

1. Do you agree with the guidance principles set out above?

As Scotland's official source of consumer advice for citizens, we agree with regulatory principles that codify what consumers should expect from advertisements. The health of the consumer landscape is determined by the ability of consumers to engage in informed and fair purchases. Without this, predatory business practises could be encouraged, resulting in increased consumer detriment.

With the ongoing cost of living crisis, Scottish consumers have seen their outgoing expenses increase across virtually all areas. As such, it is now more important than ever for any variations in price, or prices increases, to be communicated clearly and fairly, enabling consumers to make informed choices regarding their finances.

We believe that the principles outlined provide a solid foundation for ensuring advertising acts in the interest of consumers, as well as traders. We believe the five principles can help ensure more consumers are in a position to understand potential future price rises, thereby enabling consumers to make informed choices around purchases, which by extension can support financial resilience for households during a time of economic uncertainty.

However, we do have one amendment suggestion, related to the statement:

"Descriptions of future price rises, and terminology used are clear and simple to understand"

We believe that additional clarification and detail should be attached to this statement in order to ensure all reasonable efforts are made to prevent the disadvantage of vulnerable groups in understanding of "terminology". Additionally, further detail could also ensure that provision is afforded for those who have difficulties with reading or those who are not fluent in the English language.

2. Do you agree with taking the same approach to ads for both tiered and variable contracts, in terms of the level of prominence expected for information about mid contract price increases?

Through delivery of Scotland's consumer advice service, we have supported a considerable number of consumers who have experienced frustration related to misinformation surrounding purchases. Furthermore, we have seen first-hand the detriment that this confusion engenders, particularly with regards to vulnerable groups. As such, we believe that a uniform advertising approach to both tiered and variable contracts can help reduce the confusion experienced by consumers who are entering into a contract.

We appreciate that tiered and variable contracts will differ in terms of price increases, with tiered contracts carrying an expectation of an increase and variable contracts carrying the potential of one. Whereas a tiered contract outlines what will happen in terms of cost (providing key details on changes), variable contracts can increase by a certain amount or anywhere below that. This can lead to inaccurate budgeting for consumers. While this may necessitate a greater volume of information

for consumers interested in variable contracts, our experience has taught us that consumers are best served by the same high level of information being provided across all contract types.

This will prove particularly important when household budgets are stretched and spending cutbacks will be experienced by virtually all consumers, regardless of the contract type they are interested in pursuing.

A uniform approach to informative advertising can ensure that both consumers of tiered contracts can fully understand expected price increases, and variable consumers can understand the risk of potential price changes.

We believe this approach must be carried out in accordance with the principles discussed in question 1, necessitating a transparent approach by advertisers and traders when providing information relating to contract types.

3. Do you have any comments on the use of terms used to describe rates of inflation such as CPI and RPI, and the level of understanding consumers have of these terms (including when they are referred to using an initialism only)?

Through our delivery of national debt and benefit advice services, we have extensive experience in discussing financial matters with consumers from all backgrounds. Our position in Scotland also means that we regularly engage with charity and regulatory stakeholders, from which we have established the importance of contextual terminology.

While regulators and other stakeholders often utilise formal and official terms, the public are often unaware of them and their definitions. Most consumers do not possess extensive knowledge of market terms, which leads to unnecessary confusion confronted with this type of terminology.

This is of particular concern for vulnerable groups. Initialism only increases the risk of confusion for consumers and exclusionary practices. If a consumer doesn't understand what these initials stand for, it is very unlikely that they can infer what it represents by guesswork alone.

We would suggest that inclusion of this terminology acts as a violation of the principle:

"Descriptions of future price rises, and terminology used are clear and simple to understand"

It would be advisable to regulate the removal of such terms from advertisements where possible. Abbreviations must be avoided where a consumer is not expected to understand them as common knowledge. Where the nature of the explanation or the need to use official terms exists, adaptations should be used to ensure that the consumer has access to the information they need to make an informed choice.

There should also be consideration of whether key terms come under the mandatory information mitigating factor discussed in question 4. The type of media channel through which the advertisement is disseminated can provide different opportunities to do this, with online advertisement having the greatest potential to provide additional information on terms via links and glossaries. Telephone sources should also be available for printed advertisements to ensure that there is a source of context for key terms. Context on the terms is required to be available in all instances, with the full titles of these terms being unintuitive without further explanation.

4. Do you agree with the mitigating factors listed as having the potential to cause an advertiser to take additional action in order to ensure material information relating to in contract price increases is sufficiently clear?

In order to ensure that consumers can make informed choices in all areas related to spending, the provision of additional information is of immense importance. The mitigating factors all necessitate the use of additional information to meet the concerns, questions or knowledge gaps the consumer may have. Compulsory information must be provided to the consumer, making mandatory provision of additional information key to fair transactions.

The size of the advertisement is also an important factor to consider, as traders may sometimes lack the space to provide key information. However, that should not act as a reason to obfuscate information from a consumer. Also, emphasis on contract terms and prices must be qualified with additional information to ensure that the consumer is not misled or lacks the information to make an informed choice. Additional sources of information must be provided with the context required to understand the purchase, including multichannel communication options to secure additional information. Ideally, Ofcom and Government web pages should include guidance on terminology as well, with requirements for online advertisements to link to them.

We agree that these mitigating factors are clear, yet we would advise that two additional factors be added to ensure that all consumers are protected by them. The first relates to the barriers or difficulties faced by vulnerable groups which are alleviated through the provision of information in a different format, such as for those who experience difficulty reading. The second relates to significant changes in the consumer landscape, regulatory frameworks or the consumer market which the contract relates to. This would ensure that context and information is clearly available regarding how these changes are implemented and what impact that has on the contract.

5. Do you agree that in instances where multiple offers/products appear on one page (for example, on a telecoms provider's own website), it may be sufficient for prices to link or refer to a suitably-prominent single piece of information about mid-contract price increases, rather than including this information within each individual product listing?

The answer to this question is dependent on the two priorities of clear information and sufficiently extensive information. Both are highly important for consumers as they need to understand their contract but must also know enough about the terms of the contract to ensure an informed decision.

In our experience as Scotland's official consumer advice service, we have seen how the prioritisation of information across conflict types can conflict with consumers finding the clearest information on their potential purchase(s). On one hand a consumer needs to be able to know what their options are without having to extensively learn the terms and concepts around consumer law. On the other hand, the consumer must have at least an understanding of the protections they have.

Therefore, our advice strikes the balance between accessibility and depth, ensuring that the consumer is informed. We believe that a similar balance should be struck with multiple offers/products appearing on one page. It would be ideal for all the relevant information to be on one page to ensure that the consumer is sufficiently informed. It must be clear to the consumers what each item costs and what can be purchased separately. However, in certain cases, this could

result in confusion or difficulty due the size of complexity of information, with due diligence required by traders, advertisers and regulators to ensure that advertising strikes a balance between informative and accessible. We would advise that in the absence of additional information, that there be a source of information for consumers to use to get full details. This should be multichannel (E.g., phone and online) and be easy to access (e.g., A guide that is easily searchable online as opposed to a link on printed advertisements).

6. Do you have any other comments or suggestions in relation to the proposals?

We would advise that regulatory efforts be made to ensure that the timing of tiered telecom advertising does not adversely affect the choices of consumers. As explained in the guidance of this consultation, consumers often experience issues related to the timing of price changes. We would advise that the proximity to such changes should be made clear to consumers within adequate time of the price increase itself. We believe that consumers should have all the information they need to make informed decisions and therefore there should be clear obligations for the trader not to mislead consumers, by omission or otherwise.