

# Consumer Panel minutes

## 12-4pm Thursday 25 July 2019

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### Attendees

#### Consumer Panel

Jenny Willott (JW) Panel Chair

Trisha McAuley (TM)  
David Thomas (DT)  
Walter Merricks (WM)  
Jacqueline Minor (JM)  
Claire Whyley (CW)  
Carol Brennan (CB)  
Helen Dolphin (HD)

Helen Swanbury (HS) Panel secretariat

### Invited guests

Nic Stevenson (NS) CAA, CSP  
Harry Farmer (HF) CAA, CSP (Item 3)  
Beth Corbould (BC) CAA, CMG (Item 4)

### Declaration of interests

None.

## 1. Chair's Update

JW opened and welcomed NS to the meeting. JW invited TM to update the panel on her attendance of the UK ACC AGM. This took place in Inverness and included a presentation from TM on the work of the Consumer Panel. The UK ACC delegates were very engaged and showed particular interest in our work on ADR and complaints handling, vulnerability and the AIR. They also expressed an interest in our forward work plan topics on digital technology and the impact of disruptions and have offered assistance with the latter. TM suggested that a representative from UK ACC should be invited to a future panel meeting which was agreed by all.

HS provided an update on the CAA's progress with the vulnerability work that the panel started and continue to be involved with. Consumer Policy colleagues will be presenting a possible framework to better embed vulnerability in CAA's regulatory decision making and policy development to the CAA Policy and Information Exchange (PIE) meeting of ExCo in November. A brief discussion was

held on the overlap between vulnerability and issues of disruptive passenger and it agreed that this should be reflected in the CAA's work.

HS also gave an update on the development of the Passenger Charter as proposed in the DfT's Aviation Strategy green paper. DfT colleagues are currently focussed on analysing responses and developing an approach to further development that involves key stakeholders. The DfT have proposed establishing an industry working group to better understand the appetite and feasibility for some of the ambitious aims of the charter. The CAA will be represented on this working group and we have requested the inclusion of a Panel member to ensure that the consumer voice is heard alongside industry's.

## **2. CAA Consumer Strategy Development**

NS explained that part of the CAA's strategy refresh was looking at the status quo which has led the CAA to conclude that their existing approach to consumers is working well and accurately represents what the Board believe the CAA should be doing in this field. That said, there is scope to develop this further by exploiting partnership working to achieve the best outcomes for consumers and continuing to learn from other regulators and consumer bodies. One example of this could be greater interaction with Transport Focus when considering issues with a multimodal dimension and considering how other sectors handle issues that also arise in aviation such as disruption.

NS is in the process of codifying the CAA's current approach and future ambitions into an overarching Consumer Strategy and discussed with the Panel his proposal to base this around the concept of vulnerability. This would reflect the findings of the Panels work in this area that all consumers could be made vulnerable at different points in their aviation journey and aims to capture the role of the CAA in addressing this.

NS also explained the CAA's digital strategy, explaining the need to consider the benefits and risks of automation in safety regulation and on the importance of working with other regulators for the best consumer outcomes.

In response to NS's presentation and suggested discussion points, the Panel challenged the proposal for the vulnerability strategy to form the basis of the consumer strategy. JW cited concerns that areas of CAA responsibility such as economic regulation and pricing are often not seen as consumer issues and that a focus on vulnerability would encourage this. This was countered by CW who stated that the Panel has encouraged the CAA to consider all consumers as vulnerable depending on the situation and that in practice this would cover all aspects of the CAA's work.

The Panel also expressed concern that the consumer strategy was being considered as a standalone issue when in fact the consumer interest should be embedded across all the CAA strategies, and challenged the current CAA principle of "empowering" consumers as this does not reflect the role of the CAA in protecting them and may conflict with a vulnerability agenda. There was a request for further efforts to move away from the rebuttal assumption which has occurred in consumer enforcement but is not evident in the CAA's economic regulation and a suggestion that the CAA could do more to understand the 'average' aviation consumer to help shape policy decisions.

## **3. Aviation Consumer Survey**

HF was introduced for his final presentation to the Panel, as he is leaving the CAA in the autumn. The Panel thanked him for his work and wished him luck for his next role.

HF explained that the next wave of the CAA's Aviation Consumer Survey would be published in early August. He set out the changes that had occurred since the survey was last presented to the Panel, including a change of provider, streamlined questions, the creation of the Aviation Consumer Working Group and the production of a dashboard summary report.

Discussing the results of the survey, HF identified a decline in satisfaction but explained that this cannot be attributed to any specific cause and is also evident in other sectors. The survey highlights specific issues with complaints handling and communication during disruption and delays, and it was suggested that problems on board and with baggage have a significant impact on overall satisfaction. HD stated that the Accessibility Framework should have a positive impact on satisfaction with PRMs services going forward.

For future surveys, the Panel suggested testing the public's appetite for regulatory intervention by asking consumers about their expectations of consumer protection and proposed more work to investigate which components of air travel are most stressful.

#### **4. Economic Regulation Overview and Update**

BC was introduced to deliver an extended session on the CAA's economic regulation role, having been asked to provide an overview of the key components of the CAA's approach as well as specific updates on developments with Heathrow and Gatwick.

BC began by explaining the CAA's economic regulation framework and setting out how the legislation under which the CAA carries out this function is modern and flexible. This allows the CAA the freedom to decide where regulatory oversight is required and prove why, using the tests set out in Civil Aviation Act 2012.

BC's presentation explained the main principles of economic regulation that apply to aviation with an overview of the CAA's role in price monitoring. BC explained that scenarios where the airline and airport reach a commercial agreement without intervention are considered evidence of the market working under the assumption that competition serves the consumers best.

The incentives for efficiencies were explained and the regime for compensation for airlines if service level agreements are not met. The Panel asked how consumers were compensated when they were the ones impacted. BC explained that as this was not an abuse of market dominance it was not directly within the CAA's remit but did state that whilst it is difficult to provide direct redress to those individuals, the regime incentivises airports to make improvements which benefits consumers.

In response to a question from the Panel, BC also explained that it is not easy to identify how much of the ticket price covers the cost of using airport services which further points to the impracticality of providing redress for airport failings.

BC went on to provide an update in developments with the regulation of Heathrow and the CAA's H7 review with a timetable up to 2050. BC also put forward the CAA's view that a new runway would increase competition which benefits consumers and that the involvement of Panel members in the Heathrow's Consumer Challenge Board (CCB) had been extremely valuable. The CCB has helped improve the understanding of incentives and ensured that consumer insights have been feed into the planning process. A discussion was held on the surface access strategy and on the need for environmental targets to be met.

Moving on to Gatwick, BC explained that there is a strong preference from airlines for the current commitments to continue and she also advised the panel that the airport has developed a runway plan that could almost double passenger numbers using the existing infrastructure.

In response to a challenge from TM, BC agreed that there is a lack of consumer representation at Gatwick airport and that the existing passenger advisory group does not adequately fulfil that function. GAL have however commissioned consumer research to help inform its business planning, the findings of which were provided as part of the presentation.

A brief discussion was held on how the Panel and consumers more widely can be assured that the level of regulatory oversight and intervention was appropriate. It was agreed that the CAA Board fulfil a crucial role in this process and that the level of scrutiny that they provide is effective.

## **5. Consumer Panel Digital Project**

HS provided a summary of the paper produced to consider the impact of online commercial practices on aviation consumers. The paper sets out insights available from existing research and publications produced by academics and other regulators on how data gathered is being used to target adverts, steer consumers to higher priced products and/or set personalised pricing based on assumptions about willingness to pay.

The subsequent discussion raised questions of whether aviation consumers were disproportionately impacted by these practices and whether the dominance of on-line booking channels in travel means that such practices could be an issue for the CAA to tackle as a sectoral regulator.

There was a debate over how the booking for air tickets differed from rail and from other products such as insurance. It was generally felt that aviation consumers maybe more vulnerable to these commercial practices compared to other sectors due to the infrequency of the purchase and the acceptance of dynamic pricing models meaning that consumers expect significant variation in price. TM raised a related issue of where airline's IT failures lead to consumers paying more for flights, as the delay in making a booking denies them access to the fares available on the day they intended to book. This led to an interesting debate on pricing in general including price setting and price transparency which could be consider by the Panel further as part of a separate workstream.

The Panel suggested that digitally enabled commercial practices and the CAA's response to it could be a topic to test in the Aviation Consumer Survey and agreed that it should be discussed further at a future panel meeting following the publication of reports expected from the CMA and ICO.

The panel also agreed that it would be useful to hear from external speakers who are experts in the subject. Following a suggestion from HS and JW, it was decided that a representative from the Centre for Data Ethics and Innovation (CDEI) should be invited to speak in October to explain what the Government is doing in this area and to learn more about how these commercial practices are being used in other industries.

The Panel are also interested in how data can be used to help consumers and will be considering this further with a commitment in its work programme to look at related issues later in 2019. The Panel therefore also agreed that a speaker should be invited to the October meeting to provide some background to this. JW provided a suggestion for an operational perspective on how innovation and data could help consumers by providing better information about industry performance.

It was further agreed that when this issue is revisited by the Panel in detail (Summer 2020), it should consider where the harm experienced by aviation consumers differs to other sectors and refer to the consumer experience and opinions on fairness.

## **6. A.O.B**

The dates for 2020 Panel meetings were confirmed and HS offered to email the details after the meeting. Proposed agenda items for the October Panel meeting were discussed. These included the speakers identified above, an update from the CAA on the vulnerability work and a discussion on the Panel's future workplan. Panel members were asked to give some thought to emerging issues that the Panel could incorporate into a workplan ahead of this meeting. An update on digitally enabled commercial practices will be on the agenda for January along with a paper to kick off the Panel's work on disruption management and more on vulnerability.

HD provided an update on the work with James Fremantle from the CAA's Consumer Enforcement Team and suggested that he attend a future panel meeting to provide an update on the Accessibility Framework and also suggested that January would be an appropriate time for an update on assistance dogs.