HM TREASURY

Euro preparations:

Draft Consumer Protection Framework

January 2007

© Crown copyright 2005

Published with the permission of HM Treasury on behalf of the Controller of Her Majesty's Stationery Office.

The text in this document (excluding the Royal Coat of Arms and departmental logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Any enquiries relating to the copyright in this document should be sent to:

The Licensing Division HMSO St Clements House 2-16 Colegate Norwich NR3 1BQ

Fax: 01603 723000

E-mail: licensing@cabinet-office.x.gsi.gov.uk

HM Treasury contacts

This document can be accessed from the Treasury's euro Internet site at:
www.euro.gov.uk

For further information on the Treasury and its work, contact:

Correspondence and Enquiry Unit HM Treasury 1 Horse Guards Road London SW1A 2HQ

Tel: 020 7270 4558

Fax: 020 7270 4861

E-mail: ceu.enquiries@hm-treasury.gov.uk

ISBN: 1-84532-107-3

CONTENTS

		Page
Chapter 1	Introduction	1
Chapter 2	Existing mechanisms protecting consumers in a euro changeover	5
Chapter 3	Additional protections introduced at the time of a euro changeover	13
Annex A	Outline changeover timetable	23
Annex B	European Commission recommendation on how dual display should be applied	25
Annex C	European Commission regulation on price conversion	27
Annex D	Draft retailers' national consumers' code of conduct	31
Annex E	Public transport operators: draft code of best practice for a euro changeover	33
Annex F	Draft utilities code of conduct	39
Annex G	Public sector consumer code of conduct	45
Annex H	Organisations that have contributed to development of CPF	49

INTRODUCTION

NOTE ON THE STATUS AND PURPOSE OF THIS DOCUMENT

This document outlines policy for a Consumer Protection Framework (CPF) that would operate in the event of a euro changeover. A draft framework was circulated for comment to HMT's consumer working group and vulnerable citizens and communities working group in December 2004. A number of written responses were made and meetings took place between the Treasury and members of those groups to discuss the framework. This version takes into account comments made by members of those groups for which we are most grateful.

This document will be of particular interest to consumer groups, trade associations and businesses. The Euro Preparations Unit (EPU) welcomes comments from all interested parties on this working draft. The intention is that this document will be revised periodically to keep it up to date and any comments received will be considered when making updates. In the event of a euro changeover, the Treasury would carry out a formal public consultation on the CPF.

For information on Government policy regarding European Monetary Union, see the Treasury website:

http://www.hm-treasury.gov.uk/documents/the_euro/euro_index_index.cfm.

OVERVIEW

Summary

1.1 In Chapter 2, this draft CPF shows that key elements of the current consumer protection regime in the UK, and changes that are being implemented to this regime now, could be used to protect consumers during a euro changeover. This includes consumer advice provided through Consumer Direct and through consumer organisations, existing consumer codes of practice, existing legal obligations on price display, action by competition authorities against anti-competitive behaviour and independent price regulation in natural monopoly markets.

1.2 In Chapter 3, the framework proposes some additional protections to be introduced at the time of changeover. These would be delivered through a combination of law and voluntary measures. These include a national communications programme, rules on dual price display, codes of practice embodying good practice on fair treatment of customers during a changeover and price monitoring. These are intended to deliver accurate and relevant information for consumers about what the changeover means for them, useful information on prices and sources of additional assistance, particularly for the vulnerable. These protections would also apply to small businesses and voluntary sector organisations where they are transacting as consumers of goods and services but would not generally apply to business-to-business transactions.

Background and introduction

1.3 This document sets out a proposed framework for supporting and protecting consumers during a possible future UK changeover to the euro. It is a further development of preparations that have been undertaken since 1997 under the Government's policy of 'prepare and decide'. The Government is committed to ensuring that the UK has a genuine option to join EMU, if that is what Government, Parliament, and the people, in a referendum, decide.

1.4 Consumer protection is a reserved matter for England, Scotland and Wales but is a devolved matter in relation to Northern Ireland (other than safety in relation to goods). In line with this, this document relates to the consumer protection framework that would apply in Great Britain (GB)[1]. It is likely that a similar framework would operate in Northern Ireland.

1.5 The Consumer Protection Framework (CPF) is part of a set of documents including the Managed Transition Plan (MTP), the Integrated Communication Plan (ICP), the Cash Changeover Plan (CCP) and the City Guide to a Euro Changeover (the City Guide). These documents support the third outline National Changeover Plan (oNCP3), which provides a comprehensive statement of how the government would manage a UK changeover. The MTP sets out how euro-denominated services would become available in phases across the whole of the UK economy. The ICP sets out how key organisations and sectors would communicate with businesses, citizens and consumers in the event of a UK changeover to the euro. The CCP sets out how the logistical challenges of production, storage and distribution of euro cash and withdrawal of sterling would be handled. The City Guide sets out how a changeover in the wholesale financial markets would be managed.

Objectives

1.6 A changeover to the euro might benefit consumers in the long run as greater pan-European price transparency could reinforce competitive pressures in some markets and transaction costs associated with currency conversion would be eliminated. But in the short term, a transition could pose risks to consumer welfare through:

- consumer confusion about the value of the new currency making financial and purchasing decisions more difficult and time consuming;
- businesses making price increases shortly after the changeover to reflect one-off changeover costs[2]; and
- consumer misperceptions of changes to price levels leading to sub-optimal financial and purchasing decisions[3]

1.7 The CPF sets out the mechanisms that should help to ensure a high degree of confidence among consumers that they would be treated fairly in the event of a euro changeover in the UK. The aims of the CPF are to:

[1] Although it should be noted that any changeover to the euro would occur throughout the whole of the UK

[2] Eurostat has estimated the impact of the euro on inflation in 2002 to have been between 0.12 and 0.29 percentage points within an overall inflation rate of 2.3 per cent

[3] The euro area experience was that consumer perceptions of inflation were around double the level of actual inflation after the changeover, having been in line with actual inflation previously

- set clear standards for fair treatment of consumers, including measures to protect vulnerable consumers, across the economy;
- help ensure that consumers are equipped with the information they will need to make informed choices about products and services during a changeover; and
- set out the mechanisms that do currently, or will in the future, help promote, monitor and, in some areas, enforce fair treatment for consumers.

Scope and future development of the Consumer Protection Framework

1.8 Existing consumer protection mechanisms would continue to play a central part in ensuring that consumers were treated fairly in any changeover. These mechanisms provide advice and information to consumers and businesses, supported by legislation and self-regulation. The Department of Trade and Industry (DTI) has set out a consumer strategy[4] for improving and strengthening the existing consumer protection mechanisms and further empowering consumers. This includes actions to:

- promote open and competitive markets;
- empower consumers;
- simplify the law;
- make it easier to resolve problems; and
- ensure a fair and safe trading environment.

1.9 Key elements of the strategy are to use Consumer Direct to provide a single point of contact for consumer information and advice including for enquiries on the utility sectors, introduce new ombudsman schemes to resolve complaints where service providers have not been able to do so and establish Consumer Voice[5] bringing together the National Consumer Council, energywatch and Postwatch into a single body.

1.10 Another key part of the strategy is implementation of the Unfair Commercial Practices Directive (UCPD), which will introduce a general duty not to trade unfairly. DTI issued a consultation document[6] on transposition of this directive into UK law in December 2005 and a summary of responses[7] in June 2006. A Government response[8] and a consultation paper on framing and enforcing criminal sanctions in the Regulations implementing the UCPD were published on 11 December 2006. The UCPD will need to be transposed into UK legislation by mid June 2007 and the new laws will come into force by mid December 2007.

---

[4] "A Fair Deal For All – Extending Competitive Markets: Empowered Consumer, Successful Business", (June 2005) http://www.dti.gov.uk/ccp/topics1/consumer_strategy.htm

[5] "Summary of responses and Government response to consultation on consumer representation and redress" (October 2006) , http://www.dti.gov.uk/files/file34655.pdf

[6] "Consultation on transposing the Unfair Commercial Practices Directive into UK law", (December 2005) http://www.dti.gov.uk/ccp/consultpdf/ucpukcondoc.pdf

[7] Summary of responses to the consultation on implementing the EU Directive on Unfair Commercial Practices and Amending Existing Consumer Legislation (June 2006)

[8] "Government response to the consultation paper on implementing the Unfair Commercial Practices Directive", (December 2006), http://www.dti.gov.uk/files/file35750.pdf

1.11 The CPF will be kept under review and updated to reflect implementation of the UCPD and other aspects of the consumer strategy, as well as to include further detailed planning work. Updates will also take into account feedback on the effectiveness of the initiatives taken as part of the consumer strategy.

1.12 While existing mechanisms would continue to protect consumers during a changeover, additional mechanisms would be needed to address the special circumstances of a change in currency and to address the risks to consumer welfare set out above (see paragraph 1.6). Vulnerable citizens would need an additional level of support.

1.13 We envisage that the CPF would support consumers of public services as well as customers of private sector organisations. The CPF would also protect small businesses and voluntary sector organisations where they are transacting as consumers of goods and services but would not generally apply to business-to-business transactions.

1.14 The current planning assumptions are that a euro changeover would be implemented over a period of around three years: the key milestones are set out in Annex A. Implementation of the CPF would start early in the changeover process, with guidance being provided to businesses and other organisations shortly after a referendum in support of their roles in helping consumers. Consumers, especially those from vulnerable groups, would be likely to need support and advice throughout the changeover period, and for some time after sterling had ceased to be legal tender.

1.15 Maintaining consumer confidence in being treated fairly would require that:

- consumers were given clear and accessible information about prices and relative values during the changeover period;
- providers of goods and services were:

  - clear about their own central role in maintaining their customers' confidence;

  - committed to meeting minimum standards for supporting consumers; and
- consumers had easily available sources of advice and access to redress if they felt that providers of goods and services had unfairly treated them.

1.16 The document does not attempt to identify at this stage whether, or by whom, additional resources would be needed to support the framework. If the UK decided to adopt the euro, further consideration would be given to this at the appropriate time. The oNCP3 sets out the general principle that the costs of a changeover would be borne where they fell.

2 Existing mechanisms protecting consumers in a euro changeover

Introduction

2.1 There are a number of existing mechanisms, or mechanisms that are expected to come on stream in the near future, that would help protect consumers in a euro changeover situation. Mechanisms that already exist include:

- consumer advice and support provided through Consumer Direct
- other bodies that support consumers and vulnerable groups
- the Office of Fair Trading (OFT) Consumer Codes Approval Scheme
- alternative dispute resolution schemes for consumer redress
- enforcement of the law on the display of prices
- local and national media reporting
- OFT action against anti-competitive behaviour
- Financial Services Authority (FSA) regulation of the financial services market place
- price regulation in natural monopoly markets

Mechanisms that are expected to come on stream in the near future are:

- consumer education programmes overseen by the OFT
- representative actions through the civil courts
- establishment of a new Local Better Regulation Office (LBRO)

These are explained in more detail below.

EXISTING MECHANISMS

CONSUMER DIRECT

2.2 Consumer Direct is an advice and information service, supported by the OFT. It aims to be the first point of call for consumers, delivering first tier advice on a range of consumer matters. It provides consumers with clear, practical advice to help sort out problems and disagreements with suppliers of goods or services. A telephone service now operates across the whole of Great Britain. The website (www.consumerdirect.gov.uk) offers advice and information on a range of topics and allows consumers to submit complaints and feedback online. (Consumers in Northern Ireland can contact a similar service, ConsumerLine, for advice and information).

2.3 Consumer Direct is operated in partnership with local authorities, trading standards and other consumer support network members. Where further help or enforcement is required, it is a gateway to other complementary services.

2.4 Consumer Direct would be an important source of advice to consumers during a changeover. Indeed, it is likely that the proposed national telephone helpline to provide information and advice to consumers about changeover issues would be operated through Consumer Direct (see paragraph 3.2) and it could help consumers to resolve any problems they might encounter related to the euro changeover. Consumer Direct would also be an important signpost to, and support for, any additional consumer protection introduced at the time of changeover. Consumer Direct's database would be an important source of information about compliance with codes of practice to be introduced at the time of a euro changeover (see chapter 3) and it could refer problem areas to relevant trading standards services or to the OFT.

OTHER BODIES SUPPORTING CONSUMERS

Consumer support networks

2.5 Consumer support networks (CSNs) are partnerships of local independent consumer advisers, local trading standards services and Citizens Advice Bureaux. CSNs aim to improve consumer access to expert, accurate and timely advice. By joining up the services of local authority and voluntary advice agencies, they are better able to meet the needs of vulnerable consumers such as those with disabilities or the economically disadvantaged. There are now 189 consumer support networks located across England, Scotland and Wales covering 99.6% of the population.

2.6 In the event of a euro changeover, consumer support networks could play an important role, particularly in reaching out to more vulnerable consumers. They could refer consumers who need face-to-face support to an appropriate local agency or to a specific member of a consumer support network who could assist them. Representatives from the local consumer support network could sit on any coordinating body at regional level, such as the Regional Euro Forums that operated to support UK businesses to prepare for the introduction of euro cash in the euro area.

Consumer groups

2.7 Consumer organisations have for some time provided information on the practical implications of the euro through magazines, websites and the media. For example, Which? published information on the introduction of euro notes and coins in the twelve euro area Member States in 2002 and a report on consumers and the euro in 2003, and the Welsh Consumer Council have a consumer education web site (www.consumereducation.org.uk) that contains information about the euro and how the changeover was handled in the euro area. There are also a large number of voluntary organisations that provide important services to support vulnerable groups.

2.8 In the event of a euro changeover, these existing sources of advice and consumer support would play an important role. Voluntary and consumer organisations would provide new information to consumers about the arrangements in the UK and undertake other consumer education initiatives as part of their core role, as they do currently when there is a significant change in policy affecting their customer base.

2.9 In the same way that consumer and voluntary organisations provide advice to consumers, trade associations have a role in advising their members on ways in which they could best meet their consumers' needs. In the event of a euro changeover, trade associations would be expected to play an important role in advising businesses on how best to adapt to the new currency environment.

Citizens Advice

2.10 Citizens Advice is the largest provider of free, independent money advice in the UK. It provides advice through bureaux, in community venues such as GP surgeries, in people's homes, on the phone, by email and on the internet. The national network of bureaux operate in nearly 3,400 locations. Bureaux operate both at a general help level and are competent to deal with, or can refer to, specialist advice and casework.

2.11 The Citizens Advice service has a workforce of over 28,000 people (the majority of these are trained volunteers) and is well known by the public.

2.12 As the European Consumer Centre and EEJnet[1] provider in the UK, Citizens Advice would play a key role in supporting consumers during a euro changeover.

Post Offices

2.13 Post Offices are a trusted access point for everyday products, services and information in travel, banking, financial services, postal services, bill payments, government information and the secure transportation of cash. The national network of Post Offices would play a role in the provision of advice to consumers during a euro changeover.

[1] European Extra-Judicial Network for cross-border dispute resolution

THE OFT CONSUMER CODES APPROVAL SCHEME

2.14 The OFT runs a scheme to approve and promote voluntary consumer codes of practice that set high standards of customer service. OFT only approve and promote codes that are shown to protect and promote consumers' interests beyond the basic requirements of the law. Businesses that operate under an OFT Approved code are able to display an OFT Approved logo. This logo is intended to help consumers identify trustworthy businesses to buy goods or services from. So far, the Ombudsman for Estate Agents Ltd, the Society of Motor Manufacturers and Traders, the Vehicle Builders and Repairers Association and the Direct Selling Association have achieved OFT approval of their codes. In addition, seven other code sponsors are currently working towards OFT approval of their codes of practice (British Healthcare Trades Association, SafeBuy, Bosch Car Service, British Association of Removers, MVRA Ltd, Debt Managers Standards Association and The Carpet Foundation). Signatories to a code must provide access to an independent redress mechanism to deal with unresolved problems. If members fail to comply with the code, then the code sponsor could discipline them or even expel them from its organisation.

2.15 The OFT plans to expand its scheme so that more sectors are covered, increasing the visibility of the scheme with consumers and making it more effective in influencing consumer choice and business behaviour. The OFT has also helped set up the Local Authority Assured Trader Scheme Network. Schemes within this are subject to an independent and impartial application and monitoring process against national standards. This is designed to give consumers a reliable way of finding trustworthy local businesses.

2.16 In the event of a euro changeover, the OFT would consider the need to incorporate into their code approval criteria provisions concerning fair treatment of, and adequate provision of information, to their customers in the transition to the new currency. Any provisions would be consistent with the core principles set out at paragraph 3.4 below.

ALTERNATIVE DISPUTE RESOLUTION SCHEMES

2.17 There are many different providers of alternative dispute resolution (ADR) services such as arbitration, mediation or ombudsmen, usually for specific business sectors. These allow consumers and businesses to resolve disputes without having to go to court. To make more use of these services, OFT will explore whether the Consumer Direct service can pilot referring people (where appropriate) to ADR schemes that meet certain quality criteria. The intention is to expand the availability of ADR schemes, particularly ombudsmen, and this would be a potential method for customers to obtain redress if they were treated unfairly during a euro changeover.

ENFORCEMENT OF THE LAW ON THE DISPLAY OF PRICES

2.18 The way price information is provided to consumers in the UK in the retail and services sector is currently controlled by secondary legislation under the Prices Act 1974 and the Consumer Protection Act 1987. In addition, as from December 2007, the UCPD will prohibit misleading price indications and will also actively require traders to provide non-misleading pricing information where there is an invitation to purchase. In general, the law would operate to ensure, as a minimum, clear display of prices in sterling before E day and in euro afterwards.

2.19 Two key pieces of secondary legislation under the Prices Act 1974 – the Price Marking Order 2004, and the Price Marking (Food and Drink Services) Order[2] 2003 - require the prices of goods offered for sale by retailers to consumers to be shown in sterling and would need to be amended in the event of a UK changeover to specify display in euro after E day. This also applies to the Indication of Prices (Beds) Order 1978 and the Price Indications (Bureau de Change No 2) Regulations 1992, and to the Accommodation Order under the Hotel Proprietors Act 1956 and the London Local Authorities Act 2003 which set limits for liability for guests' luggage in sterling terms.

2.20 Where a business decided to accept euro (or any foreign currency) in advance of E Day, the Price Marking Order 2004 requires information to be provided in foreign currencies, including transparent information about exchange rates and commission. This is a current requirement for businesses accepting the euro, independent of government policy on membership of EMU. If a business covered by the legislation advertises that it accepts other currencies in addition to sterling then it must either give the prices in the other currency and any commission to be charged or provide transparent information on conversion and commission rates so that consumers know how much items will cost them in those other currencies. In either case they must also indicate that these rates will not apply to transactions via payment cards, where any additional charge is applied by the financial services provider in question, and not the retailer. No additional information is required, however, if an outlet does not normally accept currencies other than sterling but will do so, on occasion, at the request of an individual consumer.

2.21 Part III of the Consumer Protection Act 1987 (CPA 1987) makes it a criminal offence for anyone in the course of business to provide consumers with misleading price information about goods, services, accommodation or facilities. As from December 2007, the UCPD will prohibit the giving of misleading price information and Part III of the CPA will be repealed.

2.22 Part III of the CPA 1987 provides for a Code of Practice to give practical guidance to traders and promote good practice. The Code of Practice for Traders on Price Indications was revised in October 2005 by the DTI to reflect modern trading practices such as Internet shopping and factory outlets. Following repeal of the CPA 1987 in December 2007, the Code will form part of the guidance on the Regulations implementing the UCPD[3]. The Code contains specific guidance about pricing in different currencies. In particular, it addresses the risk that a trader's price indications could be considered to be misleading if products are offered with dual pricing in sterling and a foreign currency but the trader only accepts sterling and the sterling price is higher. It states that in such circumstances the trader should make it clear that they only accept sterling by, for example, displaying a notice to that effect. This would have clear relevance for a UK changeover, particularly where businesses begin dual display of prices in sterling and euro before E day (but might not accept euro) and would continue after E day (when euro would need to be accepted). Dual display is covered in more detail in chapter 3.

[2]As from December 2007, the Price Marking (Food and Drinks Services) Order 2003 will be repealed on the basis that equivalent protection is provided by the UCPD.

[3] The DTI will consult separately on any further changes to the code in this context, see "Government response to the consultation paper on implementing the Unfair Commercial Practices Directive" (December 2006) for more details.

2.23 Local authority trading standards services and the OFT are responsible for enforcing the legislation on price display. In the event of a UK euro changeover, trading standards services would have a key role in ensuring price transparency.

LOCAL AND NATIONAL MEDIA REPORTING

2.24 The media is already active in "naming and shaming" companies that engage in dubious business practices. During a changeover, local and national media could act as a discipline on businesses and help to deliver fair treatment of consumers. The media could potentially expose retailers engaging in unjustified price increases at the time of the changeover. Consumer groups could work with the media and/or engage in "naming and shaming" activities themselves.

OFT ACTION TO ADDRESS ANTI-COMPETITIVE BEHAVIOUR AND PROTECT CONSUMERS

2.25 The OFT has a key role in ensuring the fair operation of competitive markets. The OFT uses enforcement and communication to address anti-competitive practices and empower consumers. Its powers derive mainly from the Competition Act 1998, which gave it powers to investigate and fine firms for forming anti-competitive agreements or abusing their market position, and the Enterprise Act 2002, which gave the OFT power to investigate mergers and a duty to refer those considered anti-competitive to the Competition Commission for further investigation and solution. Part 8 of the Enterprise Act gives the OFT has strengthened powers to seek court orders against businesses who breach certain consumer protection laws. The Enterprise Act also strengthened the Competition Act by introducing criminal penalties for individuals who dishonestly take part in serious types of anti-competitive agreements.

2.26 In the event of a euro changeover, the OFT could investigate any indications of euro-related anti-competitive behaviour and take action as necessary. In cases of infringements of the Enterprise Act or the Competition Act, prosecutions could be taken even if the behaviour ceased after S day.

2.27 In addition, the OFT has responsibility for regulating the consumer credit market through a licensing system. This requires it to assess applicants' fitness to hold a licence and monitor the fitness of those already licensed. It issues guidelines to explain how the law will be enforced generally and in relation to particular market sectors and practices. In the event of a euro changeover, the OFT would need to issue guidelines on communication with customers to aid the transition and ensure that customers were fairly treated.

REGULATION BY THE FINANCIAL SERVICES AUTHORITY

2.28 The FSA is an independent non-governmental body, given statutory powers by the Financial Services and Markets Act 2000 to regulate the financial services industry in the UK. Its aim is to promote efficient, orderly and fair financial markets and help retail financial service consumers get a fair deal. The FSA has a wide range of rule-making, investigatory and enforcement powers. Companies providing insurance and insurance advice, mortgage lending and mortage advice and investment services and advice must be authorised by the FSA. Firms regulated by the FSA must comply with standards set out in the FSA handbook of rules and guidance. The FSA also provides a variety of tools and information to help consumers. When problems have emerged, the FSA has worked

closely with others including the Financial Ombudsman Service, the Financial Services Compensation Scheme and industry to ensure that consumers are able to get redress.

2.29 In the event of a euro changeover, the FSA would have an important role to play in providing information and advice to consumers and in setting out standards for fair treatment of consumers by the firms that they regulate. At that time, the Board of the FSA would consider whether amendments to the handbook and rules of guidance were necessary to ensure adequate protection for financial services consumers.

PRICE REGULATION IN NATURAL MONOPOLY MARKETS

2.30 In regulated industries, price control is used to remedy a failure of competition or to address natural monopoly elements in the market. Industries regulated in this way include telecommunications, gas networks, electrical networks, water supply, the railways and the Post Office. In most cases, price control is through a price cap formula. Franchising is an alternative method of price regulation. For example, Rail Services Passenger Fares are controlled through franchise agreements.

2.31 During a euro changeover, regulators would continue to monitor and control prices for those elements of the market subject to price regulation to ensure that no unfair price rises were imposed on consumers. A Regulators Forum could be set up to assist with this.

MECHANISMS COMING ON STREAM IN THE NEAR FUTURE

CONSUMER EDUCATION PROGRAMMES

2.32 The OFT is leading a strategic approach to consumer education through a Consumer Alliance, bringing together existing advice providers from the public, private and voluntary sectors. It has established a strategic planning group to set priorities and establish what skills and knowledge consumers need (and where skills are lacking) and working groups to turn these priorities into learning programmes and resources that can be used with consumers. The OFT will progress this work, including evaluating different methods of providing consumer education and devising different approaches to reaching people other than through formal education. In the event of a euro changeover, these consumer education programmes would include key messages and information about how the euro changeover would occur and the issues that consumers should be conscious of when making financial and purchasing decisions.

REPRESENTATIVE LEGAL ACTION

2.33 The DTI is considering responses to a consultation on representative actions for consumer protection legislation. This proposal will allow a representative body to bring a civil action on behalf of consumers who had suffered from a breach of consumer protection legislation. Consumers often fail to pursue damages individually due to the perceived complexities of the legal system and their relatively low individual losses compared to potentially high legal fees. When implemented, this proposal may be an effective way of gaining consumer redress if a business were to adopt an unfair practice related to the euro changeover.

ESTABLISHMENT OF LOCAL BETTER REGULATION OFFICE (LBRO)

2.34 As part of the implementation of the Hampton report, the Government proposes to establish a new Local Better Regulation Office (LBRO). The LBRO is not a new regulator but will work with local authorities and national regulators to ensure consistency and coordination in enforcement activity. In particular, it will establish a co-ordinated set of national priorities for local authority regulatory services such as trading standards and environmental health (with sufficient flexibility to address local priorities) and will promote a risk-based approach to inspection and enforcement. The Government has outlined its plans for the LBRO in a vision document[4] and is carrying out an informal consultation with local authorities, government departments and agencies, business representatives and others to set up the LBRO. A report[5] setting out the Government's conclusions on establishing the LBRO was published in November 2006 and legislation to put LBRO on a statutory basis will be introduced as soon as Parliamentary time allows.

2.35 In the event of a euro changeover, the new LBRO (and the trading standards services that they will oversee) would have a key role in deciding how advice to consumers and business on the issues raised by the changeover should be provided. Trading standards officers will enforce relevant legal protections and compliance with the proposed euro codes of conduct (see Chapter 3).

[4] "Moving Towards the Local Better Regulation Office - The Way Ahead" (February 2006)

[5] "Implementing Hampton: from enforcement to compliance", (28 November 2006)

3 Additional protections introduced at the time of a euro changeover

INTRODUCTION

3.1 Additional consumer protections that would be applied at the time of any euro changeover include:

- a national communication programme for the euro changeover;
- voluntary codes of conduct specifically covering fair treatment of customers in a euro changeover;
- provision of additional price information, particularly dual price display;
- legislation on how dual price display must be implemented;
- price monitoring; and
- local coordination mechanisms.

These protections are discussed below. Direct controls of prices or price stability agreements, as operated by some euro area countries during their changeover, are not envisaged and the reasons for this are also set out in this section.

NATIONAL COMMUNICATION

3.2 In the event of a changeover, the Government would undertake a national communication programme that would ensure that organisations and citizens were equipped with the information they needed to participate fully in a change of currency. This would include detail of how the consumer protection framework would be established and promoted and details of how individual consumers could gain access to information and support, for example, through a national telephone helpline. Information would be provided about the new notes and coins and the arrangements to withdraw sterling from circulation. Details of the key messages that would be delivered at each phase of a changeover are published in oNCP3.

3.3 In addition to the central programme of information overseen by a Euro Changeover Secretariat (ECS - the coordinating body during a changeover), it would be the responsibility of each organisation to communicate with their customers or other stakeholders to ensure that they were fully informed about the approach to a changeover. The Integrated Communication Plan (ICP) provides information on the communication plans of key sectors and organisations and helps ensure that communication would be coordinated across the economy.

VOLUNTARY CODES OF CONDUCT

Core principles

3.4 During a UK euro changeover, businesses and other organisations would be invited to sign up to set of core principles that would ensure that consumers were treated fairly during a changeover. These were published in oNCP3 (June 2003) and are as follows:

- for amounts displayed in euro and sterling the two figures should be equivalent in value, and it should be clear which denominations and which methods of payment are accepted;
- the official conversion rate must be applied and rounding rules adhered to in all dealings with customers;
- consumers paying in euro or sterling should be treated equally, although a clearly displayed fee might be charged where euro notes and coins were accepted before their formal introduction in the UK;
- accurate, clear and targeted information should be provided to assist consumers with a changeover;
- dual currency information for consumers should be provided, in an appropriate form, for at least the period from euro cash day minus four months until the withdrawal of sterling notes and coin was completed;
- in the operation of this code, the needs of vulnerable groups, such as older people, the visually impaired and those with learning difficulties, should be taken into account;
- staff dealing with customers should be well trained and able to provide consumers with straightforward, accurate and relevant information about how the changeover affected the consumer's dealings with the organisation; and
- organisations wishing to display any logo as a visible sign of compliance to the code must include an approved contact number

Sectoral codes

3.5 In accepting the core principles, certain sectors of the economy have drawn up sectoral codes, which set out in detail how the core principles would be implemented (for retail see Annex D, for transport see Annex E, and for the utilities sector see Annex F). The public sector would show a strong lead to the rest of the economy by adhering to the Public Sector Consumer Code of Conduct (Annex G) and its provisions can now be specified in public sector contracts as appropriate. The Public Sector Consumer Code of Conduct sets high standards and includes a provision that, in converting sterling prices to euro, smoothing of converted euro amounts should be avoided wherever possible, and, if smoothing was necessary for operational reasons, should not disadvantage customers. Draft guidance for the public sector for applying rounding and avoiding smoothing was published in oNCP3[1].

3.6 Further, detailed sectoral codes are in the process of being developed for certain sectors with specific characteristics such as banking, insurance and automatic vending machines and this work should be continued.

3.7 Taking into account the outcome of consultation, we agree that there could be advantages in promoting a simple code of practice, based on the core principles, which many sectors could adopt. This short code of practice could be displayed near points of sale and in information materials about the euro changeover. This would provide clear and consistent messages to the consumer about the way they could expect euro

[1] *The Third Outline National Changeover Plan* is available from the Government's euro website, www.euro.gov.uk.

transactions to be handled. But in recognition of their specific characteristics, the sectors set out above would supplement this with a more comprehensive code of conduct setting out in more detail how the code of practice will be applied. This would be more important for staff training and reassurance to consumer groups than for general consumer awareness although it could be made available to consumers on request and posted on relevant organisations websites. Where an organisation already subscribes to a code of practice or conduct, euro changeover issues could be incorporated into that existing code.

3.8 Consumer codes of conduct were popular with consumers in the euro area: a survey undertaken in July 2001[2] indicated that most consumers had greater trust in retailers that agreed to comply with a published code of conduct to protect consumer confidence.

3.9 To be effective, the euro codes would need:

- wide support across each sector and across the economy;
- proactive promotion;
- wide recognition by consumers;
- arrangements to check that those signing up to the euro codes met their requirements;
- consumer confidence that those claiming to support the euro code were adhering to its conditions; and
- procedures for addressing complaints about breaches of the code.

Content and duration of euro codes of conduct

3.10 The aim of the euro codes would be to promote fairness to the consumer, and the provision of relevant and easily understood information, alongside clear and accurate display of sterling and euro values. The euro consumer codes of conduct would ensure a required standard of information provision, including dual display for at least four months before and two months after E day. Display of a logo showing adherence to a euro code would have to be accompanied by an approved contact number for use by consumers if they had any complaints or questions, and the needs of vulnerable groups would have to be taken into account.

3.11 An organisation subscribing to a euro code would be obliged to provide accurate information to consumers about how the changeover would be handled. For example, a bus company would need to inform customers how they could purchase tickets during a changeover and how tickets would be priced. If, during the dual currency period, some ticket machines accepted only sterling and some only euro, this would need to be clearly indicated well in advance of E day. For cash fares paid on boarding a vehicle, the company's policy on giving change would need to be published in advance and well understood – a bus operator might decide to offer change for cash payments in euro only during the dual currency period, to avoid delays.

3.12 The euro codes would require that all staff dealing directly with customers were able to give straightforward and relevant information about how their organisation was dealing with the euro. However, some customers would need additional help and

[2] *Flash Eurobarometer 98/3 "Euro Attitudes (Wave 3) – Euro Zone", EOS Gallup Europe*

support from staff, particularly those from vulnerable groups, such as the visually impaired or those with learning difficulties. Complex queries, such as those relating to financial instruments, might need to be referred to experts within the organisation. Arrangements would need to be made by business for this to be done within a reasonable time frame.

3.13 As a minimum, organisations would need to meet the full requirements of the euro codes for the four months before E day and 2 months afterwards. However, in practice it is likely that many organisations would wish to start implementing the euro codes well ahead of this and continue longer if they believed this would help their customers.

Code sponsorship

3.14 In a previous informal consultation, we invited views on which organisations would be best placed to sponsor codes in terms of administering and promoting them, keeping a record of signatories and providing advice on implementation. We particularly invited views on whether a mixture of trade associations and government departments (option 1), a single central government body (option 2) or self-sponsorship by individual organisations (option 3) would be appropriate. In the responses, there was a clear division of opinion between consumer groups who favoured option 2 and business groups who favoured option 1 or 3.

3.15 Further consideration is being given to this issue. If it were to prove possible to develop a single code of conduct that many sectors could adopt in principle, the balance of argument would seem to favour administering the codes through a single, central government body.

Enforcing compliance with codes

3.16 Advice and information for organisations signing up to a euro code, particularly small businesses, would be crucial. It is possible that breaches of the codes or law – particularly regarding the conversion rate – might be the result of genuine mistakes rather than any intent to deceive customers. In the spirit of the Enforcement Concordat - a commitment to business friendly enforcement that has been adopted by the vast majority of local authority and central government - the emphasis should be on enforcers working proactively with business organisations to help them to comply rather than prosecuting failure after the event.

3.17 Where breaches of a euro code were identified, and initial advice to the code signatory was not effective, action would need to be taken to prevent continued breach. Where a company displayed the euro code without adhering to the principles they could be liable to prosecution under the Trade Descriptions Act or enforcement action under the UCPD.

3.18 It would be important for enforcing bodies to take swift and effective action in order to maintain consumers' confidence in the euro codes. Trading standards services and the OFT would play an active part in enforcement.

Provision of price information

3.19 Consumers may be concerned that organisations would use the opportunity of a currency change to disguise price rises. In the first wave euro area countries, many consumers linked the euro changeover to significant increases in prices. However, the actual impact of the changeover on inflation in the euro area was estimated to have been only between 0.12 and 0.29 percentage points within an inflation rate of 2.3% (Eurostat May 2003 No 69/2003). This disparity is mainly explained by a number of significant price increases of certain frequently bought goods and services, for example prices in restaurants and cafes, recreational/sporting services and some staple foods. These are held to be more significant in informing consumers' perceptions of inflation than less commonly purchased items where price rises have been more subdued or prices have fallen.

3.20 In a UK changeover, we believe that the risks of actual or misperceived price inflation could be most effectively mitigated through a combination of dual display price information and price monitoring, alongside consumer education and communication about the changeover. Provision of clear price information enables consumers to make comparisons and provides an effective way of driving competition and controlling prices. For reasons set out below (see paragraphs 3.38 – 3.40), we do not consider that either direct price control or price stability agreements are appropriate responses to these issues.

Dual display

3.21 During the changeover in the euro area, shops and service providers displayed prices in both euro and the national legacy currencies in the months leading up to the currency change and in the period immediately following it. This practice, known as dual display, helped consumers to develop and understand a new scale of values in euro and meant that retailers had to be transparent about any price increases introduced after changeover.

3.22 In the responses to our earlier informal consultation on the CPF, there was a marked difference of opinion between consumer groups and business groups about how this should be introduced in the UK. Consumer groups felt that dual price display should be a mandatory requirement while business groups favoured a voluntary approach.

3.23 In the euro area, nine countries adopted a voluntary approach while dual display was mandatory in three countries (Greece, Austria and Portugal). Regardless of approach, dual display became widespread in all euro area countries by late 2001[3]. It appears to have made little difference to consumer confidence whether a voluntary or mandatory approach was chosen.[4]

3.24 The euro area experience, considered in the context of the existing UK legislative framework and competitive climate, has led the Government to conclude that a voluntary approach would be preferable. Dual display would be an integral part of the voluntary UK euro consumer codes of conduct (as explained above)[5].

---

[3] *Flash Eurobarometer 111, "SMEs and the euro", October-November 2001, EOS Gallup Europe.*

[4] *Third outline National Changeover Plan, June 2003.*

[5] Legislation on price indications would not prevent businesses implementing dual price display before and after E day although some additional guidance might be needed on how dual prices should be displayed in a way that was consistent with the legislation.

Timing and format of dual display

3.25 Under the core principles for the euro codes, a retailer or service provider would provide access to dual currency information from at least four months before E day[6], and at least until the end of the dual currency period (2 months after E day). Dual display could be achieved in a variety of ways, and the form it would take and the timing for introducing it would depend on the nature of the business or body providing the goods and services. As a minimum, businesses and other organisations would be expected to display the official fixed conversion rate between sterling and euro at the point of sale or equivalent.

3.26 Flexibility would be needed in the way dual display operated in order to tailor it to the nature of the organisation, the goods or services provided and the needs of consumers. An excess of dual pricing could lead to confusing price information. Basic best practice guidance on dual display would be provided to all retailers well in advance of the dual display period. This would be consistent with the principles set out in the European Commission recommendation on dual display followed by the first wave euro changeover countries (Annex B). The best practice guidance would need to make clear any obligations needed to meet the requirements of price display legislation.

3.27 Whatever options for dual display were chosen in the approach to E day, it would be important that organisations gave clear information on whether or not they would accept euro cash and on what basis[7].

3.28 In the response to our earlier consultation, some consumer groups were concerned that the proposed period for dual price display was too short. The code would set a minimum requirement but some sectors might wish to extend this to meet the needs of their organisation or their customers. For example, retailers may prefer to introduce dual display six months or more before E day to avoid introducing the change during the busy Christmas shopping period. In this case, retailers would phase in the level of dual display over this period: for example, they may wish to start well ahead of the four-month period by displaying general conversion tables and supporting information, and then move to dual display of individual key prices nearer to E day. Similarly, organisations might wish to continue dual display after the dual currency period and the codes would not prevent this. For example, financial service companies that produce annual statements might wish to continue dual display for a full year after changeover. The oNCP3 says that it would be best practice for companies that communicate only annually with their customers to communicate the euro equivalent of the sterling price at least once before E day and the sterling equivalent of the euro price at least once after E day. But requiring a longer period in all the codes could be counter-productive. An important psychological aspect of the changeover would be to change the public mindset so that over a period of time, consumers naturally think and calculate in euro. A long period of dual display after the changeover would be likely to delay this mental shift.

[6] Following consultation with stakeholders, the Government has concluded that the optimal date for E day would be 6 April in the relevant year.

[7] After E day, organisations would be required to accept cash payments in euro.

Legislation on the presentation of dual price display information

3.29 In the euro area, price conversion was covered by EU regulations (See Annex C). The Commission have confirmed that, in the legislation to allow new entrants to join the euro, there is no need to change these regulations. Government therefore anticipates that similar regulations would apply during a UK changeover and that the official conversion rate would be applied to six significant figures (for example, EUR 1=£0.654321). The result would then be rounded to the nearest cent. This is known as the legally equivalent value. These regulations would provide protection against organisations displaying prices in sterling and euro but not using the legally equivalent value. Before E day, the display would also have to make clear whether euro was accepted and which methods of payment would be accepted.

3.30 From the time that the UK entered EMU, when the euro-sterling exchange rate would be irrevocably fixed, all conversions would have to apply the official, six significant figure conversion rate. For example, a ready meal costing £5.99 would be priced at €9.15 (using a fictional rate of EUR 1 = £0.654321) under dual display. If the retailer decided to reduce the price of the meal to €8.99, to set it at a psychological price point, the dual display would show £5.88. Similarly, if the retailer decided to increase the price to €9.99 then the dual display would show £6.54.

3.31 The table below shows when the legal and voluntary provisions set out in the framework would apply by reference to the time periods defined in annex A.

	From T	From RT	From E Day	From S Day
Legal obligations	Pricing in sterling. Must accept sterling. If accepts euro, must display transparent information about prices in euro and any handling charges.	Pricing in sterling. Must accept sterling. If dual price display offered, must conform to EU rules.	Pricing in euro. Must accept euro and sterling (but no obligation to give change in sterling). If dual price display offered, must conform to EU rules.	Pricing in euro. Must accept euro. Should not accept sterling.
Possible voluntary offerings	Acceptance of euro.	Acceptance of euro. Dual price display.	Dual price display.	Dual price display.

Price monitoring

3.32 The changeover to the euro raises a number of statistical issues about price monitoring. Eurostat compiled a "regular purchases" price index as part of their research into explaining the persistent gap between perceived and measured inflation, the former as measured by opinion surveys and the latter as shown by the Harmonised Index of Consumer Prices (HICP). They have suggested that an effective way of

addressing the issue, at least in the short-term, would be to compile and publish an additional HICP special aggregate, reflecting price changes for regular and out-of-pocket purchases. An index for regular purchases could then be presented for the EU, euro-zone aggregates, and for individual countries including the UK. As shown in the earlier HICP studies on euro-changeover effects, such an index can explain a good part of the gap between the HICP and consumers' perceptions. Related approaches have been followed by some other EU countries, for example in Austria and more recently in France (certain supermarket products). The proposal will be taken forward in the HICP Working Party that is attended by the UK Office for National Statistics (ONS). In principle, this information could be used for a number of purposes: to inform consumers, as an indicator and early warning of problem markets and as an indicator of sectors that may warrant more detailed investigation and study. The information might be of use to the ECS, OFT and CTSA as well as consumer groups.

3.33 Official information on national price trends in the UK is gathered by the ONS on a monthly basis and this information is used to compile the Consumer Prices Index (CPI) and the Retail Prices Index (RPI). These provide overall indicators of inflation but also provide a breakdown of price changes for particular categories of goods and services. The ONS carefully analyses the price information it currently gathers to detect signs of changes in inflationary trends. The impact of inflationary trends on different groups is important and price increases in particular sectors or areas of the country would be of special concern if they were to have a disproportionate effect on vulnerable citizens or communities, such as those on low, fixed incomes. In this connection, the information gathered for the RPI also provides the basis for the quarterly Pensioners Index, which uses the same price indices as the RPI but is weighted to reflect the expenditure patterns of pensioner households mainly dependent on state benefits. In principle, ONS could build on its regular price collection exercise in order to address other groups of potential concern.

3.34 As well as compiling price indices for the UK as a whole, the ONS conducts periodic surveys of regional price levels. In the event of a euro changeover, these surveys could be carried out more frequently. This information could be used to detect any differences in regional behaviour as detected in a shift in the disparities in regional prices.

3.35 Information on price trends during a changeover both nationally, regionally or in specific sectors, could play an important part in providing reassurance to consumers as well as highlighting areas of priority for more detailed price monitoring and investigation.

Local coordination mechanisms

3.36 "Euro observatories" were set up in six euro area countries to monitor the introduction of the euro and the fairness and transparency of associated business practices. The Commission recommended that observatories act at local level to provide information, feedback, mediation and assistance to citizens. A euro observatory was typically composed of representatives from business and consumer interest groups directed by a regional or local government agency – often a trading standards equivalent.

3.37 Our previous informal consultation invited views on whether observatories should be set up specifically to monitor treatment of consumers during a changeover, or whether we should rely on existing agencies to perform these functions. There was general agreement that whatever was established should operate at a local level in order

to be really useful for consumers. We therefore do not propose the establishment of regional level consumer structures. Responses were divided between supporting the establishment of new observatories and relying on existing agencies. Given this, we propose the use of existing agencies operating at local level. Local authorities (probably through trading standards services) should consider what local coordination and communication mechanisms would be most appropriate for their area, building on their existing partnership arrangements with business and consumer groups.

Direct control of prices

3.38 A strongly interventionist approach to dealing with the risk of actual and perceived inflation would be to directly control all price increases or prices thought to be most at risk. But Government policy in recent years has moved from direct regulation of prices towards an emphasis on action via the competition authorities to ensure that markets are working properly, supported by measures to provide accurate and useful price information for consumers.

3.39 In the event of a euro changeover, the high degree of competition within most retail sectors, together with government publicity, price monitoring and price information provided by retailers under the euro consumers' code should be sufficient to protect consumers and direct control of prices is not contemplated.

Price stability agreements

3.40 In several euro area countries, business entered into voluntary agreements to maintain price stability, that is, not to raise prices for a specified period. These agreements tended to operate three to four months either side of E day. Price stability agreements were intended to dissociate normal price increases from E day, so that consumers would not perceive market price increases as being euro related. However, European Commission data suggest that the perception that businesses took advantage of the changeover to raise prices was not mitigated by price stability agreements: two of the countries that had price stability agreements (France and Germany) also had the highest perception of price rises.[8] In practice, media and consumer groups claimed that price increases that occurred before or after the period of the agreements were due to the introduction of the euro. On this evidence, it would appear that price stability agreements did not promote consumer confidence. There was little or no support for the idea of price stability agreements from our previous informal consultation and we do not propose their use.

[8] The third outline National Changeover Plan, June 2003 drawing from Eurobarometer 121 January and March 2002.

A Outline changeover timetable

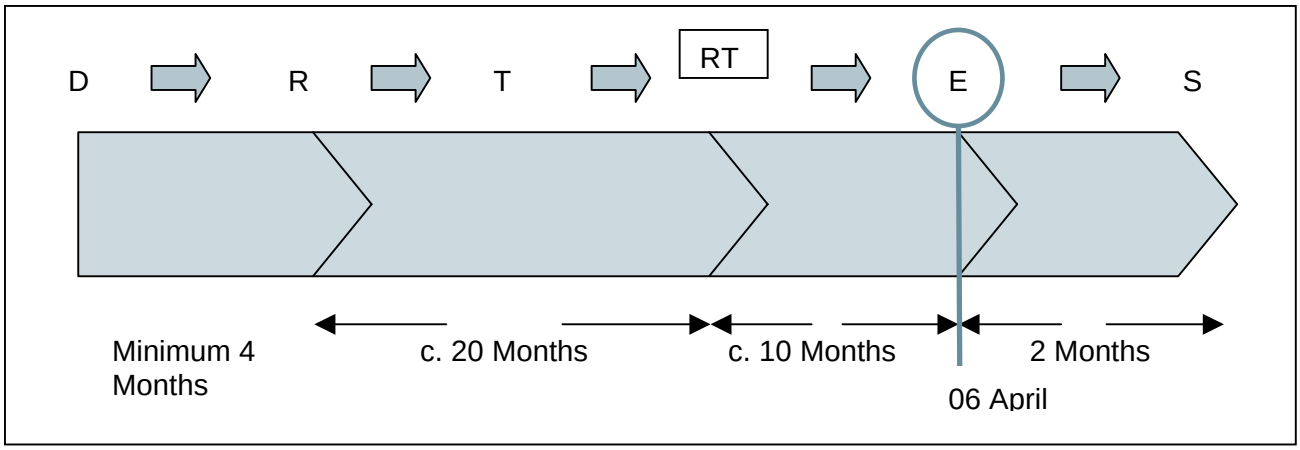
In oNCP3, the Government published an outline timetable showing the phases of a changeover.

The key milestones in a changeover would be:

D: Decision: If the Government decided that it would be in the UK's national economic interest to join the euro, there would be a vote in Parliament and then a referendum would be called.

R: Referendum: The people would vote on whether the UK should join the euro.

T: UK joins: The exchange rate between sterling and euro would be fixed. The exact date of joining, and the exchange rate between sterling and euro would be agreed with European partners. Even though the UK would have joined the euro at this stage, there would be few changes to everyday transactions for most businesses and citizens. The official, fixed six significant figure conversion rate would have to be used when converting sterling to euro, or vice versa.



RT: Retail Transition: Banks would start offering full euro services to customers. From this point, banks would begin converting accounts from sterling to euro. Account holders could make and receive payments in either sterling or euro. Transactions would be clearly displayed in bank statements. Businesses and other organizations would need to begin converting internal accounts and systems to euro, and ready themselves for the introduction of euro cash on E day.

E: E day: UK euro notes and coins would be introduced. Euro cash would become legal tender in the UK. The UK Government's preferred date for E day is 6 April in the relevant year. Both sterling and euro cash could be used for two months after E day. However, the Government would expect euro cash to become the main currency after a few weeks, as happened in the euro area. Non-cash transactions would be in euro only from E day.

S: Sterling stops: Sterling notes and coins would have been withdrawn from circulation. After this point euro would be the only legal tender. Any remaining sterling could still be exchanged for euro in banks. Sterling would not be accepted as payment for goods or services. Sterling cheques dated before E day would be valid for six months from the date of issue.

B EUROPEAN COMMISSION RECOMMENDATION ON HOW DUAL DISPLAY SHOULD BE APPLIED

ARTICLE 1[1]

Definitions

For the purpose of this Recommendation, the following definitions apply:

- 'dual display ' of a price or other monetary amount is the simultaneous display of an amount in the national currency unit and in the euro unit;
- 'participating Member States' are those Member States which adopt the single currency in accordance with the Treaty;
- 'national currency unit' is the unit of the currency of a participating Member State, as that unit is defined on the day before the start of the third stage of economic and monetary union;
- 'euro unit ' is the currency unit of the euro as referred to in the second sentence of Article 2 of the draft Council Regulation on the introduction of the euro;
- 'transitional period ' is the period beginning on 1 January 1999 and ending on 31 December 2001;
- 'conversion rate ' is the irrevocably fixed rate adopted for the currency of each participating Member State by the Council according to the first sentence of Article 109l(4)of the Treaty.

ARTICLE 2

Standard of good practice

1. Where a dual display of prices or of other monetary amounts is provided, the following provisions must be complied with pursuant to existing legislation:

- the conversion rates must be used for calculating the counter-values in dual displays;
- rounding to the nearest cent must be adhered to as a minimum standard of accuracy for prices or other monetary amounts which have been converted from a national currency unit into the euro unit;
- dual displays of prices and of other monetary amounts must be unambiguous, easily identifiable and clearly legible.

2. The following basic provisions should also be adhered to.

With particular regard to the clarity of dual displays:

- it should be possible to distinguish between, on the one hand, the unit in which the price is set and in which amounts to be paid are to be calculated

[1] Commission recommendation of 23 April 1998 concerning dual display of prices and other monetary amounts (98/287/EC).

and, on the other hand, the countervalue which is displayed for information purposes only;

- dual displays of prices and other monetary amounts should not be overloaded with excessive numbers of figures. As a general rule, dual displays of prices on individual products may be limited to the final price which consumers have to pay. As a general rule, dual displays on receipts from retail outlets and on other financial statements may be limited to the total amount.

Retailers should indicate clearly whether they are prepared to accept payment in the euro unit during the transitional period.

ARTICLE 3

Implementation

1. Dual displays should form part of an overall communications strategy designed to facilitate the switchover of consumers and employees to the euro.

2. Dual displays on benchmark indicators such as bank statements and bills from utility companies should begin early in the transitional period.

3. The introduction of dual displays in the retail sector should be progressive, and will depend on the need to facilitate the changeover of clients and consumers and the pace at which they wish to make the changeover. It will also depend on the nature of the retail outlet, on the types of product being sold, and on the technical implications and cost of modifying existing price and financial display systems.

4. Professional associations should consider the possibility of establishing common formats or designs for dual displays. They are also invited to provide small retailers with assistance in developing dual display capabilities and other communication activities.

C EUROPEAN COMMISSION REGULATION ON PRICE CONVERSION

THE COUNCIL OF THE EUROPEAN UNION[1]

Having regard to the Treaty establishing the European Community, and in particular Article 235 thereof,

Having regard to the proposal of the Commission (1),

Having regard to the opinion of the European Parliament (2),

Having regard to the opinion of the European Monetary Institute (3),

1. Whereas, at its meeting held in Madrid on 15 and 16 December 1995,the European Council confirmed that the third stage of Economic and Monetary Union will start on 1 January 1999 as laid down in Article 109j (4)of the Treaty; whereas the Member States which will adopt the euro as the single currency in accordance with the Treaty will be defined for the purposes of this Regulation as the 'participating Member States ';

2. Whereas, at the meeting of the European Council in Madrid, the decision was taken that the term 'ECU ' used by the Treaty to refer to the European currency unit is a generic term; whereas the Governments of the fifteen Member States have achieved the common agreement that this decision is the agreed and definitive interpretation of the relevant Treaty provisions; whereas the name given to the European currency shall be the 'euro'; whereas the euro as the currency of the participating Member States will be divided into one hundred sub-units with the name 'cent ';whereas the European Council furthermore considered that the name of the single currency must be the same in all the official languages of the European Union, taking into account the existence of different alphabets;

3. Whereas a Regulation on the introduction of the euro will be adopted by the Council on the basis of the third sentence of Article 1091 (4) of the Treaty as soon as the participating Member States are known in order to define the legal framework of the euro; whereas the Council, when acting at the starting date of the third stage in accordance with the first sentence of Article 1091 (4 of the Treaty, shall adopt the irrevocably fixed conversion rates;

4. Whereas it is necessary, in the course of the operation of the common market and for the changeover to the single currency, to provide legal certainty for citizens and firms in all Member States on certain provisions relating to the introduction of the euro well before the entry into the third stage; whereas this legal certainty at an early stage will allow preparations by citizens and firms to proceed under good conditions;

5. Whereas the third sentence of Article 109l (4) of the Treaty, which allows the Council, acting with the unanimity of participating Member States, to take other measures necessary for the rapid introduction of the single currency is available as a legal basis only when it has been confirmed, in accordance with Article 109j (4) of the Treaty, which Member States fulfil the necessary conditions for the

[1] Council Regulation (EC) No 1103/97 of 17 June 1997 on certain provisions relating to the introduction of the euro.

adoption of a single currency; whereas it is therefore necessary to have recourse to Article 235 of the Treaty as a legal basis for those provisions where there is an urgent need for legal certainty; whereas therefore this Regulation and the aforesaid Regulation on the introduction of the euro will together provide the legal framework for the euro, the principles of which legal framework were agreed by the European Council in Madrid; whereas the introduction of the euro concerns day-to-day operations of the whole population in participating Member States; whereas measures other than those in this Regulation and in the Regulation which will be adopted under the third sentence of Article 109l (4)of the Treaty should be examined to ensure a balanced changeover, in particular for consumers;

6. Whereas the ECU as referred to in Article 109g of the Treaty and as defined in Council Regulation (EC) No 3320/94 of 22 December 1994 on the consolidation of the existing Community legislation on the definition of the ECU following the entry into force of the Treaty on European Union (4) will cease to be defined as a basket of component currencies on 1 January 1999 and the euro will become a currency in its own right; whereas the decision of the Council regarding the adoption of the conversion rates shall not in itself modify the external value of the ECU; whereas this means that one ECU in its composition as a basket of component currencies will become one euro; whereas Regulation (EC)No 3320/94 therefore becomes obsolete and should be repealed; whereas for references in legal instruments to the ECU, parties shall be presumed to have agreed to refer to the ECU as referred to in Article 109g of the Treaty and as defined in the aforesaid Regulation; whereas such presumption should be rebuttable taking into account the intentions of the parties;

7. Whereas it is a generally accepted principle of law that the continuity of contracts and other legal instruments is not affected by the introduction of a new currency; whereas the principle of freedom of contract has to be respected; whereas the principle of continuity should be compatible with anything which parties might have agreed with reference to the introduction of the euro; whereas, in order to reinforce legal certainty and clarity, it is appropriate explicitly to confirm that the principle of continuity of contracts and other legal instruments shall apply between the former national currencies and the euro and between the ECU as referred to in Article 109g of the Treaty and as defined in Regulation (EC) No 3320/94 and the euro; whereas this implies, in particular, that in the case of fixed interest rate instruments the introduction of the euro does not alter the nominal interest rate payable by the debtor; whereas the provisions on continuity can fulfil their objective to provide legal certainty and transparency to economic agents, in particular for consumers, only if they enter into force as soon as possible;

8. Whereas the introduction of the euro constitutes a change in the monetary law of each participating Member State; whereas the recognition of the monetary law of a State is a universally accepted principle; whereas the explicit confirmation of the principle of continuity should lead to the recognition of continuity of contracts and other legal instruments in the jurisdictions of third countries;

9. Whereas the term ‘contract ’ used for the definition of legal instruments is meant to include all types of contracts, irrespective of the way in which they are concluded;

10. Whereas the Council, when acting in accordance with the first sentence of Article 1091 (4) of the Treaty, shall define the conversion rates of the euro in terms of each of the national currencies of the participating Member States; whereas these conversion rates should be used for any conversion between the euro and the national currency units or between the national currency units; whereas for any conversion between national currency units, a fixed algorithm should define the result; whereas the use of inverse rates for conversion would imply rounding of rates and could result in significant inaccuracies, notably if large amounts are involved;

11. Whereas the introduction of the euro requires the rounding of monetary amounts; whereas an early indication of rules for rounding is necessary in the course of the operation of the common market and to allow a timely preparation and a smooth transition to Economic and Monetary Union; whereas these rules do not affect any rounding practice, convention or national provisions providing a higher degree of accuracy for intermediate computations;

12. Whereas, in order to achieve a high degree of accuracy in conversion operations, the conversion rates should be defined with six significant figures; whereas a rate with six significant figures means a rate which, counted from the left and starting by the first non-zero figure, has six figures,

HAS ADOPTED THIS REGULATION:

ARTICLE 1

For the purpose of this Regulation:

- 'legal instruments ' shall mean legislative and statutory provisions, acts of administration, judicial decisions, contracts, unilateral legal acts, payment instruments other than banknotes and coins, and other instruments with legal effect,
- 'participating Member States ' shall mean those Member States which adopt
- the single currency in accordance with the Treaty,
- 'conversion rates ' shall mean the irrevocably fixed conversion rates which the Council adopts in accordance with the first sentence of Article 109l (4)of the Treaty,
- 'national currency units' shall mean the units of the currencies of participating Member States, as those units are defined on the day before the start of the third stage of Economic and Monetary Union,
- 'euro unit' shall mean the unit of the single currency as defined in the Regulation on the introduction of the euro which will enter into force at the starting date of the third stage of Economic and Monetary Union.

ARTICLE 2

1. Every reference in a legal instrument to the ECU, as referred to in Article 109g of the Treaty and as defined in Regulation (EC)No 3320/94,shall be replaced by a reference to the euro at a rate of one euro to one ECU. References in a legal

instrument to the ECU without such a definition shall be presumed, such presumption being rebuttable taking into account the intentions of the parties, to be references to the ECU as referred to in Article 109g of the Treaty and as defined in Regulation (EC) No 3320/94.

2. Regulation (EC) No 3320/94 is hereby repealed.

3.This Article shall apply as from 1 January 1999 in accordance with the decision pursuant to Article 109j (4) of the Treaty.

ARTICLE 3

The introduction of the euro shall not have the effect of altering any term of a legal instrument or of discharging or excusing performance under any legal instrument, nor give a party the right unilaterally to alter or terminate such an instrument. This provision is subject to anything which parties may have agreed.

ARTICLE 4

1. The conversion rates shall be adopted as one euro expressed in terms of each of the national currencies of the participating Member States. They shall be adopted with six significant figures.

2. The conversion rates shall not be rounded or truncated when making conversions.

3. The conversion rates shall be used for conversions either way between the euro unit and the national currency units. Inverse rates derived from the conversion rates shall not be used.

4. Monetary amounts to be converted from one national currency unit into another shall first be converted into a monetary amount expressed in the euro unit, which amount may be rounded to not less than three decimals and shall then be converted into the other national currency unit. No alternative method of calculation may be used unless it produces the same results.

ARTICLE 5

Monetary amounts to be paid or accounted for when a rounding takes place after a conversion into the euro unit pursuant to Article 4 shall be rounded up or down to the nearest cent. Monetary amounts to be paid or accounted for which are converted into a national currency unit shall be rounded up or down to the nearest sub-unit or in the absence of a sub- unit to the nearest unit, or according to national law or practice to a multiple or fraction of the sub-unit or unit of the national currency unit. If the application of the conversion rate gives a result which is exactly half-way, the sum shall be rounded up.

ARTICLE 6

This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Communities.

D Draft retailers' national consumers' code of conduct

Overall aim

That consumers can be confident they would be treated fairly, and provided with adequate, targeted and easily understood information to help them throughout a changeover from sterling to euro, and that the needs of vulnerable groups, such as older people, the visually impaired and those with learning difficulties would be taken into account.

Before the introduction of euro notes and coins in the UK

1. In accordance with the Consumers' Code core principles, retailers should begin to provide dual currency information, in an appropriate form, from at least four months prior to E day. The extent of dual display would be at the discretion of individual retailers and this Code does not imply a commitment to dual price all merchandise. But, as a minimum, an approved conversion chart showing the official conversion rate should be displayed in store, preferably at the point of sale.

2. From at least four months before E day, till receipts should show the total value of the transaction in euro as well as sterling. The euro value may be limited to the final total (including VAT) paid by the customer. If the PoS system was unable to manage this calculation, alternative means should be available to allow customers to convert the total transaction, such as an approved conversion table displaying the official conversion rate.

3. The euro € sign or currency indicator EUR would precede the euro price, e.g.€ 7.25.

4. Consumers would be able to clearly distinguish between the £ and € symbol.

5. Retailers should indicate whether they would be willing to accept euro notes prior to their introduction as legal tender in the UK. The exchange rate and any handling charge should be made clear in advance.

6. Once the sterling/euro exchange rate was fixed, the official conversion rate should be applied and rounding rules adhered to in all dealings with consumers. Up until E day, a handling charge for euro cash payments could be applied, but the terms should be made clear to the consumer in advance.

After the introduction of euro notes and coins in the UK

1. From E day retailers would continue to provide dual currency information in an appropriate form, until at least the end of the dual circulation period (two months after E day). This may include till receipts with the total value of the transaction in sterling as well as in euro Retailers would progressively move price display from sterling prominence to euro prominence.

2. Appropriate reference guides to sterling equivalent values (e.g. approved conversion tables) should be maintained until at least the end of the dual circulation period (two months after E day).

3. The timing of the move to euro only pricing should be implemented once sterling ceased to be legal tender (two months after E day). Reference to sterling prices after the dual circulation period would be at the retailers' discretion.

4. From E day, retailers would accept payments in sterling and euro, and give change in euro only.

5 Retailers would continue to accept payment in sterling cash during the dual currency period, as sterling would still be legal tender for two months after E day.

6. Staff dealing with customers would be well trained and able to give consumers straightforward and relevant information about the retailer's approach to the euro.

7. Retailers who meet these requirements would be able to display the nationally approved euro logo confirming that they subscribe to the Retailers' National Consumers' Code on Euro Changeover. A national telephone helpline number would be shown on the euro logo.

E PUBLIC TRANSPORT OPERATORS: DRAFT CODE OF BEST PRACTICE FOR A EURO CHANGEOVER

OVERALL AIM

To ensure that customers can be confident that they will be treated fairly by all public transport operators as a result of the changeover from sterling to euro. Passengers would be provided with adequate, targeted and easily understood information to help them through the changeover, and a contact point if they felt that an operator was not acting in accordance with the code.

The details below cover minimum standards which would be met by all public transport operators who adopt the code. It is recognised that some companies would wish to go further and provide additional or earlier euro facilities.

1. Before the introduction of euro notes and coins into the UK (i.e. before E day)

1.1 Operators would accept payment in sterling until E day for cash payment or, where this is currently possible, non-cash payment. Prices would continue to be specified in sterling. Where prices are currently displayed, including in information and promotional materials, they would also be displayed in euro from a minimum of four months before E day [date], at least until the end of the dual circulation period [date]. Where prices are not currently displayed, operators would provide simple means of conversion at the point of sale. The dual display of prices would conform to the nationally published guidelines, and be subject to independent verification by the relevant consumer bodies. For pricing on the face of tickets, paragraph 1.8 applies.

1.2 Operators may also choose to accept payment in euro by any method, but would be under no obligation to do so. Prior to E day cash payment in euro notes and coins would not be legal tender and therefore there would be no requirement for transport operators to accept them, although they would be able to if they wish. Operators may refuse to accept mixed payments (e.g. some sterling cash and some euro cash) for a transaction.

1.3 After fixing of the conversion rate, any sterling prices for which euro payment is accepted would be converted to euro using the fixed conversion rate of € 1 = [£x.yz], rounded to two decimal places (to the nearest cent) in accordance with the conversion and rounding rules (set out in Council Regulation (EC)No.1103/97 of 17th June 1997). If the transport operator 's bankers imposed a handling charge for accepting euro it could pass this on to customers. No other charges may be added. Any such handling charge would be clearly publicised at the point of sale.

1.4 Operators would not be obliged to give change for euro cash payment. If change were given, it could be either in euro or sterling. If in sterling, the amount of change given should be no less than the euro equivalent calculated as above.

1.5 As soon as an operator chooses to accept any form of euro payment (and preferably as soon as the conversion rate is fixed, if this is earlier), notices should be displayed at all the operator 's own ticket outlets (including websites for

internet sales and on vehicles where fares can be paid, including taxis, and at smartcard stored value 'top-up ' machines (see section 4) to indicate which forms of payment (if any) would be accepted in euro, and from what date. This should display the exchange rate used and any handling charges. If providers were to refuse to give change on euro cash payments, this also would be included in any notices. The same information should be included in any fares related literature made available to the public by the operator.

1.6 From at least one month before E day notices would be displayed at all these places to explain arrangements for the transition to euro-only payment after E day.

1.7 For tickets sold by third parties, acceptance of euro would be at the discretion of the selling organisation but, if it were accepted, the same conditions would apply for exchange rates, handling charges and publicity as at the operator 's own outlets.

1.8 Where it is customary to print the fare paid on a ticket, this should show both the sterling and euro equivalent prices if the ticket issuing equipment is capable of doing so. If that is not technically feasible, the price shown should continue to be in sterling until E day.

1.9 The euro € sign or currency indicator EUR should precede the euro price (e.g.€ 7.25 or EUR 7.25) wherever possible.

1.10 Taxi fare meters may be converted to display charges in euro up to four months prior to E day. In all cases where such meters were converted, charges would be made in accordance with paragraphs 1.3 and 1.4 above. The vehicles would display look-up tables showing the sterling and euro equivalent charges, and/or provide passengers with this information on printed leaflets. Vehicles operating sterling meters should also display similar information from at least four months before E Day. The fixed euro/sterling exchange rate would also be shown on these notices and leaflets.

1.11 Transport operators may wish to provide further information explaining the changeover timetable, method of conversion to the euro, and the payment options available to all customers.

2. After the introduction of euro notes and coins in the UK (i.e. from E day)

2.1 From E day prices would be specified in euro. Wherever prices are displayed now, including information and promotional materials (except on tickets, where paragraph 2.12 would apply), sterling equivalent prices would also be displayed until the end of the dual circulation period when sterling notes and coins cease to be legal tender (two months after E day)[date].

2.2 For payment in cash, transport operators should, where possible, accept either sterling or euro until the end of the dual circulation period [date]. Where payment was accepted in sterling, the fixed conversion rate should be applied as specified in paragraph 1.3.No handling charges may be added.

2.3 Individual customer operated ticket vending machines would not need to accept dual currencies. However, all machines should be clearly marked to indicate to users whether they accepted euro only or sterling and euro. For a

very short time after E day operators may still have some machines accepting sterling only (but they should be converted to euro as soon as possible) and these would be similarly clearly marked to indicate that they are sterling machines.

2.4 Some machines may be converted to accept euro instead of sterling shortly before E day, so long as cash payment in sterling could still be accepted in other machines or at ticket office windows (at or near the same location), or on board trains. Alternatively, converted machines could remain out of service until E day.

2.5 The aim of all transport operators would be to minimise the inconvenience to customers. In all cases clear and up to date publicity would be displayed at all locations indicating where cash payment could be made in each currency.

2.6 Where change is given it should be in euro only and the amount given would be no less than the difference between the euro equivalent of the sterling amount tendered (calculated as specified in paragraph 1.3 above) and the published euro price.

2.7 Where bus and light rail operators currently give change for sterling cash payment, it is desirable that they would continue to do so for payment in euro. Any permanent or temporary alterations to operators ' policies on giving change should be fully publicised in advance at stops and on vehicles.

2.8 Operators may refuse to accept mixed payments (e.g. some sterling cash and some euro cash) for a transaction.

2.9 For fares collected on-vehicle operators may choose to refuse cash payment in sterling from a date following E day (but before the end of the dual circulation period) if they would face significant operational difficulties arising from accepting payment in both sterling and euro. For example, experiencing significant delays in boarding times and consequent timetable disruption (for pay as you board services) or insufficient inter-station times for all fares to be collected on frequently stopping train services. In these circumstances there would be clear and comprehensive publicity to inform passengers well in advance that such a policy would be adopted and the date from which it would apply.

2.10 From E day all non-cash transactions should be in euro only. [But operators should accept company cheques made out in sterling which pre-date E day].

2.11 Full publicity concerning the transition arrangements should be displayed at all points of sale at least until the end of the dual circulation period.

2.12 From E day, and for the length of the dual circulation period, where it is technically feasible there should continue to be dual display of the euro and sterling prices on tickets, the latter calculated as specified in paragraph 1.3 above. Where dual display is not possible, tickets should be printed with the price shown in euro only, using the euro € glyph or EUR currency indicator wherever possible.

2.13 Taxi fare meters not already converted to operate in euro would be so converted by the end of the dual circulation period [date]. All taxis, whether with meters operating in euro or in sterling, would either display the euro/sterling

look-up tables or provide passengers with leaflets with this information (as in paragraph 1.10 above) until the end of the dual circulation period.

2.14 Further information explaining the remaining changeover timetable, the method of conversion to the euro, and the payment arrangements should be made available to all customers.

3. Redenomination and smoothing

3.1 Where, for operational reasons (e.g. for coin acceptance in customer operated ticket machines), it would not be operationally practical for the exact equivalent of the sterling price to be charged in euro, t would be necessary for the new amount to be 'smoothed ' in euro. When this happens all operators should either endeavour to limit the overall effect to being revenue neutral or combine the conversion with a suitably publicised general price revision.

3.2 If the former approach is adopted amounts should only be smoothed to the minimum extent necessary for operational reasons (e.g.5 cents or 10 cents) for ticket issuing equipment to be able to function in euro.

3.3 Transport operators should, where practical, aim to achieve a neutral revenue impact within ticket types (e.g. a reduction in the average season ticket price should not be used to balance an increase in the average ordinary single or return fare), but it is recognised that for National Rail there are "fares baskets " in operation.

3.4 If conversion is combined with a general fare revision this revision should be in accordance with any regulations and restrictions applying to the operator's price changes (such as SRA fares regulation of Train Operating Companies' prices or Transport for London's control of licenced taxi tariffs in London by means of Cab Orders).

3.5 In this case, all publicity relating to the conversion would give equal prominence to the fact that average prices are being changed, and would indicate the percentage change in the average fare. Where appropriate operators may also wish to display the old and new prices, with percentage change, for a selection of the most popular fares.

4. Smartcard ticketing

4.1 Stored value smartcards for use on public transport are expected to be widely available by the time of a euro conversion. Systems are still being developed and technical specifications are likely to differ between operators but this does not affect the principles which should be common to all smartcard systems, as listed below.

4.2 Entry to or exit from a station or public transport vehicle would not be prevented because the credit balance on the card was held in euro and the reader operated in sterling, or vice versa. Full publicity would be displayed at the point of use if passengers would be restricted in the specific gate or reading device they can use because of the currency held on their card.

4.3 If value could be added to a smartcard by cash payment, then this should be accepted in sterling until the end of the dual circulation period, regardless of the currency held on the card. (This does not preclude accepting euro as well.)

4.4 If value could be added to a smartcard by cash payment then this should be accepted in euro from E day, regardless of the currency held on the card. (This does not preclude accepting sterling as well.)

4.5 If value could be added to a smartcard by electronic payment then, where possible, it should be accepted in the currency of the account from which it is drawn.

4.6 If value could be added to a smartcard by electronic payment, then this should be accepted in euro from E day, regardless of the currency held on the card.

4.7 If conversion between euro and sterling is required to add or subtract stored value to or from the card it would be at the fixed conversion rate (or to the passenger 's advantage) without commission or handling charge.

4.8 As a minimum, displays on readers and 'top-up ' machines ((where relevant) should show fares charged, remaining value and amount to be added in the currency of the card presented, so long as the approved currency symbol is used.

4.9 Where possible, readers and 'top-up' machines ((where relevant) should display both sterling and euro equivalents at least from four months before E day or the time that euro payment is first accepted, whichever is sooner, until sterling has been completely withdrawn. If this is not possible, then conversion charts should be displayed prominently nearby.

5. Throughout the transition

5.1 The needs of vulnerable groups, such as the elderly, the visually and hearing impaired and those with learning difficulties, should be taken into account.

5.2 All retailing staff dealing directly with the public should be fully trained and able to give straightforward and relevant information about their company 's and that sector (e.g. National Rail) of the transport industry 's approach to the euro changeover.

5.3 Operators should, as far as reasonably practicable, maximise the number of passenger operated ticket vending machines available and ticket office sales points open during the cash changeover period.

5.4 Passengers would be given a well publicised point of contact (which may be different for each operator or for different types of transport service) if they feel that an operator who has adopted this Code is not acting in conformity with the code.

F

DRAFT UTILITIES CODE OF CONDUCT

INTRODUCTORY NOTES

This document is a draft, working document prepared by the EMU Utilities Forum in 2003 and updated in 2004. It will require further development and approval before it is a sufficiently comprehensive and operational document, particularly bearing in mind that not all utilities were fully engaged in EMU activity during the period that this document was drafted. To this end, wide consultation throughout the utility sector and with regulatory and consumer bodies will be undertaken following a government decision to join the single currency (D). The aim would be to finalise the document by the date that UK enters into the single currency (T).

The main areas for continued development are set out in Explanatory Notes at the end of the document.

OVERALL AIM

To ensure that consumers can be confident that they would be treated fairly by their utility service providers during a changeover from sterling to euro. Consumers would be provided with adequate, targeted, and easily understood information to help them through the changeover.

The details below cover minimum requirements which should be available to all consumers, business and domestic. It is recognised that some utility companies may wish to provide additional or earlier euro facilities to selected consumers.

1. Before the introduction of euro notes and coins in the UK

1.1 All customers would receive at least one regular bill (monthly or quarterly) in sterling with euro equivalents before E day.

1.2 Dual currency bills and invoices should be available for all consumers from at least four months before E day. Euro equivalent amounts would be shown for all bottom line balances and for specific items for which payment is requested such as individual direct debits and half yearly payment totals. All other financial values on dual bills and invoices would be maintained in sterling until E day.

1.3 All euro amounts shown on a sterling based bill or invoice would be clearly designated 'euro equivalent'. Clear details as to whether and how a payment can be made in euros would be shown on all bills and invoices[1].

1.4 Customer information explaining the changeover process and timetable, and the payment options available at each stage, would be distributed with the first dual bills and invoices.

[1] This requirement will be reviewed in the light of available banking facilities, and predicted euro trading demand levels. See also item 4 of the Explanatory Notes.

2. After the introduction of euro notes and coins in the UK

2.1 All customers would receive at least one regular bill (monthly or quarterly) in euro with sterling equivalents after E day.

2.2 Dual currency bills and invoices would be available from E day until at least the end of the dual circulation period. These bills and invoices would be the reverse of those described in section 1 above with sterling equivalent amounts being shown for all bottom line balances and for specific items for which payment is requested such as individual direct debits and half yearly payment totals. All other amounts would be shown in euros.

2.3 Customer information explaining the remaining process and timetable, and the payment options available, would be distributed with the first euro bills and invoices produced.

2.4 Utility companies would accept cash payment in sterling or euros from E day until the end of the dual circulation period. Change, in the case of cash transactions, would be made in euro only.

3. Throughout the transition

3.1 All conversion calculations would, without exception, comply fully with the conversion and rounding rules adopted by the UK Government. In most cases it is expected that direct conversions to exact euro equivalents would be made rather than smoothing the amounts. However, in some cases, for example when offering discounts, smoothing to a customer friendly figure such as €10 might be preferable than using an odd amount such as €9.87[2].

3.2 The official conversion rate would be used without exception in calculating the euro equivalent amounts and will be shown on all bills and invoices.

3.3 The euro € sign or currency indicator (EUR) would precede the euro price, for example €7.25 or EUR 7.25.

3.4 The needs of vulnerable groups, such as older people, the visually impaired and those with learning difficulties, would be fully provided for, and in line with Government guidelines wherever possible.

3.5 Staff dealing with customers would be trained and able to give consumers straightforward, reliable, and relevant information about the organisation's approach to the euro.

3.6 Clear guidance on payment options at each stage of the transition process will be given.

3.7 Utility companies who meet the requirements listed would be able to show the official euro logo. This logo would be accompanied by an approved contact number for customer enquiries.

[2] Further consideration to these issues would be given when the preparatory work starts after a decision to accept the euro.

GUIDANCE ON DUAL BILLS AND INVOICES

Although specific designs will vary from company to company, two main features should be incorporated into all dual bills and invoices:-

1. All euro amounts shown on dual bills and invoices produced before E day would be clearly designated 'euro equivalent'.

All sterling amounts shown on dual bills etc. produced after E day would be clearly designated 'sterling equivalent'. Euro equivalent and sterling equivalent amounts should be bracketed, and presented as subordinate to the main currency of the bill. (Further consideration should be given to colours/sizes/styles of font.)

Total payable: £140.76

The euro equivalent amount is: 215.12

Amount due 1 April 2XXX: £78.09

(The euro equivalent is: €119.35)

Amount due 1 October 2XXX: £62.67

(The euro equivalent is: €95.78)

2. The fixed exchange rate should be shown, on all dual bills and invoices, in the format: €1 = £0.654321. It should be stated that all conversion calculations, without exception, comply fully with the conversion and rounding rules adopted by the UK Government.

Examples:

The euro equivalent amount have been calculated at the official conversion rate €1=£0.654321

The sterling equivalent amounts have been calculated at the official conversion rate €1=£0.654321

EXPLANATORY NOTES

1. The main areas for continued development are:

- Detailed timings: to be determined when the final national conversion timetable is published
- Payment options at the different stages of the transition: to be determined in conjunction with BBA, APACS and Royal Mail (see 4 below)
- Communications guidelines: to be determined in conjunction with other sectors and HMT so that they are consistent with other communications to consumers and avoid information overload/confusion.
- Invoice detail guidelines: these will define the minimum level of detail that should be included on bills and statements.
- Prepayment meters (energy sector): due to the variety of technologies in use and the logistical impact of euro conversion (involving site visits for some types of meters), a pragmatic approach would be required, extending in some cases beyond S. For example, where meters could not be converted to show amounts in euro immediately after E day, conversion stickers might be provided to customers.
- Depending on conversion strategies some companies may introduce the changes referred to in 1.2 and 2.2 earlier than indicated (eg due to annual billing cycles).

2. The document has incorporated the guideline presented in the Treasury's Managed Transition Plan: 'Consumers would receive at least one regular bill (i.e. monthly or quarterly) in sterling with euro equivalents (£/€) before E day, and one in euro with sterling equivalents (€/£) after E day.' If, following consultation, this guideline is applied to, for example, annual billing within the water sector, it is likely that sterling based dual bills will be produced approximately 14 months before E day and euro based dual bills will be produced approximately 2 months before E day.

3. Payment Options

- There is a need to ensure that revenue collection procedures exist that would minimise any inconvenience for consumers whilst protecting cash flow for utility companies.
- While each utility company would specify its facilities with its own customers, the aim will be make the transition as easy and seamless for the customer as possible. Euro facilities would be coordinated with the phasing processes adopted by banks and other payment bodies. However, the expectation is that most customers would pay in sterling until E day. Following E day all non cash payments must be in euro; customers will continue to have the option of paying in sterling cash until the end of the dual currency period, although it is anticipated that most cash payments would switch to euro shortly after E day.

- The use of a bank giro credit slip (BGC) printed with utility bills creates the risk that mixed transactions would occur (for example, a sterling BGC paid with a euro cheque) and utility companies should have policies in place to address this.
- Examples of mixed transactions that could occur are:

Before E day:	sterling BGC + euro cheque
	euro BGC + sterling cheque or cash
After E day:	sterling BGC + euro cheque or cash
	euro BGC + sterling cash

G PUBLIC SECTOR CONSUMER CODE OF CONDUCT

OVERALL AIM

To ensure that consumers1 can be confident that they would be treated fairly during any changeover. Consumers would be provided with adequate, targeted and easily understood information to help them through a changeover, and a contact point if they felt that standards of service were not being provided in accordance with this code. The public sector would be expected to show a strong lead in best practice during a changeover.

The details below cover the minimum standards that would be met by all public sector service providers. Implementation would naturally depend to some extent on the nature of the service provided and the relationship with the consumer. Some public sector service providers might wish to provide additional or earlier euro facilities.

This code outlines how a public sector service provider would act in the different phases of a changeover.

WHAT HAPPENS AND WHEN?

Up to T (before joining EMU)

There would be no immediate change to transactions between the service provider and the consumer. Payment for services would continue to be in sterling; euro cash would not be legal tender in the UK. This applies to cash payments and non-cash payments. Amounts would continue to be displayed in sterling.

Service providers might choose to accept payment in euro, but would be under no obligation to do so. Service providers who accepted euro payments might apply their own exchange rate and a handling charge, but the terms would be made clear at the point of transaction.

T to E (from the start of the transition to the introduction of euro notes and coins)

From at least four months before E day, euro information should be shown alongside sterling, which should be clearly displayed. Amounts should be converted at the official six-figure conversion rate. The converted euro value would then be rounded to the nearest euro cent to give the legally equivalent euro value, in accordance with the EU conversion and rounding Regulations.

Service providers would continue to be under no obligation to accept euro cash. If they did, they could continue to apply a handling charge, but the terms must be made clear at the point of transaction.

Electronic euro payment services would be introduced gradually during the transition period. Payments made in euro at, for example, a point of sale (PoS)

[1] "Consumers" in this context refers to all individuals and organisations in receipt of public sector services

terminal, would be automatically converted by the banks to sterling for customers with sterling accounts. There would be no additional charge and the same clearing period.

As soon as a service provider offered any form of euro service, notices should be displayed at customer interfaces, including websites for internet transactions, to indicate which forms of payment (if any) would be accepted in euro, and from what date. The official six-figure exchange rate and any handling charge applied should also be made clear.

If change were given for a euro transaction, it could be either in euro or sterling to the legally equivalent value.

From at least four months before E day, where it is customary to issue a receipt for a payment, this should show both the sterling and euro equivalent amounts if the issuing equipment was capable of doing so. If that was not technically feasible, the price shown should continue to be in sterling until E day and in euro thereafter. In this case alternative means should be available to allow customers to convert the total transaction, such as an approved conversion table displaying the official conversion rate.

The euro sign € or currency indicator EUR should precede the euro price (e.g. €7.25 or EUR 7.25) and be clearly distinguishable from a price displayed in £ sterling.

E day (the introduction of euro notes and coins in the UK)

From E day, amounts should be displayed in euro. Wherever amounts are displayed now, including in information and promotional materials, sterling price information should continue to be displayed until at least the end of the dual circulation period when sterling notes and coin would cease to be legal tender (two months after E day). Service providers might continue to dual display in sterling after this point if they wish to offer this service to customers, but it is recommended that this should not continue longer than 18 months after the introduction of euro cash.

For payment in cash, customer service interfaces should accept either sterling or euro until the end of the dual circulation period. For payments accepted in sterling, the fixed conversion rate must be applied. No handling charges would be applied for euro or sterling payments.

Coin-vended services, such as parking meters, would not need to accept both sterling and euro. However, all machines should be clearly marked to indicate to users whether they accepted, euro only or sterling and euro. For a very short time after E day operators might still have some machines accepting sterling only, but they should be converted to euro as soon as possible and within the two month dual circulation period.

Coin-vended services might require a euro conversion to be smoothed to an operationally practical value. Any smoothing of converted euro amounts in the public sector should not disadvantage the citizen. Smoothing should be avoided where at all possible (so, for example, if £1 bought 60 minutes of parking time,

€1 might buy a different number of minutes, so that the price per hour would be the same in both currencies).

Change tendered in cash transactions for services should be in euro only.

From E day, all non-cash transactions should be in euro only, except that cheques drawn in sterling that pre-date E day would continue to be valid for up to six months from the date of issue.

Throughout a changeover

The needs of vulnerable groups, such as older people, the visually and hearing impaired and those with learning difficulties, should be taken into account. Service providers should consult with representatives of vulnerable groups to develop a suitable method of addressing these needs.

All staff dealing directly with the public should be fully trained and able to give straightforward and relevant information about services during a changeover.

The "consumer confidence" logo would be displayed at all points of transaction and provide a customer service contact number for euro enquiries.

H Organisations that have contributed to development of CPF

Age Concern England

Association of British Insurers

Automatic Vending Association

British Bankers' Association

British Chambers of Commerce

British Gas

British Hospitality Association

British Retail Consortium

Charity Commission

Citizens Advice

Confederation of British Industry

Department of Trade and Industry

Financial Services Authority Consumer Panel

Forum of Private Business

Help the Aged

Home Office

LACORs

Lloyds Bank

Mencap

Ministry of Defence

National Consumer Council

National Council for Voluntary Organisations

National Savings and Investments

Northern Ireland Department of Enterprise, Trade and Investment

OFCOM

Office of Fair Trading

Petrol Retailers Association

Royal Mail

Royal National Institute for the Blind

Royal National Institute for the Deaf

Scottish Consumer Council

Wales Council for Voluntary Action

Wales Office

Welsh Consumer Council

Which?

Yorkshire Forward