

OFT Market Studies: A summary of findings, recommendations and outcomes

Name	End Date	Purpose	Outcomes
Source	Duration	Findings	
Action taken	Comments - what is included in duration	Recommendations	
	Value of Sector		
<p>Extended Warranties on Domestic Electrical Goods</p> <p>In-house: competition and consumer concerns</p> <p>Monopoly reference to the CC</p>	<p>July 2002</p> <p>Nine months</p> <p>Investigation and monopoly reference</p> <p>Nearly £900 million</p>	<p>Purpose: To examine whether the market is working well for consumers.</p> <p>Findings: Competition not working effectively and consumers not adequately informed or protected:</p> <ol style="list-style-type: none"> 1. Extended warranties frequently purchased as an afterthought. Consumers do not shop around for the best value policy and retailers' point of sale advantage makes it difficult for alternative suppliers to enter the market. 2. Consumers largely unaware that extended warranties can be bought from other sources, for example, manufacturers/insurers, as well as electrical retailers. 3. Sales tactics of some retailers appear to exploit limited consumer information. For example, there is evidence that sales staff may emphasise the risk of product failure 	<p>OFT made a monopoly reference to the CC.</p> <p>CC report published December 2003. Minister launched consultation (July and November 2004) which developed remedies such as clearer consumer information on the prices and conditions of extended warranties, and a cooling off period for extended warranties. DTI adopted the Supply of Extended Warranties on Domestic Electrical Goods Order 2005, which came into force April 2005. Continuing monitoring/enforcement work by OFT.</p>

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		<p>and the difficulty and expense of obtaining independent repairs.</p> <p>4. Costs of extended warranties do not reflect the considerable variation in different brands' reliability. Consumers have limited information on these issues and so limited opportunity to make informed choices.</p> <p>5. Self-regulation has to work effectively. BRC Code of Practice, introduced 1995, not been followed widely and there is no comprehensive regulatory or legislative framework to safeguard consumers.</p> <p>Recommendations: None</p>	
<p>Consumer IT Services</p> <p>In house: consumer regulation concerns</p> <p>Recommendations to industry and consumer</p>	<p>December 2002</p> <p>14 months</p> <p>Market study</p>	<p>Purpose:</p> <p>1. To examine whether there is consumer detriment as a result of consumers having little product knowledge at the point of purchase and finding it difficult to compare products.</p>	<p>Recommendations to industry largely acted on included:</p> <p>1. The International Standards Organisation (ISO) produced a standard for monochrome laser printer cartridge yield. A colour inkjet printer cartridge standard was in development.</p>

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education campaign	£2.5 billion	<p>2. To consider the quality of support services and the fairness of consumer contract terms.</p> <p>Findings: Found market working well, but could serve consumers better, particularly with information on support services and printer cartridges.</p> <p>Recommendations: The OFT's main recommendations to improve how the market works for consumers include:</p> <ul style="list-style-type: none"> - clear information at point of sale and in promotional literature on support services, including cost of telephone help-lines - the development of systems, and the training of sales staff, to guide consumers more effectively through the purchasing process, and - The development of a test standard against which the performance of inkjet cartridges can be measured uniformly. The results should be made available by retailers to consumers at the point of sale. 	<p>2. The industry verbally agreed to provide clearer consumer information and better staff training to identify consumers' requirements and help them make appropriate purchases - some large retailers have advised that they have improved the technical training for their staff.</p> <p>3. Most major printer manufacturers dropped terms from their warranties that invalidated the warranty if consumers used ink cartridges not made by the printer manufacturer.</p> <p>4. OFT produced a consumer information leaflet, 'Buying a PC' in December 2002. Complaints to Trading Standards Services about IT equipment fell by almost 50 percent from 2001 to 2004.</p>

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<p>Pharmacies</p> <p>In house: competition concerns</p> <p>Recommendations to Government</p>	<p>January 2003</p> <p>13 months</p> <p>Market study</p> <p>£8.6 billion</p>	<p>Purpose: To see if control of entry regulations are impeding the market to the ultimate detriment of the public.</p> <p>Findings: The regulations that control entry to the industry:</p> <ul style="list-style-type: none"> - restrict consumer choice and convenience in terms of location of pharmacies and opening hours. - restrict price competition on OTC medicines - blunt incentives for pharmacies to compete on additional customer services - result in consumers paying £25 - £30 million per year more for OTC medicines than if competition were freer - cost businesses an estimated £16 million in compliance costs every year - cost the NHS approximately £10 million a year in administrative costs, and - hold back innovation 	<p>In August 2004, Government loosened entry barriers in certain areas only (large shopping developments, pharmacies open for more than 100 hours a week, those part of a consortium to establish new one-stop primary care centres, and to exempt wholly internet or mail-order based pharmacy services).</p> <p>Then Scottish Executive rejected OFT's conclusions on the basis that implementing the recommendations could result in a lessening or loss of services in more remote and rural areas.</p>

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		<p>responsiveness to changing and growing consumer needs.</p> <p>Recommendations to Government to remove entry restrictions that limit the number and location of community pharmacies.</p> <p>This would mean that all registered pharmacies with qualified staff would be able to dispense NHS prescriptions.</p> <p>Recommendation to end the distinction between controlled and non-controlled areas in England and Wales.</p>	
<p>Private Dentistry</p> <p>Super-complaint</p> <p>Recommendations to Government</p>	<p>March 2003</p> <p>17 months</p> <p>Super-complaint response and market study</p> <p>£1 billion</p>	<p>Purpose: To investigate transparency of prices, the level of competition and the way complaints are handled and redress offered. To look at access to dental services and patient guidance before treatment.</p> <p>Findings:</p> <p>1. Consumers lack basic information on price, quality of service and</p>	<p>All OFT recommendations accepted:</p> <ol style="list-style-type: none"> 1. The Dental Complaints Service, an independent complaints service funded by the General Dental Council, established in March 2004 to help resolve complaints for private dental patients, with sanctions against dentists who fail to reveal all the options and full costs. 2. Changes to s60 Health Act 1999 removed

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		<p>treatments available on the NHS so unable to make informed choices.</p> <ol style="list-style-type: none"> 2. Standards promoted in professional guidance published by the General Dental Council not routinely monitored/enforced, and compliance in some areas low. 3. Unlike the NHS, there was no universal complaints system, and procedures for dealing with complaints and securing redress for consumers were inadequate 4. Regulatory restrictions on the supply of dentistry services limited consumer choice, competition, business freedom and the potential to develop and deliver better services <p>Recommendations</p> <ol style="list-style-type: none"> 1. Improve consumer information through better self-regulation. The regulatory framework should be strengthened and broadened to help ensure that consumers can make properly informed decisions about 	<p>restrictions on certain professionals and allowed the GDC to register additional care professionals.</p> <ol style="list-style-type: none"> 3. OFT also carried out an awareness campaign - with a consumer information leaflet published in 2006 so that consumers of private dental services knew what information they needed and had a right to expect.

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		<p>dental services. Compliance with the standards for patient information set out in the existing GDC guidance to dentists should be monitored and enforced.</p> <ol style="list-style-type: none"> 2. Resolving problems: complaints and redress. Each practice should have a complaints procedure and patients should be made aware of this when they register with the practice. In line with NHS procedures, an independent complaints procedure should be established to examine complaints which could not be resolved at the practice level. 3. Restrictions on certain professionals complementary to dentistry (for example, hygienists) be ended, so that they were free to supply their services directly to consumers. Support for Department of Health (DH) proposals to remove the restriction on the number of corporate dental bodies under the Dentists Act. Urged DH to consider removing the remaining restrictions. 	

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<p>Liability Insurance</p> <p>In house: competition concerns</p> <p>Recommendations to industry</p>	<p>June 2003</p> <p>Five months</p> <p>Market study</p> <p>£3.5 billion</p>	<p>Purpose: To determine how well markets for liability insurance are working. To establish the scale and nature of recent price rises and identify the factors driving those rises.</p> <p>Findings: Found no evidence of a widespread lack of availability for liability insurance cover. Concluded market could work better for customers. Evidence suggests that in 2002 average premiums for employers' liability insurance rose by 50 per cent, public and product liability by 30 - 40 per cent and professional indemnity by 30-60 per cent. This follows a six year period during which liability insurance premiums fell in real terms by about 14 per cent. Possible explanations for the increases in premiums fall into two main categories: increases in insurers' costs and the competitive environment across the sector.</p> <p>Recommendations to industry:</p> <ol style="list-style-type: none"> 1. Lengthened renewal periods - many 	<p>The OFT committed to continue to keep liability insurance markets under review and in particular to look again at: premiums during late 2004 and the issue of legal costs.</p> <p>Follow up study published in June 2005. Found lower increases in premiums, better communication between insurers and policyholders and a reduction in the number of businesses denied cover. It looked at after the event insurance and OFT decided to contribute to the work of the Civil Justice Council and Department for Constitutional Affairs later that year.</p>

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		<p>businesses expressed concern about the limited time they were given to renew their policy or shop around for alternative cover (typically one or two weeks).</p> <ol style="list-style-type: none"> 2. Initiatives to improve information and risk management. 3. Increasing the use of rehabilitation - to help to reduce costs by increasing a claimant's chance of securing employment. 4. Improved data collection - to allow claims to be better forecast and to show the differential impact between different classes of risk. 5. That businesses check renewal dates for policies, request information on renewing policies as early as possible, shop around, examine whether health and safety practices can be improved, and ask for advice from brokers and trade associations on how to improve systems and present their risk most effectively to an insurer. 	

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<p>Taxis</p> <p>In house: competition concerns</p> <p>Recommendations to government</p>	<p>November 2003</p> <p>15 months</p> <p>Market study</p> <p>£2.2billion</p>	<p>Purpose: To consider whether regulatory framework affecting licensed taxis and private hire vehicles works effectively for consumers.</p> <p>Findings:</p> <ol style="list-style-type: none"> 1. Quantity regulation limiting the number of taxis reduces availability and lowers the quality of service to the public. 2. It is sensible to regulate quality and safety by means of driver and vehicle standards but any such regulation must be proportionate to the quality and safety goals to be achieved. 3. There are sound reasons to regulate taxi fares, for example, to protect consumers in vulnerable situations. But there could be greater freedom for beneficial price competition below regulated fare caps. <p>Recommendations to Government to:</p> <ol style="list-style-type: none"> 1. Repeal regulation allowing local 	<p>Government supported analysis and implemented recommendation for best practice guidance on driver and vehicle quality.</p> <p>Did not repeal quantity restrictions completely - but put onus on local authorities to justify maintaining them. As a result a number of local authorities de-restricted.</p> <p>In November 2006 DfT issued guidance on quantity restrictions. Left it to individual licensing authorities to reach their own decisions on overall policies and individual licensing issues in the light of their own views of the relevant considerations.</p> <p>OFT evaluation, published September 2007, found £2-5million actual consumer benefit from quantity de-restriction, £5-13 million potential consumer benefit from future quantity de-restriction – but benefits would have been greater if regulated fares had moved closer to market clearing levels.</p>

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		<p>authorities to restrict the number of taxis in their areas.</p> <ol style="list-style-type: none"> 2. Develop and disseminate best practice guidelines on driver and vehicle quality to assist local authorities. 3. Encourage local authorities to look at ways of encouraging fare competition on taxi services where appropriate. 	
<p>Payment Systems</p> <p>Government - following Cruickshank report</p> <p>Informed OFT policy and advice to industry</p>	<p>May 2004</p> <p>Seven months</p> <p>Market study</p> <p>£86,025 billion value of transactions processed through clearing systems</p>	<p>Purpose to assess:</p> <ul style="list-style-type: none"> - whether the clearing schemes permit open access to financial institutions - whether there are any features of the schemes which prevent financial institutions from developing innovative services which would enable them to compete effectively for retail customers, and - whether the schemes' charges are efficient and transparent. <p>Also to examine the cost to consumers of</p>	<p>The report provided:</p> <ul style="list-style-type: none"> - a factual update on developments over the last three years in the UK's money transmission clearing systems (direct debits, standing orders, direct credits, cheques, paper credits and instantaneous credits), and - an account of recent OFT competition work on card networks. <p>In March 2004 The Payment Systems Task Force was established</p>

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		<p>float.</p> <p>Findings:</p> <ol style="list-style-type: none"> 1. Although direct access to the schemes remains costly for smaller institutions, the terms for indirect access enable them to compete effectively with direct members. 2. Clearing scheme charges account for less than four per cent of the total cost of providing payment services in the UK. The bulk of the costs incurred in providing payment services to customers lie with the individual institutions and not the shared schemes. The impact of the level and structure of scheme charges on retail competition is therefore likely to be small 3. Features of the clearing schemes did not appear to hinder innovation. Institutions are able to develop differentiated products and compete for customers at the retail level. 4. The estimated annual cost to consumers of float is £30 million. 	

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		<p>Recommendations: None. But a call to industry to agree a firm implementation date for industry proposals to shorten clearing cycles and separate the ownership of clearing schemes from their technical infrastructure in BACs.</p>	
<p>Estate Agents</p> <p>In house: consumer regulation concerns</p> <p>Recommendations to Government and OFT consumer education campaign</p>	<p>March 2004</p> <p>21 months</p> <p>Market study</p> <p>£2.5 billion</p>	<p>Purpose: To investigate whether the market in England and Wales works well for buyers and sellers, and if not propose ways in which any shortcomings could be remedied. Issues include:</p> <ul style="list-style-type: none"> - fee structures - the nature and effectiveness of competition in the market - how well the Estate Agents act was working to protect consumers, and - comparisons with other countries. <p>Findings:</p> <ol style="list-style-type: none"> 1. Legislative change was needed: OFT and trading standards services were restricted in taking enforcement action by limitations in the Estate Agents Act. 	<p>July 2004: Government accepted that the law needed to be strengthened to deal effectively with rogue agents.</p> <p>September 2004: OFT consumer information campaign on comparing prices and negotiating fees.</p> <p>September 2005 Ombudsman for Estate Agents Company Limited had approval for its code of practice from OFT.</p> <p>July 2007: Consumer Estate Agents Redress Act 2007 became law</p>

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		<p>2. No obvious structural competition concerns in the market, but limited price competition. Less than half of sellers got more than one quote</p> <p>Recommendations</p> <ol style="list-style-type: none"> 1. Changes to the law so that: <ul style="list-style-type: none"> - it is more enforceable allowing effective action to be taken to address breaches of the legislation - it is clear, so it covers new ways of buying and selling property, and - statutory terms used in estate agency contracts are made easier for consumers to understand. 2. Improved self-regulation: <ul style="list-style-type: none"> - establishment of independent, low-cost procedures for handling complaints - redress for consumers who have received a poor service, and - code sponsors to apply for approval under the OFT's Consumer Codes Approval Scheme. 3. Called on consumers to take action by: 	

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		<ul style="list-style-type: none"> - shopping around between estate agents and negotiating fees, and - requesting fees quoted both in percentage terms and as a money amount. 	
<p>Debt Consolidation</p> <p>In house: consumer regulation concerns</p> <p>Informed OFT and FSA enforcement and policy</p>	<p>March 2004</p> <p>10 months</p> <p>Market study</p> <p>£40 billion</p>	<p>Purpose: To provide better knowledge and understanding of the nature of debt consolidation, the types of credit product involved the kinds of consumer who consolidate their debts and the issues that may arise.</p> <p>Findings:</p> <ol style="list-style-type: none"> 1. Potentially unfair practices found, such as lenders requiring existing customers to take out consolidation loans as a way of dealing with a debt problem. 2. Two thirds of borrowers who consolidated debts obtained information only from one provider, although shopping around can save money. Many borrowers, particularly those in financial distress, unaware of other 	<p>November 2004: OFT launched campaign on consumer credit. 'Consumer education: a strategy and framework' providing a framework for the 600 plus organisations involved in providing consumer education in the UK.</p> <p>July 2005: The Debt Managers Standards Association became the first debt management trade association to successfully complete Stage One of the OFT's Consumer Codes Approval Scheme.</p> <p>OFT watching brief on need for enforcement action</p>

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		<p>alternatives, such as negotiating with creditors or free debt counselling.</p> <ol style="list-style-type: none"> 3. Borrowers do not in the main give due weight to factors such as the length of the term of the loan and the total cost of repayments when deciding on debt consolidation. 4. A number of potential breaches of credit advertising rules. 5. Evidence that payment protection insurance for debt consolidation loans may sometimes be sold inappropriately to borrowers who are unlikely to be able to claim on it. <p>Recommendations</p> <ol style="list-style-type: none"> 1. An OFT compliance review of credit advertising. 2. Investigations into potentially unfair practices found to see if enforcement action/further guidance required. 3. Advice to borrowers to consider: <ul style="list-style-type: none"> - what debt consolidation is and what the alternatives are 	

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		<ul style="list-style-type: none"> - what the interest rate and APR is and whether it is variable - what the overall cost of the loan is - what the monthly repayments are - whether there are additional features which will change the rate at which the capital sum is paid back - what will happen if they miss a payment - what happens if they want to repay or refinance early, and - if the loan is secured on their home, the consequences of not keeping up with payments and what happens if they want to move. <p>4. OFT to consider how far problems relating to transparency and responsible lending can be addressed through trade association codes of practice and OFT guidance on fitness to hold a credit licence.</p>	

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<p>Store Cards</p> <p>Government</p> <p>Market investigation reference</p>	<p>March 2004</p> <p>Six months</p> <p>Market study, consultation on MIR and MIR decision</p> <p>£4.8 billion</p>	<p>Purpose: Fact finding review of supply of store cards following concerns raised by Treasury Select Committee about consumer protection and competition in store cards in the course of its investigation of the transparency of credit card terms.</p> <p>Findings: Features of the markets appear to prevent, restrict or distort competition:</p> <ol style="list-style-type: none"> 1. Lack of price transparency 2. Difficulty consumers have in assessing costs and benefits of using store cards 3. Sizeable switching costs for consumers 4. The ability of card providers to expand their share of supply of store card credit sources is limited by incumbency advantages, by significant costs of switching and sunken investment costs, by the length of existing contracts between retailers and store card providers and by the widespread 	<p>Market investigation reference in March 2004. Competition Commission's Store Cards Market Investigation Order made 27 July 2006. Requires:</p> <ul style="list-style-type: none"> - full information on store card statements - APR warnings on statements - a direct debit facility to be offered for payment, and - providers to un-bundle PPI from other insurances. <p>Store Cards Market Investigation Order came into force</p>

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		<p>use of exclusivity terms in such contracts.</p> <p>Recommendations for transparency at point of sale:</p> <ul style="list-style-type: none"> - clear and precise info should be given in the form of a summary box before any agreement concluded - summary box should appear prominently on front of agreements - proposed statutory Wealth Warning should be included in agreements and marketing literature - where PPI is offered, an extra signature should be required to signify consent to buy it - PPI should be cancellable at any time and a statement to this effect should appear next to the signature box, and - monthly statements should include a slimmed down version of the summary box including APRs and a warning of the consequences of making only minimum payments and consequences of default. 	

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<p>New Car Warranties</p> <p>In house: competition concerns</p> <p>Recommendations to industry and consumer education campaign</p>	<p>March 2004</p> <p>Nine months</p> <p>Market study</p> <p>£10 billion</p>	<p>Purpose: To investigate how competition in car servicing is affected by restrictions on where cars may be serviced during the warranty term. To examine:</p> <ol style="list-style-type: none"> 1. The extent to which garages outside the manufacturers' networks are prevented from servicing new cars. 2. Whether competition from independent extended warranty providers is being eliminated. 3. The impact on consumers of restrictions on where vehicles should be serviced. <p>Findings:</p> <ol style="list-style-type: none"> 1. The conditions that make warranty cover dependent on the car being serviced at the manufacturer's franchised dealer limit consumers' choice, and may lead them to pay higher prices for servicing. 2. Widespread confusion among consumers about the terms attached to their warranties, with 	<p>In spring 2004:</p> <p>OFT launched a consumer awareness campaign in spring 2004 to provide clear information to buyers and owners of new and nearly-new cars about the choices available to them for servicing their cars. This included leaflets 'Buying a new car?' and 'How to get a better deal from your garage'.</p> <p>OFT issued business guidance to motor dealers and others in the car trade on the advice they should be providing to customers about servicing requirements;</p> <p>OFT worked with motor trade associations on developing effective consumer codes of practice.</p> <p>OFT approved Society of Motor Manufacturers and Traders Code of Practice.</p> <p>All major makes of new car in the UK were to be sold without servicing ties as part of their warranties. The remaining manufacturers whose new car warranties included servicing ties lifted their servicing restrictions.</p>

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		<p>most believing they must have their car serviced at a franchised dealer for the warranty to remain valid, when this is not necessarily the case.</p> <ol style="list-style-type: none"> 3. 'Dealer-based extended warranties' offered by many manufacturers included terms requiring that new cars be serviced at a garage belonging to the manufacturer's franchised dealer network, limiting consumers' ability to choose where to have their car serviced. 4. If the market worked better, possible savings for consumers could be up to £500 million. <p>Recommendations: Manufacturers and dealers should:</p> <ol style="list-style-type: none"> 1. Improve their advice to consumers on their options for servicing new and nearly-new cars and their statutory rights and 2. Remove servicing restrictions from their new car warranties, to improve consumer choice and aid the 	

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		development of more effective competition in the car after-sales market.	
<p>Public Sector Procurement</p> <p>In house: competition concerns</p> <p>Competition advocacy within government - and springboard for further reports on procurement in waste management, and construction</p>	<p>September 2004</p> <p>Seven months</p> <p>Market study</p> <p>£117 billion</p>	<p>Purpose: To investigate how public procurement can impact on competition both positively and negatively and to develop a screening process to identify sectors where the public sector is likely to be in a position to affect competition and which the OFT should consider.</p> <p>Findings: Public procurement can affect competition in a number of ways, including:</p> <ol style="list-style-type: none"> 1. Short term effects amongst potential suppliers - effects on the intensity of competition among potential suppliers in the course of a tender process. 2. Long term effects on investment, innovation and competitiveness 3. Knock on effects on competition in the supply of other buyers. 	<p>Report presented to and discussed by groups such as the Competition Forum, OGC Board and Chief Executives Advisory Group, and Cross Departmental Ministerial Group on Innovation. Strongly supported by OGC Kelly Team.</p> <p>Later report 'More competition, less waste: public procurement in the municipal waste management sector' in collaboration with OGC and Defra, May 2006.</p> <p>Report 'Making competition work for you' guidance for public procurers of construction services jointly published with OGC January 2007.</p>

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		Recommendations: None. Advocacy report only.	
FSMA Government Clean bill of health	December 2004 13 months Two stage market study Value of sector not known	<p>Purpose: To assess the impact of FSMA on competition in the financial services sector. Part of a two year Government review of regulation in this sector.</p> <p>Findings: Found no indication FSMA had a significant negative impact on competition and that where the legislation addressed market failures it was beneficial to competition. Report identified seven high level markets which met a number of the competition indicators, such as high levels of concentration or barriers to entry. OFT decided not to carry out any further work into these markets at the time. Some have since been examined by other bodies or are subject to the competition scrutiny provisions in FSMA.</p> <p>Recommendations: None.</p>	On publication invited views from the financial services industry and other stakeholders on our analysis. No representations received.

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<p>Ticket Agents</p> <p>In house: consumer regulation concerns</p> <p>Recommendations to Committee for Advertising Practice and to industry</p>	<p>February 2005</p> <p>Eight months</p> <p>Market study</p> <p>£580 million</p>	<p>Purpose: To assess how effectively the supply of tickets for entertainment and sporting events is working for consumers.</p> <p>Findings:</p> <ol style="list-style-type: none"> 1. Most consumers were happy with their last ticket purchase. 2. Dissatisfied consumers' concerns focused on a dislike of additional fees and levels of additional fees, slow transaction speed and the non-delivery of pre-paid tickets. 3. Non-broadcast event advertising tends not to carry price information - information is often only available within a purchasing transaction making it more difficult for consumers to shop around and to opt out of transactions. 4. Consumers tend not to shop around for event tickets and buy from the first ticket seller they contact - this means some consumers pay a higher price than they would have done otherwise. 	<p>Committee for Advertising Practice (CAP) amended its non-broadcast event advertising guidance but not in line with OFT's recommendation. Its guidance requires a 'from' price or a range of prices, rather than a requirement to state the face value and indication of where tickets could be purchased at face value.</p> <p>CAP identified five key points for consumers to check before buying entertainment tickets:</p> <ol style="list-style-type: none"> 1. What is the face value of the ticket and how much will I pay in total including additional fees such as booking fees, transaction charges and postage? 2. Can I get a ticket elsewhere - will I get it cheaper by shopping around or going direct to the box office? 3. How will I receive my tickets and what happens if they don't arrive? 4. Will I get a refund, including additional fees, if the event is cancelled, changed or I cannot go? 5. What is the seat location and does it have a restricted view?

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		<p>5. It is very rare for tickets to be bought without additional fees.</p> <p>6. Some consumer contracts contain terms that are potentially unfair.</p> <p>7. In 26 per cent of internet mystery shops it was not possible for the shoppers to find information on how the ticket seller might deal with problems after purchase.</p> <p>Recommendations: In agreement with the Advertising Standards Authority:</p> <ol style="list-style-type: none"> 1. The Committee for Advertising Practice should amend its guidance so all non-broadcast event advertising is required to include the face value of the ticket, and indicating that additional fees may apply. These could vary depending on the sales channel and ticket seller used. 2. Event advertising should indicate where tickets can be bought at face value. 3. All information relating to price should be displayed in a clear and 	<p>STAR Model terms being negotiated. OFT keeping sector under review in respect of possible enforcement action.</p>

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		<p>readable form.</p> <ol style="list-style-type: none"> 4. Event advertisers should follow the amended guidance. 5. Society of Ticket Agents and Retailers (STAR) should produce model terms for its members given the evidence of unfair contract terms found in the mystery shopping exercise. 6. OFT will continue to work with TSDs to ensure compliance with consumer protection legislation and will take enforcement action where necessary. 	
<p>Classified Directory Advertising</p> <p>Review of undertakings</p> <p>Market investigation reference</p>	<p>April 2005</p> <p>Eight months</p> <p>Review of undertakings, market study and MIR</p> <p>Over £0.7 billion</p>	<p>Purpose: To study how market is working, including assessing the effects of the 2001 undertakings and the effect of any subsequent changes on the market.</p> <p>Findings: Competition not working effectively:</p> <ol style="list-style-type: none"> 1. Market structure highly concentrated with Yellow Pages and Thomson Local accounting for over 90 per cent of supply of 	<p>Market investigation reference in April 2005 resulted in undertakings being given by Yell, publisher of Yellow Pages in April 2007. These included:</p> <ul style="list-style-type: none"> - price control of RPI-6 per cent until March 2008 and thereafter RPI - circulation caps and distribution area restrictions for Local (second-tier) directories, and - restrictions on content of and revenues from themed guides. <p>Yell must publish a comprehensive rate card, prepare</p>

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		<p>directory advertising services in the UK.</p> <ol style="list-style-type: none"> 2. Barriers to entry high due to strong branding and network effects. 3. Profits appear high and there seems to be limited competitive pressure on prices. <p>Recommendations: OFT consulted confidentially on a proposal to make a market investigation reference.</p>	<p>accounts for OFT of its UK printed regulated directory business, and comply with a good faith provision to ensure that objectives of the remedies package are not circumvented.</p>
<p>Care Homes</p> <p>Super-complaint</p> <p>Recommendations to central and local government</p>	<p>May 2005</p> <p>17 months</p> <p>Response to super-complaint and market study</p> <p>£8 billion</p>	<p>Purpose to examine:</p> <ol style="list-style-type: none"> 1. Consumer behaviour - the context in which older people and their relatives make choices about a care home and how this affects competition in the market 2. Price transparency - the ease with which prospective residents and their representatives can obtain sufficient clear and accurate information on fees and extra charges 3. Contracts in relation to current or future fees - whether contracts 	<p>Government:</p> <ul style="list-style-type: none"> - Recognised OFT's key recommendation - to create a one-stop shop to allow easy access to care home information. In August 2004 DWP published Link Age: developing networks of services for older people, which should cover this. - Did not fully accept the recommendation that top-up payments must be routed via local authorities, although three administrations said they would take steps to ensure the existing legislation and guidance in the area of pricing was adhered to. - Rjected the proposal that information for self-

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		<p>offer sufficient transparency and protection against unreasonable price increases. Information indicating possible breaches of competition or consumer legislation to be investigated further to determine whether enforcement action appropriate.</p> <p>Findings:</p> <ol style="list-style-type: none"> 1. There is confusion about what advice and support Authorities should be providing to older people and their representatives 2. Many older people and their relatives lack information about care homes' fees and services and about the terms and conditions of living in a care home. 3. A large number of contracts are potentially unfair or have unclear fee related terms, allowing homes to introduce arbitrary fee increases. 4. Older people and their representatives have particular difficulty making complaints, 	<p>funded residents be provided by authorities but said that CSCI would look into ways of making fee and other information more widely available. Its website has been updated to provide more information.</p> <ul style="list-style-type: none"> - Announced a wider review of health and social care regulation. - National care homes regulators committed to ensure written contracts are in place for all care home residents. - OFT alerted care homes to guidance on the UTCCRs and guidance on unfair terms in care homes contracts, and took action against a number of care homes under UTCCRs. - OFT delivered UTCCRs training to care homes inspectors. <p>In 2008, OFT reviewed undertakings provided to OFT between 1/1/04 and 1/1/08 by 13 care homes.</p>

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		<p>including lack of awareness of avenues of redress.</p> <p>Recommendations</p> <ol style="list-style-type: none"> 1. Authority directories should cover all homes in their areas and list those that require top up fees. Care homes regulators to police this. 2. Care homes regulators should make their inspection reports more available by publishing on-line. Care homes should give copies to residents. 3. Government should establish a central information point or 'one stop shop' where people can get clear information about care for older people. 4. Government to clarify guidance so that self-funded residents get the same level of advice and assistance as publicly funded residents. 5. Authorities to provide guidance on care to self-funded older people. Care homes inspectorates to police this. 	

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		<ol style="list-style-type: none"> 6. Authorities to ensure their guidance states that publicly funded residents don't need to pay top-up fees. 7. Care homes to provide prices before residents move in and ensure all their residents have contracts. 8. DoH to amend legislation and guidance to ensure local authority pays full cost of care (including any top-up - which it can then recover from the third party payer). 9. Regulators to improve guidance on and handling of complaints. 	
<p>Property Searches</p> <p>In house: competition concerns</p> <p>Recommendations to central and local Government</p>	<p>September 2005</p> <p>Nine months</p> <p>Market study</p> <p>£0.2 billion</p>	<p>Purpose: To investigate access to property information and competition in the market, including information collection, access, charges, and the structure of the market and regulation of the electronic gateway.</p> <p>Findings:</p> <ol style="list-style-type: none"> 1. The price of property searches provided by local authorities varies greatly with a range of £55 to £269. It was likely that some consumers were paying too much. 	<p>All recommendations accepted except central Government control of prices.</p> <p>NLIS Council accepted recommendations directed at NLIS.</p> <p>CLG went out to consultation on Good Practice Guidance for local authorities and personal searchers in May 2007.</p> <p>The guidance was published in January 2008.</p> <p>OFT broadly welcomed the guidance, but encouraged CLG to monitor compliance with it, and</p>

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		<p>2. Local authorities provide property information under a complex framework of legislation.</p> <p>3. Some local authorities restrict access to the property information they hold by property buyers and their agents including property search companies.</p> <p>Recommendations</p> <ol style="list-style-type: none"> 1. Local authorities (LAs) should be required to give access to all comers to the information needed to complete a home information pack. 2. LAs to make unrefined property information available on terms that do not advantage their own compiling activities over those of third party compilers. 3. Government to give LAs clear guidance on how they should cover costs and set prices for providing property information. 4. Government to agree revised targets with local authorities to 	<p>cautioned that allowing LAs to make profit on value-added information could create an incentive to act unfairly in providing access to unrefined information.</p>

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		<p>ensure that information is made available quickly and on the same timescale as they apply to themselves.</p> <p>5. Council for NLIS to make the NLIS software more freely available, and to encourage LAs to set up connections with alternative service providers besides NLIS.</p> <p>6. LGIH to remove exclusivity provisions in the hub and channel licenses and to assign the fourth channel licence as soon as is practicable.</p> <p>7. In future LGIH should remove the limits on the number of web and channel licences and set objective criteria for potential licences.</p>	
<p>Doorstep Selling</p> <p>Super-complaint</p> <p>Recommendations to Government</p> <p>OFT consumer</p>	<p>December 2005</p> <p>19 months</p> <p>Super-complaint response and market study</p>	<p>Purpose: To investigate what goods and services are commonly sold in the home, problems experienced by consumers buying this way and why problems are associated with some products and services but not others. To carry out case studies in some areas, such as home</p>	<p>Government:</p> <ul style="list-style-type: none"> - accepted recommendations 1 (to be addressed by primary legislation) 6 (to be addressed by secondary legislation) and 7 (to be addressed by industry self-regulation), and - rejected recommendations 2 to 5 on the basis that they would be likely to be addressed by

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education campaign	£2.4 billion	<p>improvements and assisted products, examine the role of credit and look at the range of statutory and voluntary safeguards from consumers.</p> <p>Findings:</p> <ol style="list-style-type: none"> 1. Consumers are effectively captive customers and a well trained salesman highly versed in selling techniques can exploit this. 2. Consumers are generally unaware of their rights (94 per cent of consumers surveyed were unaware of their cancellation rights for unsolicited visits). 3. Identified a range of sales tactics and influencing techniques that together are highly effective in securing sales but can also lead the consumer to make inappropriate decisions. 4. Consumers are equally susceptible whether or not they have solicited the visit. 5. Most complaints were about high value goods/services - mostly 	<p>the forthcoming UCPD. See http://www.dti.gov.uk/files/file33819.pdf</p> <p>Government committed to:</p> <ol style="list-style-type: none"> a) extending to solicited visits the cancellation rights and cooling-off period that consumers currently enjoy for unsolicited visits b) requiring cancellation notices to be provided within contracts, and c) encouraging greater transparency on prices and greater willingness to provide written quotes. <p>Extension of cooling-off periods to solicited visits was incorporated in the Consumers, Estate Agents and Redress Act 2007.</p> <p>Draft regulations to implement a) and b) published in January 2008 for consultation, with adoption expected in October 2008.</p> <p>OFT consumer awareness campaign.</p>

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		<p>bought through solicited sales - for which there is no cooling off period.</p> <p>6. Even where cooling off periods apply they can be undermined by unscrupulous salespersons exploiting legal loopholes.</p> <p>7. Prices show wide variations: double-glazing products vary by up to 45 per cent; for some assistive products consumers are paying a high premium for buying at home - this was as much as 144 per cent in one case.</p> <p>Recommendations</p> <ol style="list-style-type: none"> 1. Extend cooling off periods and cancellation rights so that they apply to solicited visits. 2. Amend reg. 7(2)(iv) Doorstep Selling Regulations 1987, which enables a trader to recover costs of fitting or installing goods if a contract is cancelled, so that this protection for traders applies only in cases where a customer asks for work to commence as soon as 	

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		<p>possible and is aware of the effect on cancellation rights.</p> <ol style="list-style-type: none"> 3. Prohibition on goods being delivered or work being carried out under a contract before the seven-day cooling-off period has elapsed in the case of unsolicited visits. 4. Prohibition on money being paid or taken before the seven-day cooling-off period has elapsed. 5. Ban on cold calling to offer property services with possible necessary exceptions. 6. Requiring cancellation notices to be more prominently and clearly displayed in the contract, providing a clear indication of the circumstances in which cancellation rights may be lost. 7. Firms trading via doorstep selling to provide consumers with greater transparency on prices for their products and demonstrate greater willingness to provide written quotes. 	

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<p>Public Subsidies</p> <p>In house: competition concerns</p> <p>Recommendations to Government and to the European Commission</p>	<p>January 2006</p> <p>21 months</p> <p>Two stage market study</p> <p>£6 billion</p>	<p>Purpose: To consider the effects of Government subsidies given to private business on competition.</p> <p>Findings: Phase 1: Public subsidies have the potential to distort competition. While this is limited by the rules and guidance governing subsidy provision, there is still scope for distorting subsidies to be implemented. These could impose a cost to the economy and taxpayers that is not fully considered.</p> <p>Phase 2: A failure fully to assess competition risk posed by certain public subsidies resulted in their true cost to the economy not being recognised.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. A practical framework by which UK government departments and agencies can identify the costs and benefits of a proposed subsidy, including its potential impact on 	<ol style="list-style-type: none"> 1. OFT's work with the Commission has been cited directly in a number of EC papers. Recent drafts of the state aid framework for research and development and risk capital for SMEs reflect the principles OFT proposed and there seems to be a degree of common agreement on these. 2. OFT published guidance in January 2007 to enable subsidy providers to assess whether a proposed subsidy is likely to have a significant effect on competition and, if so, incorporate this effect into the wider appraisal of the subsidy. The guidance applies to subsidies that carry the highest risk of distorting competition. These are subsidies of more than £500,000 to an individual firm which has a market share exceeding 5 to 10 per cent of the affected market. 3. OFT guidance incorporated into HMT's Green Book in March 2007.

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		<p>competition - to be used alongside the HMT Green Book.</p> <p>2. Proposals to the European Commission for reforming state aid controls to avoid distorting competition. A two-stage assessment process was suggested which examines the characteristics of the subsidies and the markets involved. OFT recommended a formal advisory role for national competition authorities in helping the Commission decide whether or not to approve state aid.</p>	
<p>Opium Derivatives</p> <p>Review of undertakings</p> <p>Recommendations to Government</p>	<p>March 2006</p> <p>20 months</p> <p>Review of undertakings</p> <p>£31 million</p>	<p>Purpose: To review existing undertakings in opium derivatives sector and also examine Government policy in respect of the licensing of imports for opium derivatives.</p> <p>Findings: MFS' undertaking to publish and make generally available maximum prices has not been consistently complied with.</p> <p>1. MacFarlan Smith was the principal supplier of opium derivatives in the</p>	<p>1. MacFarlan Smith undertook to improve compliance with the undertakings, and ensure that its price list is provided to all bulk customers on an annual basis. OFT to monitor compliance.</p> <p>2. Government recognised importance of licensing policy in ensuring competition, but did not revise its policy.</p> <p>3. In September 2006 Government committed to review the licensing policy every five years.</p> <p>4. Government to carry out a full market analysis</p>

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		<p>UK - limited competition enabled it to discriminate on price and earn high levels of profit.</p> <ol style="list-style-type: none"> 2. British pharmaceutical companies were disadvantaged compared to some foreign based companies which could source cheaper opium derivatives from abroad. 3. UK users were likely to face higher costs than would have been the case in a more competitive market. 4. Government policy in respect of the licensing of imports for opium derivatives was having a negative effect on competition and the Government should consider competition when setting its licensing policy. 5. The undertakings should remain in place. <p>Recommendations: the Government to take into consideration competition issues for the purposes of devising future licensing policy. The undertaking should be maintained.</p>	<p>and present its findings to the European Commission.</p>

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<p>Groceries</p> <p>Review of undertakings</p> <p>Market investigation reference</p>	<p>May 2006</p> <p>Six months</p> <p>Market study, consultation on MIR and MIR decision</p> <p>£123.5 billion</p>	<p>Purpose: To examine the market afresh following Association of Convenience Stores challenge of OFT's Aug-05 decision not to make a MIR. In particular to consider whether the adverse effects on competition found by the CC in 2000: below cost selling, price flexing, and buyer power still existed and to examine whether any other features of the market prevent, restrict or distort competition, and if so, whether the OFT should exercise its discretion to make a MIR.</p> <p>Findings: Features found:</p> <ol style="list-style-type: none"> 1. The planning regime acts as a barrier to entry making it difficult for new stores to open and compete. 2. Big supermarkets have significant 	<p>Market investigation reference made in May 2006. Competition Commission final report, published in April 2008, resulted in package of remedies including:</p> <ul style="list-style-type: none"> - a recommendation to introduce a 'competition test' when local planning authorities are assessing planning applications for new large grocery stores - a requirement for grocery retailers to release existing restrictive land covenants, which have the effect of preventing that land being used for competing stores, in highly concentrated markets identified by the CC in its report - a ban on the imposition of future restrictive covenants which may restrict grocery retailing or have equivalent effect - a requirement on grocery retailers not to enforce or seek the enforcement of any of the

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		<p>land holdings that aggravate barriers to entry.</p> <p>3. In some instances supermarkets attach restrictive covenants when selling sites.</p> <p>4. There is evidence to suggest that big supermarkets' buyer power has increased and that aspects of pricing behaviour - below cost selling, price flexing - could distort competition.</p> <p>Recommendations: Proposal to refer the supply of groceries in the UK to the Competition Commission, followed by a decision to make a market investigation reference.</p>	<p>30 existing exclusivity arrangements that have been in place for more than five years, where these have been identified in the report</p> <ul style="list-style-type: none"> - the creation of a new Groceries Supply Code of Practice to replace the existing Supermarkets Code of Practice, which will be extended to include all grocery retailers with a UK turnover greater than £1 billion, and - retailers to establish a GSCOP Ombudsman.
<p>School Uniforms</p> <p>In house: competition concerns</p> <p>Recommendations to local government and</p>	<p>September 2006</p> <p>Three months</p> <p>Market study</p> <p>£450 million</p>	<p>Purpose: To examine whether exclusive contracts between schools and retailers have an adverse effect on the prices paid by parents, as well as the quality and value of school uniforms.</p> <p>Findings: 84 per cent of schools that require students to have a uniform impose</p>	<p>In March 2007 DfES consulted on draft guidance on school uniforms, dress codes and other rules on appearance. Final guidelines published October 2007. Key points include:</p> <ol style="list-style-type: none"> 1. Schools should be sensitive to the cost implications of their choice of uniform. The chosen uniform should be available at high street shops and other retail outlets, rather

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findings passed to DfES		<p>restrictions on choice of supplier for at least one item of uniform. Compulsory items purchased from designated retailers or schools are on average 23 per cent more expensive than in uniform retailers generally, and 150 per cent more expensive than in supermarkets. 82 per cent of state schools in the UK specify a uniform that pupils must wear.</p> <p>Primary schools are more flexible although many impose at least one restriction. Items are typically bought from the school itself rather than a designated retailer.</p> <p>Parents whose child attends a primary school that restricts the supply of uniforms pay on average approximately £4.50 more each year than those who can purchase from uniform retailers generally. The corresponding figure for secondary schools is £10. If the items could be bought from a supermarket the savings to parents would be £9 and £27 respectively.</p> <p>Recommendations: OFT passed its findings</p>	<p>than from an expensive sole supplier.</p> <ol style="list-style-type: none"> 2. Schools or retailers that have exclusive contracts with suppliers may in principle be subject to enforcement action under Chapter I of the Competition Act 1998, on the grounds that these exclusive agreements may restrict competition between retailers to supply uniform. 3. Schools continue to have power to set uniform policy and discipline pupils who do not comply. 4. In cases of financial difficulty, schools should be sensitive to the needs of the pupil and give parents time and assistance.

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		to the DfES which is responsible for providing guidance to state schools in England on their uniform policies. OFT called on school governors to eliminate exclusive agreements.	
<p>Commercial Use of Public Information</p> <p>In house: competition concerns</p> <p>Recommendations to Government and industry</p>	<p>December 2006</p> <p>17 months</p> <p>Market study</p> <p>£500 million</p>	<p>Purpose: To consider whether the way in which PSIHs supply information works well for businesses; and to examine whether PSIHs have an unfair advantage selling on information in competition with companies that are reliant on the PSIH for the raw data.</p> <p>Findings: More competition in public sector information could benefit the UK economy by around £1/2 billion annually. Specifically:</p> <ol style="list-style-type: none"> 1. A number of PSIHs compete with business in turning the raw information into value added products and services. This could enable PSIHs to restrict access to information provided solely by themselves. 	<p>Outcomes: Government response in June- 2007 accepted all but two of OFT's recommendations:</p> <ul style="list-style-type: none"> - that PSIHs make unrefined information available for reuse - Government to report back in six months on the implications of these possible changes, and - on accounting separation and pricing - Government to conduct further work on the economics of information pricing. <p>In February 2008, Government published an independent review of Models of Public Sector Information Provision via Trading Funds. Following this report the Government committed to:</p> <ul style="list-style-type: none"> - looking at public sector information held by trading funds to distinguish more clearly what is required by Government for public tasks, ensuring this information is made available as widely as possible for use in actual and

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		<p>2. Raw information is not as easily available as it should be, licensing arrangements are restrictive, and prices are not always linked to costs. PSIHs may be charging higher prices to competing businesses and giving them less attractive terms than their own value-added operations.</p> <p>3. Much of the legislation and guidance which aims to ensure access to information is provided on an equal basis lacks clarity and is inadequately monitored. As a result the full benefits of public sector information are not being realised.</p> <p>Recommendations PSIHs should:</p> <ol style="list-style-type: none"> 1. make as much public sector information available as possible for commercial use/re-use 2. ensure that businesses have access to public sector information at the earliest point that it is useful to them 3. provide access to information where 	<p>potential downstream markets</p> <ul style="list-style-type: none"> - a pricing policy based on the principle that 'information collected for public purposes will be made available at a price that balances the need for access while ensuring customers pay a fair contribution to the cost of collecting this information in the long-term', and - OFT engaged in a continuing dialogue with OS.

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		<p>the PSIH is the only supplier on an equal basis to all businesses and the PSIH itself, and</p> <ol style="list-style-type: none"> 4. use proportionate cost-related pricing and account separately for their monopoly activities and their value-added activities so that PSIHs can demonstrate they are providing and pricing information fairly and in a non-discriminatory manner and Government should enable the regulator (Office of Public Sector Information) to monitor PSIHs better, with improved enforcement and complaints procedures. <p>OFT follow up work:</p> <ol style="list-style-type: none"> 1. Ongoing dialogue with Ordnance Survey (OS). 2. Work with HMT to produce clear and comprehensive guidance on charging for information. 3. Review changes and the effectiveness of our recommendations and if necessary propose legislation to realise the 	

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		benefits of the recommendations.	
<p>Pharmaceutical Price Regulation Scheme</p> <p>In house: competition concerns</p> <p>Recommendations to Government</p>	<p>February 2007</p> <p>17 months</p> <p>Market study</p> <p>£8 billion</p>	<p>Purpose: To assess whether the PPRS scheme is the most effective means of securing value for money for the NHS, whilst offering appropriate incentives for pharmaceutical companies to invest in new and useful drugs for the future.</p> <p>Findings: OFT identified a number of drugs where prices are significantly out of line with patient benefit. These include treatments for cholesterol, blood pressure and stomach acid. Some drugs currently prescribed are up to ten times more expensive than substitute treatments that deliver very similar benefits to patients.</p> <p>The current 'profit cap and price cut' scheme should be replaced with a patient-focussed value based pricing scheme in which the prices the NHS pays for medicines reflect the therapeutic benefits they bring to patients. This would enable the NHS to obtain greater value for money from its existing drug spend.</p>	<p>Interim Government response, in August 2007, broadly welcomed the report and stated that it will undertake a continuing programme of detailed analysis of the OFT report's proposals, and will discuss this analysis with industry taking into account their strong concerns about a number of the proposals. Government will make further proposals as part of the ongoing PPRS re-negotiation.</p>

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		<p>Recommendations:</p> <ol style="list-style-type: none"> 1. Recommended that the current 'profit cap and price cut' scheme be replaced with a patient-focused, value-based pricing scheme, in which the prices the NHS pays for medicines reflect the therapeutic benefits they bring to patients. 2. This would enable the NHS to obtain greater value for money from its existing drug spends. Two options proposed: <ol style="list-style-type: none"> 1. ex post value-based pricing - retaining upfront freedom of pricing for companies but replacing company-wide profit controls and price cuts with reviews of the cost-effectiveness of individual drugs or classes of drugs 2. (preferred long-term option) Ex ante value-based pricing - this would involve fast-track ex ante assessment of a new drug's cost effectiveness before launch. 	

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<p>Payment Protection Insurance</p> <p>Super-complaint</p> <p>Market investigation reference</p>	<p>February 2007</p> <p>17 months</p> <p>Super-complaint response, market study, consultation on MIR and MIR decision</p> <p>£5.5 billion</p>	<p>Purpose: To examine in more detail findings that:</p> <ol style="list-style-type: none"> 1. consumers face difficulties in respect of (a) gaining information they need about alternative suppliers and (b) the technical nature and/or lack of transparency of the information available to them 2. there are high costs or other barriers to entry for stand-alone PPI providers 3. there is a wide degree of variation in pricing in the sector, and 4. gross profit margins appear high - although there is a lack of information on profitability, an indication of high profitability is provided by claims ratios – PPI claims ratios are estimated to be 15 – 20 per cent, which is low compared to other general insurance products: for example, claims ratios for motor insurance are 74 per cent and household insurance are 55.2 per cent. 	<p>Market investigation reference made in February 2007. Emerging thinking published in November 2007: the underwriting market is concentrated - not all underwriters are big enough to underwrite the distributors' business. There do not seem to be significant barriers to entry though incumbent providers may have an advantage when re-tendering for contracts. On the whole there are no significant features that prevent, restrict or distort competition in the underwriting market.</p> <p>Competition Commission will look further at the retail market to determine degree of competition, customer search costs, switching costs, levels of commission, pricing and profitability.</p> <p>Vertical integration does not appear to affect competition adversely.</p> <p>Provisional findings to be published end May-08.</p> <p>Final CC report due November/December 2008.</p>

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		<p>Findings: Features found - structural:</p> <ol style="list-style-type: none"> 1. PPI is a secondary or tertiary purchase, typically bought only as a result of buying the primary product 2. PPI is an inherently complex product 3. information asymmetry 4. large POS advantage 5. switching barriers and costs, and 6. vertical integration of underwriting and distribution (60 per cent of the market). <p>Conduct of firms features:</p> <ol style="list-style-type: none"> 1. competition takes place on the primary credit product, but usually not on the PPI at all 2. firms don't make information available 3. firms don't make clear to customers that the grant of credit is not conditional on taking out PPI, and 4. practice of giving cancellation refunds that don't reflect cost or consumer risk profile reinforces barriers to switching. 	

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		<p>Conduct of consumer features: consumers don't actively shop around.</p> <p>Recommendations: Not applicable.</p>	
<p>Airports</p> <p>In house: competition concerns</p> <p>Market investigation reference</p>	<p>March 2007</p> <p>10 months</p> <p>Market study, consultation on MIR and MIR decision</p> <p>£2.3 billion</p>	<p>Purpose:</p> <ol style="list-style-type: none"> 1. To decide whether or not to make a MIR. 2. To examine the scope for benefits to arise from enhanced competition between airports (for example, via divestment of airports) or from enhanced competition within airports (for example, via divestment or long term lease of terminals or runways within an airport). 3. To look at constraints which may limit increased competition, such as short-term capacity constraints, longer-term planning restrictions, price regulation and the restrictions on trading of landing/take-off slots. 	<p>Government accepted two out of the three recommendations from the market study:</p> <ul style="list-style-type: none"> - Issued a consultation document February 2007 setting out the preferred criteria for designation and de-designation and decided on new criteria in May 2007. - Formal consultation on possible de-designation of Manchester and Stansted airports issued by DfT July-2007. Decided to de-designate Manchester airport but not Stansted January 2008. <p>Deferred consideration of the recommendation to transfer decisions on designation to the CAA. It would be premature to consider this recommendation in advance of the CC investigation and the inquiry into sectoral regulation by the House of Lords and the inquiry into the work of the CAA by the Transport Select Committee.</p>

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		<p>Geographic scope: South East of England and Scotland, in respect of BAA, and the North of England in respect of Manchester Airport.</p> <p>Findings: BAA owns airports through which over 60 per cent of UK air passengers travelled in 2005.</p> <p>The following features prevent, restrict or distort competition:</p> <ol style="list-style-type: none"> 1. joint ownership of airports in the South East and Scotland by BAA, with high regional market shares 2. the system of economic regulation of airports, and 3. capacity constraints. <p>In the short term the lack of competition between BAA's airports in the South East and Lowland Scotland leads to higher charges than would be the case if these airports were owned by separate firms. This raises cost to air travellers.</p>	<p>Market investigation reference made in March 2007. Emerging thinking published April 2008:</p> <ul style="list-style-type: none"> - In Scotland, common ownership affects competition between Glasgow and Edinburgh. - In the South East, common ownership adversely affects competition in spite of capacity constraints. Planning restrictions and government policy may also adversely affect competition. - The regulatory system may reinforce other features. <p>Market investigation provisional findings and remedies notice due to be published in August 2008.</p>

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		<p>Heathrow and Gatwick have performed poorly in international surveys of the quality of service at airports. Weak competition could be a contributory factor. By contrast Manchester airport appears to be subject to greater competition from separately owned airports.</p> <p>Recommendations: Proposal to refer the supply of airport services by BAA within the UK to the CC for a market investigation, followed by decision to make a market investigation reference.</p> <p>Recommendations to Government in relation to airports in the North of England that:</p> <ul style="list-style-type: none"> - Government publish criteria for de-designation of airports - CAA advises the DfT whether to de-designate Manchester airport before the statutory price control reference to the CC is due, and - Government consider transferring decisions on designation to the CAA. 	

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<p>Internet Shopping</p> <p>In house: consumer regulation concerns</p> <p>Further OFT work</p>	<p>June 2007</p> <p>14 months</p> <p>Market study</p> <p>£21.4 billion</p>	<p>Purpose: To examine whether consumers:</p> <ul style="list-style-type: none"> - are confident when shopping on the Internet - receive the right level of regulatory protection - are aware of their rights when shopping online; and whether businesses understand and comply with the regulations for online shopping. <p>Recommendations: Further OFT work with consumer groups, businesses and other public bodies to:</p> <ol style="list-style-type: none"> 1. ensure that businesses have easy access to clear information and advice about selling online 2. advise shoppers how to protect themselves from security and privacy threats 3. make sure businesses address shoppers' concerns in terms of avoiding the most frequent problems by providing contact details and a secure environment, and 	<p>OFT:</p> <ul style="list-style-type: none"> - prepared information materials to supplement existing OFT guidance, integrating them into the Consumer Direct web site - updated OFT's advice to business web pages, including a summary of key regulatory requirements and advice for small firms on online security - worked with the Consumer Education Alliance to distribute materials - secured agreement of top five internet auction sites to provide information to consumers about their rights and to provide clearer identification of traders - secured the agreement of key price comparison sites to give consumer information and links to Consumer Direct web site - coordinated a web sweep by TSS officers in 90 local authorities of over 500 top internet retailers to assess their websites' compliance with key requirements of the distance selling and e-commerce regulations - published web sweep report Mar-08. Results suggested most large online retailers were complying with the DSRs and E-Commerce

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		4. improve compliance and enforcement, to make the internet a safer environment for buying and selling, and build consumer confidence in internet shopping.	Regs. There was room for improvement in relation to providing a physical address, information on right to cancel, information on additional charges, and - Follow-up action planned for 35 per cent of sites assessed.
Distribution of Medicines Competition complaints Recommendations to Government	December 2007 Eight months Market study £8 billion	<p>Purpose: To determine how recent and proposed changes to distribution arrangements may affect competition, the NHS and patients. The study focuses on actual and proposed decisions by pharmaceutical suppliers to change distribution arrangements, and the implications of the introduction of 'direct to pharmacy' distribution models, including Pfizer's current exclusive arrangement with Unichem and other models using more LSPs from the outset.</p> <p>Findings: Significant risk that DTP schemes will result in cost increases to NHS, and reduced service levels to pharmacies and, potentially, patients.</p>	Government responded to OFT's recommendations in May 2008. It agreed that the recommendations on changes to the PPRS should be discussed as part of the current PPRS negotiations. It concluded that there had been no change in the standard of service offered to patients and no evidence to suggest that this will be the case in the foreseeable future. Therefore it concluded there was no need to bring forward legislation to clarify service standards at this stage - but it would keep the matter under review.

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		<p>Recommendations: OFT recommended changes to PPRS so that discounts currently given in supply chain (12.5 per cent) are instead formalised in the manufacturer's list price or to have minimum discounts to pharmacies agreed in the PPRS (or tied into the re-negotiation of the same).</p> <p>If NHS is concerned about unsatisfactory service levels, it seek manufacturers' agreement on standards and, if lower standards are introduced, cost savings should be shared with NHS. Highlight to manufacturers need to protect their long term interests by ensuing competition in wholesaler/logistics/distribution sector.</p>	
<p>Personal Current Accounts</p> <p>In-house: competition and consumer concerns</p> <p>To be confirmed</p>	<p>On-going</p> <p>On-going</p> <p>Market study</p> <p>Value of sector not known</p>	<p>Purpose: To provide the context for the OFT's investigation into the fairness of the level and application of unauthorised overdraft charges.</p> <p>To take a broad, strategic, view of the market, looking in particular at:</p> <ul style="list-style-type: none"> - price transparency – do consumers 	

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		<p>understand what they are paying for their PCA? Can they predict the overall actual cost of their account?</p> <ul style="list-style-type: none"> - switching – do consumers have confidence in the switching process? <p>Findings: Market study report due for publication in summer 2008. Publication delayed due to UTCCRs test case.</p> <p>Recommendations: To be confirmed</p>	
<p>Home Building</p> <p>Government: the Barker Review of Housing Supply 2004</p> <p>To be confirmed</p>	<p>On-going</p> <p>On-going</p> <p>Market study</p> <p>£20 billion</p>	<p>Purpose: OFT will seek to understand constraints on the ability of the market to deliver sufficient quantities of cost-effective high quality new houses, focusing on two principal areas:</p> <ol style="list-style-type: none"> 1. How competition and the planning system affect the delivery of new homes including: <ul style="list-style-type: none"> - the extent of competition and barriers to entry and expansion and whether available land is being effectively brought through the planning process in a 	

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		<p>timely manner, scarcity of key inputs and the effect of landbanks and option agreements</p> <ul style="list-style-type: none"> - the level of consumer protection and redress, including the role of building regulation standards and new home warranties, and - the extent to which consumers have power to drive competition <p>2. Homebuyers' levels of satisfaction with the new houses they purchase.</p> <p>Findings: To be confirmed</p> <p>Recommendations: To be confirmed</p>	
<p>Sale and Rent Back</p> <p>Government: announced in 2008 budget</p> <p>To be confirmed</p>	<p>On-going</p> <p>On-going</p> <p>Market study</p> <p>Value of sector</p>	<p>Purpose:</p> <ol style="list-style-type: none"> 1. To examine the characteristics of the product and the circumstances in which the product is sold. 2. To collect evidence on homeowners' experience, and consider whether homeowners are 	

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	not known	<p>making informed choices.</p> <p>3. To consider whether existing consumer protection legislation is sufficient and effective. If OFT concludes that existing consumer protection is not sufficient in this area, it will consider whether further action is appropriate, including recommending that consumer protection should be strengthened.</p> <p>Findings: To be confirmed</p> <p>Recommendations: To be confirmed</p>	