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Diesel drivers see no benefit from lower fuel duty rate as retailers hike margins

Diesel drivers – including almost everyone who runs a van for a small business – are continuing to suffer from inflated prices at fuel pumps up and down the country and are seeing no benefit from plummeting lower wholesale costs, despite the Chancellor continuing the fuel duty freeze in Wednesday’s Budget, the RAC is warning.

Despite both crude oil and wholesale diesel costs – the prices retailers pay for the fuel – reaching their lowest points in 15 months, major retailers are

still refusing to cut pump prices in any meaningful way. Looking at the last four weeks alone, wholesale prices have come down another 10p yet this has yielded just a 3p cut at the pumps (168.85p to 165.89p today). What's more, the gap between the wholesale cost of petrol and diesel has been narrowing for many weeks and is currently just over 1.5p. Despite this, the difference drivers pay at the pumps remains stubbornly high at around 19p a litre.

[RAC Fuel Watch](#) figures show that retailers are today taking an average margin of nearly 19p for every litre of diesel they sell, which is double what they took through 2021 and 2022 (average of 9p), and nearly three times as much as they did at the start of last year (average of 6p) before duty was cut to 52.95p on 23 March 2022.

Retailers' steadfastness means that drivers of the country's 12m diesel cars – as well as almost every small business that depend on diesel-powered vans – aren't seeing any benefit from the lower wholesale costs. And, although duty on petrol and diesel remains frozen until at least Spring 2024 following last Wednesday's Budget, the 5p duty cut originally implemented in March 2022 continues to be more than gobbled up by retailers taking so much more margin than they normally do.

While there is greatest potential for a sizable cut to diesel prices, with the cost of a barrel of oil now down to its lowest level since December 2021 (\$73.69 as of 15 March 2023, \$72.77 as of 21 December 2021), there is now scope for large forecourt operators to reduce petrol prices by a few pence too.

RAC fuel spokesman Simon Williams said:

“At a time when so many households are struggling with the rising cost of living, we're pleased the Chancellor did the right thing for drivers and kept fuel duty low in Wednesday's Budget. Unfortunately though, the pricing tactics of major retailers mean that diesel drivers in particular – including those who work for millions of small businesses – are still getting a really miserable deal at the pumps, and effectively aren't seeing any benefit from the 5p duty cut whatsoever – as retailers are taking nearly four times this amount in margin with every litre they sell. So, in a peculiar way, it feels like it's retailers who are benefiting from the lower duty cut right now, and not motorists.

“Drivers and small businesses have every right to feel aggrieved. We’re in a ridiculous situation where it would take just one major retailer to do the right thing and cut diesel prices to more sensible levels for a ripple effect to take place across the country’s forecourts, benefiting hard-up households everywhere. Instead, no retailer wants to blink first, with the result being millions of drivers forking out far more when they fill up than they should.

“Two weeks ago, we pointed to how easy it was for retailers to slash diesel prices given how low the wholesale price had fallen. It’s a sad reality that prices have merely trickled down by only around a penny since then. We now hope at least one major retailer finally decides the time is right to cut the prices to more reasonable levels, which will surely mean others follow. If this doesn’t happen, the best drivers can do is shop around and try to find a forecourt that’s charging less than the [RAC Fuel Watch average](#).”

[Find out more about UK petrol and diesel prices](#) on the RAC website.

The press office email address is press.office@rac.co.uk and media centre is at media.rac.co.uk. **Please note:** the press office is unable to help with individual customer enquiries - please visit the [RAC contacts page](#) to find the right contact.

About the RAC

The RAC, an iconic UK brand, provides complete peace of mind to 13 million UK private and business drivers, whatever their motoring needs. As well as its premium nationwide breakdown assistance service – with an expert branded patrol workforce attending more than two million breakdowns every year – it offers a wide range of market-leading products across insurance, legal services, vehicle inspections and service, maintenance and repair. The RAC is also at the forefront in helping drivers make the switch to electric vehicles and leads in the development of new solutions for businesses and OEMs, partnering with the best in the motoring and mobility space.

Visit the [RAC website](#).

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