



## NATIONAL CONSUMER FEDERATION

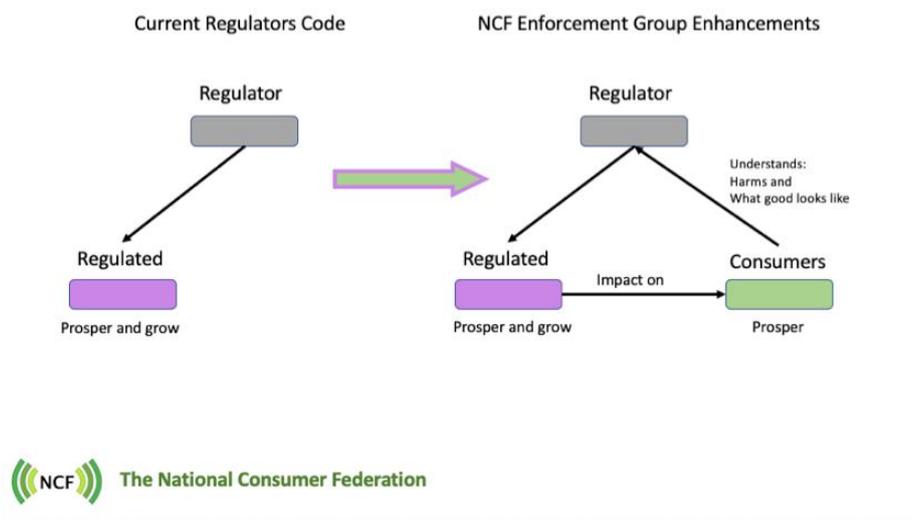
Press Release

Embargoed until **20 May 2019**

### NCF CALL FOR GREATER FOCUS ON CONSUMERS FROM REGULATORS

The NCF has called on the Consumer Minister, Kelly Tolhurst, to extend the BEIS Regulators Code (2014) to ensure that regulators achieve a proper balance between consumer and business interests<sup>1</sup>.

#### NCF Proposals to enhance the BEIS Regulators Code



Last month's report from the National Audit Office Report *Regulating to protect consumers in utilities, communications and financial service markets*<sup>2</sup>) echoed what the NCF has been saying for a considerable time, that regulators need to put consumers at the heart of regulation.<sup>3</sup> The existing code<sup>4</sup> calls for regulators to engage with both consumers and businesses. However, it is aimed primarily at the relationship between the regulators and the regulated as part of the long running Better Regulation initiative and more focus needs to be placed on consumers and the other beneficiaries of regulation.

In a letter to the Secretary of State for Business, Energy and Industrial Strategy dated 21 February 2019, the Competition and Markets Authority (CMA) has also recognised the need

<sup>1</sup> NCF Submission to Minister : <https://www.nationalconsumer.org.uk/wp-content/uploads/2019/05/0001-NCF-Proposals-for-revision-of-the-BEIS-Regulators-Code-2014-FINAL.pdf>

NAO Report : <sup>2</sup><https://www.nao.org.uk/press-release/regulating-to-protect-consumers-utilities-communications-and-financial-services-markets/> (20 March 2019)

<sup>3</sup> Latest Consumer Congress 2018 Brexit and Beyond: What's the vision?

<https://www.nationalconsumer.org.uk/wp-content/uploads/2018/07/0003-NCF-Congress-3May18-Summary-Report-FINAL.pdf>

<sup>4</sup> The 2014 Regulators Code : <https://www.gov.uk/government/publications/regulators-code>

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for legislative and institutional reforms to safeguard the interests of consumers and to maintain and improve confidence in markets, **As Baroness Hayter of Kentish Town stated** in the House of Lords Debate<sup>5</sup> on the CMA letter on 8 May 2019: “At present, the CMA can only address consumer detriment caused by an adverse effect on competition, not by gross mis-selling or unfair contracts. I recently won a case at the Advertising Standards Agency in which a so-called “treatment” for dementia had been advertised, but all that happened after I won was that the ads could no longer appear. There was no fine on the company. No one was responsible for contacting people who bought these junk products, and there was no compensation for purchasers.”

Businesses need to:

- deliver good outcomes for consumers.
- engage with and identify the impact or regulations on both businesses **and consumers**.
- determine priorities by the risk of harm to consumers.
- have in place effective compliance checks and enforcement mechanisms to address and reduce harm to consumers.
- extend service standards to decisions affecting beneficiaries of regulation such as individual consumers or employees.

**NCF President, Baroness Wilcox of Plymouth said:** “The NCF Consumer Charter for Regulators (2012) provides a blue print of the core principles for how Regulators should serve the interests of consumers. Incorporating these principles into a revised Regulators’ Code will provide an essential first step to better, consumer-focussed Regulation, making markets work better for consumers.”

**NCF Chair, Arnold Pindar said:** “The existing Regulators Code (2014) aims primarily at the relationship between the regulators and the regulated but much of what is said should apply equally to the relationship between regulators and consumers and the other beneficiaries of regulation. The National Consumer Federation revisions to the code redress this balance by giving consumers a stronger voice in addressing the real harms that regulation is designed to prevent. It focusses businesses more directly on what a good outcome for consumers looks like.”

**NCF Enforcement Group Chair, Jackie Minor, said** “As the NAO report recommends, the NCF’s proposed revisions to the Regulators’ Code signal the need to improve the focus on consumer welfare and ensure that their real concerns of consumers are properly identified, listened to and addressed.

## Background

The preface to the 2014 Regulators’ Code states that

- Regulators share a common primary purpose – to regulate for the protection of the vulnerable, the environment, social or other objective.
- The main purpose of regulation is to promote and protect the interests of consumers in sectors where market forces alone would not deliver the best outcome

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<sup>5</sup> Hansard 8 May 2019 : <https://hansard.parliament.uk/lords/2019-05-08/debates/4B8AEDFF-2C9D-4F97-BA19-B1B1D1957606/CompetitionAndMarketsAuthorityLegislativeAndInstitutionalReforms>

'Consumer' as defined in consumer protection legislation generally relates to final consumption, sometimes extended to cover SMEs on the basis that they are as much in need of protection as are 'consumers'.

The 2014 Code covers a diverse range of businesses, from some relating to particular sectors (energy, telecoms, railways, financial services), to activities such as gang masters<sup>6</sup>. The objectives and beneficial effects of regulation are diverse and may variously be focused upon consumers (as understood by consumer legislation), 'vulnerable' groups, employees, the environment, social progress and the wider economy.

Both the consumer and customer interests should be embedded in regulation through a legal framework and governance including lay representation of consumer and business expertise and an organisational culture that embraces consumer interests.

Regulations are the means to an end and need to be part of an overall strategy. Regulators should be monitored and reviewed regularly to enable them to ensure that they deliver and continue to deliver the desired outcomes, with a duty to make recommendations to government or to other sponsors as necessary.

The Consumers Charter for Regulators<sup>7</sup> sets out what a good outcome for consumers includes:

- Access for all
- Clear, simple, accurate and understandable information
- Fair marketing practices
- Effective choice
- Fair and transparent pricing and contracts
- Quality delivered as agreed or as contracted terms
- Protection from unsafe products
- Resolution of individual complaints free to the consumer
- Clarity about what regulation can and cannot deliver

(added later) Protection from financial detriment.

ENDS

### Notes for editors

The NCF letter to the Consumer Minister, Kelly Tolhurst MP, and proposals for revision of the Regulators' Code (2014) are attached to this Press Release.

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<sup>6</sup> This Code was laid before Parliament in accordance with section 23 of the Legislative and Regulatory Reform Act 2006 ("the Act"). Regulators covered are listed by order under section 24(2)

<sup>7</sup> <https://www.nationalconsumer.org.uk/wp-content/uploads/2018/02/Consumer-Charter-for-Regulators-.pdf>

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## National Consumer Federation

*The independent consumer voice  
Speaking out for consumers to government, regulators and businesses*

For more than 50 years, the National Consumer Federation (NCF) has represented and supported the work of voluntary, independent consumer groups, individuals and those in other organisations that have an interest in consumer affairs. The NCF provides an independent consumer voice, thinking, and expertise. It is a consumer charity, which also offers not-for-profit professional consultancy services via NCF Services CIC

**Voice:** the NCF is the umbrella organisation for independent consumers. It acts as a collective consumer voice, with a particular focus on issues that are not well addressed elsewhere. The NCF provides independent, evidence-based views in its consumer representation.

**Thinking:** the NCF is a home for consumer experts to develop, with colleagues, better analysis of consumer issues and statements of 'what good looks like' to the consumer.

**Expertise:** the NCF aims to assist individual consumers who, on a voluntary basis, wish to develop their expertise in topics of particular interest to themselves. For the most specialist and demanding tasks, requiring the greatest effort and expertise, our consumer experts offer professional consultancy services via NCF Services CIC.

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