

## *DMCC Act 2024 in Action: The Rise and Fall of “Drip Pricing” in UK Markets*



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### ***What is the context?***

Commercial practices may not always be the most ethical towards consumers and this is especially seen through platforms using “drip pricing”. *Drip pricing* refers to the practice of adding on additional fees at checkout while advertising cheaper headline prices. This strategy creates urgency by simply having consumers complete several steps just to get to checkout. Thus, consumers will end up paying the now increased price because they’ve spent a lot of time picking out the product and feel obliged to buy it.

This ethically questionable strategy puts unnecessary pressure on consumers, making them more likely to pay the extra cost. This essentially creates a false economy as honest businesses continue to display the real prices and lose out on sales. These hidden fees trick consumers into thinking they’re getting a good deal if they purchase from a certain brand, creating unfair market conditions.



## *What is happening?*

The old system did not allow the UK's Competition and Markets Authority (CMA) to directly fine companies, instead they had to go through long bureaucratic processes. This led to companies seeing consumer protection laws as mere guidelines or “the cost of doing business”.

The CMA has recently gained new powers under the Digital Markets, Competition and consumers act 2024 (DMCC). While the rest of the act came into effect in 2024, the CMA's powers came into effect on the 6th of April 2025. The CMA will be allowed to fine companies up to 10% of their global annual turnover and in certain cases companies may even have to compensate consumers.



Since April, the CMA have reviewed more than 400 businesses and have already sent out over a 100 letters to businesses nationwide advising them to be more transparent about additional fees that may apply. Companies such as Viagogo, StubHub and other ticketing platforms are amongst those who have been warned.

## *What are the consequences of this?*

This would have several consequences for businesses such as increased costs for e-commerce platforms, who may have to redesign websites to display prices as what they would be at the time of checkout. However, in the long term this would allow for complete compliance with regulatory standards, smoother transactions and greater customer satisfaction. These changes are not aimed towards increasing costs for a business— but aim to help protect consumers from unfair commercial strategies instead.

This may also increase marketing costs as companies will have to think beyond just reducing prices and make changes that comply with the DMCC act and CMA's regulatory standards to avoid fines. Additionally, this could result in more creative marketing campaigns that will aim to honestly entice consumers rather than confuse and pressure consumers.

What this means for consumers is a slight increase in prices for products and services such as tickets and gym memberships, which are the services that tend to use *drip pricing* the most. The CMA's new powers will also allow them to enforce stricter regulations regarding the ending of a free trial period where companies must now send reminders before the period ends and the consumer is charged. For consumers, the DMCC act means greater transparency during online transactions, a less stressful experiences with the removal of timed and false urgency tactics.



## ***Impact on commercial law sphere***

The DMCC act 2024 fulfils three critical functions; direct enforcement, deterrence and creating fair opportunities in the market. The CMA being able to directly enforce the DMCC act 2024 is a very welcome change as this means that more companies are likely to be fined in a timely and efficient manner allowing consumers to experience hassle-free situations and pay the prices they originally thought they would.

The new direct enforcement laws would not only mean fewer cases of *drip pricing* but also more fair market conditions for honest businesses to thrive in; a key goal for the CMA. Companies used to have a “ask for forgiveness, not permission” mindset earlier but this is likely to change with the CMA’s ability to independently decide fines for companies. Lastly, this will ensure fair opportunities for all businesses in the market as customers will be able to compare final and honest prices from several companies before making an informed decision.

From a legal perspective, this change is likely to also reduce the burden on the UK’s justice system. By fining companies directly and not having to appear before a court the CMA not only speeds up their own process but also ensures that the court’s time is not wasted on frivolous matters. This means the courts can be focused on

## ***Commercial word of the article***

*Drip pricing*: The practice of adding mandatory fees towards the end of a transaction process in order to attract consumers. Drip pricing uses psychology to cause consumers to believe they’re getting a better deal.

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