

# GCA Response To Ofcom FUSO Consultation April 2025

## 0. Context to the GCA

0.1. The Greeting Card Association (GCA) represents a £1.5bn<sup>1</sup> creative industry of over 500 publishers, designers, retailers and specialist suppliers to the greeting card industry. Nearly half of all consumers have sent a card in the past month<sup>2</sup> and for 42%<sup>3</sup> it is now their sole reason for spending money with Royal Mail. Cards are tied to life's most meaningful moments—our product is not only central to how the public engages with Royal Mail but also delivers proven wellbeing benefits to senders and recipients alike. Contrary to assumptions that card sending is outdated, engagement is rising among younger consumers, particularly those buying online—last year, we grew by 4% overall<sup>4</sup>, a reflection of our ongoing, and even increasing, relevance. In a frequently digital world, the emotional and physical value of cards stands out, and their continued exchange supports both human connection and High Street vitality. A reliable, affordable and national postal service remains essential to sustaining this unique and deeply valued part of British life.

## 1. Introduction & Overview of Primary Legal Concerns

- 1.1. When the BEIS Committee commissioned Ofcom to instigate the current consultation back in 2023, there was an implicit understanding between the Government and Ofcom regarding the need to balance public interest with financial considerations. This long-standing regulatory convention was re-confirmed in Ministerial communications<sup>5</sup> and within Ofcom's 2022 statement on postal regulation<sup>6</sup>.
- 1.2. Instead, Ofcom has reframed these two potentially complimentary goals as an either/or scenario – at least in the near term:
- 1.3. At a time when Ofcom's own data shows that over 6 in 10 customers are sending less letters than 12 months ago '*because of the costs*'<sup>7</sup>, supply side decisions (service reductions) that benefit the monopoly incumbent's bottom line have been exclusively prioritised, whilst consideration of any demand management responsibilities that might reasonably retain volumes – thereby offering far more chance of protecting both consumers and profits concurrently - have been deferred to undefined future timeframes.
- 1.4. At the same time as Ofcom has been claiming Royal Mail require further regulatory relief, the existing regulatory framework has allowed Letters revenues to become the *consistently fastest-growing* segment of Royal Mail's business<sup>8</sup> – despite an unprecedented decline in Letter service to well below legally required levels.

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<sup>1</sup> 2024 Market Report, <https://www.gca.cards/gca-market-report/>

<sup>2</sup> Slide 14, [Post User Needs Research Report](#)

<sup>3</sup> Paragraph 5.25, [Review of Second Class safeguard caps 2024 \(ofcom.org.uk\)](#)

<sup>4</sup> 2024 Market Report, <https://www.gca.cards/gca-market-report/>

<sup>5</sup> As a non-exhaustive example, [Government rejects Royal Mail plans to axe Saturday deliveries](#)

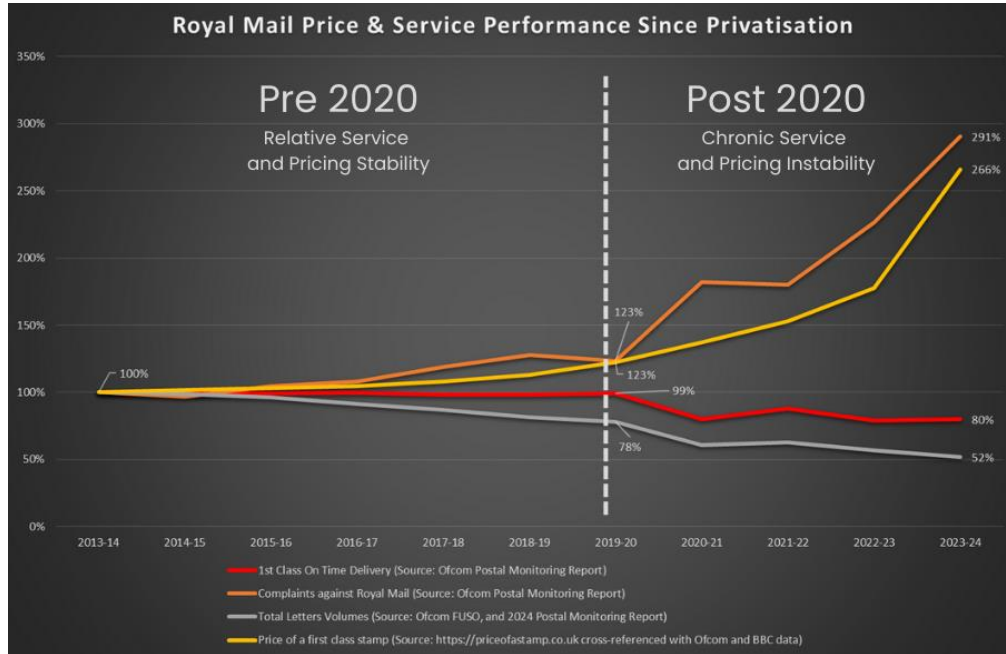
<sup>6</sup> Introductory Paragraph, Page 3, [Statement - Royal Mail's Reporting Requirements 2022](#)

<sup>7</sup> Paragraph 3.105, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

<sup>8</sup> Growing 8.3% in the 9m to December 2024, vs 6.4% parcels and 2.1% GLS growth [International Distribution Services plc Q3 trading update](#). This continues the trend from the previous reporting period (6m to Sept 2024), wherein Letters growth was 12.7%, vs 8.9% parcels and 4.4% from within GLS [International Distribution Services plc results for the 26 weeks ended 29 September 2024](#)

- 1.5. Graph 1 (below) shows clearly how dramatically the UK postal customer experience has changed since just 2020.

**Graph 1 – UK Postal Customer Experience (Baselined against Privatisation in 2013)**



- 1.6. Ofcom acknowledges its principal duty is ‘to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets’<sup>9</sup>. Ofcom believes its proposals meet this duty because:
- 1.6.1. Its approach will ultimately protect consumers in the long term by making the Universal Service Obligation (USO) more financially sustainable. This, it argues, will lead to lower prices over time compared to retaining the current USO.
- 1.6.2. It believes consumers themselves already accept these changes as necessary.
- 1.7. The problem is that Ofcom’s first justification rests on the hypothetical assumption of cost-plus pricing, but First Class is not subject to a price cap. Royal Mail holds a virtual monopoly over stamped mail and is required to maximise shareholder returns. In circumstances where Ofcom’s own data suggests fewer than 18%<sup>10</sup> of postal users *currently* choose Second Class because ‘it meets their needs’, policies that significantly widen the gap between First and Second Class by reducing Second Class standards—such as halving Second Class delivery frequency—not only push more consumers toward First Class but also significantly *increase* Royal Mail’s ability to charge more for the now increasingly differentiated, uncapped product. Put simply, Ofcom’s proposals are likely to lead to *higher* – not lower – average postal prices, than if the current USO was retained.

<sup>9</sup> As defined in Section 3 of the Communications Act 2003

<sup>10</sup> Slide 15 shows just 30% to 51% of users send letters second class (depending on the exact item being sent), whilst slide 16 shows that of those, just 35% choose Second Class because it meets their needs. 51%\*35% = 17.85%, both numbers from [Post User Needs Research Report](#)

- 1.8. Ofcom's second conclusion is also directly contradicted by Ofcom's own data; not least that gathered specifically to inform this study. This point is multi-faceted, and we expand on it subsequently.
- 1.9. We're not alone in our concerns: At the time of writing, over 15,700 UK citizens have signed our related petition<sup>11</sup>, expressing the view that Ofcom has misjudged the situation and that there is now a consequential need for greater parliamentary scrutiny of any change to the USO.
- 1.10. This is now the second time in 12 months we have respectfully asked Ofcom to consider whether their headline communications have at best, inadvertently misled the British public<sup>12</sup>. Accuracy within these issues matters not only to consumers but also to the British taxpayer, to Royal Mail itself, to wider industry and to high streets up and down the country.
- 1.11. Within our response, we have highlighted non-exhaustive examples of where we believe Ofcom's approach appears to breach current legislation. For ease of reference these are summarised in **Table 1** below.

**Table 1 – Six non-exhaustive areas where the consultation may breach current legislation**

Concern	Area of Concern	Relevant Legislation
1	Perceived failure to conduct an adequate Reasonable Needs Assessment as required for regulatory decisions, in view of: <ul style="list-style-type: none"> <li>A possibly biased and narrow definition of "reasonable needs," primarily and prematurely informed by operational convenience rather than genuine user-centric requirements.</li> <li>Apparent methodological flaws compromising data integrity, including incorrect context offered to participants, interviewer bias and structurally minimised consumer concerns, leading to a premature judgement on market adequacy.</li> <li>Explicit exclusion of socially significant user needs without apparent statutory justification.</li> </ul>	Section 30 (3), Postal Services Act 2011
2	Apparent failure to adequately assess the wider economic impact of proposed changes, particularly on downstream industries.	Deregulation Act 2015, Section 108 & Communications Act 2003, Section 7
3	Apparent failure to maintain an affordable postal service available six days per week, as mandated. Also, apparent failure to assess postal affordability before implementing service reductions, despite an acknowledgement of the need for related work.	Section 31 and Section 36, Postal Services Act 2011
4	Apparent failure to ascertain whether Royal Mail's costs have been incurred efficiently prior to proposing changes to the USO. Additionally, proposing USO reductions despite awareness that Royal Mail's costs are likely incurred inefficiently, thereby proposing passing unnecessary and disproportionate costs onto consumers.	Section 44(2), Postal Services Act 2011.
5	Perceived regulatory nonfeasance during Royal Mail's reduced delivery trial	Section 3(1)(b) of the Postal Services Act 2011 Consumer Protection from Unfair Trading Regulations 2008, Common law principles governing fair public consultation — including the Gunning Principles 1, 2 and 3
6	Apparent failure to provide wholly accurate and transparent public communications regarding the need for, and likely impact of, service changes.	General Public Administration Standards (potential grounds for Judicial Review).

<sup>11</sup> [Require parliamentary scrutiny of any proposal to amend the Royal Mail USO - Petitions](#)

<sup>12</sup> See paragraphs 2.41, 2.42 and 5.2-5.8 [greeting-card-association.pdf](#)

## 2. Why we disagree that Ofcom's approach will ultimately protect consumers in the long term, and instead increases, rather than reduces, the risks of a future public bailout

- 2.1. It would be understandable if Royal Mail, when lobbying, argued that any challenges within its parcels business are primarily due to the price and service regulations imposed on products where it holds a monopoly. However, even Royal Mail's board would likely acknowledge that there comes a point at which this narrative begins to unravel:
- 2.1.1. This is because both Royal Mail and Ofcom accept that there is a significant body of shared costs between Royal Mail's Parcels and Letters businesses, many of which appear to be fixed<sup>13</sup>.
  - 2.1.2. Indeed, in our previous consultation response, we highlighted to Ofcom that Royal Mail itself has emphasised the critical importance of Letters revenues in determining the incremental pricing strategy its Parcels business uses to compete<sup>14</sup>.
  - 2.1.3. The narrative appears to be that accelerating the decline of the Letters business could somehow fix the overall rate of return on Royal Mail's Reported Business, which is clearly not the case.
- 2.2. We also highlighted the significant body of established national and international evidence showing that a combined letters-and-parcels delivery model remains the most sustainable and competitive approach<sup>15</sup>
- 2.2.1. In recent months, our position has been further validated, as Royal Mail's competitors have increasingly adopted evolutionary delivery models—particularly in urban areas<sup>16</sup> – leveraging emerging green technologies to deliver all items in one efficient round.
  - 2.2.2. Against this backdrop, Ofcom's acceptance that Royal Mail's proposals justify further increases in First Class prices — on the basis that these deliveries will now be van-based<sup>17</sup> — appears increasingly out of step with evolving market practice. This is particularly notable given the consultation frequently cites environmental sustainability as a supporting rationale for the proposed changes.
- 2.3. The fundamental issue is that Ofcom's plan relies upon specifically accelerating the decline in overall Letters volumes without actually increasing total Letters revenues— with Ofcom's envisaged price rises meaning customers simply end up paying more for less<sup>18</sup>.
- 2.4. Ofcom's strategy is reliant on endorsing the optimistic assumption that Royal Mail's costs will fall faster than volumes - but Ofcom already state that Royal Mail has *'regularly failed to meet*

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<sup>13</sup> Paragraph 4.3, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

<sup>14</sup> Paragraph 49, [Royal Mail Response Ofcom 2nd class safeguards consultation response](#) and Paragraphs 5.11 – 5.14, [greeting-card-association.pdf](#)

<sup>15</sup> Summarised within Paragraph 5.12 [greeting-card-association.pdf](#)

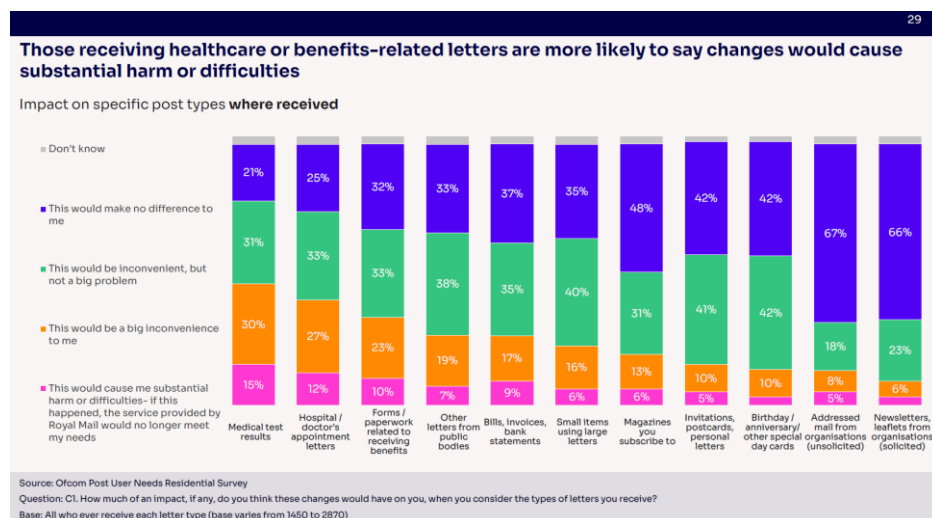
<sup>16</sup> As a non-exhaustive example, see [Amazon to challenge postmen with parcel deliveries on foot](#)

<sup>17</sup> paragraphs 4.27, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

<sup>18</sup> Paragraphs 4.28, 5.46, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

its efficiency targets over the years since privatisation<sup>19</sup>. Additionally, for reasons we’ve outlined in Paragraph 1.7, Ofcom’s proposals are likely to lead to increasing misalignment between consumer needs and monopoly provision.

- 2.5. In our view, this approach appears risky: reducing consumer postal protections seems more likely—rather than less—to accelerate the decline of the monopoly incumbent, whose financial viability Ofcom asserts must be its immediate priority.
- 2.6. If we are right, and this policy directly increases the future risk to the USO, it also directly increases the chances significant future public bailouts are needed.
- 2.7. Further, the announcement of a dedicated NHS barcode classification — made on the final day of this consultation — *fundamentally undermines the entire rationale behind Ofcom’s proposals*. Ofcom’s reforms are premised on enabling “batching efficiencies” through alternate-day delivery, yet Royal Mail is now rightly required to identify, prioritise, and expedite NHS letters, even during national disruption. This priority treatment breaks the very batching model the reforms depend on.
- 2.8. In addition, Ofcom’s own data shows medical letters are far from the only category of public concern<sup>20</sup>. Therefore, if side deals are needed to shield key politically important sectors *this fatally undermines the entirety of Ofcom’s argument that the proposed service reductions meet reasonable consumer needs*.



- 2.9. Rather than being universal, coherent, or equitable, the model risks becoming a patchwork of political exceptions that erode the integrity of the consultation’s cost case and risks delivering a more fragmented, inefficient, and ultimately less affordable service — particularly for those without the power to negotiate bespoke access to timely delivery.
- 2.10. In anticipation that history may well view this consultation alongside the contemporaneous Post Office scandal, and a time when Government is increasingly questioning the value of

<sup>19</sup> Paragraph 8.43, [The future of the universal postal service.pdf \(ofcom.org.uk\)](#)

<sup>20</sup> See slide 29, [Post User Needs Research Report](#) (shown above)

arms-length regulation, we have formally communicated the risks we foresee to the accountable decisions makers within successive Cabinets<sup>21</sup>.

### 3. Why Ofcom's conclusion that 'consumers themselves accept these changes as necessary' is misleading

- 3.1. We previously raised significant concerns with Ofcom's related data collection and interpretation techniques<sup>22</sup> which have remained unanswered for 12 months. In addition:

#### **None of Ofcom's three proposed changes were accurately communicated to survey participants**

- 3.2. Before outlining the proposed changes to participants, BMG informed participants that Royal Mail's financial challenges were due to falling letter revenues<sup>23</sup>. This is, at best, only partially true:
- 3.2.1. As referenced in Paragraph 1.4, Letters revenues are currently the *fastest growing* part of IDS's business.
- 3.2.2. Respondents were not told that Ofcom believed *the post-pandemic decline in parcels revenues (not least due to the industrial action of 2022)* was a key factor<sup>24</sup> in Royal Mail's present financial crisis, or that the financial sustainability of the USO was unknown to Ofcom because it was not possible to accurately divide USO and non-USO costs<sup>25</sup>.
- 3.3. BMG instructed participants to make decisions on the basis that the sole changes planned were to Second Class delivery frequency<sup>26</sup>. Participants were explicitly and erroneously told the First Class letters service wouldn't change<sup>27</sup>.
- 3.4. Respondents were also not informed of Ofcom's concurrent proposal to reduce reliability targets for all letter classes. Nor that Ofcom acknowledge the proposal would significantly reduce the number of delivery opportunities for Second Class letters — from three (under the current D+3 standard) to just one or two<sup>28</sup>. As existing service standards are already not being met, we believe the guidance provided to participants failed to transparently reflect the reduced margin for error and the materially increased risk of ongoing service delays and reduced reliability.
- 3.5. These omissions are of even greater significance because Ofcom repeatedly states that postal consumers attach the greatest value to affordability and reliability<sup>29</sup>. Participants were asked to accept reductions in delivery frequency as a trade-off to protect these two priorities—yet the proposals would, in reality, undermine *all three* protections at once.

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<sup>21</sup> Not limited to correspondence with Jonathan Reynolds on 26/07/24 (cc Justin Madders and Gareth Thomas), 16/04/24, 09/03/24, 20/12/23, 24/11/22, Rish Sunak 03/06/24 (cc Kevin Hollinrake) and Kevin Hollinrake on 16/04/24, 11/03/23, 07/03/23, 22/11/22.

<sup>22</sup> See 2.14, 2.15, 2.41 and 2.42, [greeting-card-association.pdf](#)

<sup>23</sup> Page 47, [postal-user-needs-survey-research-2024-technical-report.pdf](#).

<sup>24</sup> Paragraph 2.14, [The future of the universal postal service.pdf \(ofcom.org.uk\)](#)

<sup>25</sup> Paragraph 2.11, [The future of the universal postal service \(ofcom.org.uk\)](#)

<sup>26</sup> Page 8, [Post User Needs Research Report](#).

<sup>27</sup> Page 79, [postal-user-needs-survey-research-2024-technical-report.pdf](#). See also paragraphs 4.26-4.28, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

<sup>28</sup> Paragraph 5.33, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

<sup>29</sup> 90% and 88% respectively, Page 8, [Post User Needs Research Report](#).

- 3.6. Ofcom also appears not to have properly explained the operational implications of its model. Participants were told that Second Class letters would simply take “one extra day” to arrive<sup>30</sup>. In practice, however, the proposed alternate-day delivery model, combined with the loss of Saturday as a working day, would lead to delivery delays that would feel *equivalent to up to five working days (D+5)* – i.e. a letter posted on Wednesday could now arrive on either Monday or Tuesday depending on the week, rather than the current Saturday. This wasn’t clearly communicated to participants.
- 3.7. Whilst the consultation focuses on delivery, we are also concerned about collection. Consumers were not consulted on changes to post box availability or reduced collection times, despite growing concerns. Nor were they informed of the likely consequences for village post offices — Post Office Ltd reports that 64% of Postmasters anticipate a “large” or “extremely large” impact on their retail business, and 75% say the same of their Post Office operations<sup>31</sup>. The implication is clear – how many Post Offices will remain?
- 3.8. *Taken together, the points raised above means that none of Ofcom’s three proposed changes to the Universal Service Obligation were accurately communicated to participants.* Further, the important practical context as to how many users will experience the proposed end to end postal service was withheld – possibly because of the arbitrary end point of Ofcom’s current remit (which doesn’t include Post Office).
- 3.9. As such, Ofcom’s claims that the public acknowledge the need for the proposed changes cannot be true. In addition to raising serious questions over whether Ofcom has completed an adequate Reasonable Needs Assessment (as required under Section 30 (3) of the Postal Services Act 2011), it also brings into question whether Ofcom’s related communications have met General Public Administration Standards. We set out further concerns in the sections that follow.

### **Public concerns appear to have been structurally, systematically and subjectively minimised**

- 3.10. Ofcom’s consultation was structured in such a way that only the most extreme responses—those describing “*significant harm*”—were treated as meaningful. This created a binary threshold that failed to distinguish between a consumer experiencing *severe inconvenience* and one experiencing *no impact at all*. Both were effectively discounted<sup>32</sup>.
- 3.11. In matters of life or death—such as preventing systemic collapse—such a blunt instrument might be justified. But this is not one of those times. We’ve already set out several practical, demand-side levers that Ofcom could pursue alongside any changes to the USO, helping to reduce the risk of public harm<sup>33</sup>. These include meaningfully enforcing existing service targets, intervening more decisively when letter batching is suspected, or—just once since privatisation—encouraging Royal Mail to deliver a genuinely positive USO innovation that isn’t a *product retirement* or an *awkward barcode rollout*<sup>34</sup>. That Ofcom has *to-date* chosen not to

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<sup>30</sup> Pages 47,79, [postal-user-needs-survey-research-2024-technical-report.pdf](#).

<sup>31</sup> Pages 16 and 17, [post-office.pdf](#)

<sup>32</sup> By way of non-exhaustive example, see Paragraph 1.17, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

<sup>33</sup> Not limited to 2.17, and 6.3-6.11, [greeting-card-association.pdf](#)

<sup>34</sup> Page 2, <https://www.ofcom.org.uk/siteassets/resources/documents/consultations/category-1-10-weeks/275790-call-for-input-the-future-of-universal-postal-service/responses/royal-mail-annexes-1-7.pdf?v=305457>



explore these routes makes its proposals appear disproportionate and, in our view, unreasonable.

- 3.12. In our previous response, we highlighted the greatest risk to the public purse was Ofcom's lack of apparent understanding as to how the proposed changes could affect consumer demand – and therefore Royal Mail's long-term viability. Ofcom has provided no further evidence to suggest this fundamental issue has been addressed.
- 3.13. This is significant because, even when presented with only one of the three proposed changes — and that one inaccurately downplayed — over a quarter of respondents (27%) said such changes would mean the service no longer meets their needs<sup>35</sup>.
- 3.13.1. In terms of social impact, it is significant that the highest numbers of respondents suggest their needs won't be met in terms of sending and receiving healthcare and financial letters<sup>36</sup>, but that concerns aren't limited purely to these sends.
- 3.13.2. Ofcom's own data confirms what we already know: **greeting cards are the beating heart of personal post in the UK, with 42% of consumers saying it's the only reason they use Royal Mail**<sup>37</sup>. Yet even this deeply valued tradition is under threat. Despite growing demand, more people than not told Ofcom that the proposed changes would make it harder—more inconvenient—to send the one piece of mail that still connects us, especially at life's most meaningful moments<sup>38</sup>. This isn't a blip; it's a rising chorus. Last year, Ofcom found participants were already cutting back on *posting* Christmas cards—not because they wanted to, but because price and service made them feel they had no choice. Many expressed frustration at being forced into Second Class when First would have felt right<sup>39</sup>.
- 3.13.3. Further, the regulator acknowledges the changes will have '*significant or very significant impacts*' on people who are financially struggling, benefit recipients, people with limiting conditions and online marketplace sellers<sup>40</sup>.
- 3.14. Ofcom is aware their proposals will cause public harm but suggests this is '*justified by the benefits arising from [their] proposals*'<sup>41</sup>. This frames the situation as an artificially binary choice. But the real decision isn't between cuts and collapse—it's whether we approach the challenge with creativity or capitulation.
- 3.15. As outlined, Ofcom cannot know how consumers will respond to the changes—because it hasn't clearly explained what those changes are. Worse, the consultation appears designed to understate how many people now feel the service no longer meets their needs.
- 3.16. For example, BMG advises clearly that '*the presence of an interviewer in face-to-face settings has led] to moderated responses*' and '*telephone respondents [are] slightly less likely to give*

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<sup>35</sup> Page 9, [Post User Needs Research Report](#)

<sup>36</sup> Slide 29, [Post User Needs Research Report](#)

<sup>37</sup> Para 5.25, [Ofcom Consultation Second Class Price Caps](#)

<sup>38</sup> Page 8 and Page 39, [Post User Needs Research Report](#).

<sup>39</sup> Para 5.87, [Ofcom Statement Second Class Safeguard Gaps 2024](#)

<sup>40</sup> Page 9, [Post User Needs Research Report](#).

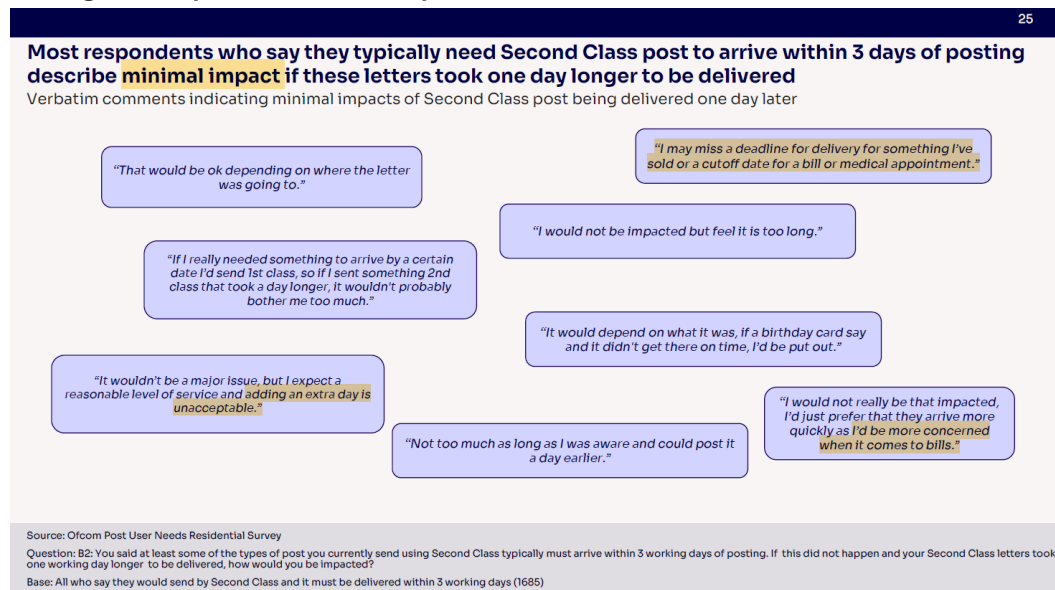
<sup>41</sup> Paragraph 2.65, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)



negative responses than those completing online, perhaps related to the presence of an interviewer<sup>42</sup>.

- 3.16.1. While there is no suggestion that BMG was aware the context provided to interviewers was misleading, the interviewers themselves would have acted as the conduit for that context. As such, they would likely have been — at least unconsciously — aware that Ofcom was predisposed to the view that some level of service reduction was necessary, and that making difficult trade-offs was to be encouraged.
- 3.16.2. Such dampening affects 31% and 39% of consumer and SME answers respectively<sup>43</sup>.
- 3.17. Throughout the consultation, there is no evidence that reviewers gave increased weight to participants' concerns. Instead, these concerns were routinely downplayed or reframed to avoid regulatory consideration. Of the eight examples cited, several reflect arbitrary judgments — with fears *of missing bills, sales, or medical appointments* dismissed as 'minimal impact'<sup>44</sup>. This points to a review process shaped more by predetermined conclusions than by genuine consumer concern.

#### The Eight Examples of 'Minimal Impact' – Source in Ref. 35



- 3.18. Taken together with the apparently misleading context presented to participants, these issues raise serious doubts about whether Ofcom has fulfilled its legal obligations. In particular, we again question whether a proper Reasonable Needs Assessment has been conducted under **Section 30(3) of the Postal Services Act 2011**, or whether Ofcom has met its duties to consider wider economic impacts under **Section 108 of the Deregulation Act 2015** and **Section 7 of the Communications Act 2003**.

<sup>42</sup> Page 5, [Post User Needs Research Report](#).

<sup>43</sup> Pages 9-11, [postal-user-needs-survey-research-2024-technical-report.pdf](#)

<sup>44</sup> Slide 25, [Post User Needs Research Report](#).

- 3.19. In advancing our position, we note we previously raised related concerns regarding the apparent use of leading questions and unconscious bias to Ofcom in March 2024<sup>45</sup>. These concerns remain unanswered.

### Consultation or Confirmation?

- 3.20. Given everything outlined above, you might reasonably expect the process to produce the headline: “Customers accept the need for change.”
- 3.21. Yet the simple fact remains - when unprompted, the majority of respondents say every aspect of the current USO remains important to them<sup>46</sup>. This is not an anomaly—it’s now a well-established and consistent position<sup>47</sup>.
- 3.22. It’s also worth remembering that the public’s parcel and letter-sending needs are virtually identical<sup>48</sup> - both, effectively, reflect the ubiquity of the 24/7 economy. Ofcom’s conclusion that the Letters market is ‘*overprovisioned*’ while Parcels is ‘*not misaligned with user needs*’<sup>49</sup>, only deepens concerns—it suggests this consultation was structured to validate a predetermined outcome, rather than genuinely test public opinion. If true, this risks fundamentally undermining the legality of the entire process under UK law.
- 3.23. Further, in January Royal Mail commenced a trial of reduced Second Class delivery frequencies in selected areas before the consultation has concluded, with Ofcom stating that **“We are unlikely to take enforcement action should Royal Mail proceed with pilots in the way that has been proposed.”**<sup>50</sup>
- 3.24. Ofcom’s decision appears not only procedurally and legally problematic — it is also material in scale: Ofcom estimates 4% of delivery points (reported as >1 million households<sup>51</sup>) across the UK will be subject to reduced delivery standards as part of this live trial - a structural suspension of statutory service obligations to a significant proportion of the UK population without regulatory amendment or legal justification.
- 3.25. Ofcom is bound by the Postal Services Act 2011 to **secure the provision of a universal postal service**. It is already aware that Royal Mail is failing to meet its service obligations. Yet, Ofcom has allowed a trial to proceed that cannot realistically improve performance—and has done so before concluding whether the proposed changes meet users reasonable needs, or updating the legal delivery requirements to reflect such a conclusion. This appears to be regulatory **nonfeasance** — a conscious choice not to act when statute requires it to.
- 3.26. Meanwhile, Royal Mail continues to sell First and Second Class stamps nationwide, apparently with no indication at the point of purchase that a given item may be delivered under reduced service standards. This raises potential breaches of the Consumer Protection from Unfair Trading Regulations 2008, particularly:

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<sup>45</sup> 2.15.2, [greeting-card-association.pdf](#)

<sup>46</sup> Page 18, [Post User Needs Research Report](#).

<sup>47</sup> See 2.41.2, [greeting-card-association.pdf](#)

<sup>48</sup> Paragraphs 2.15 and 2.29, [greeting-card-association.pdf](#).

<sup>49</sup> Paragraph 3.8, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

<sup>50</sup> Paragraph 9.6, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

<sup>51</sup> [Second-class service! Royal Mail to scrap some Saturday deliveries across major towns and cities in biggest shake-up to services in generations | Daily Mail Online](#)

- 3.26.1. Regulation 6 (Misleading Omissions): Failure to inform consumers of material service limitations and,
- 3.26.2. Schedule 1 (Banned Practices): Misleading representation of statutory or consumer rights.
- 3.27. If Royal Mail is knowingly delivering a reduced service to over a million households—with Ofcom’s approval—and without informing consumers, this raises serious questions about both legal compliance and regulatory oversight. *We respectfully request formal clarification from Ofcom as to how this trial is compliant with the relevant legislation referenced above.*

#### **Affordability or Evasion? The overlooked legal obligation at the heart of the USO**

- 3.28. As outlined, Ofcom believes consumers’ primary concerns are that letters arrive on time and are affordable – this is the *raison d’être* for proposing delivery day reductions would be acceptable - yet there were *no* questions about affordability anywhere within the survey.
- 3.29. The Postal Services Act 2011, Section 31 (Minimum Requirements) explicitly mandates a minimum of one letter delivery every Monday to Saturday, while Section 36 (Designated USP Conditions) places an obligation on Ofcom to ensure this universal service is provided at affordable prices<sup>52</sup>.
- 3.30. Because daily Second Class delivery frequency would fall below this statutory minimum under Ofcom’s proposals, it follows that the affordability requirement *must shift to First Class*.
- 3.31. Yet Ofcom conclude that 1<sup>st</sup> class is affordable solely because of ‘*infrequency of use*’ and ‘*the availability of the lower priced 2<sup>nd</sup> Class service*’<sup>53</sup>.
  - 3.31.1. This implies affordability is being measured through **suppressed demand**. A service is not affordable simply because people *avoid using it*.
  - 3.31.2. This rationale collapses entirely when Second Class is no longer available six days a week.
- 3.32. Even the data Ofcom *does* rely on for affordability is out of date. It stems from 2023—before First Class stamps rose by over 54%<sup>54</sup>. At the time, Ofcom acknowledged significant public concerns about affordability<sup>55</sup>, most of which remain unaddressed<sup>56</sup>.
- 3.33. Their most recent figures reinforce this: less than half of respondents say they currently use Second Class, and only 35% say that’s primarily because it meets their needs<sup>57</sup>. In contrast, nearly twice as many (66%) say they use it primarily because alternatives are already too expensive<sup>58</sup>.

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<sup>52</sup> Section 31 and Section 36, [Postal Services Act 2011](#)

<sup>53</sup> Paragraph 5.47, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

<sup>54</sup> £1.10 to £1.70

<sup>55</sup> Paragraph 5.49, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

<sup>56</sup> Not least, [Citizens Advice Response Ofcom Review of 2nd Class Safeguards 2024](#)

<sup>57</sup> Slides 15 and 16, [Post User Needs Research Report](#).

<sup>58</sup> Slide 16, [Post User Needs Research Report](#).

- 3.34. These findings are further validated by recent research by Citizens Advice, who have found that one in three said they would struggle to afford a book of eight 1st class stamps, yet a third already (32%) felt the need to use a premium [i.e. non-USO] product purely to ensure post arrived on time<sup>59</sup>.
- 3.35. Whereas Ofcom already acknowledges 62% of customers are sending less letters than 12 months ago because of costs<sup>60</sup>, its proposals assume that Royal Mail should use price rises as a tool to further suppress demand for First Class post<sup>61</sup>. This is an extraordinary stance for a regulator tasked with maintaining affordable access, and purporting to be better aligning the market to user needs – especially as the key thrust of Ofcom’s argument is that any inconvenience is minimal, as First is always there.
- 3.36. That Ofcom plan to defer consideration of affordability to a future phase of USO reform is particularly troubling<sup>62</sup>. This sequencing appears directly at odds with the statutory requirement to proactively ensure universal service remains affordable.
- 3.37. That delay matters even more in light of concerns we, and 8 other major stakeholders, raised in our April 2024 response—specifically, that Ofcom had not established whether Royal Mail’s costs were efficiently incurred before proposing changes to the USO. In fact, Ofcom themselves have stated they believe Royal Mail’s current cost base is likely inefficient.<sup>63</sup>
- 3.37.1. This raises the risk of a serious breach of Section 44(2) of the Postal Services Act 2011, which exists specifically to protect consumers from incurring unnecessary or disproportionate costs or harm.
- 3.37.2. **Ofcom’s 2025 consultation directly acknowledges awareness of these concerns but contains no material evidence**<sup>64</sup> that these issues have been rectified, reconsidered, or transparently addressed. In our view, this omission represents a **clear failure to act on relevant and material evidence**.
- 3.38. Taken together, we would ask Ofcom to consider whether this approach fundamentally misconstrues the obligations set out in Sections 31, 36 and 44(2) of the Postal Services Act 2011—and whether it may place the regulator in breach of both the spirit and letter of the law.

#### 4. Why this matters, not just for mail users, but for the whole country

- 4.1. This consultation is not solely about Royal Mail’s financial viability. Our own research indicates consumers recognise that this consultation’s direction casts a far wider shadow:
- 4.1.1. **Over 3 in 4 think reducing Royal Mail deliveries is not the right direction for Britain** seeing it as a step backward / contrary to modern consumer expectations<sup>65</sup>.

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<sup>59</sup> [More than two thirds of people think 1st class stamp price increases are unfair, says Citizens Advice - Citizens Advice](#)

<sup>60</sup> Paragraph 3.105, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

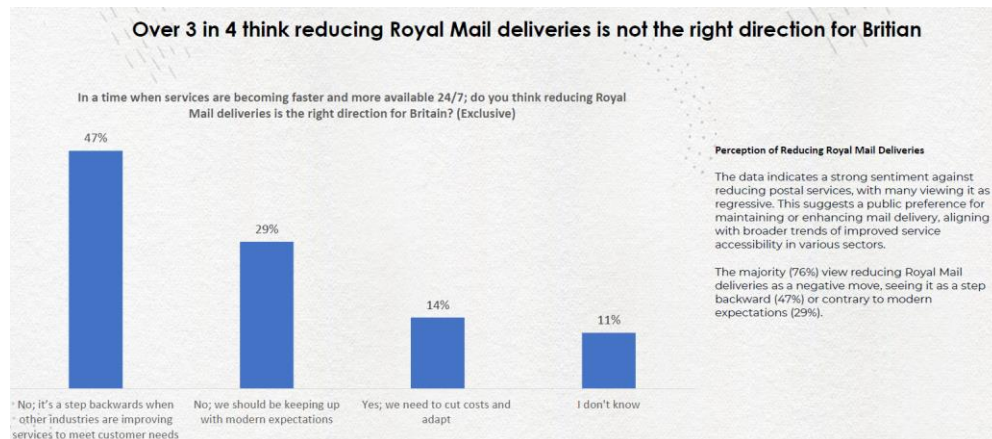
<sup>61</sup> Paragraph 5.46, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

<sup>62</sup> Paragraph 5.49, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

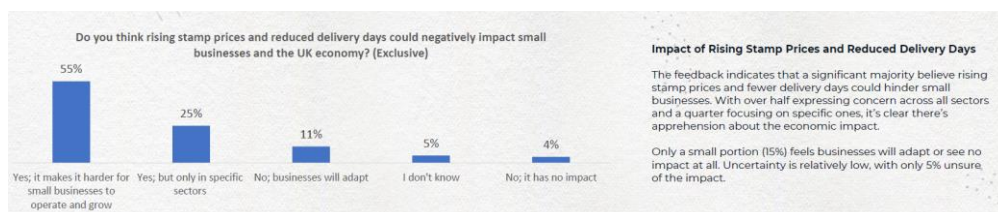
<sup>63</sup> Paragraphs 5.2-5.6, [greeting-card-association.pdf](#)

<sup>64</sup> Paragraphs 8.21-8.25, [consultation-review-of-the-universal-postal-service-and-other-postal-regulation.pdf](#)

<sup>65</sup> GCA Survey undertaken by One Pulse, March 2025 (1,000 participants)



- 4.1.2. In addition, **four out of every five people** asked believe the rising stamp prices and reduced delivery days could **negatively impact small businesses and the UK economy**<sup>66</sup>.



- 4.2. We note that Ofcom acknowledges its statutory duties to assess the impact on the wider economy when implementing policies that affect others<sup>67</sup>.
- 4.3. In our April 2024 response, we set out the significant—and in our view, preventable—harms that the proposed changes would cause to consumers, our own industry, downstream industries, the Post Office network, and the wider British high street.
- 4.4. We outlined why we believe a '*Full Statutory Cost Assessment, including a Downstream Industries Assessment*' was required to meet Ofcom's related requirements ahead of any changes<sup>68</sup>.
- 4.5. As the current consultation contains no further meaningful engagement around these concerns, we believe Ofcom may have continued to fall short of their statutory obligations; specifically, **Section 108 of the Deregulation Act 2015** and **Section 7 of the Communications Act**.

## 5. Where next?

- 5.1. Given the serious legal concerns identified, we believe Ofcom must **immediately pause implementation** of its current proposals—at the very least, until a meaningful consultation has been undertaken that directly addresses the issues outlined above.

<sup>66</sup> GCA Survey undertaken by One Pulse, March 2025 (1,000 participants)

<sup>67</sup> Specifically under Section 108 of the [Deregulation Act 2015](#) and [Section 7 of the Communications Act](#).

<sup>68</sup> Paragraph 7.3, [greeting-card-association.pdf](#)

- 5.2. To preserve public trust, Ofcom should also consider **formally retracting any public statements** regarding postal user needs that now appear to have been based on incomplete or misleading evidence.
- 5.3. We also invite Ofcom to reconsider the measures that could influence **demand for postal service that we proposed within our previous consultation response**—interventions that could help retain Letters volumes and, in our view, offer a far better chance of protecting both consumers and commercial viability than cost-saving measures alone.
- 5.3.1. The solutions need not be complex. For example, simply making Royal Mail’s ability to raise prices in Year 2 conditional on meeting reliability targets in Year 1 could, in our view, deliver an immediate and significant boost to customer confidence and letter volumes.
- 5.4. Should Ofcom still conclude that reducing delivery frequency of Second Class delivery is essential, it must then consider the case for **price controls on First Class services**, given 62% of consumers are already saying they are sending fewer letters because costs are too high.
- 5.4.1. If introducing such price controls renders the current proposals unviable, then a more fundamental rethink is required.
- 5.5. Ofcom now faces a choice in how it responds:
- 5.5.1. It may choose to dismiss this submission as a product of industry self-interest.
- 5.5.2. Or it may acknowledge that the concerns raised point to a deeper issue—namely, that regulation has drifted toward operational modelling at the expense of **genuine consumer understanding**, and that Ofcom risks becoming a *passive facilitator of change*, rather than an *active champion of the public interest*.
- 5.6. We remain convinced that effective postal regulation in the 21st century must not be framed as a **binary choice** between financial sustainability and consumer protection. A regulatory approach that places consumer demand at its heart would not only deliver better outcomes for the public but also ensure a more sustainable future for Royal Mail, protect high streets up and down the country, and better safeguard the public purse.
- 5.7. We urge Ofcom to give serious consideration to the concerns raised—not only by ourselves, but by a wide range of stakeholders across the UK.
- 5.8. Additional concerns relating to Ofcom’s prescribed questions are listed in Appendix 1. These should be read *in conjunction with* — *not separate from* — our main arguments outlined above.
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## **Appendix 1: Responses To Ofcom's Prescribed Questions:**

### **Question 2.1: Equality Impact Assessment**

We are concerned that Ofcom has underexplored the Equality Impact of these proposals. The regulator itself acknowledges “significant or very significant impacts” on benefit recipients, people with limiting conditions, and financially vulnerable consumers. We believe these impacts have not been adequately assessed or addressed within the overall policy design. Additionally, despite Ofcom accepting the merits of our Christmas postal affordability pinch-point concerns, no steps have been taken to model such for these groups (or others) ahead of recommending further service reductions.

### **Question 2.2: Welsh Language Standards**

No specific concerns raised regarding Welsh Language Standards.

### **Question 3.1: Have the reasonable needs of post users been identified?**

No. The process used by Ofcom to assess user needs is, in our view, flawed both methodologically and legally. Respondents appear to have been given misleading and/or incomplete information, including the inaccurate claim that First Class would remain unchanged and the omission of planned reliability reductions. Ofcom also dismissed many responses unless they reached an arbitrary “significant harm” threshold. These choices appear to breach the requirement for a Reasonable Needs Assessment under Section 30(3) of the Postal Services Act 2011 and raise serious doubts about the legitimacy of the resulting conclusions, which we have expanded upon above.

### **Question 3.2: Is the market meeting the reasonable needs of post users?**

No. Ofcom's own data shows that current user needs—especially for affordability and reliability—are not being met. Ofcom's own data shows that only 35% of Second Class postal users do so because the *current* delivery timescales ‘*meet their needs*’, and 62% of consumers say they are sending less mail directly because of rising prices. Against this context, Ofcom's proposed service reductions appear likely to accelerate the decline in letter volumes, and *increase* – rather than decrease – the numbers of consumers needing to use the uncapped First Class service. In turn, we anticipate this increasing consumer disengagement and accelerating decline, which further raises the risk of a future public bailout.

### **Question 5.1: Second Class letters delivery frequency changes**

No. This proposal significantly reduces the attractiveness of the most affordable postal product and appears to undermine the legal requirement for an affordable six-day delivery under Sections 31 and 36 of the Postal Services Act 2011. Second Class already fails to meet many users' needs—only 35% say they use it primarily because the current timescales are adequate. Weakening this service further disproportionately affects the most price-sensitive consumers, whilst forcing more customers onto the uncapped First Class service which is likely to rise in price even faster, thereby undermining Ofcom's ability to ensure affordability. Ofcom's suggestion that affordability can be revisited later is not credible—no regulator readily reverses course after championing a decision so strongly. In any case, not unlike the Beeching Axe, the damage may already have been done.



### **Question 6.1: First Class national D+1 performance target set to 90%**

**Qualified No.** Reducing the national reliability target appears to contradict Ofcom's own evidence that reliability remains one of the most valued features of the postal service. Lowering standards while prices are accelerating rapidly risks further undermining consumer trust at a time when confidence is already fragile. That said, we believe greater assurance that performance targets will be meaningfully enforced could matter more to customers than the specific level of the target itself. Enhancing consumer perception that enforcement is credible and consistent may also help slow the rate of volume decline—potentially reducing the extent of future changes required to sustain the USO.

### **Question 6.2: First Class PCA D+1 performance target (87%)**

**Qualified No.** Weakening regional reliability targets (PCA) reduces accountability and allows persistent underperformance to be masked by national averages. This undermines the credibility of service promises and further alienates users who already feel let down by declining reliability. Our point around enforcement in Question 6.1 applies equally here.

### **Question 6.3: Introducing new First Class 'tail of mail' target at D+3 (99.5%)**

**Qualified Yes.** We are supportive of a "tail of mail" target to help guard against extreme delays, but as a standalone measure it is insufficient. Without stronger core reliability targets, appropriately enforced, this feels like a damage-limitation exercise rather than a serious commitment to improving delivery performance.

### **Question 6.4: Second Class D+3 performance target at 95%**

**Qualified No.** As outlined in our response to Question 6.1, we are concerned that reducing the performance target risks normalising a weaker standard than the public rightly expects from a universal service. We would, however, encourage Ofcom to explore whether strengthening enforcement mechanisms—thereby increasing customer confidence that any target will be meaningfully upheld—could do more to improve market conditions (and by extension Royal Mail's bottom line) than simply lowering the standard itself.

### **Question 6.5: Second Class 'tail of mail' target at D+5 (99.5%)**

**Qualified Yes.** A tail-end safeguard could be useful if coupled with stronger overall standards. On its own, it does little to address systemic reliability issues or rebuild public trust.

### **Question 7.1: Regulating D+3 access services with margin squeeze controls**

**Qualified Yes.** Margin squeeze controls remain important to ensure fairness in access services and prevent anti-competitive practices. However, such measures must not distract from the wider regulatory failure to protect end-users from declining service levels. We remain concerned that the opacity of Royal Mail's cost allocation between Access and USO products leaves stakeholders wholly reliant on Ofcom's interpretation—yet Ofcom has acknowledged Royal Mail's cost base is likely inefficient. Without clearer cost transparency, access controls alone will not rebuild trust or protect the long-term viability of the USO.

### **Question 7.2: Removing Saturday from D+5 access services**

We believe Access Mail users are far better placed than ourselves to decide if this meets their needs.

### **Question 7.3: Margin squeeze control on D+2 access services**

**Qualified Yes.** We support retaining this protection in principle but remain concerned that weakening First Class service standards risks undermining the value of D+2 access. Regulatory consistency is vital, and alignment between access and retail standards must be carefully managed to avoid unintended distortions.

**Question 7.4: Pricing transparency and redefining access services**

Heavily Qualified Yes. Transparency and clarity are essential—but Ofcom’s proposed “dashboard” only triggers visibility after a breach. That appears more like delayed accountability than transparency. Clear, forward-looking pricing information must be made available to allow customers and competitors to make informed choices in real time.