

16 February 2011

Gordon Ashworth, Deputy Director -Consumer Policy  
Office of Fair Trading  
Fleetbank House  
2-6 Salisbury Square  
London EC4Y 8JX

Dear Gordon,

## Office of Fair Trading Annual Plan 2011-12

Thank you for the opportunity to comment on the Office of Fair Trading's (OFT) draft annual plan 2011-12. Over the last year we have worked on a number of OFT project areas including the consumer rights directive, heating oils market and current accounts.

The excellent work by the OFT with industry and the FSA in response to our super-complaint on Cash ISAs led to key improvements for consumers in that market and has set a benchmark for improvements to other products such as saving accounts.

The OFT clearly has a challenging year ahead as it faces both budget cuts and the need to respond to the Government's proposals for changes to the consumer landscape; including transferring OFT functions to other organisations and a merger with the competition commission. Given these challenges it is understandable that the annual plan is non-specific about much of the work in the coming year.

We broadly agree with the general approach taken in the draft plan, in balancing compliance with enforcement. While enforcement activity has an important role, it is vital that so far as possible consumer problems are avoided at an early stage by ensuring that businesses understand and comply with their obligations.

## Consumer Direct

The Consumer Direct helpline has quickly established itself as the number for consumers to call when they need information or signposting to help. It has also been very helpful to Consumer Focus to be able to access the data collected by Consumer Direct. We have been able use it to identify areas of consumer detriment and as one of the evidence bases of our work. The transfer of Consumer Direct functions from the OFT and the bringing together of the Citizens Advice Bureau, Consumer Direct and the Extra Help Unit under the Citizens Advice umbrella will be challenging for all our organisations and it is important for consumers that rely on this service that the process works as smoothly and seamlessly as possible.

Consumer Focus and Consumer Focus Scotland will be working with both OFT and Citizens' Advice to ensure that referral pathways for vulnerable consumers are maintained and that the collection and sharing of casework data to inform policy work is able to continue.

## Consumer codes

We note the uncertainty over what will happen with the OFT Code Approvals scheme. With a large number of schemes already in the pipeline this lack of certainty is unhelpful both for the industries involved and the consumers of their products. An early decision on whether the OFT will continue to sponsor the schemes and any alternative scheme sponsors is essential to maintain momentum in these areas.

## Enforcement

The Government has proposed giving Trading Standards a far bigger role in local enforcement. Consumer Focus Scotland researched how Trading Standards worked in Scotland and the report<sup>1</sup> has implications for the rest of the UK. Consumer Focus Scotland found a poor understanding among consumers of the role of trading standards services and a wide variation in the resources available to trading standards services.

Consumer Focus is concerned that there should be an effective transfer of enforcement powers to Trading Standards. Consumer Focus has three major areas of concern around potential detriment if the transfer of enforcement powers and responsibility is not done effectively or properly resourced:

1. Lack of will/ability to pick up the big (sometimes risky) national cases or to facilitate and pay for services working together; as councils choose to focus scarce resources on local matters
2. Enforcement deserts, where there is effectively no Trading Standards function of any consequence, or areas with tiny teams lacking the scale and skills to make a difference. In these places, consumers will be unprotected and rogue traders may flourish
3. Lack of effective national dissemination and co-ordination of information and evidence which will leave unaddressed gaps in consumer protection enforcement

## Credit licensing regime

The proposals to amend the consumer credit regime come at a time when the Government is considering whether the forthcoming Consumer Protection and Markets Authority (CPMA) should take on the role of authorising and supervising consumer credit companies. We will be responding to that consultation separately but in general

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<sup>1</sup> *Up to standard: a review of trading standards services in Scotland*, June 2010 Consumer Focus Scotland

terms we seek reassurance that the OFT will place sufficient resources into policing and taking appropriate enforcement action until the transfer is complete.

It is important that licence operators do not detect any lack of capacity or willingness to take action for non-compliance with the terms of their licence.

### **International**

Consumer Focus has worked with the OFT on the development of its e-consumer protection strategy and in particular digital consumer rights. We agree that it is important that the OFT continues with its international work including a continuing engagement on the Consumer Rights Directive and other consumer protection regulation

### **Financial services**

We look forward to the publication this spring of your update on your work in personal current accounts. We will continue to be actively involved in work on how the experience of switching can be improved for consumers and other measures to improve competition in this market.

### **Energy**

Our Energy team has engaged with you on your project investigating the Heating Oil market and has supplied you with information regarding potential consumer detriment. We await further developments with interest. We look forward to working with you on issues arising from the Green Deal in terms of access to consumer credit and your preparations for this new energy market.

### **Public services**

We are interested in hearing more about your work in the public services arena given our work over the past year investigating both how key public services deal with complaints and how well consumers are able to navigate public services.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'S Brooks', with a horizontal line underneath.

Sarah Brooks

Head of Financial Services