

ANNEX A

PROPOSED REVISIONS TO THE CODE

Code of Practice for Traders on Price Indications

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Code of Practice for Traders on Price Indications

Introduction

The Consumer Protection Act

The Consumer Protection Act 1987 makes it a criminal offence to give consumers a misleading price indication about goods, services, accommodation (including the sale of new homes) or facilities. It applies however you give the price indication - whether in a TV or press advertisement, on a website, in a catalogue or leaflet, ~~on~~ notices, price tickets or shelf-edge marking in stores, or if you give it orally, for example on the telephone. The term "price indication" includes price comparisons as well as indications of a single price.

2. This code of practice is approved under section 25 of the Act which gives the Secretary of State power to approve codes of practice to give practical guidance to traders. It is addressed to traders and sets out what is good practice to follow in giving price indications in a wide range of different circumstances, so as to avoid giving misleading price indications. The Code is not comprehensive. It cannot address every circumstance in which a misleading price may be given, particularly for new and innovative selling practices. It is guidance, rather than mandatory, although it will be taken into account in establishing whether an offence has been committed under the Act. You may, therefore, ~~But the Act does not require you to do as this code tells you. You may still~~ give price indications which do not accord with this code, provided they are not misleading. "Misleading" is defined widely in section 21 of the Act. The definition covers indications about any conditions attached to a price, about a price which attracts an additional charge (eg, VAT) about what you expect to happen to a price in future and what you say in price comparisons, as well as indications about the actual price the consumer will have to pay. It also applies in the same way to any indications you give about the way in which a price will be calculated and to any matter which is omitted from the "price indication".

Price comparisons

3. If you want to make price comparisons, you should do so only if you can justify them. You should be able to show that any claims you make are show that they are accurate and valid. Indications which give only the price of the product are unlikely to be misleading if they are accurate and cover the total charge you will make. As a general rule, you should only compare like with like but cComparisons with prices which you can show have been or are being charged for very the same or similar goods, services, accommodation or facilities and have applied for a reasonable period are also unlikely to be misleading. Guidance on these matters is contained in this code.

Enforcement

4. Enforcement of the Consumer Protection Act 1987 is the responsibility of officers of the local weights and measures authority (in Northern Ireland, the Department of Economic Development) - usually called Trading Standards Officers. Trading Standards Officers operate in accordance with the Home Authority principle (which designates a specific Trading Standards Department as the Home Authority for whereby major retailers with multi-store outlets have a designated Trading Standards Department as their Home Authority) and with the principals of consultation and co-

operation that are set out in the Enforcement Concordat. Further information about the Home Authority principle and the Enforcement Concordat can be obtained from your local Trading Standards Department or Home Authority. Details of the location of your local Trading Standards Department can be obtained at the main Trading Standards website – <http://www.tradingstandards.gov.uk>

5. If a Trading Standards Officer has reasonable grounds to suspect that you have given a misleading price indication, the Act gives the Officer power to require you to produce any records relating to your business and to seize and detain goods or records which the Officer has reasonable grounds for believing may be required as evidence in court proceedings.

~~5. It may only be practicable for Trading Standards Officers to obtain from you the information necessary to carry out their duties under the Act. In these circumstances the Officer may seek information and assistance about both the claim and the supporting evidence from you.~~ Be prepared to cooperate with Trading Standards Officers and respond to reasonable requests for information and assistance. It is in your interest to demonstrate that any claims you have made are accurate and valid in order to avoid any further action being necessary. The Act makes it an offence to obstruct a Trading Standards Officer intentionally or to fail (without good cause) to give any assistance or information the Officer may reasonably require to carry out duties under the Act.

Court proceedings

6. If you are taken to court for giving a misleading price indication, the court can take into account whether or not you have followed ~~this~~the code. If you have done as the code advises, that will not be an absolute defence but it will tend to show that you have not committed an offence. Similarly if you have done something the code advises against doing it may tend to show that the price indication was misleading. If you do something which is not covered by the code, your price indication will need to be judged ~~only~~ against the terms of the general offence. The Act provides for a defence of due diligence, that is, that you have taken all reasonable steps to avoid committing the offence of giving a misleading price indication, but failure to follow the code of practice may make it difficult to show this. The Act also provides for specific defences (eg if a misleading price indication is given in a book, newspaper or magazine, it is a defence for the publisher to show that the indication was not contained in an advertisement).

Regulations

7. The Act also provides power to make regulations about price indications and you should ensure that your price indications comply with any such regulations. ~~There are none at present.~~ There are specific Regulations dealing with indications of exchange rates in Bureaux de Change, with price indications where different prices are charged depending on the method of payment (eg, by cash or by credit card) and with the resale of tickets for admission to places of entertainment. Your local Trading Standards Department or Home Authority will be able to advise you on these Regulations.

Other legislation

8. This code deals only with the requirements of Part III of the Consumer Protection Act 1987. In some sectors there will be other relevant legislation. For example, regulations about the way in which prices for products sold by traders to consumers must be displayed is given in legislation made under the Prices Act 1974 and price indications about credit terms must comply with the Consumer Credit Act 1974 and the regulations made under it, as well as with the Consumer Protection Act 1987. It should be noted that an offence is not committed under Part III of the Consumer Protection Act 1987 if the misleading indication would amount to offence under section 397 of the Financial Services and Markets Act 2000 (misleading statements and practices). Your local Trading Standards Department or Home Authority will be pleased to advise on the regulations that are applicable to your particular business. Some legislation may also be accessed at the website of Her Majesty's Stationery Office at <http://www.legislation.hmso.gov.uk>

Code of Practice for Traders on Price Indications

Definitions

In this code:

Accommodation includes hotel and other holiday accommodation and new homes for sale freehold or on a lease of over 21 years but does not include rented homes.

Consumer means anyone who might want the goods, services, accommodation or facilities for his own private use (ie, other than for business use).

Distance contract means any contract concerning products concluded between a trader and a consumer by any means, without the simultaneous physical presence of the trader and the consumer.

Price means both the total amount the consumer will have to pay to get the goods, services, accommodation or facilities and any method which has been or will be used to calculate that amount.

Price comparison means any indication given to consumers that the price at which something is offered to consumers is less than or equal to some other price.

Product means goods, services, accommodation and facilities (but not credit facilities, except where otherwise specified).

Services and Facilities means any services or facilities whatever (including credit, banking and insurance services, purchase or sale of foreign currency, supply of electricity, off-street car parking and caravan sites) except ~~those services provided by a person who is an authorised person or appointed representative under the Financial Services Act 1986 in the course of an investment business, services provided by an employee to his employer and facilities for a caravan which is the occupier's main or only home.~~

Shop/Outlet means any shop, store, stall or other place (including a vehicle or the consumer's home), and any means through which a distance contract may be concluded (including a website) at which goods, services, accommodation or facilities are offered to consumers.

Trader means anyone (retailers, manufacturers, agents, service providers and others) who is acting in the course of a business.

Code of Practice for Traders on Price Indications

Part 1: Price comparisons

1.1 Price comparisons generally

1.1.1 Information on different kinds of price comparison is given in the paragraphs below. The general rule, however, is that you should compare like with like and that where a reduced price is claimed then the item should have been sold at the higher price for at least 28 days in the previous 6 months in the same outlet. If your comparison does not meet those criteria then you should provide an explanation which is unambiguous, easily identifiable and (except where it is impracticable, for instance, in other than for distance contracts that are conducted orally) clearly legible to the consumer.

1.1.2. Always make the meaning of price indications clear. Do not leave consumers to guess whether or not a price comparison is being made. If no price comparison is intended, do not use words or phrases which, in their normal, everyday use and in the context in which they are used, are likely to give your customers the impression that a price comparison is being made.

~~1.1.2— Price comparisons should always state the higher price as well as the price you intend to charge for the product (goods, services, accommodation or facilities). Do not make statements like "sale price £5" or "reduced to £39" without quoting the higher price to which they refer. If you refer to the previous price for the purposes of claiming a reduction it should be the cash price. If it is not, then an unambiguous, easily identifiable and (where practicable)(other than for distance contracts that are conducted orally) clearly legible explanation of what you have included in the previous price should be given.~~

1.1.3 It should be clear what sort of price the higher price is. For example, comparisons with something described by words like "regular price", "usual price" or "normal price" should say whose regular, usual or normal price it is (eg "our normal price"). Descriptions like "reduced from" and crossed out higher prices should be used only if they refer to your own previous price. Words should not be used in price indications other than with their normal everyday meanings.

1.1.4 Do not use initials or abbreviations to describe the higher price in a comparison, except for the initials "RRP" to describe a recommended retail price or the abbreviation "man. rec. price" to describe a manufacturer's recommended price (see paragraph 1.6.2).

1.1.5 Follow the part of the code (sections 1.2 to 1.6 as appropriate) which applies to the type of comparison you intend to make.

1.2 Comparisons with the trader's own previous price

General

1.2.1 In any comparison between your present selling price and the last price at which the product was offered~~another price at which you have in the past offered the product~~, you should state the previous price as well as the new lower price.

1.2.2 In any comparison with your own previous price:

(a) the previous price should be the *last* price at which the product was available to consumers in the previous 6 months unless the situation covered by paragraph 1.2.6 below applies; and

(b) the product should have been available to consumers at that price for at least 28 consecutive days in the previous 6 months; and

(c) the previous price should have applied (as above) for that period at the *same* outletshop (same branch in multi-store outlets) where the reduced price is now being offered.

The 28 days at (b) above may include public bank holidays, Sundays or other days of religious observance when the outletshop was closed (or otherwise unavailable for business); and up to 4 days when, for reasons beyond your control, the product was not available for supply. The product must not have been offered at a different price between that 28 day period and the day when the reduced price is first offered.

1.2.3 If the previous price in a comparison does not meet one or more of the conditions set out in paragraph 1.2.2 above:

(i) the comparison should be fair and meaningful; and

(ii) give a clear and positive explanation of the period for which and the circumstances in which that higher price applied. The explanation should be unambiguous, easily identifiable and (where practicable) (other than for distance contracts that are conducted orally) clearly legible to the consumer.

For example "these goods were on sale here at the higher price from 1 February to 26 February" or "these goods were on sale at the higher price in most of our 10 of our 95 stores only". Display the explanation clearly, and as prominently as the price indication. You should *not* use general disclaimers saying for example that the higher prices used in comparison have not necessarily applied for 28 consecutive days.

The 28 day rule allows reductions to be claimed without the need to include an explanation of when and where the higher price applied. It should not be abused – for example by inflating the selling price, advertising the goods at a higher price for 28 days and then claiming a reduced price for a much longer period. In any case where a sale price is compared to a price that is higher than the usual retail price in the particular outlet, it must be clearly explained either that the higher price is not the usual retail price or that the goods/services were only available at the higher price for a specified period.

Perishable goods, including food and drink ~~Food, drink and perishable goods~~

1.2.4 For any-perishable goods (including non-food perishables with a shelf-life of less than 6 weeks), food and drink, you need not give a positive explanation if the

previous price in a comparison has not applied for 28 consecutive days, *provided* it was the last price at which the goods were on sale in the previous 6 months and applied in the same outletshop where the reduced price is now being offered. ~~This also applies to non-food perishables, if they have a shelf life of less than 6 weeks.~~

Distance contracts ~~Catalogue and Mail order traders~~

1.2.5 Where products are sold only through distance contracts ~~a catalogue, advertisement or leaflet,~~ any comparison with a previous price should be with the price in your own last price catalogue, advertisement or leaflet. If you sell the same products for different prices in different types of outlets (eg charging a different price in your High Street store compared to a direct sale from your website) both in shops and through catalogues etc, the previous price should be the last price at which you offered the product at the outlet where the claim is made. You should also follow the guidance in paragraphs 1.2.2 (a) and (b). If your price comparison does not meet these conditions, you should follow the guidance in paragraph 1.2.3.

Factory outlets

Retailers located in factory outlet sites (ie sites where it is a condition of tenancy that a substantial majority of the goods must be sold at a discount of at least 30%) who have not sold the same goods at a higher price in the same store, may display an unambiguous, easily identifiable and clearly legible general notice stating that all (or a specified proportion) of goods have been bought in from elsewhere [which may include outlets outside the UK]. Specific comparisons and reductions made for particular items must comply with the other requirements of the 28 day rule or be explained and they must be verifiable in the event of a challenge by the local Trading Standards Department or Home Authority.

Making a series of reductions

1.2.6 If you advertise a price reduction and then want to reduce the price further during the same sale or special offer period, the intervening price (or prices) need not have applied for 28 days. In these circumstances unless you use a positive explanation (paragraph 1.2.3):

the highest price shown in the series must have applied for 28 consecutive days in the last 6 months at the same outletshop: and

you must show the highest price, any the intervening price(s) that are lower than the current selling price; and

the current selling price ~~(eg "£40, £20, £10, £5 ")~~.

1.3 Introductory offers, after-sale or after-promotion prices

Introductory Offers

1.3.1 Do not call a promotion an introductory offer unless you intend to continue to offer the same product for sale at the same outlet after the offer period is over and to do so at a higher price.

1.3.2 Do not allow an offer to run on so long that it becomes misleading to describe it as an introductory or other special offer. What is a reasonable period will depend on the circumstances (but, depending on the shelf-life of the product, it is likely to be a matter of weeks, not months). An offer is unlikely to be misleading if you state the date the offer will end and keep to it. If you then extend the offer period, make it clear that you have done so.

Quoting a future price

1.3.3 If you indicate an after-sale or after-promotion price, do so only if you are certain that, subject only to circumstances beyond your control, you will continue to offer identical products at that price for at least 28 days in the 3 months after the end of the offer period or after the offer stocks run out.

1.3.4 If you decide to quote a future price, write what you mean in full. Do not use initials to describe it (eg "ASP", "APP"). The description should be clearly and prominently displayed, with the price indication.

1.4 Comparisons with prices related to different circumstances

1.4.1 Comparisons should be fair and reasonable. You should only compare like with/for like or very similar products both in terms of quality, composition and description. If there are differences, then an unambiguous, easily identifiable and (where practicable) (other than for distance contracts that are conducted orally) clearly legible explanation of the difference(s) should also be provided. For instance, you should avoid unfairly comparing prices of goods on special offer with those that are not, or different sizes of products since larger sizes are frequently sold at a discount. This section covers comparisons with prices:

(a) for different quantities (eg "15p each, 4 for 50p");

(b) for goods in a different condition (eg "seconds £20, when perfect £30");

(c) for a different availability (eg "price £50, price when ordered specially £60");

(d) for goods in a totally different state (eg "price in kit form £50, price ready-assembled £70"); or

(e) for special groups of people (eg "senior citizens' price £2.50, others £5").

General

1.4.2 Do not make ~~such~~ comparisons with prices related to different circumstances unless the product is available in the different quantity, conditions etc at the price you quote. Make clear to consumers the different circumstances which apply and show them prominently with the price indication. Do not use initials (eg "RAP" for "ready-assembled price") to describe the different circumstances, but write what you mean in full.

"When perfect" comparisons

1.4.3 If you do not have the perfect goods on sale in the same ~~outletshop~~:

(a) follow section 1.2 if the "when perfect" price is your own previous price for the goods;

(b) follow section 1.5 if the "when perfect" price is another trader's price; or

(c) follow section 1.6 if the "when perfect" price is one recommended by the manufacturer or supplier.

Goods in a different state

1.4.4 Only make comparisons with goods in a totally different state if:

(a) a reasonable proportion (say a third (by quantity)) of your stock of those goods is readily available for sale to consumers in that different state (for example, ready assembled) at the quoted price and from the ~~outletshop~~ where the price comparison is made; *or*

(b) another trader is offering those goods in that state at the quoted price and you follow section 1.5.

The price of a collection of items should only be compared with the previous price of the same collection of items or any differences be explained in an unambiguous, easily identifiable and (where practicable) ~~(other than for distance contracts that are conducted orally)~~ clearly legible way. For instance, it is likely to be misleading if you compare the price of a complete fitted kitchen with the price of the items when sold separately if they are rarely, if ever, sold as separate items.

Prices for special groups of people

1.4.5 If you want to compare different prices which you charge to different groups of people (eg one price for existing customers and another for new customers, or one price for people who are members of a named organisation (other than the trader) and another for those who are not), do not use words like "our normal" or "our regular" to describe the higher price, unless it applies to at least half your customers.

1.5 Comparisons with another trader's prices

1.5.1 Comparisons should not be unfairly biased in your own favour. Only compare your prices with another trader's price if:

(a) you know that his price which you quote is accurate and up-to-date and you check it frequently - if the price becomes inaccurate the comparison should be removed as soon as is practicable;

(b) you give the name of the other trader clearly and prominently, with the price comparison;

(c) you identify the circumstances shop-where the other trader's price applies, if that other trader is a retailer; ~~and~~

d) the other trader's price which you quote applies to the same products - or to substantially similar products and you state any differences clearly (see paragraph 1.4):-

Comparisons should also be with prices of stores in the same locality, unless it can be shown that it makes no difference because of a national pricing policy.

1.5.2 Do not make statements like "if you can buy this product elsewhere for less, we will refund the difference" about your "own brand" products which other traders do not stock, ~~unless your offer will also apply to other traders' equivalent goods.~~ If there are any conditions attached to the offer (eg it only applies to goods on sale in the same town or excluding internet sales) you should show them clearly and prominently, with the statement.

1.5.3. "Lowest price" claims must be backed up by suitable evidence to show that the trader can ~~always~~ beat their competitors prices.

Offering a "price promise", e.g. to beat a competitors' cheaper price if informed of that price by a customer, does not, of itself, justify a "lowest price" claim if the latter cannot be supported. You should make it clear that the claim is limited to a price matching promise if that is the case.

1.6 Comparisons with "Recommended Retail Price" or similar

General

1.6.1 This Section covers comparisons with recommended retail prices, manufacturers' recommended prices, suggested retail prices, suppliers' suggested retail prices and similar descriptions. It also covers prices given to co-operative and voluntary group organisations by their wholesalers or headquarters organisations.

1.6.2 Do not use initials or abbreviations to describe the higher price in a comparison *unless*:

(a) you use the initials "RRP" to describe a recommended retail price;
or

(b) you use the abbreviation "man. rec. price" to describe a manufacturer's recommended price.

Write all other descriptions out in full and show them clearly and prominently with the price indication.

1.6.3 Do not use a recommended price in a comparison unless:

(a) you can show that it has been recommended to you by the manufacturer or supplier as a price at which the product might be sold to consumers; and

(b) you deal with that manufacturer or supplier on normal commercial terms. (This will generally be the case for members of cooperative or voluntary group organisations in relation to their wholesalers or headquarters organisations); and

(c) the price is not significantly higher than prices at which the product is generally sold at the time you first make that comparison.

Do not use an RRP or similar for goods that only you supply.

1.7 Pre-printed prices

1.7.1 Make sure you pass on to consumers any reduction stated on the manufacturer's packaging (eg "flash packs" such as "10p off RRP").

1.7.2 You are making a price comparison if goods have a clearly visible price already printed on the packaging which is higher than the price you will charge for them. Such pre-printed prices are, in effect, recommended prices (except for retailers' own label goods) and you should follow paragraphs 1.6.1 to 1.6.4. You need not state that the price is a recommended price.

1.8 References to value or worth

1.8.1 Do not compare your prices with an amount described only as "worth" or "value".

1.8.2 Do not present general advertising slogans which refer to "value" or "worth" in a way which is likely to be seen by consumers as a price comparison (eg, "best value in town").

1.9 Sales or special events

1.9.1 If you have bought in items specially for a sale, and you make this clear, you should not quote a higher price when indicating that they are special purchases. Otherwise, your price indications for individual items in the sale which are reduced should comply with section 1.1 of the code and whichever of sections 1.2 to 1.6 applies to the type of comparison you are making.

1.9.2 If you just have a general notice saying, for example, that all products are at "half marked price", the marked price on the individual items should be your own previous price and you should follow section 1.2 of the code.

1.9.3 Do not use general notices saying, eg "half price sale" or "up to 50% off" unless the maximum reduction quoted applies to at least 10% (by quantity) of the range of products lines on offer.

1.10 Free offers

1.10.1 Make clear to consumers, at the time of the offer for sale, exactly what they will have to buy to get the "free offer". If any sort of direct payment is required (eg, postal or delivery charges) and is not referred to in the price indication, this may be misleading.

1.10.2 If you give any indication of the monetary value of the "free offer", and that sum is not your own present price for the product, follow whichever of sections 1.2 to 1.6 covers the type of price it is.

1.10.3 If there are any conditions attached to the "free offer", give at least the main points of those conditions with the price indication and make clear to consumers where, before they are committed to buy, they can get full details of the conditions.

1.10.4 Do not claim that an offer is free if:

(a) you have imposed additional charges that you would not normally make;

(b) you have inflated the price of any product the consumer must buy or the incidental charges (for example, postage) the consumer must pay to get the "free offer"; or

(c) you will reduce the price to consumers who do not take it up.

Code of Practice for Traders on Price Indications

Part 2: Actual price to consumer

2.1 Indicating two different prices

2.1.1 The Consumer Protection Act [1987](#) makes it an offence to indicate a price for goods or services which is lower than the one that actually applies, for example, showing one price in an advertisement, window display, shelf marking or on the item itself, and then charging a higher price at the point of sale or checkout. In addition, specific regulations on pricing transparency apply to particular types of sales and ways of selling - eg retail sales (including the internet), sales of food and drink which involve service, distance contracts, resale of tickets, package travel etc. Your local Trading Standards Department or Home Authority will be pleased to advise on the current regulations that are relevant to your business and of any good practice guidance which is also relevant.

2.2 Incomplete information and non-optional extras

2.2.1 ~~Make clear in your price indications the full price consumers will have to pay for the product.~~ The consumer should always be fully aware of the total cost including, eg, postage, packing, insurance, etc, before they commit themselves to the purchase. Some examples of how to provide this information ~~do so~~ in particular circumstances are set out below.

Limited availability of products

2.2.2 Where the price you are quoting for products only applies to a limited number of, say, orders, sizes or colours, you should make this clear in your price indication in an unambiguous, easily identifiable and clearly legible way (eg "available in other colours or sizes at additional cost").

Prices relating to differing forms of products

2.2.3 If the price you are quoting for particular products does not apply to the products in the form they are displayed or advertised, say so clearly in your price indication. For example, advertisements for self-assembly furniture and the like should make it clear that the price refers to a kit of parts.

Postage, packing and delivery charges

2.2.4 If you sell by distance contract, mail order, make clear any additional charges for postage, packing or delivery on the order form or similar document, so that consumers are fully aware of them before they commit themselves to buy, being committed to buying. Where you cannot determine these charges in advance, you must indicate clearly show clearly on the order form how they will be calculated (eg "Post Office rates apply"), or specify the place ~~in the catalogue etc~~ where the information is given.

2.2.5 If you sell goods from an outlet shop and offer a delivery service for certain items, make it clear whether there are any separate delivery charges (eg for delivery outside a particular area) and what those charges are, before the consumer is committed to buying.

Pricing in different currencies

There are rules about what information must in certain circumstances be provided on exchange rates and commission charges if you accept payment in a foreign currency in addition to sterling and your local Trading Standards Department can advise you on them. There is a risk that your price indications could be considered misleading if you offer products that are dual priced with sterling and a foreign currency but you will only accept sterling and the sterling price is higher. In these circumstances you should make it clear that you only accept sterling, for instance by displaying a notice to that effect.

Valued Added Tax

(i) Price indications to consumers

2.2.6 All price indications you give to private consumers, by whatever means, should include VAT.

(ii) Price indications to business customers

2.2.7 Prices may be indicated exclusive of VAT in ~~outlets~~shops where or advertisements from which ~~most of~~ your business is only with business customers. If you also carry out business with private consumers at those ~~outlets~~ shops or from those advertisements then prices should ~~must~~ be inclusive of VAT, although you may also: you should make clear that the prices exclude VAT and:

(i) display VAT-~~exclusive~~ inclusive prices with equal prominence, or

(ii) display prominent statements that ~~the on top of the~~ quoted prices include VAT ~~customers will also have to pay VAT~~ at 17.5% (or the current rate).

It should be noted that VAT inclusive prices for all products offered by traders to consumers is legally required by Price Marking legislation (further information can be obtained from your local Trading Standards Department).

(iii) Professional fees

2.2.8 Where you indicate a price (including estimates) for a professional fee, make clear what it covers. The price should generally include VAT. In cases where the fee is based on an as-yet-unknown sum of money (for example, the sale price of a house), either:

(i) quote a fee which includes VAT; or

(ii) make it clear that in addition to your fee the consumer would have to pay VAT at the current rate (eg "fee of 1.5% of purchase price, plus VAT at 17.5%).

Make sure that whichever method you choose is used for both estimates and final bills.

(iv) Building work

2.2.9 In estimates for building work, either include VAT in the price indication or indicate with equal prominence the amount or rate of VAT payable in addition to your basic figure. If you give a separate amount for VAT, make it clear that if any provisional sums in estimates vary then the amount of VAT payable would also vary.

Service, cover and minimum charges in hotels, restaurants and similar establishments

2.2.10 Do not include suggested optional sums, whether for service or any other item, in the bill presented to the customer. -If your customers in hotels, restaurants or similar places must pay a non-optional extra charge, eg a "service charge":

(i) incorporate the charge within fully inclusive prices wherever practicable; and

(ii) display the fact clearly on any price list or priced menu, whether displayed inside or outside (eg by using statements like "all prices include service").

~~Do not include suggested optional sums, whether for service or any other item, in the bill presented to the customer.~~

2.2.11 It will not be practical to include some non-optional extra charges in a quoted price; for instance, if you make a flat charge per person or per table in a restaurant (often referred to as a "cover charge") or a minimum charge. In such cases the charge should be shown as prominently as other prices on any list or menu, whether displayed inside or outside. Your local Trading Standards Department or Home Authority can advise you further on the legislation relevant to price marking in bars, restaurants and similar outlets.

Holiday and travel prices

2.2.12 If you offer a variety of prices to give consumers a choice, (for example, paying more or less for a holiday depending on the time of year or the standard of accommodation), make clear in your brochure - or any other price indication - what the basic price is and what it covers. Give details of any optional additional charges and what those charges cover, or of the place where this information can be found, clearly and close to the basic price.

2.2.13 Any non-optional extra charges which are for fixed amounts should be included in the basic price and not shown as additions, unless they are only payable by some consumers. In that case you should specify, near to the details of the basic

price, either what the amounts are and the circumstances in which they are payable, or where in the brochure etc the information is given.

2.2.14 Details of non-optional extra charges which may vary, (such as holiday insurance) or details of where in the brochure etc the information is given should be made clear to consumers near to the basic price.

2.2.15 If you reserve the right to increase prices after consumers have made their booking, state this clearly with all indications of prices, and include prominently in your brochure full information on the circumstances in which a surcharge is payable.

Ticket prices

2.2.16 If you sell tickets, whether for sporting events, cinema, theatre etc and your prices are higher than the regular price that would be charged to the public at the box office, ie higher than the "face value", you ~~must should~~ make clear in any price indication what the "face value" of the ticket is as well as the actual price that will be charged. Your local Trading Standards Department or Home Authority can advise you further on the legislation relevant to resale of tickets.

Call-out charges

2.2.17. Free call out claims should only be made where there will be no charge to the consumer will be made unless remedial work is undertaken with their agreement of the consumer.

2.2.1~~87~~ If you make a minimum call-out charge or other flat-rate charge (for example, for plumbing, gas or electrical appliance repairs etc carried out in consumers' homes), ensure that the consumer is made aware of the charge and whether the actual price may be higher (eg if work takes longer than a specific time) before being committed to using your services.

Credit facilities

2.2.1~~98~~ Price indications about consumer credit should comply with the relevant requirements of regulations under the Consumer Credit Act 1974 governing the form and content of advertisements.

Insurance

2.2.2~~019~~ Where actual premium rates for a particular consumer or the availability of insurance cover depend on an individual assessment, this should be made clear when any indication of the premium or the method of determining it is given to consumers.

Code of Practice for Traders on Price Indications

Part 3: Price indications which become misleading after they have been given

3.1 General

3.1.1 The Consumer Protection Act makes it an offence to give a price indication which, although correct at the time, becomes misleading after you have given it, if:

- (i) consumers could reasonably be expected still to be relying on it; and
- (ii) you do not take reasonable steps to prevent them doing so.

Clearly it will not be necessary or even possible in many instances to inform all those who may have been given the misleading price indication. However, you should always make sure consumers are given the correct information before they are committed to buying a product and be prepared to cancel any transaction which a consumer has entered into on the basis of a price indication which has become misleading.

[3.1.2 Do not give price indications which you know or intend will only apply for a limited period, without making this fact clear in the advertisement or price indication.](#)

3.1.33 The following paragraphs set out what you should do in some particular circumstances.

3.2 Newspaper and magazine advertisements

3.2.1 If the advertisement does not say otherwise, the price indication should apply for a reasonable period (as a general guide, at least 7 days or until the next issue of the newspaper or magazine in which the advertisement was published, whichever is longer). If the price indication becomes misleading within this period make sure consumers are given the correct information before they are committed to buying the product.

3.3 Mail order advertisements, catalogues, and leaflets, websites and similar advertising

3.3.1 Paragraph 3.2.1 above also applies to the time for which these price indications should be made. in mail order advertisements and in regularly published catalogues or brochures should apply. If a price indication becomes misleading within the is period set out in paragraph 3.2.1, make the correct price indication clear to anyone who orders the product to which it relates. Do so before the consumer is committed to buying the product and, wherever practicable, before the goods are sent to the consumer.

3.4 Selling through agents

Holiday brochures and travel agents

3.4.1 Surcharges are covered in paragraph 2.2.15. If a price indication becomes misleading for any other reason, tour operators who sell direct to consumers should follow paragraph 3.3.1 above; and tour operators who sell through travel agents should follow paragraphs 3.4.2 and 3.4.3 below.

3.4.2 If a price indication becomes misleading while your brochure is still current, make this clear to the travel agents to whom you distributed the brochure. Be prepared to cancel any holiday bookings consumers have made on the basis of a misleading price indication.

3.4.3 In the circumstances set out in paragraph 3.4.2, travel agents should ensure that the correct price indication is made clear to consumers before they make a booking.

Insurance and independent intermediaries

3.4.4 Insurers who sell their products through agents or independent intermediaries should take all reasonable steps to ensure that all such agents who are known to hold information on the insurer's premium rates and terms of the cover provided are told clearly of any changes in those rates or terms.

3.4.5 Agents, independent intermediaries and providers of quotation systems should ensure that they act on changes notified to them by an insurer.

3.5 Changes in the rate of value added tax

3.5.1 If your price indications become misleading because of a change in the general rate of VAT, or other taxes paid at point of sale, make the correct price indication clear to any consumers who order products. Do so before the consumer is committed to buying the product and, wherever practicable, before the goods are sent to the consumer. [For a period of 14 days from the date a VAT change takes effect a general notice or notices may be used to indicate the adjustment necessary in prices to take account of the new VAT rate.](#)

Code of Practice for Traders on Price Indications

Part 4: Sale of new homes

4.1 A "new home" is any building, or part of a building to be used only as a private dwelling which is either:

- (i) a newly-built house or flat, or
- (ii) a newly-converted existing building which has not previously been used in that form as a private home.

4.2 The Consumer Protection Act 1987 and this code apply to new homes which are either for sale freehold or covered by a long lease, ie with more than 21 years to run. In this context the term "trader" covers not only a business vendor, such as a developer, but also an estate agent acting on behalf of such a vendor. For provisions applicable to old/second-hand homes or commercial property, you should consult your local Trading Standards Department or Home Authority.

4.3 You should follow the relevant provisions of Part 1 of the code if:

- (i) you want to make a comparison between the price at which you offer new homes for sale and any other price;
- (ii) you offer an inclusive price for new homes which also covers such items as furnishings, domestic appliances and insurance and you compare their value with, for example, High Street prices for similar items.

4.4 Part 2 of the code gives details of the provisions you should follow if:

- (i) the new houses you are selling, or any goods or services which apply to them, are only available in limited numbers or ranges;
- (ii) the sale price you give does not apply to the houses as displayed; or
- (iii) there are additional non-optional charges payable.

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