



Why do petrol prices go up so much?

KS2 KS3 Ages 9-14 ⏰ 5 min read

You've probably noticed it. You fill up the car one week and it costs one thing, then a few weeks later the exact same amount of petrol costs noticeably more. Nothing changed — same car, same petrol station, same journey home. So what's going on?

The answer comes down to a few things that are all happening at the same time, and none of them are in anyone's control locally.

It starts with oil

Petrol is made from crude oil — the thick, black liquid that gets pumped out of the ground in places like Saudi Arabia, Russia, and the United States. Before it becomes the fuel in your car, crude oil has to be shipped across the world, refined into petrol, and then delivered to forecourts near you.

Because crude oil is bought and sold globally, its price reacts to things happening all over the planet. A war breaks out near an oil-producing country? Prices jump. A major oil pipeline gets damaged? Prices jump. A group of oil-producing countries decides to pump less oil to keep the price high? Prices jump.

🍕 Think of it like pizza dough. If the wheat harvest fails one year, flour becomes scarce and expensive. Every pizza shop has to pay more — and they pass that cost on to you, even though the pizza looks exactly the same as last year's.

The organisation that controls the tap

There's a group called OPEC — the Organisation of the Petroleum Exporting Countries. It's essentially a club of countries that produce a huge amount of the world's oil, and they meet regularly to decide how much oil to produce.

When they decide to produce less, the world has less oil to go around. Less supply, same demand — prices go up. When they decide to produce more, prices tend to fall. This one group of countries can, quite literally, change the price you pay at the pump.

The pound matters too

Oil is traded globally in US dollars. So if the pound weakens against the dollar — meaning each pound buys fewer dollars — then importing oil becomes more expensive for British companies, and that extra cost eventually reaches you.

This is why petrol prices in the UK can go up even when the global oil price hasn't changed much. If the pound is having a bad week on currency markets, the forecourt price can still creep up.

Taxes make up a big chunk

Here's something that might surprise you: in the UK, a large portion of what you pay for petrol is actually tax. There's fuel duty — a flat charge per litre set by the government — plus VAT on top of the total price. Together, taxes typically make up more than half of what you pay.

This means even if the global oil price falls, your petrol doesn't necessarily get cheaper by the same amount, because the tax portion stays the same.

So why does it go up so fast but come down slowly?

You've probably noticed this too — prices rocket up overnight, but when oil prices fall, the savings at the pump seem to take ages to arrive. This is sometimes called the **rockets and feathers** effect.

When oil prices rise, petrol retailers pass the cost on quickly because they don't want to absorb the loss. When oil prices fall, they're in less of a hurry to reduce their margins. It's not technically illegal, but it's one of the more frustrating parts of how the fuel market works.

The short answer to why petrol prices go up so much? A lot of powerful forces — global politics, oil cartel decisions, currency movements, and taxes — all feed into that number on the forecourt sign. Your car hasn't changed. The world around it just keeps shifting.