

Phil Evans  
Principal Policy Advisor  
The Consumers' Association  
2 Marylebone Road  
London  
NW1 4DF

3 March 2004

**Consumers' Association Super-complaint on the Care Homes sector**

You wrote to the OFT on 5 December last year with a complaint about the Care Homes sector, expressing concerns about the interests of consumers and whether the market is working well for them. Although the Consumers' Association was not a designated super-complainant, we agreed that we would treat this complaint as if it were.

Having examined the concerns expressed, we propose to carry out a market study focussed on consumer behaviour, price transparency and contracts in relation to fees. Other concerns will be dealt with as set out below and more fully in our detailed response.

We agreed with you that the super-complaint should be taken to apply to all parts of the UK and specifically to care homes for older people. We have looked carefully at the wide range of issues you raise. Within the 90 day period allowed under the Enterprise Act we have necessarily been confined to making use of existing information, and have therefore not carried out further research of our own at this stage. We have, however, consulted a number of interested parties. It is clear from the work we have done that this is a very sensitive area where changes can have a significant impact upon the quality of life of care home residents. Social and health policy issues interact with the market for care home places in a complex way and there have recently been major changes in regulation and inspection arrangements. The full impact of these changes is unlikely to be clear for some time.

We have been encouraged to see that a number of the recommendations of the OFT's 1998 report 'Older people as consumers in Care Homes' have been reflected in new minimum standards for care homes. The Department of Health, the devolved administrations and the regulators continue to carry out relevant and useful work in this sector. In October last year, as part of our continuing work to make care home contracts fair for consumers, the OFT published guidance on 'Unfair terms in care home contracts' and in January this year published an explanatory leaflet for consumers called 'Fair terms for care.' Enforcement action is also currently underway against unfair contract terms used by a number of care home providers. The OFT has also, in its BetterCare decision, taken a view on the application of the Competition Act 1998 to issues arising in this sector.



In our view, the work which has already been carried out and the regulatory changes which are underway go some way towards addressing the concerns raised in your super-complaint. So far as some of the other issues you raise are concerned, we have not been persuaded that further detailed study is warranted at this time. We recognise, however, that there are concerns about aspects of the market, and we intend, therefore, to use the OFT's powers under the Enterprise Act to carry out a market study focussed on consumer behaviour, price transparency and contracts in relation to fees. A decision on when the study will start will be taken in the near future. I hope you will agree that this is an appropriate response to the super-complaint.

This letter and the enclosed response, which sets out our reasoning in more detail, will be placed on our website.

Yours sincerely

**Jonathan May**  
**Director**  
**Markets and Policy Initiatives Division**