

Pricing Practices

Reference pricing and discounted offers



WHAT are the obligations?

Reference pricing is when businesses use price promotions that compare the current price to another price.

For example, comparisons with future prices, RRP, competitors' prices, or previous prices ("was / now" pricing).

When using referencing pricing:

- any claimed price advantage must be **genuine, not misleading or unfair**;
- it may only be used if it **accurately reflects a real price advantage**;
- guidance from the Competition and Markets Authority (CMA) explains that a pricing claim should be based on actual sales at or above that price, in **sufficient volume and for a sufficient period**, on the same website and immediately before the promotion; and
- if you cannot verify that a reference price is genuine and not misleading, do not use it.

WHAT should businesses do now?

- Review your current pricing and discounting claims to determine if they are compliant.
- See the **"How to Comply" section below for an example** demonstrating the volume and duration requirements.
- Consider training and guidance for sales / marketing and other staff involved in pricing strategies and communications.





HOW to comply?

- Reference pricing claims can mislead by omission, e.g. if the “was” price was never charged, or was only charged for a short period of time or in specific circumstances.
- Guidance has been issued by both the Chartered Trading Standards Institute (**CTSI**) and the CMA.

CTSI guidance

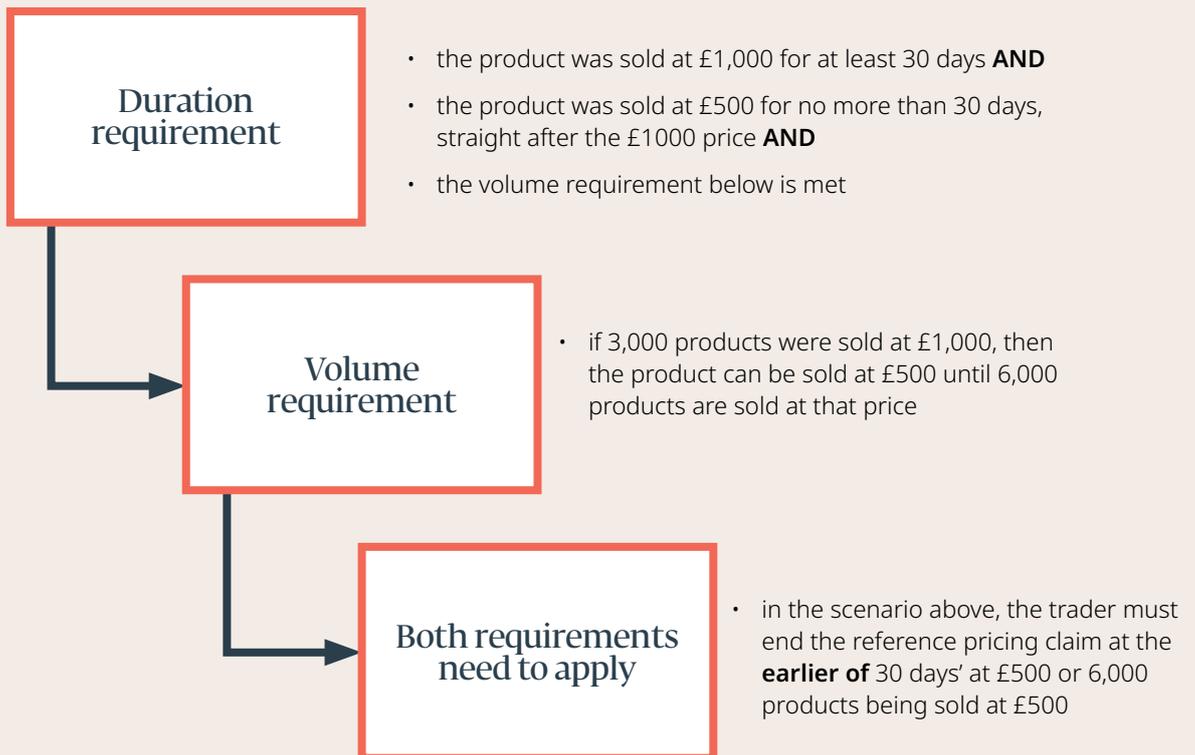
The [CTSI Guidance for Traders on Pricing Practices](#) (updated in November 2025) sets out a non-exhaustive list of issues that should be considered when determining whether a price reduction is genuine.

Relevant factors	How are these factors applied?
How long was the product on sale at the higher price, compared to the period for which the price comparison is made?	A price comparison that is made for the same or shorter period than the period during which the higher price was offered are more likely to comply, than if the discount period is longer than the period for which the higher price was offered
How many, where and what type of outlets will the price comparison be used in, compared to those at which the product was on sale at the higher price?	<p>A price comparison which is based on prices charged in the same store (or otherwise provide a “like-for-like” comparison) are more likely to comply.</p> <p>If the basis of the comparison is to be provided, this should be sufficiently prominent to avoid consumers being misled</p>
How recently was the higher price offered, compared to when the price comparison is being made?	The higher price should provide a genuine indication of current value
Where products are only in demand for short periods each year, are you making price comparisons with out-of-season reference prices?	Whilst seasonal pricing should not raise concerns, businesses need to be careful about making comparisons between prices in different circumstances
Were significant sales made at the higher price prior to the price comparison being made or was there any reasonable expectation that consumers would purchase the product at the higher price?	Can the business provide sufficient evidence that the higher price was a realistic selling price?

CMA guidance

- In August 2024, the CMA published guidance on reference pricing, addressed to the online mattress sector (although the CMA stated that it would also inform its work in other sectors). The CMA’s guidance set out **two key principles** that it considered must be met for a reference price to be compliant:
 - **Duration:**
 - the “was” price must have been offered for a sufficient period on the same website, immediately before the discount starts;
 - the “was” price should not be shown for a shorter time than the discounted price. The CMA suggests at least 30 days is likely to be compliant (which aligns with the EU position) but a shorter period may be acceptable depending on the promotion – e.g. the CMA accepted a minimum period of at least 21 days in undertakings from Simba Sleep; and
 - **Volume:** there must be sufficient sales at the “was” price to support the reference – the CMA’s guidance explains that **at least one product should be sold at the “was” price for every two sold at the discounted price.**

- For example, according to the CMA's key principles, the claim "**was £1000 – Now! £500**" is likely to be compliant if:



- When using a reference price in advertising, it must remain genuine throughout the promotion. Stop using the reference price if it no longer reflects a real price advantage.
- A subsequent reference price claim should not be used until another reference price has been established in compliance with the above principles (unless the discounted price is itself a reference price for a further discount).
- These principles will also apply for discounted prices that are advertised as increasing in future – in particular, the future sales must be made in sufficient volume and for a sufficient duration.



WHERE are these obligations set out?

- **The UK Digital Markets, Competition and Consumers Act 2024 (DMCC Act):** this contains provisions to protect consumers from unfair trading, including misleading acts and omissions. Prior to 6 April 2025, equivalent provisions were set out in the Consumer Protection from Unfair Trading Regulations 2008
- **CTSI:** [Guidance for Traders on Pricing Practices](#)
- **CMA guidance:**
 - on 1 August 2024, the CMA published "[Discount and reference pricing principles](#)" for online mattress sales (Reference Pricing Principles), which are also relevant to reference pricing more generally and apply in other sectors; and
 - on 18 November 2025, the CMA published its updated Unfair commercial practices guidance - "[Guidance on the protection from unfair trading provisions in the DMCC Act](#)".
- **ASA Guidance:** the Advertising Standards Authority has issued guidance and rulings on reference pricing ("[Make sure the price is right: using reference pricing in ads](#)"), including banning adverts with misleading pricing claims.



Anything else?

- There is **increased regulatory scrutiny** of pricing practices in the UK, with the CMA issuing guidance and launching reviews. The CMA has already investigated reference pricing claims, including cases involving:
 - [Simba Sleep](#) – resulting in undertakings accepted by the CMA; and
 - [Emma Group](#) – against which the CMA issued court proceedings in October 2024. The pleadings in this case cover the CMA's reliance on the 'volume requirement' in its reference pricing compliance assessment, and the interaction with the factors outlined in the CTSI Guidance. The case is listed for trial in June 2026.
- Please note that different rules apply in different jurisdictions, therefore, if you are offering discounts or promotions in other countries, those rules will need to be considered.
- For example, in EU Member States, EU law generally requires the reference price to be no higher than the lowest price offered in the 30 days preceding the discount, and the reference price to be the price without the discount before the first application of the price reduction.

