Undertakings given under section 154 of the Enterprise Act 2002 by Comet Group plc, Argos Limited and DSG Retail Limited

WHEREAS:

(a) The OFT considers that it has the power to make a reference to the Competition Commission under section 131 of the Enterprise Act 2002;

(b) Comet Group plc, Argos Limited and DSG Retail Limited (the “Retailers”) have offered undertakings to the OFT in accordance with section 154 of the Enterprise Act 2002; and

(c) The OFT, instead of making a reference to the Competition Commission, has decided to accept the undertakings below.

NOW THEREFORE:

The Retailers hereby give the OFT the undertakings and shall act in the manner set out in this document.

1. Effective date of the undertakings

These undertakings shall take effect from the date that, having been signed by the Retailers, they are accepted by the OFT.

2. EW Price Comparison Website

2.1 The Retailers (other than Argos) shall establish an EW Price Comparison Website within 4 months from the effective date of these undertakings and provide appropriate instructions to a Website Manager to establish and maintain such a website in accordance with the provisions set out in these undertakings and pursuant to instructions agreed by the Steering Group. The OFT will promptly consider any request to extend the time period to establish the EW Price Comparison Website, such consent not to be unreasonably withheld or delayed.

2.2 Each Retailer shall provide the Website Manager with information relating to its EW products (including multiple-appliance products, where applicable) in a format to be agreed between the Steering Group and the Website Manager to enable consumers to compare in a neutral way the price and other features of EW products offered by the Retailers (including Argos) according to each category of domestic electrical good on the EW Price Comparison Website. The Retailers will instruct the Website Manager to use all reasonable endeavours when designing the format of the EW Price Comparison Website to enable it to be read via smartphones or other internet-enabled mobile devices. The OFT, acting reasonably, shall approve in advance the initial format of the EW Price Comparison Website in writing. Argos shall be consulted on the initial format of the EW Price Comparison Website and the information to be provided to the Website Manager relating to EW products. Any further changes to the format of the EW Price Comparison Website shall be agreed between the Steering Group and the Website Manager and any changes, other than those which are immaterial in the context of the
undertakings, shall be approved by the OFT in advance, such approval not to be unreasonably withheld or delayed.

2.3 As regards price, if a Retailer offers a Pay As You Go EW product, the Website Manager shall be instructed to show the prices for Pay As You Go EW products on the EW Price Comparison Website on a monthly and annual equivalent basis and the relevant Retailer will provide the relevant information to the Website Manager on an ongoing basis. The Website Manager will also be instructed to include the following statement on the search results page of the EW Price Comparison Website: “These results do not include those extended warranties where there is a single price which combines the price of the electrical good and the price of the extended warranty, which may be available on certain electrical goods from some retailers and manufacturers”.

2.4 Each Retailer shall notify the Website Manager of any relevant changes to the information relating to its EW products provided pursuant to clause 2.2 above to be shown on the EW Price Comparison Website as promptly as reasonably practicable to enable the information available to consumers in accordance with clause 2.2 above to be updated.

2.5 Admission to the EW Price Comparison Website shall be as follows:

(i) EW providers other than the Retailers will be permitted to publish and maintain the information in accordance with clauses 2.2 to 2.4 on the EW Price Comparison Website subject to meeting the requirements set out below in clause 2.5 (iii) (the “Requirements”).

(ii) EW providers which meet the Requirements shall be permitted to become Website Participants as soon as reasonably practicable following application.

(iii) The Requirements are as follows:

(a) the relevant EW provider’s agreement to provide accurate information in accordance with the provisions of clause 2.2, 2.3 (as applicable) and 2.4 above;

(b) the relevant EW provider’s agreement that it shall comply with the provisions of clause 4.1 and, where the relevant EW provider is also a “supplier” as defined in the Order, clause 6.2 below. Unless otherwise agreed by the Steering Group acting reasonably, the relevant EW provider shall agree to provide the required information to be included on its own website within 1 month of becoming a website participant and within 4 months of becoming a website participant in relation to other required information (in relation to in-store EW leaflets and the cancellation notification referred to in Clause 6.2). In the event that the relevant EW provider does not supply domestic electrical goods, the hyperlink referred to in clauses 4.1(i) and 4.1(iv) should be displayed no more than one web page away from where the EW provider’s products are displayed on its own website and above the fold on that page or as
positioned on that web page in a prominent position as is agreed with the Steering Group, acting reasonably from time to time; and

(c) the relevant EW provider agreeing to pay the Website Participant’s Fees.

2.6 Removal from the EW Price Comparison Website shall be as follows:

(i) The Steering Group, acting reasonably, may remove an EW provider, which is not also a Retailer, if that EW provider fails to continue to meet the Requirements (or breaches the agreements provided pursuant to the Requirements set out in clause 2.5(iii)) or otherwise with the approval of the OFT which shall not be unreasonably withheld or delayed.

(ii) The Steering Group, acting reasonably, shall be entitled to remove any EW provider from publishing and maintaining information on the EW Price Comparison Website on the grounds that the EW provider does not meet the minimum standards relating to its financial capability or minimum level of service (‘Minimum Standards’) as specified by the OFT from time to time, following consultation with other members of the Steering Group. These Minimum Standards will be published by the OFT.

(a) Save where the OFT has approved the removal, the relevant EW provider shall be able to appeal any such removal in which event an Arbitrator shall make the final decision as to whether the EW provider meets the Minimum Standards. The costs of any arbitration under this clause shall be paid by the Retailers and/or the EW provider in such proportion as determined by the Arbitrator. Such arbitration shall take place as soon as reasonably practicable from the date of the appeal being raised by the relevant EW provider.

(b) In the case of an EW provider which is regulated by the Financial Services Authority (or a successor body or bodies), save where the OFT has approved the removal, the decision by the Steering Group to remove that provider from the website shall only take effect following any final decision by the Arbitrator that the EW provider does not meet the Minimum Standards, should such an EW provider appeal in accordance with clause 2.6 (ii)(a) above.

2.7 Subject to clause 2.5(iii)(c), the Retailers (other than Argos) shall bear the reasonable cost of establishing the EW Price Comparison Website (“Set up Costs”), and the Retailers shall bear the reasonable cost of maintaining the EW Price Comparison Website (“Maintenance Costs”) and the Marketing Fund (as defined below) including the remuneration of the Website Manager, in such proportion as may be agreed separately by the Retailers (other than Argos) in relation to the Set Up Costs and by the Retailers relating to the Maintenance Costs and Marketing Fund. Such proportion to be fair and reasonable and broadly reflective of the relative scale of the Retailer’s EW business.
2.8 The EW Price Comparison Website will be an information only website and will not have any transactional capabilities and the Retailers shall instruct the Website Manager accordingly.

2.9 Upon reasonable request by the Retailers, the OFT shall review the provisions of clause 2.5(iii)(b) to establish if it is appropriate for Website Participants to comply with other relevant provisions of these undertakings to ensure a fair and undistorted market.

2.10 In good time to enable its relevant information to be displayed on the EW Price Comparison Website on the date of launch, Argos shall apply (and shall not withdraw its application) to the Steering Group for admission to the EW Price Comparison Website subject as set out below:

(i) it shall have been consulted as required in accordance with clause 2.2 above;

(ii) it being provided with the Monthly Updates in accordance with clause 3.4 below;

(iii) it being given reasonable notice of the launch of the Website;

(iv) it believes, acting reasonably, that the EW Price Comparison Website meets the objectives set out in 2.2 above; and

(v) the EW Price Comparison Website does not impede the customer’s ability to return to the Retailer’s (including Argos) host website.

Argos shall be admitted to the EW Price Comparison Website with effect from the launch of the EW Price Comparison Website and for the purposes of this Clause 2 and Clauses 3 and 4 the definition of Retailer shall exclude Argos until the date of such admission and include Argos thereafter. For the avoidance of doubt, for Clauses 5 to 11 Argos shall be included in the definition of Retailer with effect from the date the undertakings take effect in accordance with Clause 1.

3. The Website Manager

3.1 The Retailers will appoint an OFT approved independent third party with relevant experience to operate and manage the EW Price Comparison Website in accordance with the provisions set out in these undertakings (the “Website Manager”). The Retailers shall be entitled to replace the Website Manager for reasonably objective reasons subject to the prior written approval of the OFT which shall not be unreasonably withheld or delayed. The Retailers will nominate an initial independent Website Manager, or any potential replacement, for OFT approval.

3.2 The OFT will not unreasonably withhold or delay approval of the Website Manager or any replacement nominated in accordance with clause 3.1 above.

3.3 In exceptional circumstances and following consultation with the Retailers, the OFT shall acting reasonably be entitled to request that the Retailers replace the Website Manager such as where the OFT has reasonable grounds for suspecting that the Website Manager is considerably diminishing the ability of the Retailers to comply with
the undertakings or is found not to be, or has ceased to be, an independent third party. In the event that such a request is made the Retailers shall cooperate with the OFT to replace the Website Manager provided that the Retailers shall not be obliged to take any action which would result in them incurring significant additional costs, expenses or damages or which would otherwise affect their ability to comply with their obligations set out in these undertakings.

3.4 The Retailers shall set up a steering group to work with the Website Manager, and any marketing agency employed pursuant to clause 4.4 below, to ensure that the objectives set out in these undertakings regarding the EW Price Comparison Website are achieved. The initial members of the Steering Group shall be the Retailers (other than Argos) and the OFT. Argos shall join the Steering Group with effect from the launch of the EW Price Comparison Website (subject to it having been admitted in accordance with clause 2.10 above). The Website Manager shall attend Steering Group meetings. No other persons shall be members of the Steering Group. While the EW Price Comparison Website is being established in accordance with Clause 2.1, the OFT and Argos shall receive monthly updates ("Monthly Updates") on the progress of establishing the EW Price Comparison Website. The Steering Group shall meet on a monthly basis unless otherwise agreed by the OFT acting reasonably. An agenda will be circulated to the members of the Steering Group prior to each meeting.

3.5 The Website Manager shall, following the launch of the EW Price Comparison Website provide the Steering Group with a report once every three months providing information on the number of unique and total visitors to the EW Price Comparison Website.

4. Publicity for the EW Price Comparison Website

4.1 Each Retailer must, as soon as reasonably practicable following the establishment of the EW Price Comparison Website (in the case of Argos subject to it having been admitted in accordance with clause 2.10 above), publish on its own website a hyperlink directing consumers to the EW Price Comparison Website. The hyperlink must be:

(i) displayed on a web page of the relevant Retailer’s website which is no more than one web page away from the web page where domestic electrical goods are displayed or as is agreed with the OFT, acting reasonably, from time to time, considering in particular the efficacy, ease of use and stability of the relevant Retailer’s website;

(ii) accessible by consumers on the website of each Retailer where the further relevant information required by Article 6(1)(c) of the Order is displayed;

(iii) preceded by the text set out in Schedule 1, or wording to the same effect, in the same font size as the hyperlink or such other text as is agreed with the OFT, acting reasonably, from time to time; and

(iv) legible and no less prominent than the further relevant information on the same web page and shall be visible above the fold of the web page where such further relevant information is displayed (assuming that the relevant web page is being accessed using a computer configured to a resolution of 800 x 600 pixels
4.2 Each Retailer must include the text in Schedule 1, or wording to the same effect, at the beginning or on the first double-page spread of its In-Store Leaflets from the date of the next print run of those leaflets for each Retailer and in any event within 3 months from the date the EW Price Comparison Website goes on-line to the public or as is agreed with the OFT, acting reasonably, from time to time.

4.3 The Retailers will establish a marketing fund ("Marketing Fund") for the EW Price Comparison Website. The Retailers will jointly contribute an annual amount to the marketing fund of up to £50,000 in aggregate, in such proportion as may be agreed separately by the Retailers.

4.4 The Retailers will instruct the Website Manager, or a marketing agency with expertise in search engine optimisation ("Marketing Agency") to take all reasonable measures, up to the value of £50,000 per year of the Marketing Fund, to achieve visibility of the EW Price Comparison Website address on the first page of Google search results when Relevant Terms are searched. The Retailers shall request the Website Manager, or the Marketing Agency, as appropriate, to produce a proposal outlining its strategy for achieving such visibility which shall be provided to the OFT for its approval which approval shall not be unreasonably withheld or delayed.

4.5 For the avoidance of doubt, the Retailers may contribute less than £50,000 per year to the Marketing Fund if a lesser amount is sufficient to achieve visibility of the EW Price Comparison Website as a search result on the first page of Google search results when Relevant Terms are searched.

4.6 If the objective set out in clause 4.4 is not achieved, and if recommended by the Website Manager, or the Marketing Agency, as appropriate, the Retailers shall contribute up to an additional £25,000 in aggregate to the marketing fund referred to in 4.3 above.

5. Mystery Shopping

5.1 Starting from 6 months after the acceptance of these undertakings, each of the Retailers must commission and conduct an independent in-store mystery shopping exercise in accordance with the requirements in this clause 5 on a bi-annual basis.

5.2 Each Retailer must engage an Independent Market Research Agency who will undertake a mystery shopping exercise. A Retailer may engage the same Independent Market Research Agency that is also engaged by another Retailer.
5.3 The Retailers will each instruct the Independent Market Research Agency to attend in person at a statistically robust number of stores of each Retailer and undertake such checks and ask such questions of a relevant sales person as are reasonably necessary to achieve the objectives set out in clause 5.4 below and are agreed between the relevant Retailer, and the OFT, acting reasonably. The Retailers will each provide the OFT with details of the methodology to be used by the relevant Independent Market Research Agency. For the avoidance of doubt the exercise, shall not involve purchase of domestic electrical goods or an extended warranty.

5.4 The mystery shopping exercise will cover the following areas:

(i) whether the Retailer is complying with Article 3 of the Order; and

(ii) whether the sales staff of the Retailer are breaching any relevant consumer protection regulations by the mis-selling of EW products.

5.5 Each Retailer will instruct the Independent Market Research Agency to provide each Retailer with a report setting out that Retailer’s own individual compliance results.

5.6 Each Retailer will provide the OFT with the report on each mystery shopping exercise conducted pursuant to these undertakings within a reasonable timeframe (and not exceeding one month) of receiving the report from the Independent Market Research Agency.

5.7 Any information on material issues identified by the Independent Market Research Agency may be investigated, verified and commented on by the Retailer alongside the report which is provided to the OFT in accordance with clause 5.6 or thereafter.

5.8 Each Retailer shall bear its own costs of the mystery shopping exercise relating to its stores.

5.9 In the event that the OFT has reasonable concerns relating to compliance by Retailers with the Order as a result of the mystery shopping exercise it shall raise such issues with the Retailers. The OFT may publish summary results from such mystery shopping exercise on an aggregated and anonymised basis. Prior to the publication of any such summary results, the OFT shall provide the Retailers with the information which it intends to publish and a reasonable opportunity to comment on it.

5.10 Each Retailer shall provide the OFT on an annual basis with copies of the in-store EW leaflets displayed in accordance with Article 3(1)(b) of the Order (“EW Leaflets”).

6. Additional Information

6.1 For the purpose of this clause 6, a “Key Points Box” means a graphically represented box containing an easily understood summary of the further relevant information which each relevant Retailer is required to display under the Order.

6.2 Each Retailer will ensure that a Key Points Box will be included on the following items from the following dates:
the Retailer’s own websites where the further relevant information is displayed in accordance with Article 6(1)(c) of the Order from the date the EW Price Comparison Website goes on-line to the public or as is agreed with the OFT, such agreement not to be unreasonably withheld;

at the beginning or on the first double page spread of the Retailer’s In-store EW Leaflets from the date of the next printing run of these leaflets for each Retailer and in any event within 3 months from the date the EW Price Comparison Website goes on-line to the public or as is agreed with the OFT, such agreement not to be unreasonably withheld; and

in a reasonably prominent position on the notification provided pursuant to Article 8(1)(c) of the Order.

6.3 Argos will ensure that a Key Points Box will be included in the Argos’ catalogue in a reasonably prominent position as is agreed with the OFT, acting reasonably, from time to time, from the date of the next printing run of those catalogues or as is agreed with the OFT.

6.4 A generic version of the Key Points Box will be included on the home page of the EW Price Comparison website from the date the EW Price Comparison Website goes on-line to the public.

6.5 A Retailer shall within 3 months from the effective date of these undertakings:

where it displays the price information for a Pay As You Go EW product on price tickets in accordance with Article 3(1)(a) of the Order, it shall also include information on the price ticket to show the price for such product on an annual equivalent basis. The annual equivalent information shall be displayed clearly and legibly directly alongside or below the price of the Pay As You Go EW product to enable a comparison between the monthly and annual equivalent prices; and

where a consumer who has purchased a Pay As You Go EW product from the relevant Retailer retains it for a five year period, then the Retailer shall within 20 days following the end of such five year period give notice in writing to the relevant consumer that such Pay As You Go EW product continues in effect, provide details of the domestic electrical good(s) to which such product relates, the process to be followed if they wish to cancel the Pay As You Go EW product and the amount of the relevant periodic payment being made.

7. Provision of value for money information to the OFT

Each Retailer will provide the OFT upon request with information (in order to assist the OFT in assessing the effectiveness of these undertakings) on profitability, incidences of claims, average cost of claims, sales values and volumes, prices, cancellation rates and average length of EWs or, where the information requested by the OFT is held by or subject to the permission of third parties or agents, use reasonable endeavours to procure the provision of such information. The OFT, acting reasonably, shall specify
which of this information it requires and following consultation with the Retailers, shall agree the format in which the information is to be provided and ensure that the Retailers are provided with a reasonable period of time to provide or procure the provision of such information.

8. **Confidential Information**

In the event that the OFT proposes to disclose any information provided by a Retailer under these undertakings whether pursuant to a request under the Freedom of Information Act 2000, other applicable law or otherwise, the OFT will consult with the relevant Retailer prior to the disclosure of any information provided by that Retailer under these undertakings.

9. **Compliance**

Each Retailer shall cooperate with reasonable requests by the OFT when it is:

(i) monitoring compliance with the provisions of these undertakings;

(ii) investigating potential breaches of the provisions of these undertakings; and

(iii) assessing the effectiveness of these undertakings in addressing the perceived point of sale advantage of retailers identified by the OFT in the market study.

10. **Provision of Information**

Each of the Retailers shall furnish to the OFT such information as the OFT may reasonably request in order to monitor compliance with these undertakings.

11. **Continuation and termination**

11.1 Subject to clause 11.2 the Retailers accept that these undertakings shall continue in force until such time as they are varied, released or superseded under the Act.

11.2 In the event that any market investigation reference is made to the Competition Commission under the Act concerning extended warranties or comparable products, the OFT will consider as soon as reasonably practicable after making such a reference whether the undertakings may be varied or superseded by another undertaking, or may be released by the OFT. In doing so, the OFT will take particular account of the continued effectiveness of the undertakings.

11.3 The Retailers accept that the termination, variation, release or supersession of the undertakings shall not affect the validity and enforceability of any rights or obligations that arose prior to such termination, variation, release or supersession.

11.4 Each Retailer shall be entitled at any time to make representations to the OFT with a view to the OFT undertaking a review of these undertakings to determine whether and if so to what extent they should cease to apply.
12. Definitions and Interpretation

12.1 In these undertakings:

“the Act” means the Enterprise Act 2002.

“Arbitrator” means a member of the Chartered Institute of Arbitrators, who follows the rules of the Chartered Institute of Arbitrators and is approved by the OFT, such approval not to be unreasonably withheld or delayed.

“Argos” means Argos Limited

“Domestic Electrical Good/DEG” means a product designed to be connected to an electrical supply or powered by batteries and used for domestic purposes, but does not include watches, jewellery or fixed installations (other than integrated appliances).

“Extended Warranty/Extended Warranties/EW/EWs” means a contract (or contracts) for cover which at least provides cover against the cost of repairing or replacing a domestic electrical good in the event of a breakdown and which may also provide additional cover against eventualities such as accidental damage, loss or theft and assistance in setting up and operating a domestic electrical good entered into by a consumer for monetary consideration.

“EW Price Comparison Website” means a website containing information on the terms and conditions and prices of extended warranty products managed by the independent Website Manager.

“Group of Interconnected Bodies Corporate” has the meaning given in section 223(3) of the Act; references to a Group of Interconnected Bodies Corporate shall be to the Group of Interconnected Bodies Corporate as constituted from time to time.

“Independent Market Research Agency” means an organisation which has as its primary business the carrying out of research with consumers and is a member of the Market Research Society and complies with its professional code of conduct. Such organisation must be a separate legal entity from and not in the same Group of Interconnected Bodies Corporate as any Retailer and in which any Retailer does not have a beneficial and/or controlling interest.

“In-Store Leaflets” means the leaflets which point of sale retailers of EWs are required to prominently display in-store under article 3(1)(b) of the Order.

“OFT” means the Office of Fair Trading.


“Pay As You Go EW Product” means an EW product which enables payment on a monthly (or similar) basis and which is automatically renewed at the end of each payment period.
“Relevant Terms” means the term “extended warranty” in conjunction with the name of a domestic electrical good. For example, “extended warranty washing machine”. The Website Manager, or the marketing agency referred to in clause 4.4 above, will be made responsible for determining a list of relevant terms in consultation with the Steering Group.

“Steering Group” means a group set up by the Retailers (whose membership shall be as specified in Clause 3.4) to work with the Website Manager, and marketing agency if appropriate, to ensure that the objectives set out in these undertakings are achieved.

“Website Manager” means an independent third party with relevant experience appointed by the Retailers (other than Argos) and approved by the OFT to operate and manage the EW Price Comparison Website.

“Website Participant” means any provider of an EW which is permitted to publish information on the EW Price Comparison Website in accordance with the provisions of clause 2.

“Website Participant's Fees” means the following all as established by the Steering Group acting reasonably:

- an initial set up fee (to reflect the incremental costs incurred to enable the relevant Website Participant to display information in accordance with clause 2.5 above)

- such other fees which reflect the incremental costs incurred and which relate to changes being made to information by the relevant Website Participant in accordance with clause 2.4

- such other fees as shall be approved by the OFT such approval not to be unreasonably withheld or delayed

12.2 Headings and titles shall be disregarded.

12.3 The Interpretation Act 1978 shall apply as if these undertakings were an Act of Parliament.

12.4 The Schedules shall form part of these undertakings.

12.5 References to paragraphs and Schedules shall mean sections of, and Schedules to, these undertakings, unless otherwise stated.

Signed for and on behalf of

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[NAME, TITLE] Dated
Comet Group plc
Signed for and on behalf of

........................................... ..............................
[NAME, TITLE]                       Dated
DSG Retail Limited

Signed for and on behalf of

........................................... ..............................
[NAME, TITLE]                       Dated
Argos Limited
Schedule 1 - Required Text

‘Compare the prices of extended warranties for domestic electrical goods at [insert EW Price Comparison web address / hyperlink] available on your PC, laptop, smartphone or other internet-enabled mobile device’ or wording to the same effect