

Report to the Tyne and Wear Trading Standards Joint Committee

17 September 2020

Competition and Markets Authority: Joint Statement Against Price Gouging. 3 July 2020

**Anneliese Hutchinson, Service Director, Development, Transport and Public Protection,
Gateshead Council**

Purpose of the report

1. To update the Committee on the publication by the Competition and Markets Authority of a Joint Statement Against Price Gouging in July 2020.

Summary

2. During the stages of the early pandemic and lockdown in March 2020, Trading Standards services received a number of complaints from consumers that apparently a number of shops in our neighbourhoods were allegedly exploiting consumers by the raising of prices of certain key products, so called 'price gouging'.
3. Certain small businesses in the West end of Newcastle were one area where this alleged activity was happening. As a result, Ms Chi Onwurah MP raised the issue on behalf of your constituents and also took direct action by writing to any businesses identified as been involved with so-called price gouging as follows:



CHI ONWURAH MP
Newcastle upon Tyne Central

24, 7-15 Pink Lane
Newcastle upon Tyne NE1 5DW
Tel: (0191) 232 5838
Email: chi.onwurah.mp@parliament.uk
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23/03/20

Dear Shopkeeper

In the face of the Covid 19 pandemic ensuring quality food supplies to the people of Newcastle is an absolutely essential function, and that is why those involved in the sale, delivery, and provision of food have been identified as key workers. I supported that categorisation and want to thank you for the service you are providing.

However, I have been *deeply* disturbed by reports of shops raising prices, particularly of meat and rice, sometimes already in stock, and I regret to inform you that **your shop has been named as one of those who are doing so**. I do hope that is not the case and I have asked for evidence to support such a terrible accusation, but I wanted to share with you the complaints I am receiving. I am in discussions with trading standards and the Competition and Markets Authority about the appropriate steps to take to end such a despicable practice and will publicly name and shame shops which have raised their prices without good cause. We are expecting an amendment to the Coronavirus Bill outlawing price gouging and are pressing for the most severe sanctions possible.

I know that these are very difficult times and small businesses like yourself are facing real challenges in cash flow and supply. My office stands ready to help and you can also find advice at the Newcastle City Council website. I look forward to working with you to ensure affordable food for all during this crisis.

All the very best
Chi

Chi Onwurah
Labour MP for Newcastle upon Tyne Central
Shadow Minister for Industrial Strategy, Science and Innovation

4. As a result of all the concerns as expressed on the 3 July 2020 the Competition and Markets authority issued a joint statement with the following organisations:
 - Association of Convenience Stores
 - Association of Independent Multiple Pharmacies
 - British Retail Consortium
 - Chartered Trading Standards Institute
 - Federation of Independent Retailers (NFRN)
 - Federation of Wholesale Distributors
 - Scottish Wholesale Association
5. The statement made it clear that the CMA remain concerned about the behaviour of a small number of businesses at that time. The vast majority have responded responsibly, but there is a minority who have not. Those who inflate prices to profit off the backs of their customers are adding to their distress at a time of particular vulnerability and may be severely damaging their own reputation.
6. Consumers are likely to remember those businesses who attempted to profiteer and may well vote with their wallets once this crisis ends. For many businesses, the crisis could represent an opportunity to do the right thing, and as a result develop relationships with new customers.
7. Based on evidence the CMA has received since it launched its Taskforce, the largest price increases, as well as the largest number of price complaints, concern hand sanitiser, with a median reported rise of just under 400%. The average reported increase across all reports, covering products such as paracetamol, flour, meat, toilet roll, rice and eggs is 160%.

8. If customers have been affected by price rises, they can report poor business behaviour to the CMA using its online form to report businesses. In addition, the CMA urges retailers to report examples where prices are being raised because of increases in supplier costs through the same form.
9. The CMA is keeping all evidence it receives under review and will not hesitate to take enforcement action where there is evidence that the law has been broken.
10. To set this in context the CMA asserted that the proportion of shops reported for price increases is a small minority in all nations: seven in every thousand in England, and two in every thousand in the other nations of the UK.

Recommendation

11. The Committee is asked to note the information as contained within the report.

Appendix1 Letter from Chi Onwurah MP (Newcastle Central):
<https://chionwurahmp.com/2020/03/chi-writes-to-shopkeepers-accused-of-price-gouging/>

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