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Convenor
The Economy and Fair Work Committee
The Scottish Parliament
Edinburgh EH99 1SP

By email: economyandfairwork.committee@parliament.scot

6th February 2026

Dear Daniel,

Consumer Scotland report on the experience of small businesses as consumers

I trust you are well.

Small businesses are vital to Scotland's economy. In 2024 Scotland there were around 350,000 small businesses in Scotland, employing over 900,000 people.

Consumer Scotland has published a new [report](#) titled "*The business of being a consumer - exploring small business consumer experiences and their impact*". Based on survey research with 700 small businesses in Scotland, the report examines the experiences of Scotland's small businesses in eleven different markets (including energy, water, financial services and telecommunications) when they purchase or use goods and services, and how those experiences affect businesses' performance. There are recommendations in the report that are relevant to the Scottish Government, the UK Government and sector regulators.

Key findings from the report include:

- While the consumer experience of small business is generally positive, almost half have experienced at least one consumer problem in a 12 month period
- Around a quarter of all small businesses have experienced a consumer problem that impacted business performance, e.g. profit or turnover, over the same period
- Small businesses were less likely to report satisfactory experiences with the water and energy markets compared to other markets in relation to a range of measures including pricing, billing, terms and conditions, and problems contacting customer services

- Problems were particularly likely to emerge when small businesses purchase services from the energy market. One fifth of businesses who had purchased products from the energy market had experienced a consumer problem that had impacted their business

Consumer Scotland is already working with stakeholders in the energy and water markets to drive up standards for small businesses in those sectors:

- In energy we have had success in influencing DESNZ's proposed approach to regulation of Third Party Intermediaries (brokers) so that it will provide greater protection for those consumers using higher risk products and services
- In water Consumer Scotland is chairing a cross-sector Governance Group which will monitor and review the first Code of Practice for the non-household sector, which has been in operation since April 2025

To help achieve a positive consumer experience for small businesses – and avoid the negative impact on time and resource that can flow from consumer problems - the report makes a series of clear, practical recommendations including:

- To help small businesses access appropriate consumer and contractual information the Scottish Government should work with small business representatives, consumer advocacy organisations and advice bodies to explore the scope to enhance access to consumer and contract law information for small businesses. We consider there may be potential to incorporate such advice into existing Business Companion services (delivered by the Chartered Trading Standards Institute), or to extend the remit of Advice Direct Scotland in relation to small businesses
- That Ofgem should use the existing licence conditions to drive up standards in relation to billing and contacting suppliers
- That Ofgem and suppliers should act to improve signposting for businesses to sources of advice (Advice Direct Scotland) and redress (the Energy Ombudsman)

The Consumer Scotland team would welcome the opportunity to provide further detail to the Committee on this issue if that would be helpful.

Yours sincerely



Sam Ghibaldan