



**BERR** | Department for Business  
Enterprise & Regulatory Reform

**PRICING PRACTICES GUIDE**

Guidance for traders  
on good practice in giving  
information about prices

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# Contents

## Introduction

## Definitions

## Part 1: Price Comparisons

- 1.1 Price comparisons generally
- 1.2 Comparisons with traders' own previous price
  - General
  - Food, drink and perishable goods
  - Distance contracts
  - Making a series of reductions
  - Comparisons with out-of-season prices
- 1.3 Introductory offers, "After-sale" or "After-promotion" prices
  - Introductory offers
  - Quoting a future price
- 1.4 Comparisons with prices related to different circumstances
  - General
  - "When perfect" comparisons
  - Goods in a different state
  - Prices for special groups of people
- 1.5 Comparisons with another trader's prices
- 1.6 Comparisons with "Recommended Retail Price" or similar

- 1.7 Pre-printed prices
- 1.8 References to value or worth
- 1.9 Sales or special events
- 1.10 Free offers and similar promotions

## **Part 2: Actual Price to the Consumer**

- 2.1 Indicating two different prices
- 2.2 Incomplete information and non-optional extras
  - Prices related to particular sizes, etc.
  - Prices relating to different forms of products
  - Postage, packing and delivery charges
  - Prices in different currencies
  - Service, cover and minimum charges in hotels, restaurants and similar establishments
  - Holiday and travel prices
  - Sale of entertainment tickets
  - Call-out charges
  - Credit facilities
  - Insurance
- 2.3 Value Added Tax
  - Price indications to consumers
  - Price indications to business customers
  - Professional fees
  - Building work

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

- 3.1 General
- 3.2 Newspaper and magazine advertisements
- 3.3 Mail order advertisements, catalogues, leaflets, websites and other similar advertisements
- 3.4 Selling through agents
  - Holiday brochures and travel agents
  - Insurance and independent intermediaries
- 3.5 Changes in the rate of value added tax

### **Part 4: Sale of homes**

# Introduction

- 1** This Guide recommends to traders a set of good practices in giving the consumer information about prices in various situations. It has of itself no mandatory force: traders are not under any legal obligation to follow the practices recommended. The Guide however takes account of relevant legal obligations, in particular those provisions of the Consumer Protection from Unfair Trading Regulations 2008<sup>1</sup> (CPRs) which are relevant to the giving of information about prices; those provisions are briefly described below. The recommended practices are in general expected to be compatible with the CPRs. But the circumstances of the particular case will always be relevant. Adherence to these recommendations will not of itself ensure that any action or omission is not in breach of those Regulations. Equally, a departure from these recommendations will not of itself establish that there has been a breach. Also the recommendations cannot be so comprehensive in scope as to address every circumstance which may arise in the giving of information about prices. On the other hand, the recommendations in some respects probably go beyond the minimum required to avoid breaching the Regulations.

## *The relevant legal obligations:*

### **A. *The Consumer Protection from Unfair Trading Regulations 2008***

- 2** The Consumer Protection from Unfair Trading Regulations 2008 implement the Unfair Commercial Practices Directive (UCPD: Directive 2005/29/EC). The CPRs prohibit traders from engaging in unfair commercial practices which harm consumers' economic interests. In broad terms, commercial practices are acts or omissions by a trader directly connected to the supply of products to consumers. The giving of information about prices is one form of commercial practice.
- 3** The CPRs are principles-based legislation which will operate flexibly to catch unfair practices. At their heart is a general prohibition on the use of unfair commercial practices. This is supplemented with more detailed rules on misleading actions or omissions, and on aggressive practices, where any of these would cause or be likely to cause the average consumer to take a different transactional decision; and with Schedule 1 which sets out 31 practices which are prohibited under all circumstances. A commercial practice may be misleading if it or its presentation is likely to deceive the average consumer, even if the information is factually correct.

In particular,

- regulation 5(4)(g) of the CPRs prohibits traders from misleading consumers about the price of a product, or the manner in which the price is calculated,
- regulation 5(4)(h) prohibits traders from misleading consumers as to the existence of a specific price advantage, and
- regulations 6(4)(d) and (e) prohibit the omission, in any case of an invitation to purchase, of information on the price or on any related charges including taxes, delivery and postal charges, unless these are already apparent from the context, where any such action or omission would cause, or be likely to cause, the consumer to take a different transactional decision. In many cases, a different transactional decision is likely to mean a decision whether or not to buy a product, but it could include other decisions taken about transactions. Also, the prohibited practices listed in Schedule 1 include several which may be relevant to pricing practices. These include bait advertising (Schedule 1 item 5), bait and switch (item 6), false information about limited availability (item 7), false information about ceasing to trade (item 15), passing on materially inaccurate information about market conditions (item 18), and describing a product as “free” if the consumer has to pay anything other than the unavoidable cost of responding to the commercial practice and collecting or paying for delivery of the item (item 20). These practices are forbidden in all circumstances, irrespective of whether they might cause the consumer to take a different transactional decision or not.

- 4** Guidance on the CPRs has been produced jointly by BERR and the OFT<sup>2</sup>. In general, it should be noted that the context of the transaction will be important; and, in relation to any comparisons which may be made, the type of product to which the comparison relates will be important.
- 5** The CPRs have repealed Part III of the Consumer Protection Act 1987 (CPA), under which a Code of Practice for Traders on Price Indications was approved by the Secretary of State (originally in 1988). Repealing Part III of the CPA automatically removes the statutory effect of that Code. However, the DTI’s consultation on how to implement the UCPD showed that traders would nevertheless continue to find it useful to have practical guidance on good practice in giving information about prices.
- 6** This Guide aims to offer such practical guidance, but as noted above, adherence to its recommendations will not of itself mean that any commercial practice will not breach those Regulations. The substantive requirements which are to be complied with are those of the CPRs (see para. 3 above). The interpretation of these requirements in any case of dispute is a matter for the courts. Following the recommendations of this Guide is not a substitute for understanding and complying with the requirements of the Regulations.

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<sup>2</sup> Text available at [http://www.offt.gov.uk/advice\\_and\\_resources/small\\_businesses/competing/protection](http://www.offt.gov.uk/advice_and_resources/small_businesses/competing/protection).

You should familiarise yourself with these requirements; and if you are in doubt as to whether any of your pricing practices complies with them, you should seek advice.

## ***B: Other legislation***

- 7** There are other pieces of UK legislation governing pricing practices, including the Consumer Protection (Distance Selling) Regulations 2000<sup>3</sup>, the Consumer Credit Act 1974<sup>4</sup>, the Price Marking Order 2004<sup>5</sup>, the Estate Agents Act 1978<sup>6</sup>, the Package Travel, Package Holidays and Package Tours Regulations 1992<sup>7</sup> and specific regulations that deal with price indications of exchange rates in bureaux de change - the Price Indications (Bureaux de Change) (No 2) Regulations 1992<sup>8</sup>. You should ensure where relevant that your pricing practices comply with their requirements.
- 8** The Business Protection from Misleading Marketing Regulations 2008 ("BPRs") covers misleading price information given by traders to other traders. The BPRs also contain specific provision as to the conditions in which comparative advertising is permitted. Comparative advertising is advertising which identifies a competitor or his goods and services.
- 9** Where you make use of advertisements these should also have regard to the relevant rules governing misleading advertising. Further information on these rules is available from the Advertising Standards Authority – [www.asa.org.uk](http://www.asa.org.uk).
- 10** Your local authority trading standards service, or your Home Authority, will be pleased to advise you, or direct you to relevant sources of information, on the regulations that are applicable to your particular business. You can contact them on [www.tradingstandards.gov.uk](http://www.tradingstandards.gov.uk), or be directed to them via Consumer Direct on 08454 04 05 06.
- 11** The texts of any of the Acts, Orders or Regulations mentioned may also be accessed at the website of the Office of Public Sector Information (OPSI) – [www.opsi.gov.uk](http://www.opsi.gov.uk).

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3 SI 2000/2334

4 1974 c39

5 SI 2004/102

6 1979 c38

7 SI 1992/3288

8 SI 1992/737

## Definitions

Words and expressions used in this document are explained below.

Consumer	means any individual who in relation to a commercial practice is acting for purposes which are outside his business.
Average consumer	See Reg. 2 of the CPRs for the meaning of this term. Paras. 14.28 – 14.37 of the BERR/OFT guidance on the CPRs are also relevant.
Distance contract	means any contract concerning products concluded between a trader and a consumer by any means, where there is no face-to-face contact between the trader and consumer. For instance, the Internet, text messaging, phone calls, faxing, interactive TV or mail order – via catalogues, mail order advertising in newspapers or magazines.
Outlet	includes any place, including the consumer's home, and any stall, vehicle, ship or aircraft and any means through which a distance contract may be concluded (including a website).
Price	means the total amount the consumer will have to pay to get the product(s), or any method which has been or will be used to calculate that amount.
Price comparison	Means any indication given to consumers that the price at which something is offered to consumers is less than or equal to some other price.
Product	means any goods or services and includes immovable property, rights and obligations.
Trader	means any person who is acting for purposes relating to his business and anyone acting in the name of or on behalf of a trader.
Transactional Decision	means any decision taken by a consumer whether to act or to refrain from acting concerning –  (a) whether, how and on what terms to purchase, make payment in whole or part for, retain or dispose of a product; or  (b) whether, how and on what terms to exercise a contractual right in relation to a product.

# Part 1: Price comparisons

## 1.1 Price comparisons generally

- 1.1.1** The CPRs prohibit traders from giving false or misleading information, or omitting material information, about price or the manner of calculation of the price for a product, where this causes or is likely to cause the average consumer to take a transactional decision he would not otherwise have taken. If you choose to make price comparisons, you should therefore be able to justify them, and to show that any claims you make are accurate and valid – in particular, that any price advantage claimed is real.
- 1.1.2** In general you should compare like with like. This implies that the products compared should be the same, or very similar; and should have been on offer in the same outlet. Also, the basis of the price comparison should be reasonable in terms of time. What is reasonable will depend on the circumstances.
- 1.1.3** If your comparison is made on a basis which differs on any point from the practice recommended in this Part of the Guide, you should make the basis of the comparison explicit, so far as it differs. Any such explanation should be clear, and easily accessible to the consumer: it should be unambiguous, easily identifiable and (except where this is impractical, for instance, in distance contracts that are concluded orally), easily legible by the consumer. It should set out positively what comparison is being made, rather than vague negative disclaimers (e.g., “price compared may not have been on offer for 28 consecutive days”).
- 1.1.4** You should make the meaning of any price comparison clear to the consumer. You should not leave consumers to guess whether or not a price comparison is being made. If no price comparison is intended, you should avoid words or phrases which, in their normal everyday use and in the context in which they are used, are likely to give consumers the impression that a price comparison is being made. If you make a price comparison, then the previous higher price, as well as the actual price you intend to charge for the product, are likely to be material information that the consumer needs. If you make statements like “sale price £5” or “reduced to £39” you should quote the previous higher price to which you refer. You should not make a comparison with a price based on a different method of payment unless an unambiguous, easily identifiable and clearly legible explanation of the basis of the previous price is given.
- 1.1.5** You should make clear what sort of price the higher price is. Comparisons described by words like “regular price”, “usual price” or “normal price”, which do not say whose regular, usual or normal price it is (for example “our normal price”) should not be used. You should avoid using descriptions like “reduced

from” and crossed out higher prices which do not refer to your own previous price. In general terms, words used other than with their normal everyday meanings should be avoided.

**1.1.6** Use of initials or abbreviations to describe the higher price in a comparison should be avoided except for:

- (a) the initials “RRP” to describe a recommended retail price; or
- (b) the abbreviation “man. rec. price” to describe a manufacturer’s recommended price.

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

**1.1.7** Sections 1.2 to 1.6 of this Guide give advice on particular types of price comparison.

## 1.2 Comparisons with the trader’s own previous price

### *General*

**1.2.1.** A comparison with your own previous price should in general be with your immediately previous price for the product. If the comparison is with an earlier price, you should make the basis of the comparison explicit (see para. 1.2.4, or in the case of a series of reductions, para. 1.2.11). And if you have offered the product at a lower price for any significant period in the interval (lower, that is, than the price at which you now intend to sell it), this should be stated. What might constitute a significant period will depend on all the circumstances, but a single period not exceeding a week in a six-month interval, or two or three periods of a weekend each in a six month interval, would be unlikely to be significant.

**1.2.2** In any comparison between your present selling price and the last selling price at which the product was offered, you should state the previous price as well as the new lower price.

**1.2.3** As noted in para. 1.1.2, the basis of a price comparison should be reasonable in terms of time, and what is reasonable will depend on the circumstances. But where the basis of the comparison is not set out explicitly;

- (a) A price used as a basis for comparison should have been your most recent price available for 28 consecutive days or more;
- (b) The period of time for which the new (lower) price will be available should not be so long that the comparison becomes misleading. How long this will be will depend on all the circumstances. But as a general

guideline which could be applied to cases in which there are no specific circumstances which might mean that a longer period would not be misleading, it is suggested that the period of time for which the new (lower) price will be available should not be more than that for which the old (higher) price was available; and

- (c) Comparisons should not be made with prices last offered more than six months ago.

In some circumstances however comparisons with prices which do not accord with these recommendations may be reasonable – for example in relation to perishable goods or where there are a series of reductions; see paragraphs 1.2.9 and 1.2.11 below:

- 1.2.4** If your comparison is made on a basis which differs on any point from the recommendations of the previous paragraph, then you should make the basis of the comparison explicit, so far as it differs. For example, if the comparison is with a price last available more than six months ago, you could state when the previous price was last available. Or if the new price will be offered for a longer period than the previous price, you could set out the actual dates over which the previous price was offered. Any such explanation should be clear, and accessible to and legible by the consumer (see para. 1.1.3).
- 1.2.5** Even if a price used for comparisons has been offered for a reasonable period of time, the comparison may still be misleading, for example, if the product was not actually available for supply for a substantial part of that period. (Bespoke products may however be considered as available for supply if available to specific order.)
- 1.2.6** A previous price used as a reference price to make a price comparison should be a *genuine* retail price. A genuine reference price has a number of facets to it which may include the following:
  - (i) you might reasonably expect that you could sell a significant number of the goods at that price;
  - (ii) a significant quantity of the goods were placed on sale at that price; and
  - (iii) the goods were offered for sale at that price for a period at least sufficient to be a genuine offer of sale to the section of the public likely to be interested in purchasing such goods, that is, sufficient time for knowledge of the availability of the goods to be acquired by that section of the public, and sufficient time for them to view the goods, make up their minds whether to purchase them, and, if so, to complete the purchase of them. Where the 28-day criterion is met, that should normally be sufficient.
- 1.2.7** In determining whether it was reasonable to expect that goods could be sold at the higher price in significant numbers, all the relevant circumstances would be taken into consideration. Where the reference price was not comparable to

prices offered by competitors, or if no or relatively few items were sold at that price, any such expectation might not be a reasonable one.

- 1.2.8** Whether a particular quantity of goods, or a specific period of time, is significant in this context can only be assessed on the facts, taking account of all relevant circumstances.

### *Food, drink and perishable goods*

- 1.2.9** For any item of food or drink that is reduced for quick sale because of diminishing shelf life, e.g., it is close to its 'Use by' date, or is close to or has already passed its 'Best before' date, a comparison with a previous price which has not applied for 28 consecutive days may nevertheless be reasonable. However, unless the basis of the comparison is made explicit, the comparison should be with the last price at which the product was on sale in the same outlet. This also applies to similar reductions on non-food items if they have a short shelf-life. What is a short shelf life depends on the circumstances, but is likely to be less than 6 weeks.

### *Distance contracts*

- 1.2.10** Where products are sold only through distance contracts (i.e., with no face-to-face contact between the trader and consumer), you should avoid making a comparison with a previous price which is not your own last price. If you sell the same products for different prices in different types of outlets (for example, by charging a different price in your high street store compared to a direct sale from your website), then any comparison with a price offered by a different outlet should be clearly explained (see paragraph 1.1.3).

### *Making a series of reductions*

- 1.2.11** If you advertise a price reduction and then want to reduce the price further during the same sale or special offer period, the intervening price (or prices) may have applied for a shorter time than that which would otherwise be considered reasonable in relation to the original price. In these circumstances:

- (a) the highest price in the series should have applied for a reasonable time and in similar circumstances (for own-price comparisons, see paragraph 1.2.3 above);
- (b) you should show the highest price, the intervening price(s); and
- (c) the current selling price.

Alternatively, you should provide a clear explanation of the basis of the comparison (see paragraph 1.1.3).

## *Comparisons with out-of-season prices*

**1.2.12** Where price comparisons are made for items that are particularly associated with special events or particular times of the year (e.g. turkeys, Christmas decorations, Easter eggs, barbeques, lawn mowers, etc.), particular care should be taken to avoid misleading. Comparisons with out-of-season prices have a significant potential to mislead since there will inevitably be lower sales levels at these times.

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

### *Introductory Offers*

**1.3.1** You should not call a promotion an 'introductory offer' in circumstances where you do not intend to offer the same product for sale at a higher price at the same outlet after the offer period is over.

**1.3.2** You should not allow an offer to run on so long that it becomes misleading to describe it as an 'introductory' or other 'special offer'. What is a reasonable period will depend on the circumstances (but, depending on the shelf-life of the product, it is likely to be a matter of weeks, not months). In general, you should state the date the offer will end and keep to it – you should note that one of the practices which is banned by the CPRs in all circumstances is providing false information about limited availability. If you do extend the offer period, you should make it clear to the consumer that you have done so.

### *Quoting a future price*

**1.3.3** You should not indicate an after-sale or after-promotion price if you do not intend to continue to offer identical products at that price for a reasonable time. What is reasonable will depend on the circumstances. In general terms a period of at least 28 consecutive days in the 3 months after the end of the offer period or after the offer stocks run out may in many circumstances be reasonable. (See section 1.2 for recommendations on comparisons with the trader's own previous price.)

**1.3.4** If you decide to quote a future price, you should explain what you mean in full. The use of acronyms should be avoided as they do not clearly convey information that consumers need to know. The description should be clearly and prominently displayed with the price indication.

## 1.4 Comparisons with prices related to different circumstances

**1.4.1** Comparisons should be fair and reasonable. You should compare like with like or with very similar products in terms of quality, composition and description. If there is a difference, then an unambiguous, easily identifiable and clearly legible explanation of the difference(s) should be given. This section covers comparisons with prices:

- (a) for different quantities (for example “15p each, 4 for 50p”);
- (b) for goods in a different condition (for example “seconds £20, when perfect £30”);
- (c) for a different availability (for example “price £50, normally to special order only at £60”);
- (d) for goods in a different state (for example “price in kit form £50, price ready-assembled £70”); or
- (e) for special groups of people (for example “senior citizens’ price £2.50, others £5”).

### *Different circumstances in General*

**1.4.2** If you make comparisons with prices related to different circumstances, the product should be available in the different quantity, conditions etc at the price you quote. You should make clear to consumers the different circumstances which apply, and show them prominently with the price indication. Use of any acronym which may not be commonly understood should be explained - see para. 1.1.6.

### *“When perfect” comparisons*

**1.4.3** If you do not have the perfect goods on sale in the same outlet:

- (a) have regard to section 1.2 if the “when perfect” price is your own previous price for the goods;
- (b) have regard to section 1.5 if the “when perfect” price is another trader’s price; or
- (c) have regard to section 1.6 if the “when perfect” price is one recommended by the manufacturer or supplier.





























