



# Department for Business & Trade

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Dear Rob and Stephen,

## SUPPORTING CONSUMERS IN ESSENTIAL MARKETS

The Prime Minister has been clear that cutting the cost of living is the government's number one priority. Achieving this will require focused action across governments and regulators. I am proud of the progress we have made, with inflation down, real wages rising and the OBR forecasting people will be £1,000 better off after inflation by the next election. New risks will always emerge which threaten this progress, the latest being conflict in the Middle East. This just serves highlight the need for us to redouble our efforts to bear down on costs, discourage unfair practices, and empower consumers.

Active, empowered consumers are central to this work. When consumers are able to seek out and demand the best deals in the market, they not only see cost of living benefits for themselves, they also drive businesses to innovate and compete, improving outcomes for all consumers. Too often though, consumers are being held back from playing this vital role. It is now more important than ever that we tackle the root causes of this. There are three areas that we need to double down on.

- 1. Pricing Practices that hide the true cost from consumers or penalise those in greatest need.*
  - **Loyalty penalties** raise prices over time for existing customers.
  - **Unexpected price increases**, including mid-contract, make consumers pay more than anticipated.
  - **Teaser pricing** and acquisition tariffs offer low initial prices before raising them.
  - **Opaque fees**, drip pricing, or hidden deals only accessible haggling over the phone, prey on vulnerable customers and working households.
  - **Regressive pricing**, where low-income households spend higher shares of income on services, with industry social tariffs delivered inconsistently and with low take-up.
- 2. Contract and Subscription Frictions that lead consumers to pay more than what they should.*
  - **Subscription traps** and auto-renewals keep consumers paying for services they no longer want.
  - **Opaque & complex** small print and service quality / coverage reduces consumers' ability to assess what they will pay or receive.
  - **Comparison difficulties** between offers and switching providers prevent consumers from accessing better deals.

3. *Enforcement Shortcomings that mean that everyday consumers feel like we are not on their side.*
- **Market-shaping enforcement** cases are taking too long and securing insufficient redress for affected consumers.

I know that you and other regulators have taken positive actions in this space over many years, but these problems remain stubbornly persistent. I am therefore asking you to respond to this letter, by 24<sup>th</sup> April, setting out the specific measures you are planning to take to address this type of consumer problem in markets where you have oversight.

In replying, I ask that you have particular regard to:

- how consumers experience markets across the boundaries of regulator's remits, and how you will work with – and learn from – other regulators and agencies to address this;
- what data could be made available – including through smart data initiatives - that would help empower consumers; and
- how we can maximise the positive impact of AI, in particular agentic AI, on how consumers interact with markets.

I recognise that as regulators you do not work in isolation and you have defined powers and remits. Where you believe that government and/or other actors are important to achieving these objectives, please set out what you think they should do, including, where relevant, any necessary changes to legislation or policy approaches.

Please send your proposals to No 10, and DBT by 24<sup>th</sup> April. Our teams, including colleagues working with the Prime Minister's Cost of Living Champion, Richard Walker, are available to discuss your proposals as you develop them, including where greater focus or support may be useful.

We plan to convene a meeting with you after reviewing your proposals to agree an action plan. Our aim will be to ensure that we collectively enhance the ability of consumers to achieve better outcomes when they interact with markets that are central to their cost of living and quality of life.

This collaborative effort is essential to ensure that our consumers are in the best possible position to benefit from innovation and competition across the economy. I respect the independence of regulators and am committed to working with you to achieve these objectives. Thank you for your attention to this important matter.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Peter Kyle', written in a cursive style.

**Rt Hon Peter Kyle MP**

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