



Retail Information Code of Practice - Update and Next Steps

September 2015

Introduction

- 1.1 Train companies, like other retailers, are subject to the requirements of consumer law when providing information about and selling their services to consumers. They need to understand and take responsibility for how they comply with legal requirements in a retail environment. This is particularly the case when consumers are faced with a variety of products, retail channels and competing factors such as cost and convenience when making purchase decisions.
- 1.2 Over the course of 2014 we worked collaboratively with Train Operating Companies (TOCs), ticket retailers and Transport Focus to develop a Code of Practice on Retail Information (“the Code”). The Code provides clear guidance to TOCs regarding the information that should be available to passengers when choosing, buying and using rail tickets. It also sets out how this information can be presented to consumers so that they can purchase the best ticket for their individual needs. The Code was agreed and published by the Association of Train Operating Companies (ATOC) in March 2015¹.
- 1.3 We believe that a collaborative and transparent programme of action in this area can deliver substantial progress and more immediate benefit for consumers. However, as a designated enforcer under Part 8 of the Enterprise Act 2002 we can take action to ensure compliance with the law where we find evidence of harm to consumers².
- 1.4 The Code is intended to help TOCs and other retailers comply with the Consumer Protection from Unfair Trading Regulations 2008 (CPRs) and sector specific obligations. It seeks to illustrate how these may apply in practice. It is not the ORR’s Code. Ownership should sit clearly with the industry and the principles and examples contained therein provide a useful

¹ <http://www.atoc.org/latest-publications/>

² See our guidance - http://orr.gov.uk/_data/assets/pdf_file/0017/5552/guidance_on_our_consumer_law_role_310310.pdf

tool when considering compliance with minimum standards in the ticket retailing environment.

1.5 The principles highlighted in the Code are those of good customer service but the success of the Code cannot be directly measured by customer satisfaction. Consumers may often be satisfied with their purchase but will have made that purchase decision based on partial information. This information asymmetry can result in consumers making poor decisions, paying a higher price than may be necessary and lead to mistrust, lack of confidence and dissatisfaction with the service and sector as a whole. A consumer appearing satisfied with a product or service does not in itself provide evidence or assurance of compliance with consumer law, and does not mitigate the failure of any company to comply with their legal obligations in this area.

1.6 This update report sets out how companies have started to consider the impact of the Code on their operations; outlines common challenges that have been identified; and proposes a way forward aimed at more fully understanding those challenges and how they can be overcome in the short to medium term.

2. What actions have TOCs taken in response to the Code

2.1 To assess the effectiveness of the industry Code and following its' publication we wrote to all TOCs, asking them to explain what steps they had taken to assess their processes and practices against the Code (and the underlying law); what the results of these assessments were; what areas they had prioritised for improvement and what plans they had to address issues that had been identified³.

2.2 We welcome the open and positive responses that we received from many of the TOCs. It is clear that some companies have taken a proactive and structured approach to the review of their retailing systems and processes. Many companies have actions identified, underway or completed that are aimed at delivering fuller, clearer and more accessible information to consumers when purchasing tickets via different retail channels including ticket offices, online and on-board trains. There was also recognition that the industry has more to do to make ticket purchasing easier and more straightforward for customers. This will in part be progressed by the wider introduction of smart media and other technologies to enable new and innovative ticketing to be introduced in the longer term.

2.3 However, some responses were less detailed, showed less understanding or did not consider the wider impact of the Code across all of the key retail channels. A number also suggested that further progress would require significant change to be made to industry back office

³ http://orr.gov.uk/_data/assets/pdf_file/0017/18017/compliance-monitoring-and-retail-information-2015-05-08.pdf

systems, or highlighted perceived limitations in the hardware or software involved in ticket retailing. We have outlined below a number of key points⁴ raised by TOCs for the most commonly used retail channels. **Where we have been provided with limited detail or assurance that companies have understood their obligations we will discuss this further with the companies concerned.**

Ticket Offices

- 2.4 It is clear that many customers prefer the face to face interaction offered by purchasing a ticket from a ticket office. For many, especially the more vulnerable or those who are non-internet users, ticket offices will remain the preferred channel for purchasing train tickets and services. A key issue here is that companies are required to balance the provision of an efficient and satisfactory level of service in terms of transaction time with need to adequately inform customers of key decision making information such as price, timings, restrictions, special offers or more flexible travel options.
- 2.5 A number of TOCs have identified staff training and questioning techniques as important in this area and key to how they will comply with the Code and the requirements of consumer law⁵. TOCs have identified the need for refresher training, effective communication when products or services change and a method of assessing and improving their performance in practice.
- 2.6 Many TOCs have said that ATOC is working on a revised version of the “Guide to Tickets” leaflet, which is currently available at stations, ticket offices and online. The guide provides information on ticket types, how to obtain discounts and where to buy tickets. In conjunction with this ATOC is also planning to produce information stickers that will be applied to ticket office windows, as well as training materials for staff.

Ticket Vending Machines (TVMs)

- 2.7 Ticket Vending Machines (TVMs) remain the greatest challenge for the industry to deliver fast and effective change for consumers. TVMs were originally conceived as “queue busters” selling simple types of ticket to passengers looking for a quick service. As the number and complexity of ticket products has increased and passenger familiarity with the growing self-service culture in other sectors has grown, TVMs are now often perceived to offer a similar if not identical service to that provided at the ticket office. As a result consumers using TVMs now have certain expectations of the service they provide.

⁴ Many TOCs have also responded to us by providing details of specific customer service improvements that they are progressing as part of their franchise specification that we have not sought to cover here.

⁵ There are also industry specific requirements, such as the “impartiality obligation” in Ticketing and Settlement Agreement, which TOCs need to comply with in this regard.

2.8 While initiatives such as the labelling of TVMs with information regarding their limitations was a positive move, its effectiveness will vary depending on a number of factors including existing perceptions; time constraints of those using the machine and the ease of understanding of the information provided on the label itself. It is clear that on a daily basis many hundreds of thousands of people may purchase the most appropriate ticket for their travel needs. However, a proportion will also make a poor purchase decision, possibly paying more than may be necessary or, in the most serious situation, choosing to travel with a ticket that isn't valid for the particular route, train or time required and incurring a penalty.

2.9 A number of TOCs have said there are problems in making changes to TVM functionality and usability that include:

- Financial incentives and constraints;
- Capability of existing hardware;
- Availability and capability of software (including the Graphical User Interface);
- Data feeds from wider industry systems;
- Supply chain issues; and
- Possible limited shelf-life of TVMs as a retail channel.

2.10 However, in response to our letter some TOCs have set out enhancements that they have been able to make to TVMs such as new messaging to explain time restrictions; new customer information on screens themselves, and changes to the sale of time restricted tickets (such as off-peak tickets) to enable them to be sold in time for the first available train. Such developments are positive and will benefit many consumers.

2.11 In addition, a number of longer-term industry programmes have been identified as delivering solutions to some of the challenges currently presented by TVMs. A number of TOCs have highlighted the Rail Settlement Plan's (RSP'S) new Product Management System (PMS). The PMS will replace a legacy system, enabling rail product and timetable data, together with its associated reference data to be stored, maintained and distributed to retail systems including TVMs.

2.12 Others have also referred to other aspects of the ATOC/RDG fares initiative or "5 point plan" as key in driving improvements to TVMs, including the development of design guidelines and work to tackle routing information and jargon. However, we need to understand more about how and when these initiatives will resolve the current issues experienced by some passengers when using TVMs.

2.13 ATOC has also very recently produced a "Ten Point Improvement Plan" which has identified key items that should be investigated in the short term to give an immediate

improvement to the customer TVM experience⁶. It is reassuring that a number of these items are reflective of our own conclusions (as set out below) and it is encouraging that ATOC has acknowledged the need for more immediate improvements to TVMs.

2.14 Overall a number of problems have been raised with TVMs and a number of TOC specific as well as industry initiatives highlighted. However, it remains the case that it is not clear to what extent all TOCs have clear plans to tackle known problems in the short and medium term.

2.15 We have set out in **Table 1** below what we believe to be the basic TVM functional requirements that, where they have not already done so, all TOCs should provide so as to ensure that passengers have the information they need to make decisions about their journey and choose the cheapest appropriate ticket for their needs. **As a next step we will be writing to all relevant TOCs to ask them, where they have not done so already, to more fully evaluate their current fleet of TVMs against these basic requirements.** This is necessary at an individual TOC level to give us greater clarity and confidence over what is being achieved in practice and what specific obstacles remain. It will also provide valuable input to support the work now being progressed under ATOC.

Table 1 – ORR Assessment of TVM Basic Functional Requirements

<p>Jargon</p>	<p>Elimination of certain terms including, but not limited to, “London terminals”, “Any permitted” and all abbreviated text e.g. “Anytime R” for “Anytime Return” or abbreviations of train company names.</p>
<p>Product Range</p>	<p>Provision of information on products that cannot be purchased at a TVM (including whether it is restricted to selling a single TOC’s products) on the homepage and/or screen saver if launched after a short period of inactivity.</p>
<p>Restrictions</p>	<p>Provision of ticket restriction and validity information, such as the time, route and TOC validities, alongside the price of the ticket.</p>
<p>Sale of off-peak fares</p>	<p>Display of, and ability to purchase, off-peak (and super-off peak) fares within a window of the off-peak starting so that passengers arriving at the station before the off-peak starts are aware of their options, (e.g. to delay their journey, if their schedule allows, so as to buy a cheaper ticket or, at the very least, have enough time to</p>

⁶ Given the dependencies between back office systems and the retail interface with consumers, a cross industry approach is of value. However, each TOC retains individual responsibility for how they ensure compliance with consumer law. ATOC’s work should not deter individual TOCs from making immediate improvements that are within their direct control.

	comfortably purchase their ticket and catch the first off-peak train). If information about Off-Peak tickets is only available at a certain time, or such tickets can only be purchased from a TVM at a certain time, then this should be made clear on the TVM, along with details of where off-peak tickets can be purchased, e.g. at the ticket office.
Filtering of fares	Ability to filter results by price or time of travel for example.
Fare options and cheaper fares	Provision of information before the conclusion of the sale advising consumers that other fare options, including cheaper fares, may be available from the ticket office.

2.16 **We will also require TOCs to clearly identify where issues in meeting these basic requirements appear to result solely from back office industry systems.** This is important so that we can establish how and when such issues will be resolved, alongside a clear description of whether further work at a TOC level will then be required before consumers realise the benefit of such broader changes. **Finally, we will be following up with ATOC/RDG to understand in more detail, what their 5-point plan and Ticket Vending Machine Ten Point Improvement Plan will deliver and by when.**

Online

2.17 The internet is the principal retail channel used to buy tickets before the day of travel. The nature of online sales generally means that TOCs have greater control over how consumers navigate the sales process. The design and layout of the site can be configured to ensure that information on e.g. ticket options, restrictions, price and timings is easy to access and can be filtered more easily based on consumer requirements.

2.18 In response to our letter many TOCs have referred to reviewing the content of their website to improve their online sales processes to make navigation more intuitive and information affecting purchase decisions clearer and easier to locate. Websites also provide an easily accessible online storefront from which consumers and stakeholders can assess and feedback concerns on the ticket sales process. **We will initiate further work - e.g. TOC website reviews to assess how quickly and easily key information can be found and understood – to assess how TOCs have complied with the Code via their online retail channels.**

Other sales channels and methods for providing passenger information

2.19 A variety of other retail channels also exist including telesales and rail “apps” with ticket fulfilment in a variety of ways such as e-tickets and print at home tickets. It is positive to note that some TOCs are considering the wider application of the Code across their entire sales process. This is an area that we believe may warrant greater discussion in the future as ticket retailing trends evolve.

2.20 **In addition to the above areas we would also like to examine existing best practice to show what more can be done to provide information to consumers on tickets – whether directly or via Quick Response (QR) codes – or alongside tickets, e.g. on ticket receipts or via other means such as SMS text messaging.** Such methods of additional information provision could be particularly useful in increasing levels of awareness amongst passengers of their rights to compensation when trains are delayed or cancelled or the circumstances in which tickets are refundable.

3. What more can be done to drive forward progress

3.1 We believe that compliance with consumer law should be an embedded business process and we expect individual TOCs to have in place mechanisms of assessing their retail processes for compliance. At an industry level we understand that the ATOC National Rail Mystery Shopping survey is designed to measure the accuracy and impartiality of retailing by TOCs on a national basis. The surveys are undertaken each year across station ticket offices, Ticket Vending Machines (TVMs) and TOC internet sites. **We will discuss with ATOC whether the survey could be used or refined to provide a valuable feedback mechanism to TOCs on key aspects of the Code that will assist them in meeting all their legal requirements in this area.**

4. Next Steps

4.1 Within this update we have set out a number of actions that will enable greater progress to be made in addressing how TOCs can demonstrate their commitment to Code and through this the likelihood of compliance with the Consumer Protection Regulations (CPRs). The next steps are to follow up on these actions (see Table 2 below).

Table 2 - Actions

	Action Points	Owners	Timing
.	Where we have been provided with limited detail or assurance that companies have understood their obligations we will discuss this further with the companies concerned.	ORR / TOCs	Write to relevant TOCs – by 9 th October.
.	Write to relevant TOCs to ask, where they have not done so already, to more fully evaluate their current fleet of TVMs against the basic functional requirements outlined in Table 1. This will require TOCs to clearly identify where issues in meeting these basic functional requirements appear to result solely from back office industry systems.	ORR / TOCs	Write to TOCs – by 9 th October.
.	Engage with ATOC/RDG to understand in more detail what their 5-point plan and Ticket Vending Machine Ten Point Improvement Plan will deliver and by when.	ORR/ ATOC	By 31 st October.
.	Initiate further work - e.g. TOC website reviews to assess how quickly and easily key information can be found and understood - to more fully assess how TOCs have complied with the Code via their online retail channels.	ORR	By December.
.	Examine existing best practice to show what more can be done to provide information to consumers on tickets – whether directly or via Quick Response (QR) codes – or alongside tickets, e.g. on ticket receipts or via other means such as SMS text messaging.	ORR / ATOC	By 30 th November.
.	Determine whether the existing ATOC national mystery shopper survey of TOCs could be used or refined to provide feedback on key areas of the Code to assist companies with compliance.	ORR / ATOC	Initial meeting with ATOC – 16 th September.

Use of the name, the Office of Rail and Road, reflects the new highways monitor functions conferred on ORR by the Infrastructure Act 2015. Until this name change is confirmed by legislation, the Office of Rail Regulation will continue to be used in all documents, decisions and matters having legal effects or consequences.



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