

CFH Docmail Limited – Response to Ofcom’s Call for Input

CFH Docmail Limited (“CFH”) welcomes the opportunity to respond to Ofcom’s Call for Input on postal pricing and affordability. As a major user of bulk mail and Access services, CFH is directly affected by Royal Mail’s (RM) pricing behaviour and persistent service failings. Sections on USO affordability are not relevant to our operations, so our comments focus on Chapter 5: **Access price regulation** and **margin squeeze controls**.

1. Access Price Control

RM has imposed repeated and above-inflation Access price increases despite failing to meet the 95% Quality of Service target for over five years, often dropping below 85%. With no Access-specific QoS requirements or price constraints, RM has been able to use its monopoly position to raise prices excessively. RM’s 2024/25 Regulatory Accounts show a 7.5% profit margin on Access.

Recent rises—12.8% in March 2025, a further 9.4% from January 2026, D+3 prices rising to 63.8p, and D+2 now at least 120p—demonstrate the need for direct regulatory intervention.

CFH supports **Outcome Incentives** as the most effective and proportionate model for Access price control, linking RM’s ability to increase prices to QoS and efficiency. Existing legislation (Communications Act 2003, Postal Services Act 2011, and USPA 3.1) provides Ofcom with the authority to introduce such controls.

Current compensation arrangements for QoS failures are inadequate and being weakened further by RM’s unilateral changes.

2. Margin Squeeze Control

The current margin squeeze test is ineffective because it excludes unsorted bulk mail, allowing RM to price certain retail bulk products at or below Access levels and thereby foreclose competition. This prevents Access operators from fairly competing for unsorted volumes.

Transparency is limited: RM only has to show it *expects* compliance, and it is unclear whether Ofcom checks this before or after price changes. CFH supports annual reporting but urges Ofcom to issue a public compliance assessment after each Access price increase.

Fundamentally, the existing test does not constrain RM’s behaviour. RM raises both retail and Access prices without consequence, as it has minimal reliance on retail bulk products. Re-basing the control into multiple baskets would not address this underlying failure.

3. Conclusion

CFH has experienced the combined effects of excessive Access price increases, chronic QoS underperformance, and ineffective regulatory safeguards. CFH therefore urges Ofcom to:

1. Introduce **direct Access price controls**, ideally through an Outcome Incentives framework; and
2. Strengthen the **margin squeeze regime** so it genuinely prevents anti-competitive pricing.

CFH remains committed to supporting a fair, competitive and sustainable UK postal market.