

A close-up photograph of a person's hands typing on a computer keyboard. The person is wearing a dark, ribbed sweater with four buttons on the cuff and a gold ring on their left ring finger. In the background, a computer monitor displays a website with a blue header and several images of women in professional attire. The website content is slightly blurred. The overall scene is set in a professional office environment.

dti

A FAIR DEAL FOR ALL

Extending Competitive Markets: Empowered Consumers, Successful Business



The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

Contents

Foreword	2
Executive Summary	3
1. Our vision	6
2. What success will look like	8
3. When and how Government will intervene	9
4. Promoting open and competitive markets	11
5. Empowering consumers	13
6. Simplifying the law for the benefit of consumers and business	16
7. Making it easier to resolve problems	18
8. Ensuring a fair and safe trading environment	20
9. How we will measure success	24

A Fair Deal For All

Extending Competitive Markets: Empowered Consumers, Successful Business

Foreword

Today's Britain offers consumers and businesses more opportunities than ever before.

Consumers face a wide variety of choice, with new products and services that enter the market every day. Competition for customers has stimulated business to innovate and improve, offering great deals on a daily basis.

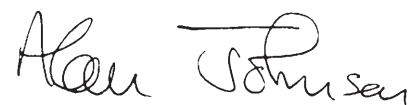
For businesses, there are new markets developing here and abroad, and the expansion of the EU provides an unparalleled opportunity for growth. Our open and competitive markets provide an environment in which successful businesses become even more efficient and effective at meeting customers' needs. This leaves them better equipped to compete in the future, both here and overseas.

Our economy is thriving and, most of the time, consumers and businesses trade with each other without any problems.

But sometimes things go wrong. There are rogue traders who want to exploit vulnerable consumers. However, there is also too much red tape getting in the way of responsible businesses who are trying their best to look after both their customers and their shareholders.

We want a consumer regime that is fit for 21st century Britain. A regime that is as good as any in the world, and one which is as fair to business as to consumers. Where protection for vulnerable consumers is balanced with the need to avoid stifling markets with over-regulation. Our regime must be squarely based on evidence, use appropriate risk assessment, and must include the principle that we want the minimum intervention in, and regulation of, markets that is consistent with achieving our goals.

This strategy sets out our plans to deliver that consumer regime. Our ambition is that it will deliver a fair deal for all.



Alan Johnson

Secretary of State for Trade and Industry
June 2005

Executive Summary

1. The Government is committed to improving Britain's consumer regime. We want a regime that delivers social justice, economic and environmental progress, and which is as fair to business as it is to consumers. We have set ourselves the target of raising our consumer regime to the level of the best in the world.
2. This means we want a regime where:
 - Consumers are equipped with the skills, knowledge, information and confidence to exercise their rights to get a good deal.
 - Strong consumer advocacy exists at the general policy making level and in special cases.
 - Consumers have access to appropriate and convenient sources of advice and redress, including effective alternative dispute resolution (ADR).
 - Consumer rights are proportionate, balanced with responsibilities, and clear and simple enough to be well understood.
 - Consumers are able to understand the impacts of their own consumption decisions on our shared environmental and social wellbeing.
 - Vulnerable consumers are protected without placing undue restraints on markets overall.
 - Enforcement is fair, consistent, effective and proportionate.
 - Markets are regarded as fair by both consumers and business.

And this is underpinned by:

- A strong competition regime, and
- A rigorous evidence-based approach that ensures:
 - problems are identified,
 - interventions are justified by the evidence using appropriate risk assessment,
 - the effectiveness of interventions is evaluated, and
 - there are no unnecessary costs to business, consumers or Government.

The Government's commitments

3. To achieve these goals we will:

Promote open and competitive markets

- Maintain a robust domestic competition regime
- Promote open, fair, competitive markets internationally
- Seek to improve the way the EU internal market works
- Press for continued EU liberalisation in services

Empower consumers

- Complete the rollout of Consumer Direct nationwide
- Expand the OFT Consumer Codes Approval Scheme
- Improve consumer education and the usefulness of consumer information
- Strengthen and streamline consumer advocacy
- Work to improve access to cross-border advice

Simplify the law for the benefit of consumers and business

- Implement the Arculus Report on regulatory reform
- Introduce a general duty not to trade unfairly
- Proactively pursue simplification of EU consumer legislation
- Look for further opportunities to simplify our legal framework

Make it easier to resolve problems

- Pilot the use of Consumer Direct to refer people to ADR schemes
- Consult on making it easier for victims to get evidence for civil court cases

- Introduce representative actions for consumers
- Act to return money from overseas scams to its rightful owners
- Seek to further improve cross-border redress systems

Ensure a fair and safe trading environment

- Pilot Regional Trading Standards Scambuster teams
- Give the Trading Standards Service access to Proceeds of Crime Act funding
- Implement the Hampton Report on improving enforcement
- Set up a new Consumer and Trading Standards Agency
- Give this Agency the lead in inspecting national companies
- Define national minimum standards for the Trading Standards Service
- Co-ordinate Central Government's priorities for the Trading Standards Service
- Encourage the spreading of best practice in the Trading Standards Service
- Encourage joint working between the Trading Standards Service and other enforcers
- Support the strengthening of leadership in the Trading Standards Service
- Build strong and effective cross-border co-operation mechanisms

1. Our vision

- 1.1** The Government wants Britain's consumer regime to be as good as any in the world – we have set ourselves a target of reaching the level of the best by 2008. More than this, we want a consumer regime that is fit for purpose for the 21st century. A regime that will empower and protect consumers, support open, competitive and innovative markets, that is as fair to business as it is to consumers and that has the minimum regulation necessary to achieve these goals.
- 1.2** We have rejected the old-fashioned attitude that businesses need to be routinely regulated and inspected to keep them in line. The vast majority of businesses want to act responsibly. The pressure to attract and retain customers is a far more powerful and effective incentive on business to act with integrity and responsibility than anything Central or Local Government can do.
- 1.3** We can see this clearly by looking at the areas where consumer detriment is found. In markets where consumers are easily able to make informed choices (for example, the retail clothing market) the service that business provides to customers goes well beyond the requirements of Government regulation. It is now routine for retail clothing stores to accept returns simply because a consumer has changed their mind – even though the customer has no legal right to expect a refund.
- 1.4** And the areas where we see high levels of consumer detriment are typically those where it is difficult for consumers to make informed choices. Where purchases are often infrequent, and it is hard for consumers to tell in advance what they will be getting for their money (for example, the home improvement sector).
- 1.5** We know that there are rogue traders who will prey upon the foolish or vulnerable consumer, and we want our regime to get better at stopping deliberately dishonest activity. But we will not impose heavy-handed regulation on the entire business world when it is only a very few traders who are causing real problems.
- 1.6** We have already published a White Paper setting out detailed plans for improving the consumer credit regime¹ – and we are already implementing

¹ Fair, Clear and Competitive – The Consumer Credit Market in the 21st Century which can be viewed at http://www.dti.gov.uk/ccp/topics1/consumer_finance.htm#ccwp

those plans to bring consumers real benefits. The Consumer Credit Bill, currently going through Parliament, will complete the package of reform.

- 1.7** Last year we consulted on a draft consumer strategy² designed to bring the rest of our consumer regime up to the level of the best in the world. Since then we have carefully considered the consultation responses, we have also agreed to implement the Arculus and Hampton Reports on reforming the making and enforcement of regulations, and we have published a new UK Sustainable Development Strategy³.
- 1.8** This document sets out our strategy for improving our consumer regime. We intend to create a regime which reaches the level of the best in the world. A regime that supports economic progress, social justice and patterns of consumption that respect the pressures on the local and global environment; that protects vulnerable consumers; and which supports markets that are open, competitive and fair, with opportunities for business growth and innovation.
- 1.9** Our consumer regime will be based on the principle of proportionate, risk-assessed and evidence-based intervention. Instead of regulating and inspecting on a routine all-inclusive basis, we want to see more effort targeted on rogue traders, and a lighter touch for mainstream responsible businesses.
- 1.10** We want to see prosperous and fair national and international markets, where both business and consumers can trade with confidence, and where everyone receives a fair deal.
- 1.11** This strategy sets out our plans to achieve these objectives. It covers the consumer protection issues for which DTI is responsible: product safety, fair trading (including credit) and weights and measures. It also reflects the agenda for corporate social responsibility. The strategy covers Great Britain and deals with reserved matters only⁴. The devolved administrations will wish to consider whether they wish to take action to support the objectives of the strategy on issues for which they have devolved responsibilities.
- 1.12** A partial RIA to support this strategy has been published at www.dti.gov.uk/ccp/topics1/pdf1/cstrategyria.pdf.

2 Extending Competitive Markets: Empowered Consumers, Successful Business which can be viewed at http://www.dti.gov.uk/ccp/topics1/consumer_strategy.htm

3 Securing the Future: UK Government sustainable development strategy which can be viewed at <http://www.sustainable-development.gov.uk/publications/uk-strategy/uk-strategy-2005.htm>

4 Consumer protection is reserved for Great Britain but transferred (except for product safety) to Northern Ireland.

2. What success will look like

2.1 Our target is to have a consumer regime at the level of the best in the world. From our research, our international comparative study of consumer regimes⁵, and our interaction with stakeholders we have defined what we believe this means in practice.

2.2 Having a consumer regime at the level of the best in the world means:

- Consumers are equipped with the skills, knowledge, information and confidence to exercise their rights to get a good deal.
- Strong consumer advocacy exists at the general policy making level and in special cases.
- Consumers have access to appropriate and convenient sources of advice and redress, including effective alternative dispute resolution (ADR).
- Consumer rights are proportionate, balanced with responsibilities, and clear and simple enough to be well understood.
- Consumers are able to understand the impacts of their own consumption decisions on our shared environmental and social well-being.
- Vulnerable consumers are protected without placing undue restraints on markets overall.
- Enforcement is fair, consistent, effective and proportionate.
- Markets are regarded as fair by both consumers and business.

And this is underpinned by:

- A strong competition regime, and
- A rigorous evidence-based approach that ensures
 - problems are identified,
 - interventions are justified by the evidence using appropriate risk assessment,
 - the effectiveness of interventions is evaluated, and
 - there are no unnecessary costs to business, consumers or Government.

2.3 We will use this definition to assess whether or not we have achieved our objectives.

⁵ Comparative Report on Consumer Policy Regimes which can be viewed at <http://www.dti.gov.uk/ccp/topics1/pdf1/benchmain.pdf>.

3. When and how Government will intervene

- 3.1** We want Central Government intervention in markets to be kept to the absolute minimum that is necessary to achieve our objectives. Any Government intervention should be based on an evidence-based and risk-assessed approach.

The Government's commitments

- 3.2** We will use the following criteria to determine whether, and if so how, Central Government intervenes in markets:

- 3.3** We will:

- Critically assess the available information. Media stories or complaints statistics, taken in isolation, have the potential to disguise the scale and nature of a problem. They should be combined with an assessment of relevant market features such as those described in the following section;
- Justify intervention in terms of specific identified market failure. In particular we will establish whether the problem is due to anti-competitive behaviour such as monopoly power, price-fixing, or an abuse of a dominant position in the market, and/or to consumer empowerment issues such as imperfect information, switching costs, a lack of confidence in a particular market, an inability to make informed decisions about complex issues, or an inability to obtain redress;
- Identify and estimate all the expected costs and benefits of intervention to consumers, business and Government;
- Consider whether the goods or services involved are a necessity of life;
- Have regard to the broader social and health consequences of these failures – for example, whether practices are unfairly targeted on the elderly or low-income households, are causing distress through the method of marketing, are designed to exploit a weakness, or damage health;
- Have regard to the circumstances of the consumer and the evidence of the potential for exploitation; in some circumstances everyone is capable of being vulnerable, for example following a bereavement or due to the onset

of incapacity; whereas others such as low-income or rural households may be open to exploitation due to restricted choice;

- Have regard to the impact which individual consumption decisions can have on our shared environment – identifying where this can be influenced through robust information to guide consumer choice, and where there needs to be other kinds of market intervention to raise standards and drive innovation for more sustainable goods and services;
- Have regard to the motivation behind the trader's activity in a market – is there a genuinely satisfied client base or is the trader specifically exploiting a loophole in the law or enforcement;
- State objectives clearly and provide measurable targets and timescales;
- Estimate the effect of intervention on incentives in the marketplace – for example, whether an increase in consumer protection would encourage consumers to take less care before buying, whether making price comparison easier would facilitate price-fixing by firms, or whether framing standards on the basis of current practice would disadvantage new entrants; and
- Favour solutions that, once introduced, can be sustained by the market over those that require ongoing intervention. The least invasive initiatives are likely to be those improving information flows, although these will not always be sufficient. Regulation would be a last resort, only to be used if other approaches cannot succeed.

4. Promoting open and competitive markets

- 4.1** Open and competitive markets are the best way to protect consumers. Where consumers are able to make informed choices between suppliers of goods and services the competition between businesses for customers results in lower prices, improved quality and innovation in both goods and services. Overall consumers get a better deal.
- 4.2** Competition also benefits the business world, as it encourages innovative approaches, improved efficiency and a more customer-focused approach, leading to improved productivity both for individual businesses and the economy as a whole. Competition makes businesses better able to compete, both in the UK and internationally.
- 4.3** Consumers and competition are intimately linked. Competition protects consumers and stimulates business development, leading to improved productivity of the economy. But competition only exists where consumers are able to make informed choices and are empowered to exercise that choice. Empowering consumers drives competition.
- 4.4** Since 1997 we have strengthened our competition regime by introducing stronger penalties and giving our competition authorities the power to make independent competition decisions based on robust economic criteria. We now intend to build on this work.

The Government's commitments

- 4.5** We will:
- **Maintain a robust domestic competition regime.** We will continue to monitor the effectiveness of our competition regime to ensure the Government's economic objectives are met. We have made our competition authorities independent from Government in respect of the competition decisions that they make, but they remain accountable for their overall effectiveness in carrying out their statutory functions. We expect them to use and publish suitable performance measures to show how they are fulfilling these functions.
 - **Promote open, fair, competitive markets internationally.** We will continue to promote the opening of markets, and the introduction of fair competition, in international markets. The UK and EU competition regimes

are closely aligned, and we will work closely with the other EU Member States and the European Commission to ensure that the benefits of the EU regime are fully realised. We want to try to ensure that European competition policy is more proactively focused on driving up competition. We will support market investigations into key sectors. We want to ensure that European competition policy is independent of politicians. We will also seek to introduce open and fair competition into international markets more generally.

- **Seek to improve the way the EU internal market works.** We will continue to push for consistent transposition and application of EU laws, such as the Unfair Commercial Practices Directive, in all the Member States in order to provide a level playing field for business and consumers.
- **Press for continued EU liberalisation in services.** We will use the opportunity of the draft Services Directive to extend the benefits of competition to markets in services. There is tremendous scope for liberalisation in these markets which will benefit both consumers and business alike. We strongly support the creation of an EU single market in services to match the single market in goods – and want an effective Directive to provide real benefits to consumers and new opportunities to British business.

5. Empowering consumers

- 5.1** We want to see empowered consumers who are able to make informed choices between different goods and services, and who have access to the information needed to do so.
- 5.2** Empowering consumers benefits not only the individuals concerned, but consumers and markets as a whole. Competitive markets are driven by empowered consumers because people who vote with their feet prompt businesses to improve, and to offer even better deals to their customers. Empowering consumers is therefore central to our strategy for improving Britain's consumer regime.
- 5.3** We also, however, want to see consumers who understand that they have responsibilities as well as rights. We will act to empower consumers generally, to protect the vulnerable and to crack down on scams, but Government cannot and should not act as a nanny state. For example, where consumers have freely made an informed choice, but then simply change their mind, there is no legal right for them to get out of the deal. Many businesses will allow consumers simply to return goods in this instance, but there is no obligation on business, or Government, to ensure that this happens.
- 5.4** Government also cannot and should not protect consumers who make foolishly rash decisions when they could have made an informed choice instead. The Government will take action to empower consumers so that they are able to make informed choices, but how people use that choice is up to them. We will not attempt to substitute our judgement for that of an individual over how they spend their money. This inevitably means that if an individual can make an informed choice, but willingly chooses to make a bad deal, Government should not and will not protect them from the results of that choice. In those circumstances individuals will need to accept the consequences of their own decisions. The situation is different where it is not possible for an individual to freely make an informed choice, for example because they are subjected to pressure selling techniques which make it impossible for them to do so, and the Government may decide to take action to improve protection for consumers in these types of cases.
- 5.5** The Government has already taken action to empower consumers by setting up Consumer Direct to provide first tier telephone and internet advice. Although some Local Authorities have historically provided good consumer advice services, and Citizens Advice Bureaux also provide invaluable services, consumers have faced a postcode lottery on what was available. Through Consumer Direct, for the first time, consumers across the whole of Britain will be able to get good quality advice on consumer issues. Consumer Direct helps

people to sort out problems themselves, and in the minority of cases where this is not possible, refers them to more specialised advice services (this might for example mean referring someone to the Trading Standards Service or Citizens Advice Bureau where particular expertise was needed). Consumer Direct now covers around 70% of the population and is already proving its worth. A recent survey⁶ showed that of those who used the service 84% were either satisfied or very satisfied, 75% said it was the first time they had ever received any consumer advice, and the median saving for each caller was £191. We intend to build further on the success to date of Consumer Direct.

- 5.6** The Government is also planning a new service, Environment Direct, which will provide consumers with information and advice on how to reduce the environmental impact of the goods and services they buy and use. This will raise awareness of the collective effects of individual consumption decisions, but will also help empower consumers to take personal responsibility through more informed choices.
- 5.7** We not only want to empower consumers shopping in Britain, we also want consumers to have the confidence to shop across national borders. The Government may have a role to play in helping consumers get advice or redress in cross-border cases as it may be hard for them to do so on their own. We will push for our vision of the empowered and responsible consumer, with appropriate protection for vulnerable consumers, to become the norm in the EU consumer regime.

The Government's commitments

- 5.8** We will:
- **Complete the rollout of Consumer Direct nationwide.** By spring 2006 Consumer Direct will be available across the whole of Britain so that everyone can benefit from clear, consistent, accessible advice.
 - **Expand the OFT Consumer Codes Approval Scheme.** The OFT will continue to expand its Consumer Codes Approval Scheme to cover more codes that meet the scheme's criteria. The more codes that are approved, the higher the visibility of the scheme with consumers and so the more effective it will be in influencing consumer choice, and so business behaviour. The OFT will work with Local Authorities to look at the scope for similar schemes run by the Trading Standards Service to receive dual accreditation from both the Local Authority and the OFT.

6 http://www.consumerdirect.gov.uk/project/pdfs/satisfaction-survey_2mar05.pdf

- **Improve consumer education and the usefulness of consumer information.** The OFT is developing a consumer education strategy, with better co-ordination between both public and private sector bodies that deliver consumer education programmes. The OFT will continue to take this work forward in order to deliver further benefits for consumers. This work will need to include developing methods for evaluating the effectiveness of different approaches to educating consumers, and developing innovative methods for reaching people outside formal education, as well as avoiding duplication.
- **Strengthen and streamline consumer advocacy.** As we set out in our consultation document *Extending Competitive Markets: Empowered Consumers, Successful Business*⁷ the Government sees benefits in moving consumer representation in the regulated industries towards a single “National Utilities Consumer Council” model. This remains our view, and we will bring forward further details of possible plans and timetable later this year.
- **Work to improve access to cross-border advice.** We will continue to try to ensure that suitable cross-border advice services are easy to access.

7 Available at http://www.dti.gov.uk/ccp/topics1/consumer_strategy.htm

6. Simplifying the law for the benefit of consumers and business

6.1 We want a modern legal framework that:

- Is clear and simple so that it can be easily understood by both consumers and business;
- Is flexible and can respond to the changing demands of 21st century markets;
- Supports innovation;
- Provides suitable protection for consumers, and
- Which does not put unnecessary restrictions on markets or place unnecessary burdens on business.

6.2 Our current legal framework does not meet all these requirements. It has been built up over many years and as a result is both complicated and fragmented.

6.3 We intend to simplify our legal framework in order to reduce the burden placed on business without reducing the protection provided to consumers.

6.4 In our consultation *Extending Competitive Markets: Empowered Consumers, Successful Business*⁸ we suggested a radical overhaul of our legislation in a “big bang” approach. The consultation responses showed support for the principle of simplification, but thought a “big bang” approach was moving too fast.

6.5 We remain committed to the goal of simplifying our legislation but as a result of the consultation we have revised our approach.

The Government's commitments

6.6 We will:

- **Implement the Arculus Report on regulatory reform.** This will include improving the way that we assess the impact on business of regulation, as well as looking for opportunities to simplify our legislation on an ongoing basis. We invite business to give us specific proposals for how our consumer legislation could be simplified, either through revision of EU Directives or amendment of our domestic legislation.
- **Introduce a general duty not to trade unfairly** through the Unfair Commercial Practices Directive. In considering how to transpose the Directive into UK law we will look at the potential for simplification, and consult stakeholders on our proposals. Once the Directive has come into force we will resist attempts to introduce unnecessary further legislation where the Directive already provides appropriate protection.
- **Proactively pursue simplification of EU consumer legislation** through the forthcoming review of the EU consumer acquis and the contract law review to which it is linked. We are commissioning research to give us specific proposals for how the EU Consumer Directives can be simplified, which we will use to influence the course of the European Commission's review. We will continue to press for simplification through the lifetime of the review, involving stakeholders on an ongoing basis.
- **Look for further opportunities to simplify our legal framework.** We will continue to keep under review our options for reviewing the legal framework as we implement all of these areas of work and will welcome suggestions from stakeholders on how to achieve a strong but more streamlined framework.

7. Making it easier to resolve problems

- 7.1** When problems do arise they are best resolved at the earliest possible opportunity, and if at all possible without going to court. Consumer Direct provides advice to consumers to help them resolve problems. Government support services to business (such as www.businesslink.gov.uk) do the same for business. Many problems are resolved without the need for any third party intervention, but not all.
- 7.2** Through our research we have identified this area as one where more needs to be done. We want to make it easier for consumers to resolve problems, whilst avoiding the need to go to court except as a last resort.

The Government's commitments

- 7.3** We will:
- **Pilot the use of Consumer Direct to refer people to ADR schemes.** There are many different providers of alternative dispute resolution (ADR) services which help consumers and business to resolve problems without having to resort to going to court. We intend to pilot using Consumer Direct to refer people (when appropriate) to ADR schemes, but to ensure that consumers receive a suitable ADR service, Consumer Direct will only refer to schemes that meet certain quality criteria. We will draw up the quality criteria in consultation with stakeholders. We will pilot the scheme to check for practicality (including cost) and to see how useful it is to consumers and business.
 - **Consult on making it easier for victims to get evidence for civil court cases.** We will consult on amending Part 9 of the Enterprise Act 2002 to make it easier for public authorities to release information to individuals and companies for use in civil court cases relating to consumer issues. During the consultation we will need to look carefully at the costs and benefits to business of any amendment to Part 9 before reaching a final decision.
 - **Introduce representative actions for consumers.** Sometimes going to court is the only way for consumers to get justice, but some consumers may not feel capable of doing so. We intend to introduce representative actions for consumers. We will consult further on how this might be done, in particular to avoid inadvertently creating a compensation culture and to avoid businesses facing spurious claims. We expect that only certain

organisations would be allowed to bring a representative action and it might be necessary, for example, for pre-approval to be obtained from a court before proceeding.

- **Act to return money from overseas scams to its rightful owners.** Many scams operate from overseas. In some countries the local authorities have stopped a scam, and confiscated their illegal receipts, some of which belong to British people. There is currently no mechanism for this money to be returned to the people from whom it was stolen. We propose to enable money to be received from overseas authorities and returned to the British consumers from whom it was taken where it is practical and cost effective to do this. It may be necessary to fund the costs of this from the money to be returned to the consumer (as foreign authorities do).
- **Seek to further improve cross-border redress systems.** We will continue to work with EU and international partners to ensure that cross-border redress arrangements, including court procedures and ADR systems, are effective and user-friendly.

8. Ensuring a fair and safe trading environment

- 8.1** The aim of enforcement services is to improve the level of compliance with the law by businesses. The vast majority of businesses are responsible and want to keep the law, but there are some traders who are deliberately dishonest.
- 8.2** The Trading Standards Service provides a vital role which many Local Authorities carry out with great skill, to protect consumers from the rogues who are deliberately dishonest and in so doing also protect responsible businesses from unfair competition. Trading Standards staff show great professionalism and dedication in carrying out their responsibilities. However, the Service is fragmented and this limits its effectiveness. The Trading Standards Service needs to be more joined up, and we wish to encourage this.
- 8.3** More specifically, we want to improve the effectiveness of the enforcement of our consumer regime in three key areas:
- Enforcement needs to be more effective at stopping rogue traders in order to improve protection for vulnerable consumers and to create a fairer trading environment for business. The Trading Standards Service should spend less time on routine inspections and on following up minor breaches of legislation (often unintentional) by responsible businesses, and should instead spend more time trying to track down and stop deliberately dishonest behaviour.
 - Enforcement needs to be based on a new relationship with the vast majority of businesses which are responsibly trying to keep within the law. Instead of routine inspections and requests for information, relationships need to be based more on trust and openness, and to take account of the overall risk assessment of the business as a whole. This is already the direction that the Trading Standards Services is moving in, but more needs to be done. The Hampton Report makes a number of recommendations aimed directly at enforcers, and these should be implemented.
 - Enforcement needs to be more consistent for national companies with outlets in many different local authorities. The current arrangements, where over 200 different Local Authorities enforce the same laws against the same businesses, but not necessarily in the same way, do not meet the needs of 21st century national and international businesses. The current level of variation faced by these companies is too great and they should not

have to face different interpretations of the law in different parts of the country, as they do now.

The Government's commitments

8.4 We will:

- **Pilot Regional Trading Standards Scambuster teams.** We want to see a greater focus on stopping rogue traders. We will therefore fund pilots of specialist Trading Standards Scambuster teams to focus on the worst and hardest-to-tackle scams and rogue traders, which may be beyond the capacity of individual Local Authorities to deal with. These teams will be drawn from, and remain accountable to, Local Government but will work across an entire region and must work in close partnership with the OFT. One of the OFT's key themes for the coming three years is to act against mass marketing scams; therefore these regional teams should focus initially on other types of scams, but work closely with the OFT Scambusters team in order to maximise the use of resources and jointly target investigations where appropriate. They must use the intelligence coming out of Consumer Direct (as well as other intelligence) to target their actions. They will not be engaged in routine inspection or other routine Trading Standards activities. We will publish more detailed criteria for the pilots later this year – any region which has a live Consumer Direct service will be eligible to bid for a pilot although we will not be able to afford pilots in every Region. The Government will make £1.5m/year available in each of 2006/07 and 2007/08 to support this initiative.
- **Give the Trading Standards Service access to POCA funding.** The Trading Standards Service is receiving powers under the Proceeds of Crime Act 2002 (POCA) to recover money which has been obtained illegally to prevent criminals benefiting from their crimes. The Government has already allocated significant sums from this money to asset recovery related projects and initiatives, including funding a wide range of community crime reduction projects. From 1 April 2006 all asset recovery agencies, including the Trading Standards Service, will be able to get back 50% of what they recover; this scheme will be administered by the Home Office.
- **Implement the Hampton Report on improving enforcement.** The Government has accepted the recommendations of the Hampton Report⁹ and will implement it in full. Many of the recommendations of the Hampton

9 Available at http://www.hm-treasury.gov.uk/budget/budget_05/other_documents/bud_bud05_hampton.cfm

Report are aimed directly at enforcers, and these recommendations should be implemented by the OFT and by the Trading Standards Service.

- **Set up a new Consumer and Trading Standards Agency.** One of the recommendations of the Hampton Report is the creation of a new Consumer and Trading Standards Agency, either as part of the OFT or separately from it. DTI will set up the Consumer and Trading Standards Agency and is publishing a consultation document on the details of this shortly.
- **Give this Agency the lead in inspecting national companies.** The Government has made a manifesto commitment that the Consumer and Trading Standards Agency will lead on the enforcement of consumer laws for national companies with outlets all over the country, in order to improve the consistency of inspection and enforcement action that they face. The consultation document on the Consumer and Trading Standards Agency which we are publishing shortly will set out our proposals for achieving this.
- **Define national minimum standards for the Trading Standards Service.** One of the roles of the Consumer and Trading Standards Agency will be to improve the performance of the Trading Standards Service, including setting national minimum standards. We do not want to wait until the Consumer and Trading Standards Agency is set up before beginning this work. We will work in partnership with Local Government, the Trading Standards Institute, consumer and business organisations to define national minimum standards for the Trading Standards Service. This is something which stakeholders, including business and Local Government, have been asking us to do. The national minimum standards will not initially be a statutory requirement, but will give Local Government a clearer signal as to the standards that Central Government considers to be acceptable. We will aim to ensure that these standards do not impose new burdens on Local Government, or that if they do, appropriate resources are passed to Local Government in accordance with the new burdens procedure. We will carry out this work within the context of broader work to improve Local Government performance, for example the creation of LABREG, and, in England, the revision of comprehensive performance assessment and the Local Government strategy performance framework¹⁰. In Scotland and Wales, this work will be carried out in consultation with the devolved administrations.

10 Available at http://www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/page/odpm_locgov_036828.pdf

- **Co-ordinate Central Government's priorities for the Trading Standards Service.** One of the roles of the Consumer and Trading Standards Agency will be to improve the way that priorities are set by Central Government for the Trading Standards Service. Our consultation document on the Consumer and Trading Standards Agency will set out our proposals to achieve this.
- **Encourage the spreading of best practice in the Trading Standards Service.** We will encourage the development and spreading of best practice in the Trading Standards Service through the rollout of peer review. The OFT will continue and develop their role to provide training, support and the sharing of best practice across the Trading Standards Service.
- **Encourage joint working between the Trading Standards Service and other enforcers.** We will encourage joint working between the Trading Standards Service and other enforcers where this makes sense. We are currently running a retail enforcement pilot based in Warwickshire and Bexley to test ideas on how this can work in practice.
- **Support the strengthening of leadership in the Trading Standards Service.** We wish to support the development of strong leadership in the Trading Standards Service. This service is vital to 21st century Britain as it helps to support both economic progress and social justice. In tackling dishonest behaviour, and protecting vulnerable consumers, the Trading Standards Service provides wider benefits both to consumers generally, and to business. We wish to see strong leaders develop who can take the Service forward to even greater strength in the next decade or more.
- **Build strong and effective cross-border co-operation mechanisms.** We will implement the EU Regulation on Consumer Protection Co-operation and continue our active role in promoting co-operation and best practice in the OECD and International Consumer Protection Enforcement Network (ICPEN).

9. How we will measure success

- 9.1** We have set out our definition of what it means to have a consumer regime at the level of the best in the world. We are developing, in partnership with our stakeholders, a balanced scorecard to measure the effectiveness of our consumer regime, and our progress in moving towards our objectives.
- 9.2** We will use feedback from stakeholders, research, quantitative data and international comparisons to assess whether or not we have achieved our objectives.
- 9.3** Ultimately, we will have succeeded if both consumers and business are confident that British markets will give a fair deal for all, and if they are equally confident of receiving a fair deal when shopping or trading abroad.



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