



Department for Business, Innovation & Skills

PROTECTION OF SMALL BUSINESSES WHEN PURCHASING GOODS AND SERVICES: CALL FOR EVIDENCE RESPONSE FORM

The Department may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual responses.

The closing date for this consultation is 15 June 2015.

Your details

Name: Tehidy Holiday Park

Organisation (if applicable):

Address: Harris Mill, Illogan, Cornwall TR164JQ

Please return completed forms to:

Sean Browne

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Victoria Street

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Please tick the box below that best describes you as a respondent to this consultation:

<input type="checkbox"/>	Business representative organisation/trade body
<input type="checkbox"/>	Central government
<input type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Large business (over 250 staff)
<input type="checkbox"/>	Legal representative
<input type="checkbox"/>	Local Government
<input type="checkbox"/>	Medium business (50 to 250 staff)
<input checked="" type="checkbox"/>	Micro business (up to 9 staff)
<input type="checkbox"/>	Small business (10 to 49 staff)
<input type="checkbox"/>	Trade union or staff association

	Other (please describe)
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Question 1 **What examples are there of problems with the current arrangements?**

Comments: Small businesses who don't have a member of staff whose role is purely to agree contracts are in a vulnerable position and can fall into some of the pit falls the current system allows. Terms are not always explained clearly knowing the small business will not have the time or manpower to keep chasing the supplier. People new into a business are particularly vulnerable. Eg we did not know that a contract automatically renewed with a business after a year unless cancelled. We ended up with a contract rolling over with our electricity supply due to this reason.

Question 2 **Are these problems one-off examples, or are there problems which suggest trends, or structural issues, in certain sectors?**

Comments: The holiday park sector attracts people looking for life style changes, they therefore come in to a business environment with little or no experience.

Question 3 **Why are these problems not resolved through market mechanisms or current protections (including, for example: the ability to contract; trust, goodwill and supplier reputation or long-term supplier relationships; or the ability to switch supplier)?**

Comments: The suppliers know that people who are new to this sector have little understanding and when they do gain that knowledge they play on the fact that your time is limited and do not OFFER important contract details unless asked. In some cases this can go under a persons radar when they have several tasks to complete and no in team back up.

Question 4 **What examples are there of advantages with the current arrangements?**

Comments: little that I know of

Question 5 Are these advantages one-off examples, or are there advantages which are ongoing, or which occur in certain sectors?

Comments:?

Question 6 What features of the current arrangements are most beneficial to MSBs?

Comments:

Question 7 What features of the current arrangements are most costly to MSBs?

Comments: Lost time and being caught in a contract for longer than wanted

Question 8 How familiar are MSBs with the current arrangements, as described in Section 2?

Comments: Not at all

Question 9 With examples, what types of MSB are affected by any issues identified with the current arrangements, in terms of their size (by employee number and turnover), the nature of their business activity and location of their business?

Comments: As stated above, the small business owner has many tasks and can easily be led into a poor contract by another business who do not give the terms and conditions up front and clearly stated.

Question 10 What types of transactions are affected with possible reference to the goods or services purchased, the frequency of purchase, the size or volume of purchase, the characteristics of the seller?

Comments: New caravan stock represents a huge amount of our turnover, issues with this or with other contracts eg electric supply can be very difficult to manage.

Question 11 What has been the effect on the terms of trade for the MSB when making the purchase (or purchases) in question?

Comments: With all the changes that have occurred in recent years the small business owner is swamped with coping with new regulations and it is tempting to just keep contracts rolling over or not have the time to go into the fine print of new contracts.

Question 12 What indirect effects have there been on MSBs, for example, in consequential impacts on trade or competitiveness?

Comments: It does effect our competitiveness and also our ability to be confident with the future of the business.

Question 13 What other losses has the MSB suffered, for example, in time taken to resolve a problem (please quantify where possible)?

Comments: It is difficult to challenge a large organisation eg Calor - they refused to honour a contract that they had made a mistake in putting together. It had been agreed and signed, then they refused to honour it. We are member of the BHHPA, their solicitors acknowledged that Calor were in breach of contract and wouldn't be able to justify their position in a court of law BUT the cost of getting to this stage would not be acceptable for a small business and at the end off the day Calor have a monopoly on the market for gas supply here so we can't afford to UPSET them. So we just had to accept they can bully small

businesses. We ended up having to accept a more expensive contract.

Question 14 Or, what additional benefits has the MSB enjoyed as a result of the current arrangements, either as a purchaser, or as a supplier?

Comments: ?

Question 15 What types of problems are occurring with purchases? For example, are any issues identified mainly about problems of redress, i.e., refund or remedy?

Comments: It is difficult to challenge a large organisation eg Calor - they refused to honour a contract that they had made a mistake in putting together. It had been agreed and signed, then they refused to honour it. We are member of the BHHPA, their solicitors acknowledged that Calor were in breach of contract and wouldn't be able to justify their position in a court of law BUT the cost of getting to this stage would not be acceptable for a small business and at the end off the day Calor have a monopoly on the market for gas supply here so we can't afford to UPSET them. So we just had to accept they can bully small businesses.

Question 16 Or are they about disputes over contract terms, or related to unequal bargaining positions between two parties?

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Question 17 What other type of problem might there be, if not related to remedy or contract?

Comments: Monopoly. Large organisations can pretty well bully small businesses or offer less attractive terms

Question 18 To what extent do MSBs negotiate contract terms as against accepting standard terms and conditions?

Comments: Large organisations can pretty well bully small businesses or offer less attractive terms

Question 19 To what extent do contracts for sales and supplies to MSBs tend to limit liability for breach of statutory protections regarding goods and services, or other breaches of contract?

Comments: It is difficult to challenge a large organisation eg Calor - they refused to honour a contract that they had made a mistake in putting together. It had been agreed and signed, then they refused to honour it. We are member of the BHHPA, their solicitors acknowledged that Calor were in breach of contract and wouldn't be able to justify their position in a court of law BUT the cost of getting to this stage would not be acceptable for a small business and at the end off the day Calor have a monopoly on the market for gas supply here so we can't afford to UPSET them. So we just had to accept they can bully small businesses.

Question 20 Do MSBs to struggle to make effective purchasing decisions?

Comments: Time and the size to negotiate, we are small fry to larger businesses

Question 21 If so, what are the reasons?

Comments: No protection and larger businesses know this

Question 22 How do MSBs approach different purchasing decisions? For example, do they approach the purchase of core items and non-core items differently?

Comments: With difficulty as time and experience is against us.

Question 23 Do MSBs believe they have sufficient information when entering a contract with a larger supplier?

Comments: No this is with held in many cases eg length of term of contract. You are led to believe it is a year but unless you ask specifically it is not stated it is longer, it is hidden in the small print

Question 24 If so, what steps can MSBs take to ensure this is the case?

Comments: By having the same rights as a member of the public so terms are clearly stated and the BEST offer is given automatically

Question 25 If not, what types of information, and to what extent, are MSBs lacking?

Comments: Anything that a large business decides to withhold or tuck away if it is to their advantage.

Question 26 Does the ability of MSBs to make effective purchasing decisions differ depending on the type of purchase?

Comments: More costly decisions are given more time but what you hope are less costly are not given the thought they need as you are too busy.

Question 27 If so, how and for which types of purchases?

Comments: More costly decisions are given more time but what you hope are less costly are not given the thought they need as you are too busy.

Question 28 How are the current arrangements reflected in the business models of suppliers, both other MSBs and larger firms?

Comments: It allows larger businesses to bully small ones if it is in their company culture.

Question 29 Would different rights and remedies for MSBs affect the business models of suppliers, both other MSBs and larger firms?

Comments: yes

Question 30 Would it be costly for suppliers to distinguish between MSBs and other customers?

Comments: No

Question 31 How would firms supplying MSBs respond to changes in the rights of MSBs?

Comments: By knowing they have to be fairer

Question 32 What might the benefits be of applying any of the consumer protections set out in Part 3 to MSBs?

Comments: Less waste for MSBs and less profiteering from larger businesses.

Question 33 We are interested in views, with supporting evidence, on any of the protections – in responding, these need not be considered as a package. The key protections are set out in Part 3, but in summary these are:

- rights and remedies in relation to contracts for goods;
- rights and remedies in relation to contracts for services;
- rights and remedies in relation to contracts for digital content;
- terms limiting liability for key protections being automatically non-binding;
- right to challenging certain terms as unfair;
- requirements to provide certain information before a contract is made;
- right to withdraw from distance and off-premises contracts.

Comments: These views are above

Question 34 Alternatively, is there evidence that regulating MSBs with consumer legislation might have unintended consequences, e.g., chilling effect on the willingness of firms to enter contracts or costs associated with their being less flexibility in contracts etc?

Comments: Maybe they will offer higher rates to be able to recover lost money from cancelled contracts. Unless they are forced to offer their best deal up front.

Question 35 If problems arise, to what extent are MSBs also the suppliers and what are the costs to MSBs as supplier of extending consumer protection provisions to SMBs?

Comments: ?

Question 36 Are there any benefits or costs of having rights for MSBs aligned with those for consumers but not with other businesses?

Comments: Yes we would have clearer contracts and allow us to save time and the larger businesses would have to ensure we are fully aware of any consequences of the contract. We would also have the right to withdraw if it wasn't working for us.

Question 37 What other approaches could the Government take to protecting MSB rights?

Comments: ?

Question 38 Does an extension of rights need to be applied on a universal basis, i.e., equally to all MSBs?

Comments: yes

Question 39 Or should it be targeted at micro businesses only, or other specific types of MSB?

Comments: start with micro businesses to be able to see effect

Question 40 Should any additional protections apply to certain types of transaction only?

Comments: ?

Question 41 **How is the option to limit liability in the current arrangements used? Is it a useful option?**

Comments: ?

Question 42 **How would MSBs – and their suppliers – react if the option to limit liability was removed in all purchases?**

Comments: ?

Question 43 **What impact on enforcement might there be if any of the consumer rights set out in Part 3 were applied to MSBs?**

Comments: ?

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below. Please acknowledge this reply ☐



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