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Consultation outcome

# Penalty fare value reform: consultation outcome

Updated 3 November 2022

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On 23 January 2023, a new penalty fare of £100 plus the cost of a ticket for the passenger's journey on that train will come into force. If the penalty fare is paid within 21 days, this will be reduced to £50 plus the cost of a ticket for the passenger's journey on that train. This change reflects the outcome of this consultation.

The Department for Transport (DfT) recently [consulted on raising the value of the penalty fare](https://www.gov.uk/government/consultations/rail-penalty-fare-value-reform/rail-penalty-fare-value-reform) (<https://www.gov.uk/government/consultations/rail-penalty-fare-value-reform/rail-penalty-fare-value-reform>) and a number of associated changes to the scheme.

Fare evasion costs train operators, rail passengers and taxpayers who ultimately subsidise the journeys of those who deliberately travel by train without paying the correct fare. The Rail Delivery Group (RDG) estimates that in a normal year around £240 million is lost through fare evasion on Great Britain's railways. When set against the profound impact coronavirus (COVID-19) has had on passenger numbers and industry revenues, it's never been more important to minimise the cost of fare evasion to the railways.

Before penalty fares were introduced, passengers found without a valid ticket were subject to costly criminal sanctions, which did little to recover lost revenue. Train operating companies (TOCs) are responsible for the management and implementation of their penalty fares schemes (including the appeals process), in line with [The Railways \(Penalty Fares\) Regulations 2018](https://www.legislation.gov.uk/ukxi/2018/366/contents/made) (<https://www.legislation.gov.uk/ukxi/2018/366/contents/made>).

The Penalty Fare Regulations allow TOCs to target fare evaders and, therefore, reduce the costs of ticketless travel while ensuring that honest, fare-paying passengers are not unfairly penalised.

Under the Penalty Fares Regulations, passengers who are found without a valid ticket or permit to travel for their journey must pay either a penalty fare of £20 or twice the full applicable single fare to the next station at which the train calls, whichever is the greater.

This is the case only if there were facilities at the station to buy a ticket and they have passed signs stating the consequences of not having a valid ticket (and they have not been permitted to board the train by someone acting or purporting to act on behalf of the operator).

The £20 value of the penalty fare has not increased since 2005 and in response to growing concern about the impact of this real-term decline in the value of the penalty fare, the government initiated this consultation.

This response follows a comprehensive analysis of all respondent views. It outlines the main themes articulated by respondents and how they fed into the policy development process.

# Timeline

To implement this change, DfT will need to draft and lay a statutory instrument, including an explanatory memorandum, to amend the regulation. The department has been working hard to make the legislative changes to this regulation and will look to implement the change as soon as possible.

## November 2022 update

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## Breakdown of responses

Overall, DfT received 173 applicable responses to the consultation, of which:

- 158 were received through the online portal
- 15 were email responses

Breaking down by respondent type, there were:

- 148 individuals
- 25 organisations

## Penalty fare value

### Question 1

In your opinion is the existing £20 minimum penalty fare value sufficient to act as an effective deterrent?

## Question 2

Your preferred rail penalty fare formula option is:

### Option 1

Maintain the current formula but increase the minimum value of a penalty fare from £20 to a greater amount.

### Option 2

Replace the current penalty of £20 or twice the full single fare to the next station at which the train calls, with a single charge that's applicable in all circumstances regardless of the price of the ticket that should have been purchased.

### Option 3

Replace the current penalty of £20 or twice the full single fare to the next station at which the train calls, with a surcharge that's charged in addition to the value of the ticket that should have been purchased at the start of the journey.

## Question 3

Your preferred rail penalty value is?

These questions asked respondents for their views on the current value of the penalty fare and what the value should be in the future.

A majority of respondents who answered Q1 (69%) indicated that the current value was too low to be an effective deterrent and should be increased, leaving 31% who thought the current value remained effective and should not increase.

For question 2, the most popular option (44%) among respondents was that DfT adopts a surcharge-based penalty as set out in option 3. This was followed by option 1 (37%), which advocated maintaining the same formula but increasing the minimum value and then by option 3 (19%), which described a single charge system – applicable in all circumstances.

For question 3, respondents were asked to suggest a rail penalty value for their preferred method. The results for each option are included below:

- the most popular suggestion for option 1 was £80, in line with [Transport for London's \(TfL's\) current value \(https://tfl.gov.uk/fares/find-fares/penalty-fares-and-how-to-pay-them\)](https://tfl.gov.uk/fares/find-fares/penalty-fares-and-how-to-pay-them) – the average value was slightly lower at £71

- the most popular suggestion for option 2 was £80 – the average value was higher at £92
- the most popular suggestion for option 3 was £50 – the average value provided was again higher at £67

From the responses, it is clear that only a little over a third of respondents support keeping the current formula but with an increased minimum value ([see the response to question 2](#)).

DfT intends to adopt a surcharge option and raise the cost to £100 or £50 if paid within 21 days. This will align the value of the rail penalty fare to that of the [Manchester Metrolink \(https://tfgm.com/public-transport/tram/standard-fares/notice-issued-during-inspection\)](https://tfgm.com/public-transport/tram/standard-fares/notice-issued-during-inspection) and the one proposed by [Midland Metro \(https://www.tfwm.org.uk/resources-and-support/proposed-amendment-to-metro-penalty-fares/\)](https://www.tfwm.org.uk/resources-and-support/proposed-amendment-to-metro-penalty-fares/).

It will also broadly align the value of the rail penalty fare with the one charged by TfL. By increasing the value of the rail penalty fare above the current £80/£40 charged by TfL, we will ensure that the values remain aligned when TfL next increases its penalty fare.

## Additional suggestions of change

### Question 4

Do you agree with the proposal that the value of a penalty fare should be reduced if the penalty is paid within a set number of days?

### Question 5

Do you agree that the value of a penalty fare should be increased if there is a previous charge issued to the same individual within the previous 12 months?

### Question 6

Do you think the name of the penalty fare remains appropriate?

## Question 7

What is your alternative scheme name or names?

The government believes that by reducing the value of a penalty fare if paid within a set number of days, we can introduce an effective, proportionate deterrent that also encourages the timely payment of penalty fares. This would have the added benefit of bringing the National Rail Penalty Fare more closely into line with TfL's penalty fare and that of other operators, where such a system is already in place.

72% of respondents, a clear majority, indicated that the value of the penalty fare should be reduced if paid within a set number of days. 26% of respondents opposed the proposals and 2% did not indicate an option.

To align with TfL, passengers will have 21 days in which to pay their penalty fare and benefit from a reduced rate. Passengers who choose to appeal under this new system will be able to 'stop the clock' on the 21-day period while their appeal is being considered, so passengers do not have to make a choice between appealing or securing a lower penalty fare.

There was also support (64%) for increasing the value of a penalty fare for individuals who have been issued a penalty fare within the previous 12 months. This was set against 33% of respondents who opposed the proposal and 3% who did not register an opinion.

While there was broad support for this proposal, we do not intend to pursue this change. A number of TOCs raised concerns about adding complexity for customers and increasing the potential risk of conflict for frontline revenue protection staff.

There is also existing regulation in place to deal with more persistent and deliberate fare evaders and this, combined with a rise in the value of the base penalty fare, was widely thought to offer a sufficient deterrent.

We were interested in the name of the penalty fares scheme because anecdotally we thought there may be a disconnect between the name and the scheme's purpose. However, the majority of respondents (62%) were happy with the scheme name, leaving just 24% in favour of a change and 14% who had no opinion on the matter.

These results show a good level of confidence in the penalty fares scheme name and we do not propose to change the name of the scheme.

## Concerns and suggestions

The end of the [penalty fares value reform consultation document](https://www.gov.uk/government/consultations/rail-penalty-fare-value-reform) (<https://www.gov.uk/government/consultations/rail-penalty-fare-value-reform>) invited respondents to make suggestions about penalty fares. This section outlines some of the main themes respondents articulated.

Most of the concerns centred around TOC operational practices and individual experiences about the railway. The most popular issue raised was for clearer and stronger safeguards for those who cannot reasonably buy a ticket before boarding (19 responses). For example, maximum time limits for queue times and calls for stations to more clearly signpost at-station ticket purchasing facilities. While these are beyond the scope of the Penalty Fare Regulations, we will give them due consideration.

A total of 56 responses related in some way to the operational practice of TOCs. The most common comment was that TOCs administer penalty fares inconsistently and in line with established local practice, such as having some routes where on-train staff historically received a commission for on-train sales.

Changing this would reduce their incentive to issue penalty fares, instead selling tickets on the train. DfT is aware that TOCs already coordinate their revenue protection activities and we will encourage TOCs to harmonise their operational practices further.

Other comments demanded that TOCs should not be able to issue penalty fares if there is no signage at stations, if the signage is incorrect or if the ticket office was closed and no ticket vending machine was operational.

This is already the case in the current regulations and we encourage passengers to appeal if they have received a penalty fare in these circumstances. There are no plans to change the provisions in the regulations that require clear signage and a ticket-buying facility to be available before a penalty fare is issued.

Respondents suggested that all TOCs should have the power to issue penalty fares to their passengers and that all TOC staff onboard a train should have the power to issue penalty fares.

DfT believes that it is right that TOCs should decide on which routes they operate penalty fare schemes, as they are best placed to understand which tools work best on their network to combat fare evasion. We also believe that it is right for penalty fares to only be issued by TOC revenue protection staff, who have been trained to do so.

A total of 45 comments were made on the theme of value and payment methods. Some of those comments mirrored the questions that DfT asked in the body of the consultation.

Six respondents suggested that the value should be linked to the retail price index (RPI) or [consumer prices index inflation \(CPI\)](#)



(<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/october2021>), avoiding the need for secondary legislation to increase the value every few years. A further 3 respondents suggested that legislation should not be required to increase the value.

It is our view that the primary legislation enabling penalty fare schemes does not allow for this and that it is right that Parliament would need to approve an increase each time it is made.

Other suggestions questioned why we were reforming penalty fares when we should be pursuing reforms to the fares and ticketing structure. The [Williams-Shapps Plan for Rail](https://www.gov.uk/government/publications/great-british-railways-williams-shapps-plan-for-rail) (<https://www.gov.uk/government/publications/great-british-railways-williams-shapps-plan-for-rail>) to reform Britain's railways will launch a new era for passengers, bringing in the biggest change in 25 years. It will see the creation of a new public body – Great British Railways – a single brand with united, accountable leadership. This will deliver simpler, modern fares, starting with new flexible season tickets and a single website for all tickets and clearer compensation.

Some comments related to the role of appeals bodies. Respondents requested clear information about the role of the appeals bodies at the point where the penalty fare is issued and the ability to contact the bodies directly. One comment suggested that once a final appeal is rejected, the accompanying notice should inform them of the full amount that is due. We will consider these comments when amending the regulations to ensure that the appeals bodies work in the way intended for the passenger.

## Conclusion

Following publication of this consultation response, DfT will update the Railways (Penalty Fares) Regulations 2018 to replace the current methodology for calculating the value of the penalty fare. We will introduce a surcharge on top of the price of the applicable single fare of £100, which will be reduced to £50 if paid within 21 days.

The appeals process introduced in 2018 will remain and any appeal will 'stop the clock' on the 21-day period during which a reduced charge is payable.

By making these changes we ensure that the penalty fares remain a viable option in the revenue protection toolkit that TOCs employ. DfT remains convinced that penalty fares, with their protections for passengers who have received one in error, remain a good tool to combat fare evasion on the railways.



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