

Correspondence with Train Hugger regarding the transparency of online rail ticket fees

ORR has redacted all personal data

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Jacqui Russell
Head of Consumer Policy



Edmund Caldecott
CEO, Train Hugger
[by email]

11 December 2023

Dear Edmund,

Transparency of fees charged by online rail ticket retailers

We have today published a report on the transparency of fees charged by online rail ticket retailers. This report and the underlying review were conducted as part of our powers to monitor, investigate and enforce compliance with consumer law principles governed by the relevant legal framework.

The review has identified questions with respect to the transparency of the service that Train Hugger provides for its customers. We write to request further information and clarifications about your current approach and to invite you to make changes in view of the points raised. We would be grateful for a response by Friday 19 January.

Background to the legal framework

The consumer law framework aims to ensure that businesses are fair and open in their dealings with consumers. The Office of Rail and Road (ORR) has consumer enforcement powers for the rail sector, concurrent with the Competition and Markets Authority (CMA). We are a Designated Enforcer under Part 8 of the Enterprise Act 2002 (EA02) and have the power, where there is evidence of harm to the collective interests of consumers, to take enforcement action.

The two key pieces of legislation are:

1. Consumer Protection from Unfair Trading Regulations 2008 – These prohibit unfair commercial practices, including misleading actions and omissions. They prohibit failing to provide material information in an invitation to purchase, that are likely to impact a consumer's transactional decision. A misleading action can include providing a consumer with false information about the price of a product, or the way the price is calculated, or presenting the pricing information in a way that is likely to mislead the consumer, even if the facts themselves are accurate.

2. Consumer Rights Act 2015 – The two key principles of this legislation are that contractual terms should be transparent and fair. For a contractual term to be transparent, it should be written in plain and intelligible language and be legible. In terms of fairness, a contract term is understood to be unfair if it causes a significant imbalance in the parties' rights to the detriment of the consumer.

Consumer law principles: fees charged to customers

We are looking to improve compliance with this consumer protection legislative framework. Informed by this framework, we have identified a set of core principles relating to the application of fees (see Annex), which we are looking to uphold through this work. These principles seek to reduce various risks consumers face when they are presented with particular commercial practices. For example, paying more for their purchase than they had expected to pay because of drip pricing; or paying fees that they have not made an informed decision to accept, as they were not aware of the charges up front.

In order to improve industry practice we are looking at two specific areas, the presentation of fees during the booking process and information provision for customers about the terms and conditions of the service they are engaging.

Our review

We reviewed the information provided on 40 online rail ticket retailers' desktop websites and mobile apps in respect of booking fees (including finder's fees for split ticket options), fulfilment fees and refund/amendment fees.

We made test purchases for a low-value Anytime single fare, and simulated purchases for a long-distance journey, from each desktop website and mobile app. We gathered information utilising screen recordings and screenshots to capture our experience of the ticket sales process.

Our findings - Train Hugger

Consumer principle A: Booking fees

We found that Train Hugger did not incorporate its mandatory booking fee in the upfront price first displayed to consumers and therefore did not provide consumers a clear indication of the exact cost of their booking at the earliest opportunity. The mandatory booking fee was included in the price at the next stage of the booking process on both the website and app.

We welcome the breakdown of the total price into its component parts. This is shown on the first page of the booking process on the website. However, the price of the ticket is given much greater prominence than the booking fee (on both the website and

the app). Further, the app only provides this breakdown at the final stage of the booking process.

Please explain (alongside any supporting evidence) as to:

1. Why Train Hugger does not include the mandatory booking fee within the upfront price *and* your proposals for change in this respect;
2. Why the price breakdown does not give prominence to each of the charges being levied *and* your proposals for change in this respect;

Consumer principle B: Fulfilment fees

We noted that the pre-selected fulfilment option was a free-of-charge option. However, we found that when a fee-based fulfilment option was selected on the website, the price did not update until the next stage of the booking process. We did not observe fulfilment fees on your app. If fulfilment fees are charged in your app, please can you clarify.

Please explain (alongside any supporting evidence) as to:

3. Why Train Hugger does not incorporate the fulfilment fee in the price displayed to the consumer immediately once it is selected *and* your proposals for change in this respect;

Consumer principle C: Information provision

We could not find information on your website that states Train Hugger charges a booking fee. It is first apparent during the booking process a fee will be charged.

We could not find information on your website on the £1.00 fee to collect a ticket from the station.

We noted Train Hugger provided accessible information on refunds and their associated fees during the sales process, as well as on its website.

Please explain (alongside any supporting evidence) as to:

4. Why Train Hugger does not provide information to consumers on booking fees on its information pages, *and* your proposals for change in this respect;
5. Why Train Hugger does not provide information on its website about fulfilment options and their respective fees, *and* your proposals for change in this respect.

Next steps

We seek your responses to this correspondence and the queries raised by Friday 19 January via email to Consumer@orr.gov.uk. In the meantime, if you have any questions, please contact me directly by email.

The information you provide will contribute to our decisions on next steps. We plan to publish this letter and your response on our website. Should you wish to provide us with information that you consider to be commercially confidential, please provide this in a separate document, and we will take your representations into account accordingly.

Yours sincerely

Jacqui Russell

Annex: Consumer law principles

Presentation of fees during the booking process

A. Where there is a mandatory fee for purchasing a rail ticket online:

A1. it should be included in the price at the earliest opportunity, which for rail ticket purchases is commonly the upfront price that is first displayed to the consumer.

A2. It should be clear to the consumer that a fee is being charged and how much it is throughout the booking process.

B. Where there is a ticket fulfilment option available for a fee:

B1. it should not be pre-selected.

B2. where an option with a fee is selected by the consumer, it should be immediately included in the total price displayed to the consumer.

Information provision for consumers

C. There should be readily available, transparent and accurate information online for consumers to read in advance of engaging with the booking process about:

C1. mandatory booking fees associated with ticket purchases. This should explain when fees apply, state the level of any fixed fees, and explain how variable fees are determined (for example whether fees vary with ticket price, timing of purchase or any difference in fees between website and app purchases).

C2. ticket delivery options and any fees associated with each option.

C3. eligibility for refunds and ticket amendments, and any associated costs.



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27-29 The Hop Exchange
24 Southwark St.
London
SE1 1TY

The Office of Rail and Road
Jacqui Russell
Head of Consumer Policy
(by email)

24.01.2024

Dear Jacqui,

Many thanks for your email and letter of 11th December 2023. Please find below our responses to your questions.

ORR Q1. Please explain (alongside any supporting evidence) as to: Why Train Hugger does not include the mandatory booking fee within the upfront price and your proposals for change in this respect;

TH A1. Train Hugger is taking steps to combine the booking fee and train ticket price into an upfront price. We are planning for this change will be completed within approximately 90 days.

ORR Q2. Why the price breakdown does not give prominence to each of the charges being levied and your proposals for change in this respect;

TH A2. We actively encourage our customers to select the cheapest and greenest option. This is why a free e-ticket will always be pre-selected if available. For ticket on collection, the £1 additional fee is clearly stated in a large font. On the check out page, the tree fee and any applicable collection charge are clearly shown under the final price.

Collection Charge



Collect your ticket at a station (£1.00)

You will need your collection reference and any debit/credit card to collect your ticket from the station window or from a self-service ticket machine.

Tickets will be ready for collection shortly after booking.

Final payment page

Total to pay

£67.00

This includes £1.50 booking fee and £1.00 delivery fee.

On app, our assumption is the user is already using a mobile device, so we do not offer the choice of a physical ticket if an e-ticket is available.

ORR Q3. Please explain (alongside any supporting evidence) as to: Why Train Hugger does not incorporate the fulfilment fee in the price displayed to the consumer immediately once it is selected and your proposals for change in this respect;

TH3 A fulfilment option is a separate service to the actual ticket and so we display it separately.

For the vast majority of our tickets we do not charge a fulfillment fee as they use e-tickets.

ORR Q4. We could not find information on your website that states Train Hugger charges a booking fee. It is first apparent during the booking process that a fee will be charged.

TH A4. Train Hugger will provide more information on booking fees on a new fees page on its website. Please see below for more detail

ORR Q5. We could not find information on your website on the £1.00 fee to collect a ticket from the station.

TH A5. Train Hugger will provide more information on this £1 fee on a new fees page on its website. Please see below for more detail.

ORR Q6. Why Train Hugger does not provide information to consumers on booking fees on its information pages, and your proposals for change in this respect;

TH A6. Train Hugger will provide more information on booking fees on a new fees page on its website. Please see below for more detail.

ORR Q7. Why Train Hugger does not provide information on its website about fulfilment options and their respective fees, and your proposals for change in this Respect.

A7. Train Hugger will provide more information on fulfilment options and their respective fees on a new fees page on its website.

This is the new information we intend to provide:

URL: trainhugger.com/our-fees

Page Name: Our Fees

Location – Help Centre and Footer

Our Fees Explained

When booking train tickets with any retailer or carrier, there are often a variety of fees associated with your purchase and any cancellation or amendment. Our fees are fixed, so you'll always know exactly what you are paying when you book through Train Hugger.

Tree Fee - £1.50

We charge a £1.50 'Tree Fee' on all bookings. We use this money to pay for your tree. Money from the Tree Fee goes towards our Royal Forestry Society Grant. RFS members across the UK can apply to the grant and it is these landowners who ultimately plant your tree. Every time you book, we let you know the variety and location of your tree.

Refund/Exchange Fee - £10

If you have to cancel or exchange a ticket, we charge a flat £10 charge for this service. Any remaining ticket value over £10 will be refunded to you or can be used to exchange your ticket for another journey.

Advance Ticket Amendments – £10

You can amend the date and time of an advance ticket, provided the origin and destination of your journey remains the same. You will have to pay any difference between your original ticket price and the amended journey if it is more expensive. You will not receive any refund if the amended ticket is cheaper. The same £10 exchange fee applies to any amendment of an advance ticket. Note you cannot request a refund for an advance ticket.

E-Tickets and Mobile Tickets – Free

We do not charge you for E-tickets or Mobile Tickets.

Collecting Tickets from The Station – Free or £1.00 if an e-ticket is also available

We actively encourage our customers to use e-tickets where available. If an e-ticket is available but a customer opts to collect a ticket from the station, we will charge them £1. If there is no e-ticket available, (this is often the case in Scotland or certain stations in the UK such as Kenton), we will not charge the customer a fee to collect from the station.

Posting Tickets

We do not offer this service as we actively encourage people to use e-tickets or print them at the station if they must.

If you need any clarifications or would like to discuss our responses to your questions please do get in touch with me by email or phone.

Yours sincerely,

Edmund Caldecott
Co-Founder of Train Hugger

Jacqui Russell
Head of Consumer Policy



Edmund Caldecott
CEO, Train Hugging
[By email]

11 March 2024

Dear Edmund,

Transparency of fees charged by online rail ticket retailers

Thank you for your response to our letter of 11 December 2023. In our letter, we identified questions with respect to the transparency of the service that Train Hugging provides for its customers and invited you to make changes in view of the concerns raised. I am now writing to acknowledge the positive steps that you have committed to take. These actions, when taken together, address our concerns.

Background

The consumer law framework aims to ensure that businesses are fair and open in their dealings with consumers. We published a report on the transparency of fees charged by online rail ticket retailers in December 2023. Our report and the underlying review were conducted under our powers to monitor, investigate and enforce compliance with this legal framework. In order to improve industry practice we looked at two specific areas, the presentation of fees during the booking process and information provision for customers about the terms and conditions of the service they are engaging.

Informed by the consumer law framework, we identified a set of core principles relating to the application of fees. These principles seek to reduce various risks consumers face when they are presented with particular commercial practices. For example, paying more for their purchase than they had expected to pay because of drip pricing; or paying fees that they have not made an informed decision to accept, as they were not aware of the charges up front.

When we published our report we, at the same time, wrote directly to those retailers where we had concerns in relation to their practices and the risk of harm being caused to consumers.



Consumer principle A: Booking fees

We asked why Train Hugger does not include the mandatory booking fee within the upfront price, and why the price breakdown does not give prominence to each of the charges being levied.

We acknowledge that you are in the process of updating systems to combine the booking fee and train ticket price into an upfront price and that you expect this change will be implemented within 90 days of your letter to us, which we take to be by the end of April 2024.

Consumer principle B: Fulfilment fees

We asked why Train Hugger does not incorporate the fulfilment fee in the price displayed to the consumer immediately once a fee-payable option is selected.

We acknowledge that you do not charge any fulfilment fees on your app. You explained that on your website, the fee-free option of an e-ticket is pre-selected, and for collection from the station a maximum fee of £1 applies which is presented quite clearly on your website in large font. This fee is included in the total price at checkout alongside a breakdown of any additional fees.

We note that you do not intend to make any changes at the moment. We encourage you to look at future opportunities to include any fulfilment fee in the total price at the earliest opportunity.

Consumer principle C: Information provision

We asked why Train Hugger does not provide information to consumer on booking fees or fulfilment fees on its information pages.

We acknowledge that you have set out for us the additional information that you plan to provide on your website about your fees. We expect to see this new content live by the end of March 2024.

Next Steps

Train Hugger has taken steps to implement the actions necessary to address most of our concerns. We will monitor your progress in delivering your final actions. Please confirm to us by the end of March 2024 that you have published the information about fees on your website, and by the end of April 2024 that your system changes have been implemented.

Yours sincerely

Jacqui Russell