


UK consumer law: What is changing and how might it affect retailers?

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The Digital Markets, Competition and Consumers Act 2024 will introduce significant changes to the enforcement of UK consumer protection laws.

There are several parts to the Act dealing with different issues, but the rules modifying consumer law and enforcement are due to come into effect in around April 2025.

In this article, we focus on the key changes which retailers should know about in relation to consumer law, which include new powers for the Competition & Markets Authority (CMA) to fine companies the higher of £300,000 or 10% of annual turnover for breaking consumer law. The CMA has made it clear that it intends to use these new powers to punish businesses which don't comply with consumer law. This is a significant change which retailers need to prepare for, or risk facing substantial fines and reputational damage.

The CMA's direct consumer enforcement powers

The Act will give the CMA direct enforcement powers for breaches of consumer law – this means that the regulator can impose fines directly on retailers without having to go through the courts. Under the new regime, the CMA will be able to impose monetary penalties of up to 10% of annual turnover for consumer law breaches. Two areas of obvious risk for retailers selling online are:

- unfair terms in the company's terms and conditions of sale, which will be easily accessible to the CMA on the company's website; and
- online choice architecture, being the way in which the website is designed and how that impacts consumer choice/behaviour.

Automatically unfair practices

The Act will also make important changes to the existing list of automatically unfair commercial practices (practices which are always unfair, without needing to prove they have caused any particular damage). In particular, 'drip pricing' and the use of fake reviews will be banned.

Fake reviews

The new law will ban submitting or hosting fake consumer reviews. This includes creating fake positive reviews for your own products and arranging for competitors to receive fake negative reviews.

Invitations to purchase

Under the existing law relating to invitations to purchase (CPUT), omitting material information from an invitation to purchase will only be an unfair commercial practice if it affected the consumer's decision as to whether to purchase the product. Under the Act, omitting material information from an invitation to purchase will automatically be an unfair commercial practice, with no need to prove that the omission affected the consumer's decision to buy. Whilst it is recognised that some advertising channels mean that space or time is limited, this is likely to be an area where retailers will need to introduce processes to maximise the chances of compliance.

Drip pricing

Drip pricing refers to the practice of advertising one price whilst hiding additional fees or charges until later in the purchase process. These can include delivery fees, booking charges, or taxes.

The new rules for subscription contracts

The Act will (in due course – expected to be in 2026) tighten rules governing subscription contracts to make it easier for consumers to manage and cancel their subscriptions. Retailers who offer subscription packages will have to provide transparent information about pricing, renewal dates and cancellation policies, and issue clear notices to consumers before auto-renewal takes place. The cancellation of a subscription contract should be as easy as the initial sign-up ('one-click cancellation').

Retailers should now undertake a comprehensive review of their consumer terms and conditions, governance frameworks, and their documents and processes that directly interact with consumers.

A proactive approach, investment in regular audits and compliance training for staff will be key to avoiding penalties and maintaining consumer trust.

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