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Petrol remains overpriced as major retailers refuse to cut

Despite falling wholesale prices, UK drivers are continuing to suffer from overpriced fuel, the RAC's fuel experts have warned.

Supermarkets made a token gesture on 6 November, promising price cuts of up to 2p per litre of unleaded. But RAC data shows that in reality less than a penny has come off the average price of a litre of supermarket petrol since then – down from 127p per litre to just 125.36p, despite a tumbling wholesale price. The effect on average UK petrol prices has therefore been negligible, down from around 130p per litre to 128.8p per litre as fuel companies and smaller retailers tend to follow the supermarkets' lead.

In fact, wholesale petrol prices have fallen by nearly 9p per litre since the start of October, largely as a result of a sharp drop in the cost of oil – down a dramatic \$20 a barrel in this time and currently standing at \$65. Yet since the start of October, only 1.56p per litre has come off the average price of a litre of unleaded at UK supermarkets suggesting retailers still have a long way to go to correct the prices they are charging at forecourts.

RAC fuel spokesperson Simon Williams said: “Put simply, the big retailers have not gone nearly far enough in cutting prices at the pumps, despite the fact the cost of buying the fuel on the wholesale market has dropped like a stone.

“The net result is Christmas coming early for retailers, as they are making considerably higher profits from every litre of fuel they sell now than they normally do. But drivers, many of whom we know rely on their vehicles, continue to suffer from over-inflated prices at the pumps.

“Drivers have a right to feel taken advantage of right now. Wholesale petrol prices are tumbling, yet retailers are steadfastly refusing to drop prices and charge a fair price on forecourts across the UK. And without significant price movement from the supermarkets, there is little to encourage smaller retailers to shift their own prices to the benefit of consumers.

“While the pound has weakened slightly against the dollar, which means it costs a little more for retailers to purchase fuel in the first place, this hasn’t been enough to offset the collapse in the oil price and means there is tremendous pressure for some significant price cuts at forecourts. The question drivers should be asking is why retailers have hardly budged on prices, and when the cuts will finally come.

“We will be among the first to welcome price cuts from the supermarkets, but our data shows that something is clearly awry with petrol pricing at the moment and drivers should be seeing 5p per litre reductions across the country. Diesel prices should also now be starting to fall, again triggered by the drop in the cost of oil.”

The falling oil price, which has caused the sharp drop in wholesale petrol and diesel prices, has been caused by increased concerns about an oversupply of the product onto world markets – something which last occurred in 2014 and led to historically low oil prices.

Top tips for getting the best price at the pumps in the run-up to Christmas

Look for deals

Some supermarkets run promotions, offering a significant discount on the cost of petrol and diesel after spending a set amount in-store. Make use of these to bring the price you pay down.

Always compare to the average price

The [RAC Fuel Watch website](#) carries the latest average prices for petrol and diesel. Try to ensure you pay no more than the average price per litre when you fill up.

Aim for competitive sites...

Locations with a selection of fuel retailers that are reasonably close together generally have more competitive pricing – several supermarkets in close proximity to one another is almost a guarantee of a good deal on fuel. Conversely, isolated petrol stations – whether operated by a supermarket or not – tend to charge more, and in some cases significantly more.

... or build local knowledge of your area

The same branded retailer can charge a wildly different amount for fuel at its different sites so do not assume that a single supermarket on its own will always offer great value. Similarly, look for smaller, independent retailers that pride themselves on lower priced fuel – there are many of these and should be applauded.

Contacts



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