

'Galling situation' as fuel retailers refuse to pass on wholesale price drops

Fuel retailers failed to fully reflect huge falls in wholesale costs, with drivers of diesel vehicles suffering the most, according to new analysis.

The [RAC](#) said wholesale diesel costs plummeted by 32p per litre in the eight weeks to December 11, but average pump prices only fell by 20p per litre during that time.

For petrol, wholesale costs tumbled by 23p per litre over a similar period, but it took another month for average pump prices to drop by a total of just 18p per litre.

The RAC said retailers make more money out of drivers from every litre of fuel they sell by "keeping pump prices artificially high".

This is known as rocket and feather pricing, when pump prices quickly reflect rising wholesale costs but are slow to fall when costs drop.

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There is absolutely no justification for pump prices to rise

Price reductions at forecourts ground to a halt this week as wholesale costs started slowly rising again.

RAC fuel spokesman Simon Williams said: “This is a galling situation for drivers who are struggling more than ever given the impacts of the wider cost-of-living crisis.

“The question now is whether retailers start to bump up their prices.

“This will depend on whether they decide to continue enjoying larger margins or let them return to more normal levels.

“Looking at current wholesale costs there is absolutely no justification for pump prices to rise.

“We urge the [Government](#) to focus on ensuring retailers quickly pass on savings to drivers every time there is significant downward movement in the wholesale price of fuel – not just to ensure drivers aren’t treated unfairly, but also because there is a clear correlation between high fuel prices and higher levels of inflation.”

The analysis backs up a report by competition watchdog the [Competition and Markets Authority](#) published last month, which said drivers were the victim of “rocket and feather” pricing in 2022.

Business Secretary [Grant Shapps](#) wrote to fuel retailers on December 22 urging them to “ensure savings are passed on to consumers” after it emerged drivers were being hit by record Christmas getaway fuel prices.