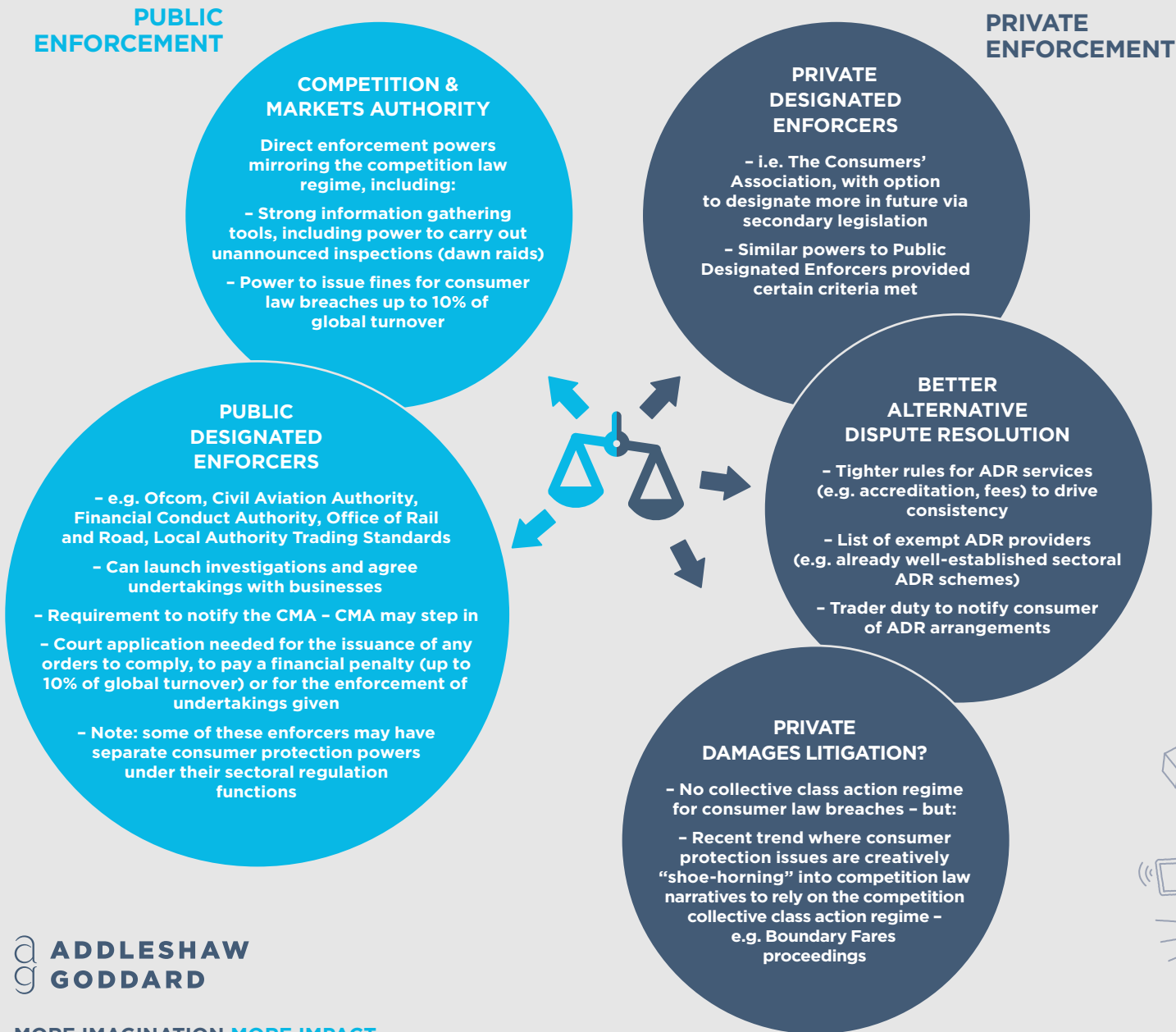


NEW CONSUMER PROTECTION FRAMEWORK AFTER THE DMCCA 2024

1 STEP CHANGE IN REDRESS AND ENFORCEMENT AVENUES



FREQUENTLY ASKED QUESTIONS

WHEN ARE THESE PROVISIONS COMING INTO FORCE?

Before the General Election call, the Government had told Parliament that the expectation was for the bulk of these consumer protection provisions to enter into force around Spring 2025, except for those relating to subscription traps which would follow in Spring 2026. These timings should not change significantly.

WHAT SHOULD I DO TO PREPARE FOR THESE CHANGES?

Consider how to update your risk and governance structures, review your consumer-facing documents and processes, and train your staff ahead of Spring 2025.






NEW CONSUMER PROTECTION FRAMEWORK AFTER THE DMCCA 2024

2 OVERVIEW OF OBLIGATIONS RELATING TO UNFAIR COMMERCIAL PRACTICES

Rules concerning unfair practices are not materially changing but are elevated into primary legislation (repeal and restatement of Consumer Protection from Unfair Trading Regulations 2008 into the Digital Markets, Competition and Consumers Act 2024 (DMCCA)).

GENERAL TESTS TO DETERMINE IF A PRACTICE IS UNFAIR

MISLEADING ACTIONS OR OMISSIONS

- Claims likely to impact a consumer's transactional decision must not:
 -  be false or inaccurate;
 -  be based on, or subject to, assumptions, limitations, qualifications or explanations not disclosed as part of the claim, which contradict or change its meaning; or
 -  omit or fail to provide all the material information required to make an informed decision.
- If the claim does any of the above, the claim will be misleading and must either:
 -  not be made; or
 -  (if achievable) accompanied by sufficient information to ensure it is no longer misleading.



AGGRESSIVE PRACTICES

A practice is aggressive if it involves the use of harassment, coercion or undue influence.

CONTRAVENTION OF THE REQUIREMENTS OF PROFESSIONAL DILIGENCE

I.e. the practice falls short of the standard of skill and care to reasonably be expected, by reference to honest market practice or the general principle of good faith in the trader's field of activity.

OMISSION OF MATERIAL INFORMATION FROM INVITATION TO PURCHASE

- Traders must present, in any invitation to purchase:
 -  the total price of a product/service, including all fees, taxes, charges and other payments that a consumer will necessarily incur in purchasing such product/service; or
 -  if the cost cannot be calculated in advance, any additional charges and how these will be calculated.
- Example: "drip pricing" (adding fees to a headline price in stages to lure consumers).

SPECIFICALLY TARGETED PRACTICES

SUBSCRIPTION CONTRACTS

- Better pre-contract information
- Free trial period ending reminders
- Easier steps to end contracts

SAVINGS SCHEMES

Better consumer money protection, including via compulsory insurance protection / trust arrangements to cover recovery costs in an insolvency

SECONDARY TICKETING (RESELLING WITH HIGH MARK-UP)

New CMA power to directly enforce existing ticket sales regulations

AUTOMATICALLY UNFAIR PRACTICES - LISTED UNDER SCHEDULE 20 (WHICH CAN BE AMENDED/EXPANDED VIA SECONDARY LEGISLATION) - EXAMPLES:

Fake reviews

Falsely advertising products or services as "free"

Unfulfillable offers

Practices relating to advertising and running competitions