

CMA orders the AA and BSM driving schools to refund learner drivers over drip pricing

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The AA Driving School and BSM Driving School - both of which are owned by the AA - must refund more than 80,000 customers and pay a fine of £4.2 million.

- CMA orders more than £760,000 be repaid to customers - the first time it has used its new powers to secure money back for consumers
- The AA also fined £4.2 million after a mandatory £3 booking fee was not included in the upfront price - an illegal practice known as drip pricing
- Action is part of the CMA's work to clamp down on illegal online pricing practices

The Competition and Markets Authority (CMA) has ordered the AA to refund thousands of learner drivers over drip pricing. The action follows an investigation into AA Driving School and BSM Driving School, both owned by Automobile Association Developments Limited (the AA).

The CMA found that more than 80,000 learners were not shown the total price upfront when booking lessons online - as required by law. Instead, a mandatory fee was included later in the process.

As a result of the CMA's investigation, the AA must refund affected customers of AA Driving School and BSM Driving School over £760,000 and pay a fine of £4.2 million for breaking consumer law - bringing the total cost to almost £5 million. This is the first financial penalty the CMA has imposed for a breach of consumer law using its new enforcement powers.

The amount repaid to individual consumers will vary depending on how many lesson packages they purchased, with the average payout around £9. Affected customers do not need to take any action to secure their refund. The AA Driving School or BSM Driving School will write to each customer outlining that their money will be automatically refunded onto the card they used to pay for their lessons - if that is not possible, the customer will be sent a cheque.

The AA has engaged constructively with the CMA throughout the investigation and moved quickly to address the CMA's concerns. Having admitted to breaking the law, and agreeing to settle the case early with the CMA, the company received a 40% reduction to its financial penalty.

Sarah Cardell, Chief Executive of the CMA, said:

If a fee is mandatory, the law is clear: it must be included in the price from the very start - not added at checkout - so consumers always know what they need to pay.

At a time when people are watching every pound, dripped fees can tip the balance. And when it comes to something as important - and costly - as learning to drive, people deserve clarity.

With our new powers, it will never pay to break the law or treat consumers unfairly. Where the rules are ignored, we'll step in to put things right.

What happened

In November 2025, the CMA launched a major consumer protection drive focused on online pricing tactics. It opened investigations into 8 businesses - including AA Driving School and BSM Driving School.

This investigation found that people booking driving lessons on the AA and BSM sites between April and December 2025 were initially shown prices that did not include the mandatory booking fee.

For new customers, the full price was only shown at checkout - after lessons had been selected, times chosen and personal details entered. For returning customers, the booking fee was shown separately from the initial price and only included in the total price on the following page, at checkout.

This practice is illegal - businesses must show customers the total price from the outset.

CMA clampdown: Drip pricing and online practices

Government research shows that dripped fees are widespread and cause significant consumer harm.

Under consumer law, businesses must show all unavoidable charges in the headline price from the outset, enabling people to make informed choices. Adding extra charges later in the process - a practice known as drip pricing - can result in consumers being misled into choosing a service or product for its low price, only for this to be upped at the checkout.

In 2023, the Department for Business and Trade found that almost half of online businesses (46%) use hidden or dripped fees, with consumers estimated to spend up to £3.5 billion extra online each year as a result. Service fees - such as booking or processing charges - were found to be particularly problematic, as they were typically mandatory and revealed late in the checkout process.

When the CMA's strengthened consumer powers came into force in April 2025, it committed to prioritising enforcement against this kind of practice, as well as other unlawful online pricing practices. The settlement with the AA marks a significant milestone in that work.

Since April last year, the CMA has launched investigations into 14 businesses, including most recently Autotrader, Feefo, Dignity, Just Eat, and Pasta Evangelists in relation to fake and misleading reviews. These are ongoing investigations and no findings have been made.

It also launched a Clear Pricing campaign, which provides businesses with a practical 3-step checklist to make sure their prices are clear and upfront - as well detailed guidance to help companies stay on the right side of the law.

For more information, visit the [Automobile Association Developments Limited case page](#).

Statistics

- In 2023, dripped fees were estimated to cause UK consumers to spend an additional £595 million to £3.5 billion online each year - not including the impact of search or consumers selecting multiple optional fees [Source: DBT].
- Across all sectors in 2023, service fees (fees charged to receive/purchase a service, such as booking or processing fees) tended to meet the most criteria of harm (all service fees in our sample were mandatory, and almost three-quarters were presented late in the checkout

process) [Source: DBT].

- In 2023, 46% of online businesses were found to have used at least one dripped fee (excluding delivery) [Source: DBT].
- Average price of a one-hour driving lesson in the UK is now £36-£40 – up from £31-35 in 2023 [Source: GOV.UK].

Notes to editors

1. Media enquiries should be directed to press@cma.gov.uk or 020 3738 6460.
2. Members of the public can contact the CMA's General Enquiries team at general.enquiries@cma.gov.uk or 020 3738 6000.
3. The AA is managing all refunds and affected customers will receive a letter or email.
4. The fine before the discount was £7 million – and £4.2 million after the discount.
5. The CMA collects payments on behalf of HM Treasury relating to penalties imposed by the CMA. All payments collected are transferred to HMT's Consolidated Fund.
6. The consumer protection legislation relevant to the CMA's investigation is principally the Digital Markets, Competition and Consumers Act 2024.
7. Under the new consumer regime, if a company infringes consumer protection law, the CMA can fine them up to 10% of their global turnover (or £300,000 where this is higher than the 10% figure). If a company breaches undertakings or directions given to the CMA, it could face fines of up to 5% of its global turnover – with additional daily penalties for continued non-compliance.
8. A party under investigation may enter into a settlement with the CMA if it admits to breaching consumer law, agrees to pay a penalty and agrees to a streamlined administrative procedure for the remainder of the investigation. Settlement can deliver significant procedural efficiencies for the CMA and can result in a penalty discount of up to 40%.

<https://www.gov.uk/government/news/cma-orders-the-aa-and-bsm-driving-schools-to-refund-learner-drivers-over-drip-pricing>