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Dear Gillian

**Digital Comparison Tools: Proposed changes to Ofcom's voluntary accreditation scheme**

Shell Energy Broadband - part of Shell Energy Retail Limited (SERL) - welcomes the opportunity to comment on this consultation.

We aim to offer our c. 100,000 broadband customers a reliable and affordable product with transparent tariffs: all our packages come with line rental, router and unlimited usage included, and with no activation charges or end-of-contract price rises.

**We welcome any proposals to improve the accuracy and transparency of Digital Comparison Tools (DTC), but have two significant amendments to the package under consideration.**

**First, accreditation should be mandatory for all DCTs.** The issue with today's voluntary approach for broadband, as the Competition and Markets Authority (CMA) concluded in their cross-market 2017 study into DCTs, is that: *"many DCTs, including the biggest two [for broadband, covering more than 70% of DCT switches], do not sign up. This raises a...question...of the effectiveness of the scheme in protecting against...potential poor outcomes"*.<sup>1</sup>

In the cross-sector review, the CMA specifically concluded that: *"the voluntary schemes adopted in energy and telecoms appear more likely respectively to lead to distortions or to lack substantial impact"* versus the mandatory schemes in other markets".

Furthermore, of all the DCT sectors studied by the CMA, broadband was the "least effective", with 10% of sales via DCTs compared with about 55% for motor insurance. We believe this is due to the fact that (i) the majority of sites, including the two most significant, have not signed up and (ii) even accredited sites use complex algorithms which, at best, confuse consumers.

The CMA concluded that there needs to be *"greater clarity and consistency to how DCTs should behave, and what consumers should expect,"* and we agree. This should happen as a priority, given the rapid increase in services DCTs are likely to begin offering soon, covering not only multi-utility bundles but also automated switching and smart services.

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<sup>1</sup>Digital Comparison Tools: Final Report, CMA, 26 September 2017, [Link](#)

As the CMA concluded *“Where regulation of suppliers’ sales and marketing activities is judged necessary, as in energy and broadband, there is a case for applying similar rules to other firms doing these activities – such as DCTs.”*

**We therefore urge Ofcom to consider a mandatory accreditation process as a matter of priority. We would also urge Ofcom to ensure that the substantive rules dovetail with the work of Ofgem in particular, given the growing importance of multi-utility bundles.**

**Second, we believe that the rules on pricing need enhancing rather than removing: DCTs should continue to ensure comparison results are sorted by price by default and, additionally, Ofcom should remove the ability for sites to add complex and opaque weightings on top.**

In general we support Ofcom’s proposed move to principles-based regulation - in particular, we support the proposal that accredited comparison tools should no longer be required to compare services across a fixed 90% share of the market. We agree that, given the continued high market share of the “Big Four”, this could weaken each DCT’s bargaining position in negotiations with suppliers and could prevent innovation.

However, we do not think a principles-based approach is right in all areas where the same approach is needed to prevent consumer confusion at best or consumer harm at worst. In particular, we have significant concerns regarding how results are currently presented, which we believe this consultation will only exacerbate.

We agree that accredited comparison tools should be allowed to display sponsored results, provided these are clearly identifiable as separate from search-driven results. However, most DCT searches are calculated based on complex and opaque algorithms that ascribe value not only to price and quality metrics but to factors such as the popularity of deals and conversion rates.

At best this is opaque and confusing to consumers; and, at worst this creates a virtuous circle (for the site) but a vicious circle (for the consumer) where the most popular deals continue to be ranked more highly and therefore stay popular, even if most consumers would be better served selecting an alternative offer.

This will be exacerbated by the proposal to *“remove [the] our existing requirement that default search metrics must be price-based and afford accredited comparison tools the flexibility to employ a ranking of their choice when first presenting results, provided it is clear to users how such rankings are calculated.”*

**We agree with Citizens Advice that broadly speaking, consumers value quality and price above all other metrics: *“the ordering of Price Comparison Website search results should reflect the overall price consumers will be expected to pay for their deal, net of the impact of any commission, prioritising the most salient information for consumers, which in most cases probably means the price, plus a simplified measure of customer performance, such as [the Citizens Advice] star rating system.”*<sup>2</sup>**

We recognise broadband is not a homogenous product, with different download speeds, upload speeds, routers and bundled services impacting a customer’s perception of quality, and therefore a simple quality metric would like be difficult to develop.

We therefore propose price should be the default at this moment in time.

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<sup>2</sup> Response to CMA DCT Update Paper, Citizens Advice, 2017, [Link](#)



**We urge Ofcom to conduct and publish comprehensive consumer testing before coming to a final decision on this package.** Any changes should be shaped by the experience and expectations of ordinary consumers.

We thank Ofcom for the opportunity to comment on this consultation. As stated above, suppliers' sale and marketing activities are tightly regulated in energy and broadband: as the Digital Comparison Tool channel grows in importance, it is paramount websites are held to the same standards deemed essential to protect consumers in all other channels.

Yours sincerely

[not signed]

**Natasha Hobday**  
**Policy and Regulation Director**