Cooley

New UK Consumer Law Regime Comes Into Force

April 14, 2025

On 6 April 2025, the unfair commercial practices provisions of the Digital Markets, Competition and Consumers Act 2024 (DMCC Act) entered into force, ushering in a new enhanced consumer enforcement regime administered by the UK Competition and Markets Authority (CMA).

As set out in this July 2024 update, the DMCC Act significantly widens the enforcement remit of the CMA in consumer protection (in particular, in relation to online activities) and introduces new rules on 'drip-pricing', fake reviews and subscription contracts. With additional guidance published on 4 and 7 April 2025, we have set out below what businesses need to know, what they can expect from the CMA going forward and how they should protect themselves from risks arising from the legislation.

What consumer laws have changed?

The DMCC Act updates and replaces the Consumer Protection from Unfair Trading Regulations 2008, maintaining much of their scope and effect, including the existing legal tests. This means that:

- There continues to be a list of unfair commercial practices that are considered unfair in all circumstances.
- The 'transactional decision' test is retained. This provides that a commercial practice is unfair if both:
  - It is likely to cause the average consumer to take a transactional decision that it would not otherwise have taken.
  - The practice involves a misleading action/omission, an aggressive practice, a breach of the requirements of professional diligence or the omission of material information from an invitation to purchase.

However, the DMCC Act also introduces a prohibition on 'drip-pricing', i.e. a requirement to exhibit total costs upfront in adverts and online product listings, as well as a prohibition on submitting, commissioning or facilitating fake or misleading reviews. In connection with this, the DMCC Act places a positive obligation on traders to take 'reasonable and proportionate steps' to stop fake reviews being posted on their website.

In 2026, businesses also will be subject to additional obligations in connection with subscription contracts to make it easier for consumers to provide informed consent and to opt out of auto-renewal contracts.

What is the CMA's new role?

The DMCC Act empowers the CMA to directly enforce consumer protections through administrative proceedings, without having to go to court. For the first time ever, the CMA now has the power to:

- Issue direct infringement notices to traders in suspected breach of consumer law.
- Impose fines of up to 10% of annual global turnover, as well as personal fines of up to 300,000 pounds sterling to persons who are an 'accessory' to substantive consumer law infringements by a business.
- Impose enhanced consumer protection measures, such as redress orders.

These enforcement powers mirror the CMA's competition law rules, and recent guidance confirms that the CMA will approach consumer law enforcement using a similar framework to its competition law investigations. It is worth noting that the CMA can request information from businesses in connection with its investigations on an extraterritorial basis.

What can you expect in the next 12 months?

The CMA has publicly stated that it intends to take a proportionate approach to enforcement and to help businesses minimise compliance burdens. In its proposed approach to enforcement guidance, the CMA has identified the following priorities for the next 12 months:

- Targeting conduct which is more harmful to consumers and which represents a clear infringement of the law.
- Prioritising areas of essential spend to help with pressure on household spending.
- Carrying out engagement with businesses to help them comply with the law, recognising that there is limited case law on some areas of consumer law with now greater consequences for infringement.

The CMA expects to focus its early enforcement efforts on egregious consumer law breaches, including:

- Aggressive sales practices that prey on vulnerable consumers.
- The provision of objectively false information to consumers.
- Fees hidden until late in the buying process.
- Clearly unbalanced and unfair contract terms, including those imposing unfair exit charges.
- Where the CMA has previously determined that a practice is unfair through its previous enforcement work.
- Where the law is clear that a practice is always unfair.

With regard to fake reviews, the CMA has confirmed that it will focus on supporting businesses with compliance efforts rather than enforcement action for the first three months of the regime. Drip-pricing enforcement may begin over the next 12 months, where businesses seek to impose unexpected and untrailed mandatory charges at the end of a purchasing journey. However, the CMA also has confirmed that it will consult further on certain aspects of the new regime, including pricing fixed-term periodic contracts, and will provide updated guidance later this year.

In terms of penalties, the CMA intends to focus on ensuring that unlawful conduct is stopped quickly. As the regime does not apply retrospectively, the CMA expects fines to likely be lower in the first few months, although it may consider previous conduct in setting a monetary penalty (e.g. where there has been a previous failure to comply with CMA enforcement action).

What is your risk and how should you react?

All consumer-facing businesses operating or selling to UK consumers are subject to the new rules. While the new regime increases enforcement risk for all consumer-facing businesses, some are more likely to face initial scrutiny by the CMA. For example, recently published research found that digital markets, digital entertainment, internet retail, advertising and online booking of holidays were among the 10 sectors subject to the most CMA complaints. Similarly, businesses selling ‘essential household’ goods or services, or those interacting with consumers in a vulnerable position, are in a higher risk category, together with businesses employing complex pricing structures that make it more difficult for consumers to compare offerings across an industry.

Businesses, especially those more likely to be subject to CMA scrutiny, should therefore conduct a thorough review of their business models to identify any ‘ticking time bombs’ and noncompliant practices and processes. Sales and marketing teams, in particular, need to have a good understanding of the new rules, including on drip-pricing and fake reviews. To the extent that your business publishes consumer reviews, a clear policy should be put in place around commissioned and fake reviews, providing for regular risk assessments. Businesses also should review the online choice architecture used in the design of their websites, and assess whether the manner in which they present information and choices to consumers gives rise to any compliance risks.

Businesses also have to be aware of the broader regulatory context in which these new rules have been introduced. The DMCC Act has materially strengthened the CMA’s regulatory toolbox by enhancing its powers to intervene and enforce across its consumer, competition and digital remits, and the new regime allows the CMA to pick and choose which tools to use in order to address an issue in the market. Where the regulator previously had to rely on lengthy market studies and market investigations to implement changes across whole markets, the DMCC Act introduces a much sharper enforcement regime. This means that higher-risk businesses should not consider their consumer law obligations in a silo, and also should include competition law compliance within any review of their existing business models.

If you would like assistance in assessing the impact of the DMCC Act on your business, please contact a

member of the Cooley team.

This content is provided for general informational purposes only, and your access or use of the content does not create an attorney-client relationship between you or your organization and Cooley LLP, Cooley (UK) LLP, or any other affiliated practice or entity (collectively referred to as "Cooley"). By accessing this content, you agree that the information provided does not constitute legal or other professional advice. This content is not a substitute for obtaining legal advice from a qualified attorney licensed in your jurisdiction, and you should not act or refrain from acting based on this content. This content may be changed without notice. It is not guaranteed to be complete, correct or up to date, and it may not reflect the most current legal developments. Prior results do not guarantee a similar outcome. Do not send any confidential information to Cooley, as we do not have any duty to keep any information you provide to us confidential. When advising companies, our attorney-client relationship is with the company, not with any individual. This content may have been generated with the assistance of artificial intelligence (AI) in accordance with our AI Principles, may be considered Attorney Advertising and is subject to our legal notices.

Key Contacts

Caroline Hobson London	chobson@cooley.com +44 20 7556 4522
Leo Spicer-Phelps London	lspicerphelps@cooley.com +44 (0) 20 7556 4334
Claire Temple	ctemple@cooley.com +44 (0) 20 7556 4170
Anna Caro London	acaro@cooley.com +44 20 7556 4329

This information is a general description of the law; it is not intended to provide specific legal advice nor is it intended to create an attorney-client relationship with Cooley LLP. Before taking any action on this information you should seek professional counsel.

Copyright © 2023 Cooley LLP, 3175 Hanover Street, Palo Alto, CA 94304; Cooley (UK) LLP, 22 Bishopsgate, London, UK EC2N 4BQ. Permission is granted to make and redistribute, without charge, copies of this entire document provided that such copies are complete and unaltered and identify Cooley LLP as the author. All other rights reserved.