

The Future of Digital Comparison Tools

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Introduction

Price comparison websites (PCWs), also known as digital comparison tools (DCTs), are taking on an increasingly pivotal role in crucial markets. Competitive markets can help people navigate complex marketplaces and save them hundreds of pounds. Because of this they can help balance out economy-wide challenges of stagnating wages and living standards and play a crucial role in covering any shortfall in consumer incomes. Regulators, and the government are increasingly putting DCTs at the centre of solving problems with key markets. As a result, DCTs find themselves in a more privileged position than previously, recognised to be a key part of the consumer experience with more customers being steered towards using them. To a great extent, this position reflects the success DCTs have had in engaging consumers in markets.

This increased responsibility raises questions about how DCTs behave and where they sit in the landscape. DCTs can blur the boundaries, acting at various times as commercial businesses, consumer champions and implementers of government and regulatory policy. Yet these roles are frequently contradictory. The activity of DCTs is starting to fall behind the expectations implied by these new and varied functions. The CMA has published the updated findings from its [market study into digital comparison tools](#) - a path that could possibly lead to a full scale investigation and will make recommendations for the future operation of DCTs.

This paper does not cover as wide a set of industries as the CMA's inquiry. It focuses more on essential services such as energy and telecoms and high value/often purchased financial services products, including insurance. The paper sets out the improvements we would expect to see from the DCT sector in the coming months and year, in line with their increased responsibility. These include:

- An emphasis on clarity and accessibility to help unconfident consumers. This is the most pressing concern, our research highlights that rather than creating incremental gains for already engaged consumers, the main task of policy makers should be to engage currently excluded consumers who, due to their lack of digital skills and confidence, are unable to access the best deals in essential service markets¹.

¹ This issue was touched on in the CMA's update paper, although they have made no firm suggestions for how to improve the situation.

- Encouraging providers who offer whole-of-market or comparison-of-comparison services, but recognising that barriers to unconfident consumers' participation are far more fundamental than whether the last few % of deals are included in search or not.
- Ensuring consumers can get a 'good enough' deal on the first DCT they go to, and do not have to multi-home.
- A cross-industry code of practice that either upgrades or replaces Ofgem's current Confidence Code and Ofcom's accreditation scheme.
- The inclusion in the cross-industry code of requirements to show when commission is being taken, and preventing the privileged display of commission-carrying deals.

It accompanies a report from Illuminas, who carried out interviews with users and non-users of DCTs to understand consumer behaviour and attitudes.

DCTs in Policy

The CMA is currently carrying out a [market study into the DCT sector](#), with [initial results published](#) in March 2017. The [CMA's recent investigation](#) into the energy market made a number of recommendations on the role of energy DCTs, increasing their access to industry data and removing requirements that they provide information on the whole of the market but rather encouraging them to cut exclusive deals with energy companies. In contrast, a separate investigation led by the now defunct [Energy and Climate Change Select Committee criticised](#) the commission-driven business model, and followed up by [encouraging ministers to reject the CMA's recommendations](#) to remove the whole of market requirement. Beyond energy, the role of DCTs is also in question, with the [UK Regulators Network](#) and [Financial Conduct Authority](#) amongst others looking at the practices of DCTs. The government [announced in the autumn](#) that it is working on a green paper that will closely examine markets which are not working fairly for consumers. Given the amount of other activity on DCTs in policy, it would be surprising if they do not also feature in the green paper.

While all this activity has been unified around the idea of the increasing importance of DCTs, they have diverged considerably on more detailed questions of what responsibilities they should be required to take on, and what degree of regulation they should submit to. Is shopping around amongst DCTs necessary to ensure DCTs have to compete to provide the best possible service, or should consumers be reassured that whichever DCT they use, they will have access to the best deals? Do DCTs need to be ordered to provide access to the whole of the market, or should they be encouraged to negotiate potentially

attractive exclusive deals with suppliers? What obligations should they be under to provide compensation when things go wrong? How much data should they have access to, and how much commission should they be allowed to make? Should they be forced to disclose data uses and commission levels? Different regulators, government, and the CMA, not to mention the DCT sector, come out in different places on all these key questions.

However, while these debates focus narrowly on technical aspects of maintaining competition in the DCT sector, our own research on consumers' experiences of DCTs shows a significant disconnect between the barriers and concerns that consumers report and those taking up the bulk of Ofgem and the CMA's time. Without some fundamental issues being tackled, the kinds of solutions and interventions previously and currently being considered are only able to make marginal improvements to consumer experience, and these will be largely to the advantage of consumers who already engage in switching and price comparison. Unless unconfident, excluded consumers can be brought into the fold, preferably by DCT operators themselves, and if not then by policymakers, the power of DCTs to improve the way markets work will be squandered.

This debate has also generally shied away from the more fundamental issue of what impact these tools have on outcomes for consumers who are excluded from the process. With so much stock being placed in DCTs to facilitate competition, lack of accessibility for large parts of the population could undermine the Government's efforts to reduce costs for and generally help ordinary working households.

Extending the Reach of DCTs

The digital age and market liberalisation have given rise to two speed markets. Technology savvy customers, able to pay by direct debit and to pass a credit check, have never found it easier to get a good deal. However, vulnerable consumers are being left behind². A [2015 Ipsos Mori survey](#) on basic digital skills highlighted this divide. Although it found 84% of UK consumers had sufficient digital skills to buy items or services from a website, that proportion reduced significantly among C2DEs (76%) and over 65's (56%).

² A [2009 PWC study](#) estimated that £4.5 billion of savings are lost by digitally excluded households not being able to benefit from making online transactions

But it is not just lack of digital skills which prevent unconfident consumers from shopping around. They also distrust markets more generally and believe that things will often go wrong when using a DCT, which further discourages their participation. These consumers, if they shop around at all, tend to do so on brand and personal recommendation, according to the Illuminas research. They do not switch because they are concerned about making mistakes, and even more afraid that their providers will make a mistake that will leave them out of pocket or disconnected³. They cannot afford to go without essential services and are not confident in getting redress if something does go wrong. Worse, if suppliers identify that these consumers are very unlikely to switch, they will be subject to price rises - the loyalty penalty - while more engaged customers respond by switching away.

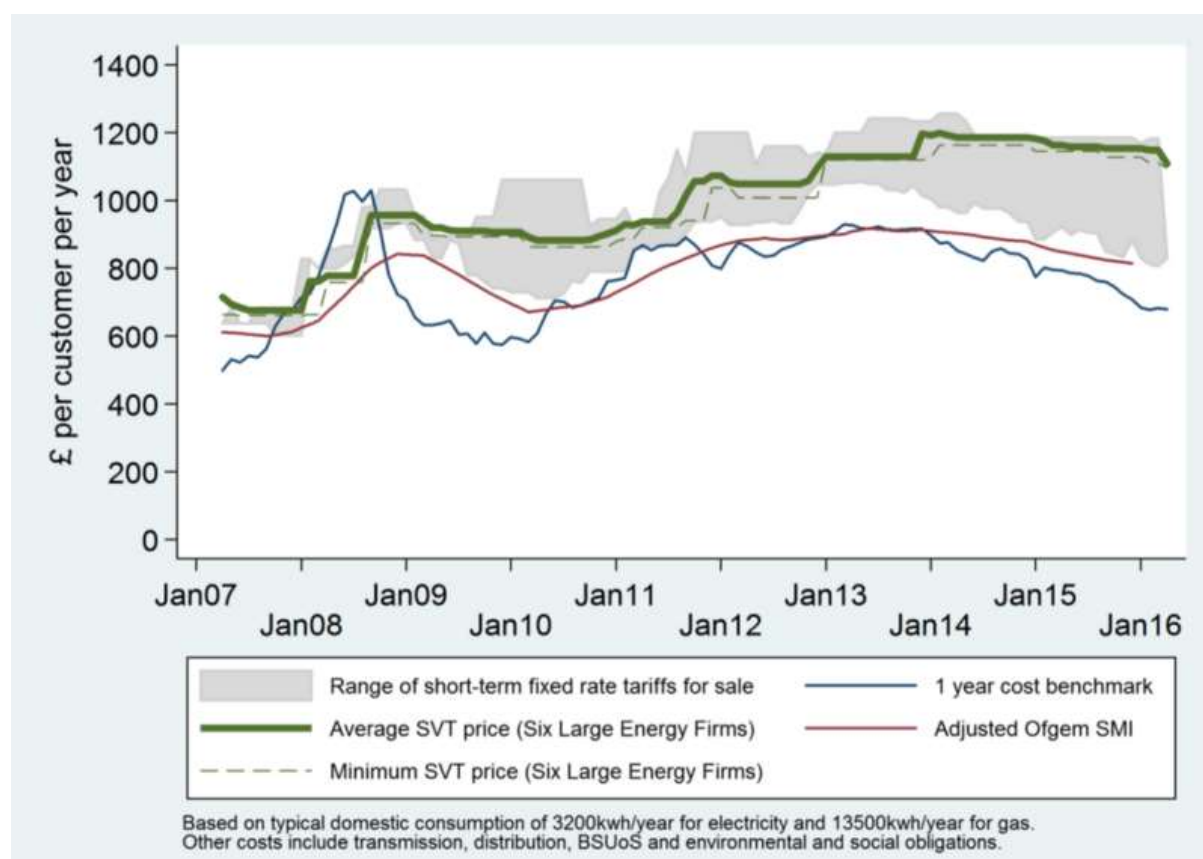
The CMA's latest evidence is unclear on the link between these barriers to entry and outcomes for consumers. Evidence from several markets, energy in particular, highlights the overlap in characteristics between non-DCT users⁴ and consumers who are least likely to switch⁵. The reliance of many markets on DCTs to facilitate competition, and the less competitive prices non-switchers pay, mean there is a big possibility that DCT users benefit at the expense of non users. Inactive customers do not benefit from reductions in underlying costs to serve them, as the graphs below show. The first highlights escalating costs in the fixed phone line market, where just 3% of consumers switch per year (a far lower rate than for bundled telecoms services). The second highlights the large premium paid by energy consumers on 'standard variable' tariffs compared to those who switch to fixed-term deals. Consumers who do not use PCWs are more likely to also be on high-priced 'standard variable' tariffs for their energy, and to still have legacy landline telephony service. Lack of access to DCTs exacerbates the unfair costs faced by unconfident consumers.

³ As highlighted by recent Ofgem research

<http://utilityweek.co.uk/news/customers-fear-bungled-switching/1293692#.WNT9DliLTnA>

⁴ The CMA found that older people, those on a low income, the unemployed and those with no qualifications were less likely to have used a DCT (DCTs Market Study - Update Paper, pg 39).

⁵ The CMA Energy Market Investigation (Summary of Final Report, pg 33) found that those who have low incomes, have low qualifications, are living in rented accommodation or who are above 65 are less likely to be engaged in the domestic retail energy markets against a variety of indicators of engagement.



The Illuminas research shows there is considerable value in educational efforts to help consumers as a means of correcting this situation. There is a wide disparity between confident and unconfident consumers in their willingness to switch, and in their ability use DCTs. There is clear value in providing greater

training for unconfident consumers on how to use price comparison tools. Our research found that many less able consumers are attracted by the savings they could make through switching but fear making a mistake or giving away their data. More broadly, an increasingly digital/online culture has to be supplemented by education and support for those who do not have, and find it difficult to obtain, the relevant skills. It is no good if services go online if the people who would benefit the most from them lose access (as appears to be the case in essential service markets, judging by the correlation between non DCT users and those on poor value deals).

In tandem with the Government's approach to assisted digital support, BEIS and regulators should explore how to reach these unconfident consumers and provide them with the support needed to increase their confidence in managing costs. One way to do so could be to bring the market to them so to speak, ensuring training and support are available at community hubs, for example libraries and day centres. Such an approach was previously found to be successful in getting small businesses to take out loans after the 2008 financial crisis, when they started being offered through wholesalers and DIY chains - places the small businesses were already frequenting - rather than the (far more intimidating) big banks⁶.

Beyond civil society helping to build the necessary skills in unconfident groups, there are several things DCTs themselves could do to engage these often vulnerable consumers. The following are features we would expect responsible companies to provide and regulators to encourage.

- Offline comparison tools are important for vulnerable consumers. Some PCWs operate phone lines (consumers ring up and are talked through their options) and postal services. These offline versions of price comparison may not be numerous or visible enough, nor are they governed by current self-regulation codes. As PCWs take on greater responsibility for the functioning of essential service marketplaces, supporting and clearly signposting alternative contact methods will be a crucial step in the evolution of the sector, following the lead set by the Ofcom accreditation scheme.
- Research carried out by Illuminas, which accompanies this paper, found that PCWs are not at well set up for vulnerable or unconfident consumers. Unconfident deal finders expected the experience to be overwhelming and found the first attempt time-consuming and frustrating. However, most unconfident users were so impressed with the deals they found that

⁶ This approach is detailed further in 'Inside the Nudge Unit', David Halpern, 2015

they wanted to gain more experience to build their confidence in using PCWs. This suggests there is an opportunity, that would be of benefit to both PCWs and their consumers, in simplifying or improving the approachability of PCW services. Interviews highlighted both the number of questions asked, and requirements (especially for insurance products) to answer very detailed questions, as barriers for unconfident consumers. It is unclear whether those questions were essential to determining the results of the price search, or covered optional extras. In designing the forms and questionnaires by which PCWs collect consumer information, thought should be given to which questions are essential, and which can be made optional/discretionary. An approach that only requires the mandatory questions to be answered, but that provides a second stage wherein further non-essential details can be provided may be a less intimidating approach for PCWs to adopt. Website builders should also give more attention to providing clear instructions if a question has not been answered correctly, so that it is easy to see and be clear about what needs to be corrected / input.

- Other features which the research highlighted as making the experience easy for unconfident consumers included: bright colours on clear background; clear, easy to read text; a change of colour when a question has been answered (one well known price comparison website already does this); and not including too much detail on the page, so that it does not look overwhelming.

Citizens Advice could use our insight gained by helping thousands of clients to help DCTs improve the clarity and accessibility of their products, in the same way we work with energy suppliers to ensure their processes are consumer-friendly.

DCTs do not have control over all the industry characteristics that affect demand for their service and the way they do business. Improvements to industry-wide practices can improve consumer confidence in the switching process, and many of the barriers to unconfident consumers engaging with PCWs arise before they ever reach the PCW itself. The interventions listed above will start to tackle the latter of these issues but, without concerted effort, limited digital skills, financial literacy/numeracy, access to technology and other foundational factors will continue to inhibit broad and even participation in key marketplaces.

What Information Should be Shown?

The CMA's update highlighted that [a number of parties](#) are concerned about PCWs encouraging consumers to consider price to the exclusion of everything else. The Illuminas research reinforces this point, with 80% of those we asked citing price as an important aspect of any deal, and just 10% citing the features of the deal.

More comparison metrics could be a good thing, depending on what information is given and how it is presented. In conjunction with Energylinx, Citizens Advice provides [company performance ratings on its energy price comparison tool](#). Commercial operators including Which? and Money Saving Expert are also leading the way in this area, providing complaints and performance indicators alongside pricing information. We would want any indicators to be simple, like the Citizens Advice customer service star rating system for energy suppliers, which is available for use by other accredited PCWs. Supplier rankings consists of a simple headline rating based on measures such as customer service, voluntary commitments (such as the [Energy UK code of practice for accurate bills](#)) and billing accuracy - and contain more detailed calculations sitting in the background, should consumers wish to access them. Citizens Advice could build on our experience with the energy star rating to deliver such a tool for other important markets.

How Should Information be Presented?

The presentation of deals can be as important as their content, or the proportion of market covered by a PCW. How a deal is described (e.g. weekly/monthly/annual spend), whether the comparison highlights the reversion price after the in-contract period ends⁷, and how price-related features are presented⁸ have a big bearing on the deal that consumers actually select.

⁷ The issue of out-of-contract costs was raised recently in the energy and broadband markets - Octopus Energy compared the value of deals after 12, 24 and 36 months, highlighting how the former masked significant end of deal price increases https://octoenergy-production-statics.s3.amazonaws.com/charts/eastern_prices_20160909.pdf

⁸ Researchers found that describing incentives for buying energy efficient washing machines were more successful when called a reward than a reduction -

'Drip pricing' is a consumer-unfriendly tactic, whereby the headline price for a product or service looks attractive but the provider disguises add-ons further in the process. This frustrates consumers but often because of the time already sunk into a transaction, does not prevent them from completing any transaction. These tactics can be used to ensure consumers pick the deal that the provider wants them to pick, rather than what is best for themselves or to make otherwise suboptimal decisions (this issue is discussed further in our paper [*Applying Behavioural Insights to Regulated Markets*](#)). In the research carried out by Illuminas, consumers also reported worrying that prices will be put up on repeat visits to websites, increasing pressure to decide first time, even when they felt they would benefit from taking more time to consider options (an issue [*described here in more detail*](#)). It was raised more prominently for travel/airfares but is possibly a deterrent in other places too if it is commonly believed to be practiced (it almost doesn't matter how often this occurs in practice any more - the perception that it occurs is widespread and a barrier to engagement). As part of the terms of the code of practice described below, both concealing essential costs of a product until late in the transaction, and altering prices when customers revisit the same site/product, should be prohibited. Guidance should also be included on how to avoid framing that is likely to lead consumers into making purchases that are not in their best interests, and practices around this matter should be actively monitored, with transgressions publicised and and punished where necessary.

Which Deals Should DCTs Show?

Whether PCWs should be obliged to show every deal available in the marketplace has recently taken on greater prominence following difference in approach between Ofgem and the CMA. A requirement to show the whole market by default was added to Ofgem's Confidence Code recently, but came under severe scrutiny when the CMA energy market investigation recommended the opposite. Other markets have settled on a compromise - in order to qualify for the [*Ofcom accreditation scheme*](#), signatories need to cover 90% of the market in their searches.

The CMA's reasoning is that retaining DCTs' ability to cut exclusive deals with suppliers increases the pool of offers in the market, and potentially cuts the prices faced by consumers. However, it is far from clear that a shortage of

<https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Behavioural%20Insights%20event%20summary%20paper.pdf>

attractive deals explains consumer reluctance to switch in the energy market. As has been widely observed, consumers have had the chance to save potentially hundreds of pounds by switching, yet only a minority of consumers switch. Against this backdrop, the marginal benefit of a few extra pounds' worth of savings from exclusive deals has to be offset against the reduction in trust resulting from no longer being able to be sure that your PCW is giving complete information, and the potential hassle of visiting multiple PCWs to find the best deal. Given the apathy towards longstanding price differentials, characteristics of the market that increase hassle or reduce consumer confidence are more worthy of regulators' attention.

The CMA's contention, made during its energy market investigation, is that most consumers use PCWs in the same way as they use retailers, and are happy to shop on multiple sites before selecting the best deal. The Illuminas research bore out this observation to an extent, showing that confident consumers do use multiple PCWs. We believe that small groups of consumers undertaking this activity can bring fringe benefits to competition. However, the research also highlighted that many confident consumers resent having to multi-home, while the unconfident rarely get that far through the journey. As a result, the analogy of PCW to traditional retailer seems wide of the mark - we cannot say consumers are generally happy to use multiple websites when so many do not use any at all. If consumers visit multiple sites, it adds friction to the process of finding the best deal. Price comparison websites exist to take the complexity out of markets (at least this is what much consumer research - and PCWs' own advertising - appears to suggest). Much hinges then, on the quality of the first PCW visited. It does not necessarily have to be perfect, nor to show the entire market, to avoid needing to visit additional sites. But the consumer does need to have trust that it is 'good enough', that the results they have seen are a satisfactory representation of what the market offers and will be broadly in line with what they will see elsewhere. There are a variety of pressures that could keep consumers at 'good enough' sites, both market based (reputation, word of mouth recommendations, etc) and regulatory (the need to display a significant percentage of the market to get accreditation by regulators as with Ofcom's 90% rule and Ofgem's attempt at a 100% rule).

In its recent update, the CMA cited polling data that showed the majority of consumers (82%) are happy with the level of market coverage by DCTs. As a result, it concludes that providers should simply be clear about how much of the market they cover rather than having to submit to minimum coverage requirements, allowing competition between DCTs to take up the strain. This finding is in marked contrast to Citizens Advice research which shows that

Whole-of-Market comparison is important to 94% of energy consumers⁹. If we accept that multi-homing is an innately poor consumer experience for many, the key issue is the tension between the need for consumers to have enough information to make a good decision, and the CMA's desire to foster competition between price comparison providers. With the CMA and others having shown the essential role PCWs play in facilitating competition between suppliers in essential services markets, it is commensurate with that responsibility to require them to show a high enough proportion of the market that consumers can be confident they have got the product they need at a competitive price. Given this, some form of minimum market coverage requirement - short of WoM - is a good compromise for inclusion in the cross-sector code.

Without an enforced whole-of-market solution, consumers will have to make more judgements about the quality of different DCT providers. A league table of DCTs, incorporating metrics on price, usability, and transparency, would be a good way to allow consumers to effectively select which they felt would give them the best value. It could provide a non-regulatory means of rewarding DCTs offering a whole of market search, and while it is unlikely to displace advertising spend as the primary driver of market share, it could encourage adoption of good practice among the main firms.

That is not to say that it is impossible for the market to respond. Just because offering whole-of-market results is not mandatory, does not mean no one will do it. There are considerable advantages in terms of goodwill and likely endorsements were any DCT to commit to a whole-of-market offering. A one-stop solution that essentially compares PCW results (in the mold of, for example, Google Flights, Skyscanner and Trivago in the travel search market) would be an alternative way to permit individual PCWs to continue cutting exclusive deals while allowing those exclusives to be compared. However, as this service does not currently exist in commercial form, we cannot be sure that it will emerge. Citizens Advice provides a similar comparison service for the energy market, but without the ability to make transactions through the website.

Commission and Independence

We have been concerned about PCWs' commission arrangements, and the distorting effect it could have on PCW search rankings, for several years.

⁹ GfK for Citizens Advice. Omnibus carried out in October 2016. Sample size 8275. Question asked was: If you were to switch or consider switching in the near future, how important is it that price comparison websites show all available energy tariffs and suppliers in the market?

Citizens Advice has previously raised the issue of the impact commission could have on PCW search rankings in [2012](#) and [2015](#) policy reports. The Illuminas report again raises the issue, finding that while consumers generally didn't think about how PCWs made money, when probed they felt PCWs should include this information upfront.

Commission in PCW transactions is not inherently a problem, but it needs to be sensitively handled to avoid two main problems.

1. The service provided by PCWs has become increasingly integral to essential service markets, most notably energy. PCWs are an essential aid to consumers attempting to navigate those markets. If the incentives that result from commission cause PCWs, for example, to give extra prominence to deals that may not be the best for the switcher, but which provide the biggest slice of commission to the PCW, it risks impeding informed consumer decision making. Consumers for the most part interpret the list of results as a ranked order, and elevating commission-bearing deals higher in the list can lead to misinterpretation of what the best deals are.
2. If arrangements relating to commission remain opaque, it could damage consumer trust in the sector and ultimately deter switching.

PCWs need to be able to make money in some way, otherwise the sector could disappear altogether and the consumer landscape in complex markets could become more challenging. Commission has the benefit of being (relatively) understandable, and in general terms it incentivises PCWs to increase the quantity, if not always the quality, of switching. Because commission arrangements are largely confidential, however, it is difficult as an external observer to fully assess the effect they have on competition and on PCWs' incentives. With the tools available to the CMA, the market study (and any investigation, if that is the outcome) should be looking at the effects of commission both on competition among PCWs, and on the effects that PCWs have on competition in the markets they provide price information on.

PCWs should also disclose clearly during the search process which deals are subject to commission being taken. To aid consumers in navigating essential markets, the ordering of PCW search results should reflect the overall price consumers will be expected to pay for their deal, net of the impact of any commission, prioritising the most salient information for consumers (which in most cases probably means the price, plus a simplified measure of customer service performance, such as our star rating system. Further information could be accessed at the consumer's discretion). PCWs should not, as part of accreditation in regulator's codes, be permitted to show deals out of sequence

to emphasise deals where they receive commission (rather than the price faced by the consumer).

While questions about commission and whole of market searching are among the most hotly debated by regulators, there is little evidence that they top consumers' concerns with DCTs. Consumers rarely brought these matters up proactively when surveyed for their thoughts on the sector. There is a risk that regulators become bogged down in these more technical issues, to the detriment of the more fundamental issues which hinder engagement.

Use of Consumer Data

There has never been more data on consumer preferences and behaviour created or stored. Easy access to the data from which insights into both can be drawn for the consumer is now required in the energy market (through the Midata initiative), and will soon be made accessible for current accounts in banking. If easily portable consumption data could be shared in more markets (telecoms, insurance, water if that market liberalises further) it could take some of the friction out of engaging. However, the Midata service is not generally promoted by energy suppliers, for it to work it would need serious marketing behind it, and potentially additional mandates for other industries to get involved and for new or existing service providers to start making more extensive use of it.

DCTs need to have decent standards of data management and be transparent about how they handle data. If they sell on data they must be clear about what that data will and won't be used for and to whom it will be sold. In line with the CMA's findings, the Illuminas research highlighted that even experienced DCT users were concerned about use of their data, in particular fearing it was being sold onto third parties who would use it to subject them to unsolicited, and unwanted, marketing¹⁰. They also felt that DCTs did not make it clear when their data was being sold on.

Similar to the situation regarding commission, data is another opaque area where the CMA's investigatory powers could come in useful in either substantiating or dispelling concerns. Research suggests that in some markets, where consumers have to get a personalised quote based on a number of personal metrics, that information has been used to profile the consumer's

¹⁰ Illuminas report, pg 28

willingness to pay and likelihood of switching, as well as informing the product itself. This could lead to unreasonable price discrimination, where the consumer is unaware of how their data has been used nor how their quote has been reached. This worry is most acute in insurance markets but could also occur in the credit industry. We believe that PCWs should be banned from such practices.

Improving DCT Standards

The CMA has raised the idea of having a cross-sector code of practice for DCTs, to fill in some of the gaps created by current sector specific regulatory regimes. As noted by the CMA¹¹, Citizens Advice has previously raised difficulties caused by asymmetries in DCT rules between sectors, and we would welcome a more unified approach to improve standards and give consumers certainty across the board. Requirements for the new code could include; showing a reasonable part of the market (in % terms), being transparent on commission, framing deals in an accessible way (e.g. no drip pricing), framing results so they encourage consumers to make decisions in their interest, setting target times for consumers to find a suitable deal (as advocated in our recent report, *Against the Clock*). It should also proscribe consumer-hostile practices such as concealing essential costs of a product until late in the transaction, and altering prices when customers revisit the same site/product, as described earlier. Working as either an upgrade to, or a replacement for, Ofgem's current Confidence Code, following such a code of practice ought to be mandatory for PCWs operating in essential (i.e. licensed) markets, including energy and financial services. This move would require changes to legislation governing the sector.

Given the lack of familiarity consumers have in emerging Next Generation Intermediary (NGIs are services that take consumers' data and use it to automatically switch them, sometimes on an ongoing basis) brands, and the level of mistrust that their high informational requirements engender, they should also be incorporated into existing codes. Given the amount of data they require, consumers are naturally sceptical about using them (only 1% have). Lack of public awareness presents a huge hurdle for NGI services when attempting to break into any market - right now they are new brands with low customer recognition. NGIs have the potential to greatly aid consumer participation in essential markets, but are very much at the early stages of development. But, as noted in the CMA's update, current industry codes may not be flexible enough to facilitate their inclusion. As NGIs take on a greater role in the marketplace, it will

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be important for them to be seamlessly incorporated into existing regulatory vehicles.

Any consideration of codes must tackle the issue that it is very difficult to get consumer visibility for new brands (previous research showed over 80% of consumers were not aware of the Ofgem Confidence Code), therefore rather than rely on consumer demand to drive membership it would be better to require it.

Giving Consumers Confidence

To give consumers confidence in their commitment to good processes, the ease of switching and to bust popular myths (e.g. if you change bank account all of your direct debits will fail/switching energy provider involves changing pipes and wires serving your home), some sectors have created switching guarantee accreditation which providers can sign up to. These have the dual benefit of giving consumers a shorthand not only to identify responsible suppliers but also give authorities a mechanism for overseeing processes and scrutinising performance outside of frequently blunt regulatory means. Introducing switching guarantees could improve standards for industries such as telecoms and insurance.

A natural extension to these schemes is compensation for delayed switches. Currently this is not offered as standard by any industry (although the current account guarantee covers lost interest), but can, and is, administered by individual suppliers across many markets as good practice. Given so many consumers don't switch for fear that something will go wrong, it would give consumers greater surety if they know they will not suffer financially if something goes wrong, and may improve willingness to act.

In addition to making compensation more of an embedded feature of markets, additional consumer confidence could be generated by ensuring that PCWs sign up to a binding Alternative Dispute Resolution (ADR) scheme. [Previous Citizens Advice research](#) has indicated that consumers are generally unaware of where they can turn to if their provider has not resolved their complaint to their satisfaction (general awareness of ADR is about 20%), however, those who have used ADR are generally happy with the ease, speed and quality of the service, much more so than they were for the organisation they had originally complained to. The ability to secure appropriate redress is a crucial feature of well functioning markets, and ADR is a crucial element in ensuring that happens.

In light of the aforementioned faith being placed in PCWs to help make markets better, guaranteeing they must answer to an independent arbiter when things go wrong is an important step.

Recommendations

The changing nature of consumer marketplaces and emphasis placed on price comparison and deal brokering through the internet has opened up many opportunities for consumers. However, it has also given rise to many new problems and forms of detriment. DCTs generally present themselves as consumer champions, taking to social media and the airwaves to promote their agenda of saving people money and stopping rip-offs. Policy makers have generally brought into this narrative and placed a lot of faith in price comparison websites to drive competition.

Citizens Advice has taken a cautious approach on the benefit of DCTs, noting the opaqueness of the sector's business model and the potential conflicts of the commission-based system. In the shadow of a CMA market study, now is the time to close the gap between the sector's self image and what it actually delivers for consumers.

To ensure the sector becomes more open, transparent and inclusive we would like to see the following steps taken:

1. Accessibility and usability of DCTs should rise to the top of the CMA and sector regulators' agenda. Ways to educate unconfident consumers and lower barriers to entry for those consumers should be actively pursued.
2. Standards for DCTs including market coverage, disclosure of commission and framing of information should be devised and included in a cross-sector code of practice. Acceding to that code should be a mandatory requirement for DCTs.
3. Means of promoting the salience and prominence of non-price information around transactions should be investigated by regulators, learning from and building on the Citizens Advice energy supplier star rating.
4. Improvements to wider supplier practices should be sought in order to give people more confidence in essential services markets. These should

include; automatic compensation for delayed switches, stamping out of demand-based price discrimination and creation of a right for users of DCTs to access alternative dispute resolution.

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Published April 2017

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