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**Government Announcement On New Laws To
Be Introduced To Ban Unavoidable Hidden
Fees to Force Businesses To Be Upfront With
Customers**

**Anneliese Hutchinson, Service Director, Economy, Innovation & Growth,
Gateshead Council**

Purpose of the report

**Government Announcement on New laws To Be Introduced To Ban
Unavoidable Hidden Fees to Force Businesses To Be Upfront With
Customers.**

1. On the 28 January 2024 the Government announced that fake reviews will be added to banned practices. It is estimated that unavoidable hidden fees cost consumers £2.2 billion every year.
2. Fake reviews, shop labelling and hidden fees that make shopping more difficult and expensive for consumers will all be targeted to clamp down on unfair trading practices.
3. Following a consultation into consumer transparency and as part of the Digital Markets, Competition and Consumer Bill (DMCC), the Department for Business and Trade will officially add fake reviews to a list of banned business practices, outlaw dripped fees that are unavoidable for consumers and ensure that businesses provide clearer labelling for prices on supermarket shelves.
4. These measures will be legislated for as part of the DMCC Bill as it progresses through Parliament.
5. Sneaky hidden fees, or dripped prices that are unavoidable will be banned. Drip pricing occurs when consumers are shown an initial price for a good or service while additional fees are revealed (or “dripped”) later in the checkout process.
6. Research suggests it is widespread and occurs in more than half of providers in the entertainment (54 percent) and hospitality (56 percent) industry, and almost three quarters across transport and communication (72 percent) sectors.
7. Every year, unavoidable fees cost consumers £2.2 billion, which is why this legislation is being designed to ensure online shoppers have a clear idea of what they are spending upfront, to inform them as much as possible and as soon as possible before making purchases.
8. To make it easier for consumers to compare products and services, fees that are mandatory must be included in the headline price or at the start of the shopping process – these include booking fees for cinemas and train tickets. Optional fees

such as airline seat and luggage upgrades for flights will not be included in these measures.

9. Reviews were found to be used by 90% of consumers and contributed to the £224 billion spent in online retail markets in 2022. Working with the Competition and Market's Authority, new guidance is proposed to tackle fake reviews which will be added to the list of banned practices, with website hosts held accountable for reviews on their pages.

10. The Price Marking Order (PMO), will also be reformed. The PMO requires traders to display the final selling price and, where appropriate the final unit price (e.g., price per litre/kilogram) of products in a clear way. Small shops that are currently exempt from the PMO will continue to be exempt from those specific measures.

Graham Wynn, Assistant Director, British Retail Consortium said:

"The BRC looks forward to continuing to work with officials as practical detailed implementation plans are developed. We are committed to ensuring information given to consumers is clear and they are not misled in any way. We will also be making provision for the PMO in relation to the Deposit Return Scheme, so the cost of the deposit is displayed separately on price labels."

Recommendation

11. The Committee is asked to note the information.

Further information can be found at: <https://www.gov.uk/government/news/new-laws-set-to-ban-mandatory-hidden-fees-from-online-shopping-saving-money-for-consumers>

Contact: Judith Shewan, South Tyneside Council
judith.shewan@southtyneside.gov.uk
