



Dr Andrea Coscelli, CEO
Competition and Markets Authority
Victoria House
37 Southampton Row
London
WC1B 4AD

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Recommendations to be considered as part of the Competition and Markets Authority's digital comparison tools research

Dear Andrea

I write on behalf of the UK Regulators Network (the UKRN) to draw your attention to the review of Price Comparison Websites (PCWs) that we have published today. The report is the result of collaborative work undertaken by the UKRN to consolidate thoughts on how price comparison websites operate in the network members' respective areas. It aims to: identify the usage of PCWs by consumers and their benefits for consumers and competition; analyse potential concerns of practices that may undermine the effectiveness of PCWs; review different regulatory approaches to PCWs and outline potential future developments and innovation in the PCWs' market.

The report has identified a number of themes which we believe would be usefully explored further. As the CMA is planning to conduct research and analysis looking into digital comparison tools in more detail, we see this as a unique opportunity to share these key areas for further study and help inform the CMA's work.

Our recommendations are as follows.

Recommendation 1: The CMA should consider the value of, and the risks associated with, setting out key cross-sector principles, with a mechanism that would incentivise PCWs to adhere to these principles.

PCWs have the potential to be an effective tool for enhancing consumer engagement and competition. This may be undermined if consumers are unable to navigate the information presented to them, if they do not have confidence in the conduct or safety of PCWs, or if they do not shop around amongst PCWs to find the best deal.

Different approaches to regulating PCWs have emerged across the various sectors. There is value in investigating whether these approaches result in issues for consumers, and whether stronger common standards would lead to more positive consumer outcomes. As part of this, the CMA should consider the extent to which such principles need to be backed by a mechanism that incentivises PCWs to follow the principles, either formally (considering the link with existing cross-sector regulations) or informally (for instance through an accreditation scheme or kitemark), as well as the potential risks associated with establishing common principles for the sector-specific regulators.

Recommendation 2: The CMA should consider whether increased use of PCWs can lead to excessive focus on price (“hollowing out”) to the detriment of other factors, and what regulators can do to address this.

In some cases, for instance in the private motor insurance sector, the increased use of PCWs, and thereby the focus on price, raises the risk that products are “hollowed out” to the detriment of other factors such as quality. Conversely, in some areas, not enough attention may be given to price factors, such as a focus on the quick access to consumer credit.

We consider that the risk of hollowing-out can have significant consequences on competition, where it occurs, and that the impact of this may undermine other positive effects of PCWs. We therefore recommend that the CMA consider this issue more closely to determine the extent of the problem.

Recommendation 3: The CMA should consider whether competition issues, such as the role of Most Favoured Nations agreements (MFNs), have an impact on the function of PCWs and on consumer outcomes.

Both the CMA and some sector regulators have previously found the existence of MFNs between PCWs and product suppliers. However, information about how prevalent these clauses are and their effect in specific markets is limited. Given the potential for MFNs to significantly distort competition, we recommend that this is given further consideration.

Recommendation 4: The CMA should consider the role access to data plays in the effectiveness of PCWs and in their take up, and what regulators and others can do to help PCWs avail themselves of relevant data.

To make educated choices, consumers need to be able to access detailed information on specific features of the service or product that is important to them, including price. This could refer to their past usage of a service, as well as a broader overview of the product characteristics (such as broadband speed), or quality of service. Lack of access to appropriate data may hinder innovation and constrain the PCW sector from implementing improvements to benefit consumers.

Recommendation 5: The CMA should consider how future developments in the PCWs’ markets may impact the current roles of different regulators.

The market is fast moving and we are expecting future developments to significantly change the PCW landscape. We have noted that there are different approaches to regulating PCWs or promoting good practice, influenced in both cases by the powers of the respective regulators. We have recommended the CMA considers the opportunities and risks associated with developing a common approach to regulating PCWs (see recommendation 1). When considering any changes to the regulatory framework and the impact of that on current sector-specific regulation, the CMA should reflect on the impact of future market developments and innovation.

We look forward to working with you in the future.

Yours sincerely,



Dermot Nolan
UKRN Chair