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RAC calls on major retailers to cut petrol by 5p a litre due to lower wholesale costs

The RAC is today urging the UK's biggest fuel retailers to cut the price of petrol by at least 5p a litre to 150p to reflect their far lower wholesale costs.

As it stands the Government's 5p duty cut brought in shortly after Russia's invasion of Ukraine last year is not benefitting drivers struggling to cope with the cost-of-living crisis and, instead appears only to be helping retailers who have chosen to up their margins.

Despite oil trading around \$90 a barrel and sterling only being worth \$1.2, the delivered wholesale price of petrol averaged just over 113p last week which means, with the UK average price of unleaded standing at 155.33p, average retailer margin was more than 16p a litre before VAT is applied. This is in stark contrast to the long-term average of 7p a litre and is even far higher the 10p margin that smaller, independent retailers argue is now fair due to inflation.

Even diesel, which is currently averaging 162p across the country, is overpriced by around 4p a litre. Last week a litre of wholesale diesel averaged 123p meaning average retailer margin is around 12p, compared to the 8p long-term figure tracked by the RAC since 2012.

The news of much higher-than-average margins revealed via the RAC's analysis of wholesale and retail fuel prices* is very concerning given the Competition and Markets Authority concluded its investigation in the summer and found that the big four supermarkets had overcharged drivers by 6p a litre in 2022, costing them around £900m. The RAC is worried recent history already appears to be repeating itself.

The report recommended retailers be required to provide real-time pump prices by site and that a price monitoring body be created – both of which the Government has pledged to legislate for. In fact, after being strongly encouraged to publish prices by the former Energy Secretary ahead of it being mandated in law, many larger retailers started doing so. Unfortunately, there is not yet any news on when a pump price watchdog may be set up.

RAC fuel spokesman Simon Williams said:

“Our analysis sadly shows that despite the Competition and Markets Authority’s investigation confirming drivers were being ripped off at the pumps – something we have been saying for years – and the Government acting on the findings, nothing has changed. Drivers are still losing out massively when wholesale prices come down. But in Northern Ireland where the supermarkets don’t dominate fuel retailing drivers are getting fairer deal with a litre of unleaded costing 150p and diesel 157p – 5p less than the UK average.

“Drivers and, indeed, the Treasury should be furious that the 5p-a-litre duty cut, which has been in place since the end of March 2022 is not being passed

on at forecourts. There is no doubt from studying RAC Fuel Watch data that margins are up across the board, and while retailers argue their costs have increased due to inflation, the irony remains that there is a definite link between pump prices and consumer price inflation. A failure to cut pump prices to fairer levels when there is a clear opportunity to do so has the effect of keeping inflation artificially high – which is clearly in nobody’s interest.

“Our data shows the big four supermarkets’ margin on petrol has been around 14p this month compared to an average of 7p so far this year and, shockingly, this is up from just 3.4p for the whole of 2019.

“While big retailers are publishing live prices and we’ve made finding the cheapest fuel easy for every driver via the fuel finder feature in the myRAC app, this isn’t enough as what’s being charged on forecourts up and down the country is simply too high in relation to lower wholesale petrol prices.

“We badly need the Government to set up the price monitoring body recommended by the CMA and for it to carry powers to take action against big retailers that don’t reflect downward movements in the wholesale market such as we’ve been experiencing in the last six weeks.

“We have informed the Treasury that its 5p duty cut isn’t helping drivers as intended and we’re now calling on the big four supermarkets, which lead the retail market by virtue of the fact they sell around half of all the fuel bought by drivers, to explain their steadfast refusal to cut prices to fairer levels.

“Sadly, we know this is highly unlikely to happen and instead, at best, we’ll get another banal statement from the British Retail Consortium while independent retailers will feel the need to defend themselves, despite us recognising that this isn’t a problem of their making.”

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 more than 13 million 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](#).

Contacts



RAC Press Office

Press Contact

press.office@rac.co.uk

Emails monitored during normal office hours. For breakdown queries, call 0330 159 0740

ISDN number on request