



Digital Markets, Competition and Consumer Bill – Is Your Business Ready?

AUTHOR / KEY CONTACT



Ruth Chornolutskey
Associate

✉ Ruth.chornolutskey@la-law.com
☎ 01202 786188

When running your business, are you compliant with consumer law? Upcoming changes in the law will likely increase compliance risk for businesses dealing with consumer customers, and there will be significantly larger penalties for non-compliance. The Digital Markets, Competition and Consumers [Bill](#) is expected to come into force during the second half of 2024 and will dramatically change the consumer protection enforcement climate. The Bill will affect small businesses as well as large ones. Is your business ready?

The [Competition and Markets Authority](#) will gain direct enforcement powers with the Bill. It will be able to determine that a business has infringed consumer laws. It may fine such businesses up to 10% of their global group turnover, or if higher, £300,000 without needing court approval. The CMA will have the right to investigate past, current and potential future infringements.

The Bill will reinstate existing law, continuing to prohibit businesses from including unfair contract terms in consumer contracts and conducting commercial practices that may be unfair to consumer customers. The focus of the Bill, in terms of changes to the law and new obligations, will mainly focus on subscription contracts and consumer savings schemes. It seems there will also be a movement towards preventing fake online reviews.

Subscription Contracts: New Rules and Obligations

New rules on subscription contracts will involve ensuring consumer customers are provided with sufficient information before they enter into a contract, ensuring they understand their obligations and any onerous consequences. This will cover contract terms, lock-in periods, autorenewal conditions, payment details, and how to notify to terminate the contract.

Protection for Consumer Savings Schemes

New rules on consumer savings schemes (an example being a Christmas club, whereby consumers pay into an account as a way to save for goods or services which are later provided) will require businesses to protect consumers' money, i.e. by having insurance or trust arrangements, so that if the trader becomes insolvent, the consumer's money should not be lost.

Addressing the Issue of Fake Online Reviews

As currently drafted, nothing in the Bill explicitly tackles fake reviews. However, the government's consultation on improving transparency and product information for consumers, dated 4 September 2023, proposed adding facilitating fake reviews to the banned list of practices. Reviews significantly influence consumers' purchasing decisions, and government research from 2023 reveals that as many as 15% of reviews on platforms like Amazon may be fake. Likely, consumer law will soon include a ban on submitting or incentivising people to make fake reviews. Businesses must also demonstrate taking adequate steps to check and remove misleading information. This will include implementing policies and procedures to identify and remove fake reviews and prevent misleading practices.

Given the Bill, all businesses should review their documentation and contracting processes. Consumers must be provided with clear information about their rights, meeting all requirements under current consumer law, particularly regarding subscription payments, auto-renewal terms and the ability to cancel contracts.

Contact us

If you would like assistance with commercial and consumer matters, please contact our [Corporate & Commercial](#) team by emailing online.enquiries@la-law.com or calling [01202 786188](tel:01202786188).