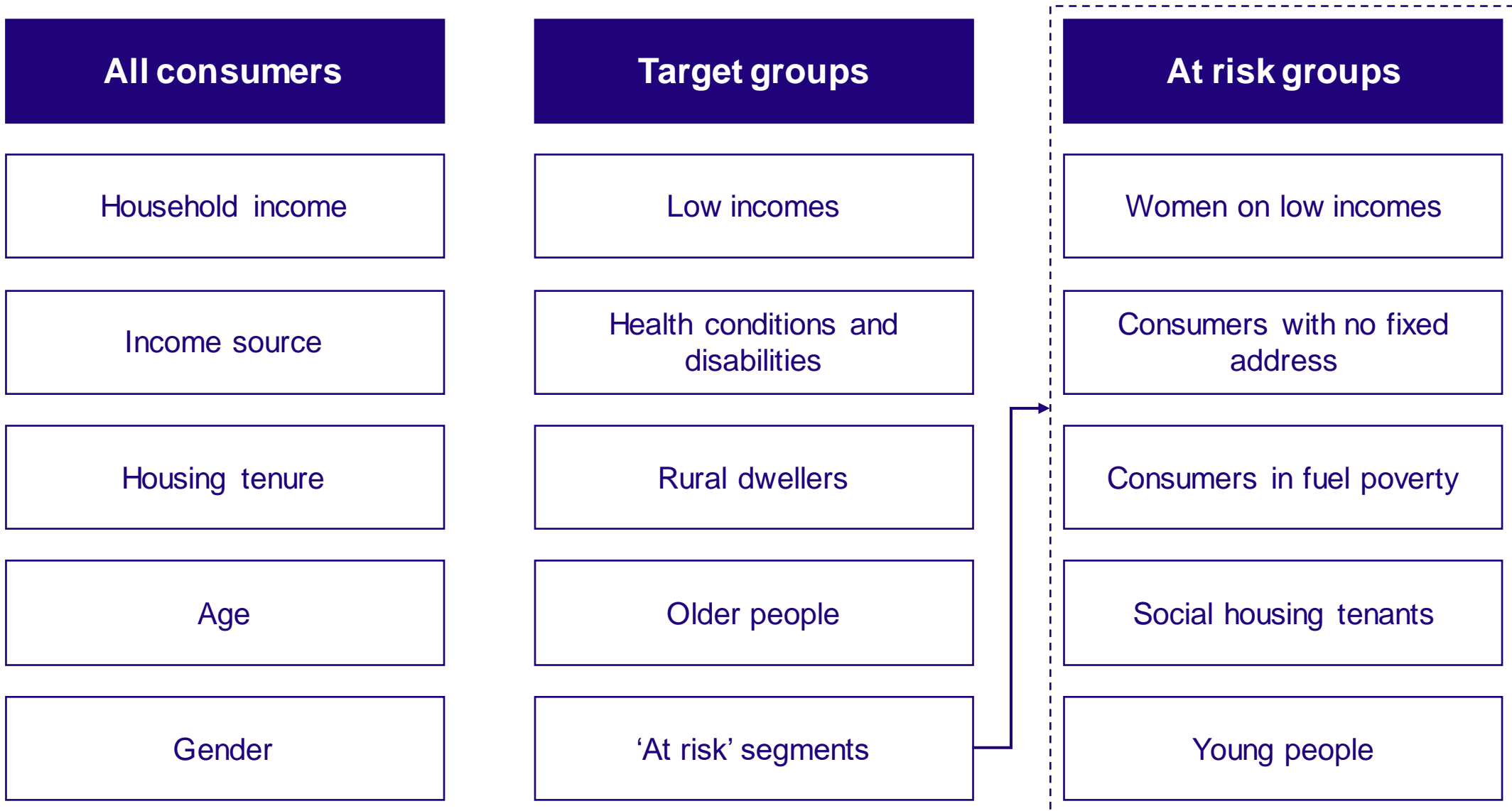
Activities underpinned by our general powers and funded by the Department for the Economy or project specific funding such as:

- Access to cash and banking services
- Financial exclusion and illegal money lending
- EU Exit, the NI Protocol and Windsor Framework
- Heating oil price monitoring and service standards
- Petrol and diesel price monitoring
- Private parking charge notices
- Online detriment
- Food poverty

UNITED NATIONS CONSUMER PROTECTION PRINCIPLES
access || choice || safety || information || fairness || representation || redress || education



Who we talk to



Interaction with the Consumer Council

Engagement with over 33,000 consumers in the last 12 months indicates they need additional support.

| Consumer protection, outreach and education | 2021-2022 | 2022-2023 | % increase in use | |
|--|-----------|-----------|-------------------|------|
| Consumers signposted to partners | 2,537 | 3,037 | ↑ | 20% |
| Consumers supported with advice and information | 4,036 | 8,556 | ↑ | 112% |
| Complaint investigations undertaken on behalf of consumers | 2,354 | 2,638 | ↑ | 12% |
| Consumers reached through outreach and education | 5,444 | 18,786 | ↑ | 245% |

| Consumer Council website | 2021-2022 | 2022-2023 | % increase in use | |
|--|-----------|-----------|-------------------|------|
| Total website visitors | 474,556 | 517,514 | ↑ | 9% |
| Total social media followers | 15,491 | 18,743 | ↑ | 21% |
| Users of our electricity and gas switching tool | 71,922 | 104,529 | ↑ | 45% |
| Users of our heating oil price comparison tool | 32,738 | 78,863 | ↑ | 141% |
| Users of our petrol and diesel price comparison tool | 55,249 | 92,599 | ↑ | 68% |

Northern Ireland consumer position

Consumer context

Population

Northern Ireland has a population of just over 1.9 million with 768,900 households.

36% of our population live in rural areas, more than double the UK average.

Double the disability claimants at 13.4% and 11% of the population economically inactive from long term sickness - highest in UK.

Vulnerability

60% of people living in Northern Ireland earn less than the mean Northern Ireland income of £571 per week.

Northern Ireland consumers show higher levels of low financial capability than their counterparts - 27% compared to UK average of 19%.

Over 26,000 people (9,600 families) in Northern Ireland used a Trussell Trust food bank for the first time in the last 12 months, a 25% increase.

Digital Markets

95% of Northern Ireland consumers have access to the internet.

Nearly all consumers in Northern Ireland (94%) shop online and a significant majority (86%) do so monthly.

Over half of Northern Ireland consumers had encountered negative online content in the past 12 months.

NI vs UK household income



Gross average annual household income

Net weekly discretionary income

Oct to Dec 2022

Lowest earners in NI

Quartile 1
£12,538.37

Quartile 1
£18.63

Quartile 2
£26,698.71

Quartile 2
£68.64

Quartile 3
£47,035.48

Quartile 3
£214.80

Quartile 4
£83,881.57

Quartile 4
£590.34

Highest earners in NI

ASDA

Weekly discretionary income, by UK region and quarter, £

■ Q3 2022 ■ Q4 2022



Q4 2022 (Oct, Nov, Dec)

NI
£93.37
per week

UK
£208.76
per week

Lowest earning households in NI

Discretionary income per week

£236.61 - £217.98 = £18.63

Income after tax

Spending on basics

Discretionary income

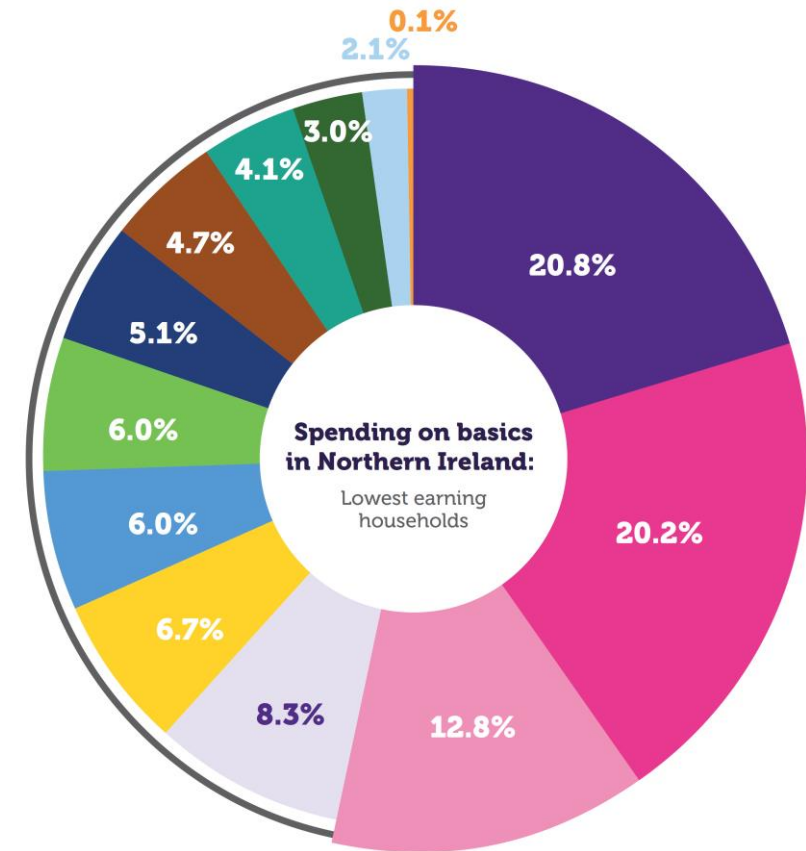
This is a reduction of £2.18/week (10.5%) compared to Q3 2022 (July to September).

Gross household income per week

NI £241.12 **UK £271.30**

11% lower than the UK.

Income from social securities (benefits)



- Housing, Water, Electricity, Gas & Other Fuels 20.8%
- Food & Non-Alcoholic Beverages 20.2%
- Transport 12.8%
- Furniture, HH Equipment & Routine House Repair 8.3%
- Other Expenditure Items 6.7%
- Miscellaneous Goods & Services 6.0%
- Clothing & Footwear 6.0%
- Communication 5.1%
- Alcoholic Beverages, Tobacco & Narcotics 4.7%
- Recreation & Culture 4.1%
- Health 3.0%
- Hotels, Cafes & Restaurants 2.1%
- Education 0.1%

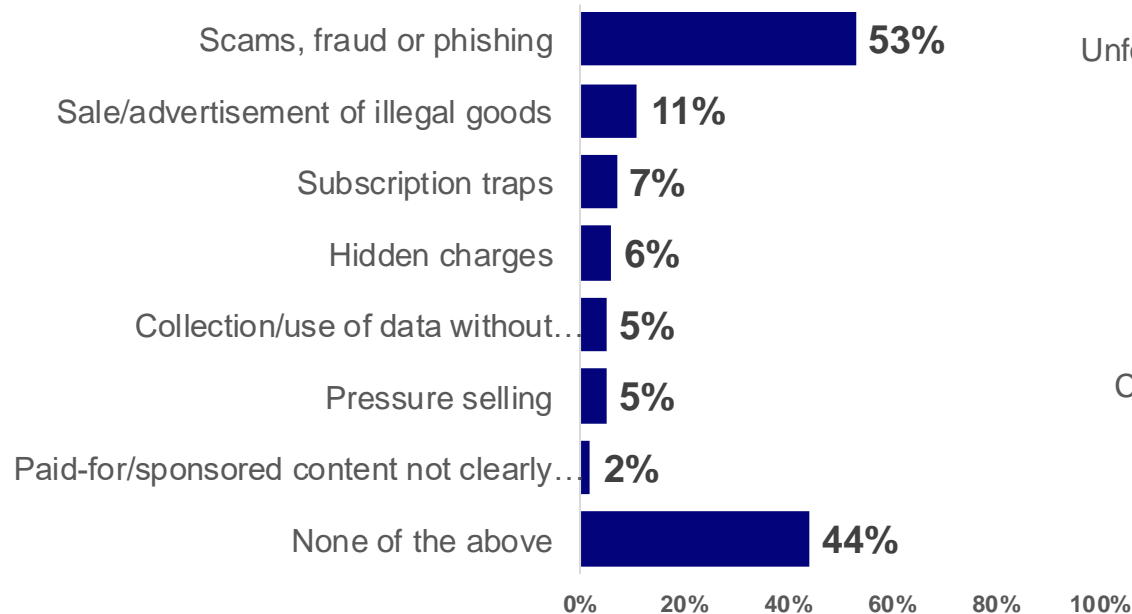
Lived experiences

| 2022 quarterly consumer pulse surveys with over 1,000 consumers. | July | October | December |
|---|------|---------|----------|
| Believed their household financial position was worse compared with 12 months ago | 66% | 66% | 74% |
| Believed they would be worse off in 12 months time | 47% | 53% | 53% |
| Said their household was unable to cope with bills and buying essentials every month. | 26% | 24% | 33% |
| Said their mental health had been negatively affected by their financial situation. | 44% | 49% | 50% |
| Are concerned about the cost of home energy. | 99% | 98% | 97% |
| Are concerned about the price of food. | 96% | 97% | 98% |
| Are concerned about the price of petrol and diesel. | 93% | 93% | 91% |
| Are concerned about delivery options/charges for online products. | 64% | 64% | 78% |

Negative online experiences

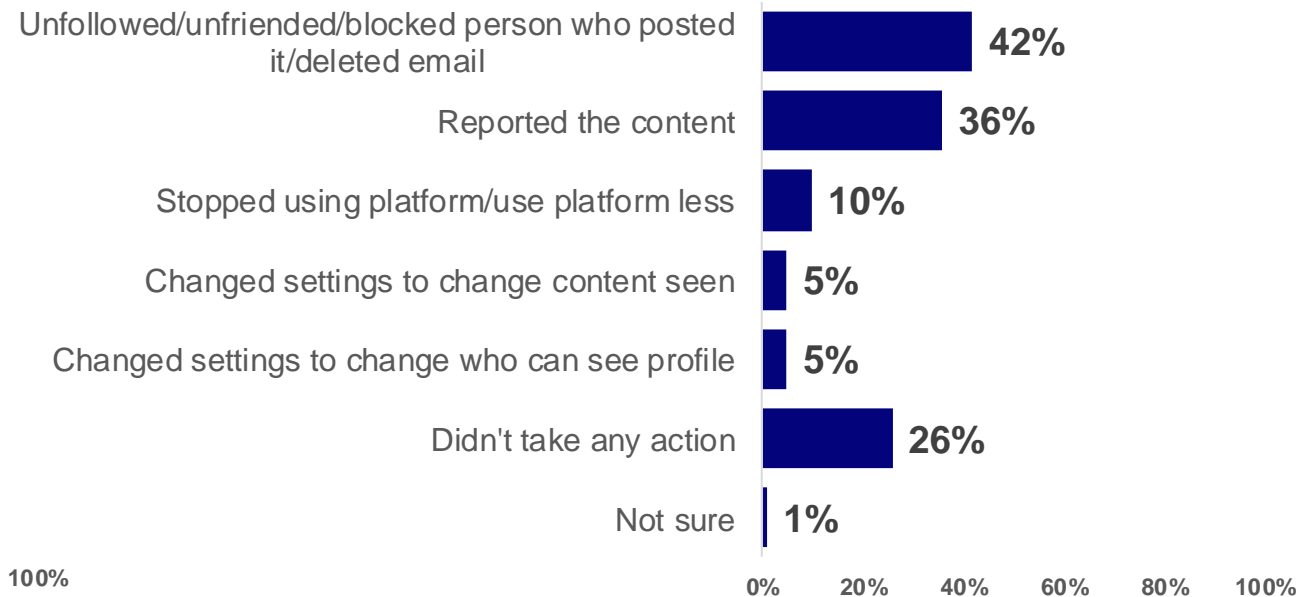
Demographically representative quantitative survey of 1,000 consumers.
Three focus groups with 36 vulnerable consumers.

Which, if any, of the following have you seen online in the last 12 months?



Base 945: Those who have access to the internet.
**Multi-choice question – total adds to more than 100%*

What actions, if any, have you taken as a result of encountering any of these things?



Base 529: Those who have experienced harm online.
**Multi-choice question – total adds to more than 100%*

Demographically representative quantitative survey of 1,000 consumers.

- Nearly two in five (38%) respondents had been targeted by a scam in the three years prior to the research, with close to a fifth (18%) of these individuals falling victim to a scam.

| What was/'were the method(s) used to scam you? (Base size: 380) | % |
|---|-----|
| Email | 63% |
| Telephone call | 54% |
| Text message | 45% |
| Social media | 17% |
| Fake website | 14% |
| WhatsApp | 13% |
| Fake online advertisement | 9% |

- Nearly three in five (59%) respondents did not know or were not sure where to report a scam.
- Amongst those who fell victim to a scam, around two-thirds (67%) agreed they had been affected financially, and nearly three in five (55%) agreed their physical and emotional wellbeing had been affected.

**5 in-depth interviews with key stakeholders from the third sector.
16 in-depth interviews with consumers with a disability and a survey with 1,004 consumers.**

- Consumers with a disability (70%) were more likely to say to say the cost of living crisis had negatively impacted on household income, compared with the general population (64%).
- 16% of all consumers had borrowed money because of the cost of living crisis, and this increases to 20% for those with a disability.
- 68% of those in receipt of Universal Credit said the removal of the £20 weekly uplift had negatively impacted them.
- Those with a disability are more likely to have taken steps to reduce household costs (85% vs. 71%) and are more likely to have:
 - cut back on essentials such as food, clothing, heating, cooking (64% vs. 48%);
 - have stopped or missed making loan repayments (11% vs. 7%);
 - renegotiated or extended the terms of a loan (5% vs. 3%);
 - used savings to pay for everyday expenses (31% vs. 22%);
 - used a high-cost short term loan e.g., payday loan (4% vs. 2%); and,
 - relied on support from family and friends (20% vs. 14%).

Vulnerability in low income households

**54 in-depth interviews with consumers in February and March 2022.
Participants drawn from the two lowest income quartiles.**

Incomes decreased by a third since COVID-19 but outgoings had increased for all.

9|10 worried about energy bills and 8|10 worried about transport, food and mortgage/rent.

Many were working and also set money aside for petrol, diesel or taxis.

8|10 reduced heating use and changed what they were eating to save money.

6|10 had used a food bank with some opting for a cold house so they could afford meals.

Removal of the £20 Universal Credit uplift meant some would have to borrow.

More than half said they would have to borrow to make ends meet.

Around half would not make next pay/benefit and either stretch or cut back on food.

All reported mental health impacts of cutting back, going without or no social activities.

8|10 would like support with entitlements and 7|10 on help with budgeting.



THANK YOU

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