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16 June 2009

Enquiries and Reporting Centre
Office of Fair Trading
Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX

Dear Sirs

Complaint about unfair trading relating to the BAA arrangements for the provision of taxi and accommodation booking services at Stansted Airport

1. Introduction

1.1 Stop Stansted Expansion ('SSE') represents over 7,500 members and registered supporters including some 150 parish and town councils, residents' groups, national and local environmental groups and other organisations. SSE's objective is *"To contain the development of Stansted Airport within tight limits that are truly sustainable and, in this way, to protect the quality of life of residents over wide areas of Essex, Hertfordshire, Suffolk and Cambridgeshire, to preserve our heritage and to protect the natural environment."*

1.2 Since our formation in 2002, SSE has focused on fact-based campaigning and has carried out considerable research on environmental, economic, regulatory, operational, commercial and other matters relating to Stansted Airport and the wider aviation industry.

1.3 SSE took a close interest in the recent Competition Commission ('CC') market inquiry into BAA airports and amongst the submissions we made to the CC was one relating to the arrangements for the provision of taxi services and accommodation booking services at Stansted Airport. The CC received numerous complaints of a similar nature from taxi and minibus operators describing what were perceived as unfair trading practices at other BAA airports.¹ However the CC ultimately took the view that:

*"These concerns arise irrespective of common ownership, reflecting the strong position of any airport operator over the supply of services at an airport; and some relate to practices also at other airports; they are not therefore, in our view, appropriately addressed under the terms of this inquiry."*²

1.4 We are therefore writing to you and providing you with the evidence we submitted to the CC with the request that you investigate these matters.

¹ Ref: http://www.competition-commission.org.uk/inquiries/ref2007/airports/third_party_submissions.htm

² 'BAA Airports Market Investigation', CC, March 2009, para 1.13.

2. Evidence

2.1 Over the years SSE has received a number of reports alleging anti-competitive and/or unfair behaviour by BAA towards local taxi firms and B&B/accommodation establishments. With a view to obtaining a better understanding of the true position, or at least the position as perceived by these local businesses, SSE carried out a questionnaire survey of taxi firms and B&B/accommodation establishments in the vicinity of Stansted Airport. The survey was carried out in May 2008 using the questionnaire and covering letter as shown in Annex A.

2.2 A total of 185 questionnaires were sent out to the relevant businesses within about a 15 mile radius of Stansted Airport with a roughly equal split between taxi firms and B&B/accommodation establishments. We received 28 replies – a response rate of just over 15%.

2.3 Clearly there is a need for caution when considering the results from a sample of just 28 responses. However, the consistency of the matters complained about suggests that some credence should be attached to the complaints. The results of the survey are shown in Annex B.

2.4 Respondents were also invited to comment upon their answers to the multiple choice survey questions to explain and/or expand upon the answers given. Their comments are summarised below.

Taxi firms (15 responses):

2.5 The comments from taxi operators centred upon complaints about BAA's exclusive agreement at Stansted with 'Chequer Cars' which provides this one taxi firm with a dedicated pick-up area directly outside the terminal building while all other taxi operators are forced to pick up passengers from the short-stay car park.

2.6 The specific complaints from taxi drivers were:

- having to pay for using the short-stay car park;
- the inconvenience to themselves and their passengers of picking up from the short-stay car park;
- not being allowed to ply for hire at Stansted Airport even when they have a Hackney Carriage Licence from the local authority; and
- Chequer Cars charging significantly higher prices than local taxi firms and so passengers being overcharged for the benefit of BAA.

B&B/small accommodation establishments (13 responses):

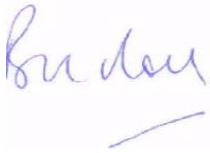
2.7 The main complaints from B&B/accommodation establishments were not against BAA directly but against the accommodation booking desk at Stansted which (like Chequer Cars) apparently pays BAA for an exclusive franchise. Although only three respondents stated that they pay commissions to this facility, others had paid commissions in the past and were either no longer being offered bookings or no longer willing to pay the set levels of commission.

2.8 More specifically, the complaints from B&B/small accommodation establishments were:

- having to pay 15% to 20% commission;
- preferential treatment given to airport hotels because a more expensive room would provide a bigger booking fee;
- the airport accommodation desk, when advising passengers looking for a B&B, giving the standard reply that all local B&Bs were fully booked. One local B&B owner had posed as a passenger to check the position and was given the same standard reply;
- failure of BAA to act on reports about unfair conduct by the airport accommodation desk, even when the issue related to passengers 'not getting a fair deal'.

2.9 SSE would be happy to provide copies of the completed questionnaires upon request if the OFT wishes to review the original documents. In the meantime we trust that this brief submission will be helpful to you in deciding whether BAA has a case to answer in relation to its treatment of local taxi firms and B&B/accommodation establishments and we would be happy to meet if you feel it would be useful for us to elaborate on any of the above points.

Yours faithfully



Brian Ross
for Stop Stansted Expansion

Enc

[Standard SSE letter heading]

12 May 2008

Dear Sir/Madam

Investigation of BAA Monopoly by Competition Commission

We are looking for your help in relation to a short questionnaire survey we are carrying out of certain types of local businesses, in particular taxi and car hire companies and local B&B/accommodation establishments. First, let us explain the reasons for this questionnaire.

As you are probably aware the Competition Commission is currently carrying out a market investigation into BAA's ownership of seven of the UK's largest airports including Heathrow, Gatwick and Stansted. Essentially, the Commission is seeking to establish whether BAA is abusing its dominant position in the market in such a way as to prevent, restrict or distort competition. The Commission has the legal power to order BAA to change its business practices when it publishes its final report on BAA, expected by the end of the year.

Stop Stansted Expansion ('SSE') has already provided evidence to the Commission on a number of issues relating to this investigation and intends to provide further evidence. We are also due to meet the Competition Commission on 17 June.

An issue which we have touched upon in our written evidence to the Commission (but have not so far provided detailed evidence) is the behaviour of BAA towards local taxi firms and local B&B/accommodation establishments from whom we have heard a number of reports over the years regarding unfair business practices on the part of BAA at Stansted.

Understandably, small local businesses are often reluctant to make a formal complaint, may simply not have the time to pursue the matter or may take the view that a lone voice will make no difference to the situation. However, we are sending this questionnaire to a large number of local businesses in the vicinity of the airport and, if the overall results show a widely-held view that BAA is not acting fairly, this would be persuasive evidence which we could provide to the Commission. The questionnaire does not ask for your business name or address and so is entirely anonymous.

Whether you are an SSE supporter or not, please take five minutes to complete this short survey and return by 28 May 2008 in the stamped addressed envelope provided. If you have any questions relating to the completion of the questionnaire or any wider questions about BAA's expansion plans for Stansted please do not hesitate to contact us either by telephone or email as shown above. Thank you in anticipation.

Yours faithfully

for Stop Stansted Expansion

STANSTED AIRPORT LOCAL BUSINESS QUESTIONNAIRE

1. Nature of you business (tick appropriate box)

Taxi/car hire Accommodation/B&B Other

If 'other' – please state your type of business

2. How much business do you obtain from Stansted Airport?

A great deal A fair amount Very little Negligible/none

3. Do you pay any fees or commissions for obtaining business from Stansted Airport?

Yes No Not applicable

4. If you ticked 'Yes', in answer to Question 3, please briefly describe and say whether you consider these fees or commissions to be fair and/or reasonable.

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.....
.....

5. Does the way in which BAA runs Stansted Airport have any effect upon the ability of your business to benefit from airport-related business?

Yes No Don't know

6. If you ticked 'Yes', in answer to Question 5, is this effect helpful or unhelpful?

Helpful Unhelpful Not applicable/don't know

7. Please briefly describe why it is helpful or unhelpful (as appropriate):

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.....
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8. Are there any changes to BAA's current business practices at Stansted that you would like to see? If so please briefly describe.

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9. Any other comments? (continue on reverse side of questionnaire if necessary)



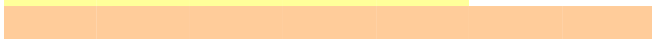
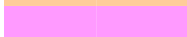
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Thank you for taking time to complete this questionnaire. Please return in the stamped addressed envelope provided by 28 May 2008.

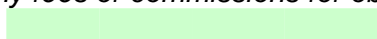

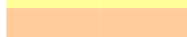
Summary of Questionnaire Survey Results

Taxi firms (15 responses)

Q: How much business do you obtain from Stansted Airport?

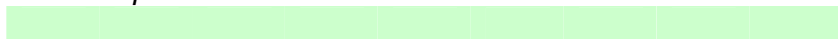
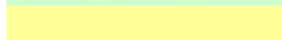
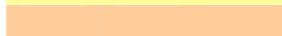
A great deal		1
A fair amount		5
Very little		7
None/negligible		2

Q: Do you pay any fees or commissions for obtaining business from Stansted Airport?


Yes*		4
No		9
Not applicable		2

* In answering this question, some respondents viewed car park charges as "fees" whereas others did not.

Q. Does the way in which BAA runs Stansted Airport have any effect upon the ability of your business to benefit from airport-related business?


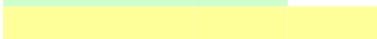
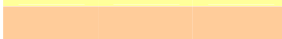

Yes		9
No		3
Don't know		3

Q. If you ticked 'Yes' [above] is this effect helpful or unhelpful?

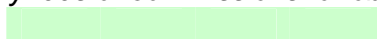
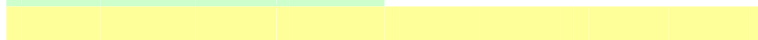

Helpful		0
Unhelpful		9

B&B/small accommodation establishments (13 responses)

Q: How much business do you obtain from Stansted Airport?

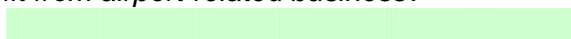
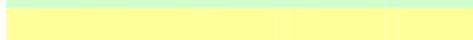
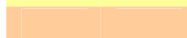
A great deal		3
A fair amount		4
Very little		3
None/negligible		3

Q: Do you pay any fees or commissions for obtaining business from Stansted Airport?



Yes		4
No		8
Not applicable		1

Note: Of the four respondents who stated that they paid commission for obtaining business from Stansted Airport three considered the commission unreasonable and one considered it reasonable.

Q. Does the way in which BAA runs Stansted Airport have any effect upon the ability of your business to benefit from airport-related business?

Yes		6
No		5
Don't know		2

Q. If you ticked 'Yes' [above] is this effect helpful or unhelpful?

Helpful		1
Unhelpful		5