

Insights

CMA IMPOSES FIRST FINANCIAL PENALTY UNDER NEW CONSUMER POWERS IN DRIP PRICING CRACKDOWN

CONSUMER BUSINESSES TAKE NOTE

Apr 21, 2026

The pace of enforcement action in the UK's revamped consumer regime is picking up. On 15 April 2026, the Competition and Markets Authority (**CMA**) announced that it had concluded the first of a number of investigations into drip pricing and other unfair online pricing practices) commenced in November 2025. In doing so, the CMA used its new direct enforcement powers under the Digital Markets, Competition and Consumers Act 2024 (**DMCCA**) for the first time to impose a financial penalty for a breach of consumer law. The CMA has fined Automobile Association Developments Limited (**AA**) – the owner of AA Driving School and BSM Driving School – £4.2 million. It has also used its powers to order AA to refund more than 80,000 customers, bringing the total cost to almost £5 million. Affected customers will receive an average payout of around £9 without needing to take any action; refunds will be issued automatically to the card used at the time of purchase or, where that is not possible, by cheque.

The CMA found that learner drivers booking lessons on the AA and BSM websites between April and December 2025 were shown an initial price that omitted a mandatory booking fee, which was only revealed at or near the checkout stage.

DRIP PRICING

Drip pricing – adding charges partway through or at the end of the purchase process – is illegal and can mislead consumers into selecting goods or services on the basis of an artificially low initial price. Research by the Department for Business and Trade in 2023 found that 46% of online businesses sampled deployed hidden or drip fees, costing consumers an estimated £3.5 billion annually.

Under the CMA's price transparency guidance, where a business provides consumers with information about a product and its price – typically constituting an "invitation to purchase" – the total price displayed must be realistic, meaningful and attainable, presented clearly and in a timely manner, and must encompass all mandatory fees, taxes and charges from the outset. Mandatory charges must be included even at the early advertising stage; introducing compulsory charges that

were not disclosed at the outset is likely to constitute a breach of the DMCCA (and expose a business to the risk of the new DMCCA turnover-based fines for non-compliance).

HOW IS THE CMA UTILISING ITS NEW CONSUMER POWERS?

Large parts of the DMCCA came into force in April 2025 and fundamentally changed the consumer enforcement landscape in the UK by granting the CMA the power to enforce consumer protections directly through administrative proceedings, without needing to go to court. Under this regime, the CMA can issue infringement notices, impose fines of up to 10% of annual global turnover (or £300,000 where this is higher), order consumer redress and issue other directions. Breaches of undertakings or directions can attract penalties of up to 5% of global turnover, with additional daily fines for continuing non-compliance.

Since April 2025, the CMA has been conducting a cross-economy review of online pricing practices (including drip pricing and pressure selling) covering more than 400 businesses across 19 sectors, having previously identified potential concerns about unfair practices in 14 of those sectors.

In November 2025, the [CMA opened](#) its first online pricing practices investigations under the new regime into eight businesses (including the AA), issued advisory letters to a further 100 firms, and published finalised price transparency guidance. Businesses that received advisory letters were put on notice that they must review their practices and bring them into line with applicable law or face formal enforcement action.

The AA case demonstrates the pace at which the CMA is prepared to act under its new powers: the investigation was opened and concluded within five months. The AA engaged constructively with the CMA and took rapid steps to address the concerns raised. By admitting the breach and agreeing to settle early, the AA secured a 40% reduction in its penalty – from £7 million to £4.2 million. The CMA has stated that it will take into account proactive steps taken by businesses to correct infringing conduct when determining the appropriate level of any penalty.

The AA case is not an isolated action. The CMA's remaining six open investigations span a range of consumer-facing sectors, and the CMA has indicated that further enforcement activity will follow. Businesses across all consumer-facing sectors should treat this decision as a catalyst for immediate internal review – in particular, auditing every stage of the purchase process to ensure that all mandatory charges are disclosed from the first point at which a price is communicated. As the CMA's Chief Executive, Sarah Cardell, stated: *"If a fee is mandatory, the law is clear: it must be included in the price from the very start, not added at checkout, so consumers always know what they need to pay. At a time when people are watching every pound, dripped fees can tip the balance. With our new powers, it will never pay to break the law or treat consumers unfairly. Where the rules are ignored, we'll step in to put things right."* The CMA's price transparency guidance includes clear examples of good and bad practice to assist businesses.

The CMA has also been clear that businesses must engage constructively and promptly with its investigations, [recently](#) also issuing a significant financial penalty to a company for failing to comply with a CMA information notice in a timely fashion (although noting no assumption should be made that the company has infringed consumer law). The CMA highlighted that by ignoring the notice and failing to respond to the CMA's multiple communications, the CMA's work was delayed, causing it to spend extra time and resources to get the requested information.

HOW BCLP CAN HELP

BCLP's fully integrated global Consumer Practice regularly advises clients across a range of sectors on investigations and enforcement action by the CMA, the FTC, the EU Consumer Protection Cooperation Network, the ASA, Trading Standards, and other consumer bodies in the EU, US, and UK. With regulators signalling that consumer protection remains a key priority in 2026 and 2027, BCLP is well positioned to help businesses get ahead of enforcement risk.

The CMA has made clear that drip pricing is a priority enforcement area and that further action will follow; authorities in the EU and US are also looking closely at drip pricing and other online pricing practices. Businesses should take steps now to ensure that their pricing practices are compliant. BCLP can assist businesses across the UK, US and EU by reviewing how fees are presented across the purchase process, advising on remediation where concerns are identified, delivering targeted compliance training, and representing businesses in investigations or enforcement proceedings. For further information, please contact our consumer team (details below) or your usual BCLP contact to discuss any aspect of this article or your business's approach to price transparency.

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