



Notification of Contravention of
General Condition 14 under
section 94 of the Communications
Act 2003

Notice served on Universal Telecom Limited

Issued: **2 November 2005**

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Section 1

Notification to Universal Telecom Limited under Section 94 of the Communications Act 2003

Notification to Universal Telecom Limited (“Universal”) under section 94 of the Communications Act 2003 of contravention of General Condition 14

Ofcom’s determination

- 1.1 Ofcom hereby determines that there are reasonable grounds for believing that Universal has contravened and is contravening General Condition 14.3 (“GC14.3”). Specifically:
 - 1.1.1 The document Universal has provided to Ofcom purporting to be a code of practice for sales and marketing does not comply on several and material respects to the requirements of the Guidelines. Therefore, Universal has failed to establish and thereafter maintain a Code of Practice for Sales and Marketing for dealing with its Domestic and Small Business Customers, which conforms to the Guidelines set out in the Annex to the amended General Condition 14 (“the Guidelines”).
- 1.2 The reasons for Ofcom’s determination are set out in the explanatory statement accompanying this Notification.

General Condition 14

- 1.3 Section 94 of the Communications Act 2003 (“the Act”) provides for Ofcom to issue a notification to a person where Ofcom has reasonable grounds for believing that a person is contravening, or has contravened, a condition set under section 45 of the Act.
- 1.4 Section 45 of the Act grants Ofcom the power to set conditions binding communications providers, namely persons who provide an electronic communications network and/or electronic communications service.
- 1.5 On 22 July 2003, the Director General of Telecommunications (“the Director”) issued a notification under section 48(1) of the Act setting, pursuant to section 45 of the Act, certain general conditions, as set out in the schedule to the notification (“the General Conditions”). The General Conditions took effect from 25 July 2003.
- 1.6 The General Conditions apply to all communications providers. GC14 sets out the requirement for codes of practice and dispute resolution. GC14 was amended following consultation and by the notification of modification “Protecting citizens and consumers from mis-selling of fixed-line telecommunications services” published by Ofcom on 13 April 2005. The amended GC14 inserted a requirement to establish a Code of Practice for Sales and Marketing and the requirement to comply with the provisions of that code.

1.7 GC14.3 requires that:

“During the Relevant Period, those Communications Providers who provide Fixed-line Telecommunications Services or the Wholesale Inputs to Fixed-line Telecommunications Services, shall:

- (a) establish and thereafter maintain a Code of Practice for Sales and Marketing for dealing with its Domestic and Small Business Customers, which conforms with the Guidelines set out in the Annex to this Condition; and*
- (b) comply with the provisions of the Code of Practice for Sales and Marketing established according to Condition 14.3 (a) above.*

The Code of Practice for Sales and Marketing shall be drafted in plain English which is easy to understand, and copies of it shall be provided on request and free of charge to any Domestic and Small Business Customer.”

Action required by Universal

1.8 Universal is required to comply with GC14.3 by:

- a. establishing and maintaining a code of practice for sales and marketing for dealing with its domestic and small business customers, which conforms with the Guidelines; and
- b. complying with the provisions of the Code of Practice for Sales and Marketing established according to GC14.3 (a).

The Code of Practice for Sales and Marketing shall be drafted in plain English which is easy to understand, and copies of it shall be provided on request and free of charge to any domestic and small business customer.

1.9 In accordance with the statutory period set out in section 94(4) of the Act, Universal has until 5 December 2005 in which to make representations to Ofcom about matters contained in the notification accompanying this explanatory statement. Universal has until 5 December 2005 to establish and comply with a code of practice for sales and marketing which conforms to the Guidelines.

1.10 If Universal does not comply with GC14.3 by establishing and complying with a Code of Practice for sales and marketing as set out in this Notification, Ofcom may issue an enforcement notification under section 95 of the Act and/or may impose a penalty on Universal under section 96 of the Act.

Interpretation

1.11 Words or expressions used in this Notification have the same meaning as in the General Conditions of the Act except as otherwise stated in this Notification.

David Stewart

Director of Investigations

2 November 2005

Section 2

Explanatory Statement

Ofcom's investigation and reasoning

Background

- 2.1 UK consumers benefit from a competitive market for fixed-line telecoms which offers lower prices and greater choice. However, there is also the potential, under certain circumstances, for abuse of marketing channels through mis-selling. The term mis-selling includes so-called slamming, where customers are switched from one supplier to another without their knowledge or consent.
- 2.2 On 13 April 2005 and following public consultation, Ofcom issued a statement and notification on the effectiveness of consumer safeguards designed to protect consumers and small businesses from mis-selling of fixed-line telecommunications services.
- 2.3 In the light of responses to the consultation, Ofcom concluded that mis-selling of fixed-line telecommunications services is and has been a problem and that this fact, together with further risks to consumers and small businesses should mis-selling continue to grow, justified the introduction of additional regulatory safeguards.
- 2.4 From 26 May 2005, GC 14 has required communications providers who provide fixed-line telecommunications services and engage in sales and marketing activity, to establish, and comply with, a code of practice for sales and marketing in accordance with published guidelines.
- 2.5 On 27 May 2005, Ofcom opened an investigation¹ to actively monitor compliance in the industry with the amended GC14. As part of this investigation, Ofcom required Universal to provide it with a copy of its sales and marketing code of practice as required by GC14.3 (a) by 31 October 2005.
- 2.6 In addition, Ofcom noted that a number of complaints it received about Universal made similar allegations about Universal's sales and marketing activity. Having considered the nature of these complaints, and the apparent pattern of behaviour by Universal when conducting its sales and marketing activity, Ofcom opened a separate investigation into the activities of Universal.²

Notification of Breach of GC14.3

- 2.7 To determine whether Universal is in breach of GC14.3, it must be established whether during the Relevant Period³ Universal:
 - a. is a Communications Provider;
 - b. provides fixed-line telecommunications services or the wholesale inputs to the same;

¹ Own-initiative investigation: Monitoring and enforcement of the requirement regarding Code of Practice for Sales and Marketing. Case Reference: CW/00838/05/05

² Case Reference CW/00860/08/05

³ Pursuant to General Condition 14.5(n) the "Relevant Period" is between 26 May 2005 and 25 May 2007. The conduct in question clearly relates to this period.

- c. has established (and maintains) a code of practice for sales and marketing for its domestic and small business customers which conforms to the Guidelines; and
- d. complies with its code of practice.

2.8 Each of these elements has been considered in turn below.

Communications Provider

2.9 "Communications Provider" is defined in 14.5(b) of GC14, which states:

"14.5 In this Condition:

... (b) "Communications Provider" means a person who provides Public Electronic Communication Services to Domestic and Small Business Customers;"

2.10 Universal offers its services through a service called Wholesale Line Rental ("WLR"). According to "BT's use of Cancel Other" published by Ofcom on 21 January 2005⁴, WLR "is a service that enables customers to choose for their telephone calls and line rental to be transferred to an alternative communications provider" i.e. not BT⁵. Universal does so by interconnecting with BT's network at the wholesale level⁶.

2.11 Therefore Universal provides a service which consists of the conveyance of speech and/or data by way of BT's electronic communications network. This falls within the definition of "Electronic Communications Service" ("ECS") which is defined in Part 1 of the General Conditions as:

"Electronic Communications Service" means any service consisting in, or having as its principal feature, the conveyance by means of an Electronic Communications Network of Signals, except in so far as it is a Content Service;"

2.12 As long as a potential customer is willing to pay and abide by any terms and conditions, Universal is likely to provide its service. Therefore the ECS Universal provides is available to the public and it follows that Universal falls within the definition of providing a Public Electronic Communications Service ("PECS").

2.13 To satisfy the definition of Communications Provider, the PECS that Universal provides must be to "Domestic and Small Business Customers". Universal provides its service to its customers in the course of its business and its customers appear to be mainly small business customers who are not Communications Providers. Therefore Universal's customers fall within the definition of Domestic and Small Business Customers.

2.14 As Universal provides PECS to Domestic and Small Business Customers, it falls within the definition of Communications Provider for the purposes of GC14.3.

Fixed-Line Telecommunications Services

2.15 In addition to falling within the definition of Communications Provider for the purposes of GC14.3, Universal must also provide "Fixed-line Telecommunications Services" or the wholesale inputs to the same.

⁴ <http://www.ofcom.org.uk/consult/condocs/cancel-other/codir.pdf>

⁵ *ibid* Paragraph 1.3

⁶ *ibid* Paragraph 1.4

2.16 “Fixed-line Telecommunications Services” is defined in CG14.5(h), which states:

“14.5 In this Condition:

... (h) “Fixed-line Telecommunications Services” means narrowband calls and lines services provided to Domestic and Small Business Customers by means of Indirect Access, Carrier-Pre Selection, Wholesale Line Rental or Wholesale Calls;”

2.17 As discussed above, Universal provides telephone and line rental services to Domestic and Small Business Customers. By providing its customers with a single bill for telephone calls and line rental, by renting the exchange lines on wholesale terms from BT, Universal provides a WLR service.

2.18 In summary, Universal provides telephone and line rental services to Domestic and Small Business Customers by way of WLR and therefore falls within the definition of providing “Fixed-line Telecommunications Services”.

Code of Practice

2.19 GC14.3(a) requires Universal to establish and thereafter maintain a Code of Practice for Sales and Marketing for dealing with its Domestic and Small Business Customers, which conforms to the Guidelines⁷.

2.20 On 18 October 2005 Ofcom wrote to Universal, servicing a notice under Section 135 of the Act requiring a copy of Universal’s Code of Practice for Sales and Marketing. On 20 October 2005 Universal responded to Ofcom’s notice by sending a copy of its Code of Practice for Sales and Marketing⁸. Ofcom has reviewed the Code of Practice submitted by Universal.

2.21 Universal’s Code of Practice does not conform to the guidelines as it fails to address the key elements as set out in the Guidelines.⁹ The key objectives to be included within a sales and marketing code of practice are as follows¹⁰:

- To ensure that Communications Providers (“Providers”) provide their Domestic and Small Business Customers (“Customers”) with standards of protection over and above those provided by law prior to the Guidelines taking effect;
- To ensure good practice and responsible selling in the marketing of Fixed-Line Telecommunications Services, and to help Customers understand the service and behaviour to be expected; and
- To provide a clear framework within which responsible Providers should be working, providing reassurance to Customers and consumer representative as to what constitutes good practice in the sales and marketing of Fixed-Line Telecommunications Services.

2.22 Accordingly, Ofcom has reasonable grounds for believing that Universal is in breach of GC14.3(a) as the evidence set out above and in Annex 3 demonstrates that Universal’s “Code of Practice” does not conform to the Guidelines.

⁷ See Annex 1

⁸ See Annex 2

⁹ See Annex 3

¹⁰ Paragraph 1.1 of the Guidelines

Conclusions

- 2.23 As Universal is a fixed-line telecommunications provider it is required to comply with GC14.3(a) by establishing and thereafter maintaining, a code of practice for sales and marketing which conforms to the Guidelines.
- 2.24 Ofcom has now completed its investigation into compliance with GC14.3(a) and has concluded that there are reasonable grounds for believing that Universal is contravening and has contravened GC14.3(a).
- 2.25 Universal is required to comply with GC14.3(a) by establishing a code of practice for sales and marketing that conforms to the Guidelines.
- 2.26 Once a code of practice has been established, Universal shall comply with the provisions of its code of practice as required under GC14.3(b).
- 2.27 In accordance with the statutory period set out in section 94 of the Act, Universal has until 5 December 2005 in which to make representations to Ofcom about matters contained in the notification accompanying this explanatory statement and to comply with this notification.
- 2.28 If Universal does not comply with GC14.3(a) by providing a copy of its code of practice that conforms to the Guidelines, as set out in this Notification, Ofcom may issue an enforcement notification under section 95 of the Act and/or may impose a penalty on Universal under section 96 of the Act.

Annex 1

Guidelines for sales and marketing code of practice for Fixed-line Telecommunications Services

Key elements to be included within sales and marketing code of practice

1. Introduction and overview

1.1 Key objectives to be outlined:

- To ensure that Communications Providers (“Providers”) provide their Domestic and Small Business Customers (‘Customers’) with standards of protection over and above those provided by the law (see table below for examples).
- To ensure good practice and responsible selling in the marketing of Fixed-line Telecommunications Services, and to help Customers understand the service and behaviour to be expected;
- To provide a clear framework within which responsible Providers should be working, providing reassurance to Customers and consumer representatives as to what constitutes good practice in the sales and marketing of Fixed-line Telecommunications Services.

1.2 The focus to be sales and marketing of Fixed-line Telecoms Services to Customers, dealing primarily with issues arising before, during and at the point of sale, with particular emphasis on the avoidance of mis-selling and misrepresentation, and ensuring customer understanding of the services offered and the key terms of any contracts they are entering into.

1.3 Procedures to be in place for sales and marketing staff, and agents, to be informed of the Codes of Practice for Sales and Marketing (‘the Code’) and its contents, and for monitoring their compliance with it.

1.4 Procedures to be in place, and fully documented, for Customers and advice agencies to be made aware of the Code and its contents such as, for example, making reference to the Code in sales and marketing literature, as part of the Providers’ ‘notification of transfer’ letter (referred to in paragraphs 6.11 and 6.12), and by making available on Providers’ public websites.

1.5 Codes to be drafted in plain English which is easy to understand, and copies of it to be provided on request, and free of charge, to Customers.

1.6 Providers’ accountability to be visible in the form of a named person, responsible for compliance, with relevant contact details, including an e-mail address.

2. Status of code

- 2.1 All Providers who engage in sales and marketing for Fixed-line Telecoms Services are required under General Condition 14.3 to establish the Code in accordance with these Guidelines, and comply with the provisions of the Code.
- 2.2 Compliance with the Code does not guarantee compliance with any legal requirement.
- 2.3 Non-compliance with the Code does not affect the validity of any contract between the company and the consumer, unless otherwise provided by law.

3. Sales, marketing advertising and promotion

- 3.1 Customer approaches may occur in a wide range of ways e.g. by TV, radio or press advertising, promotions in shops or shopping centres, post, fax, electronic mail, telephone or in person. Regardless of the way in which sales and marketing activities are conducted, Providers to act responsibly and compliantly.
- 3.2 Customers' legal rights and wishes to be respected where they have registered with any relevant preference service, including the Mailing Preference Service, the Telephone Preference Service, the Fax Preference Service and the E-mail Preference Service.
- 3.3 Advertising and promotion to comply with the British Codes of Advertising and Sales Promotion and all other applicable advertising codes. In addition, advertising and promotional literature to be clear, unambiguous, accurate and fair, containing no false or misleading information about price, value or service and, in particular, must not denigrate other Providers.

4. Recruitment and sales training

- 4.1 Appropriate procedures to be set up for the selection of staff involved with direct contact with customers for the purposes of sales and marketing activity.
- 4.2 Providers to be responsible for ensuring that sub-contractors (third party agencies) also set up equivalent selection procedures. For the avoidance of doubt, third party agencies shall not include resellers to whom telephony services are sold on a wholesale basis.
- 4.3 Whilst operating within current employment legislation, recruitment of sales staff to have regard to:
 - behaviour and appearance, recognising that the sales person may be seen as the 'public face' of the industry;
 - security – references and relevant convictions for criminal offences to be checked and taken into account;
 - evidence of mis-selling or lack of integrity in any previous selling employment.
- 4.4 The following requirements related to sales staff based in the UK to be observed:
 - the applicant must provide proof of National Insurance number, proof of address and two references;
 - referees cannot be related to the applicant;
 - business referees must not both be from the same company;

- if a sales person leaves for any reason a copy of his or her sales records (including all recordings and notes on sales) will be retained for a minimum period of six months;
 - reasonable endeavours to be made to retrieve the identification badges of staff leaving the company.
- 4.5 For sales-staff not based in the UK, equivalent procedures to be applied, and documented.
- 4.6 Providers to satisfy themselves that they have taken reasonable steps to ensure that every such person is trained so as to have a sufficient understanding that any relevant advice given by such person is not misleading. Topics covered to include:
- arrangements for competition in the supply of telecommunications in the UK;
 - the different telephone options provided by the company and how these differ from other competitive telecoms products (which may or may not be offered by the company); for example, Indirect Access, Carrier-Pre Selection, Wholesale Line Rental or Wholesale Calls;
 - the process for ordering the telephone service;
 - the relevant principles of consumer protection law;
 - the prices charged by the employing company and its other terms and conditions of service and, in particular, methods of payment, duration of contract and any termination fees;
 - the nature, and cost, of any additional services on offer;
 - the process for cancelling the contract both during the cooling-off period and at any time following commencement of the service; and
 - the existence of the sales and marketing code of practice and the benefits provided;
 - the procedure for handling customer complaints.
- 4.7 Responsibility for compliance with the Code by representatives, and any sales agency acting on their behalf, to lie with the Provider. The Provider to identify the title of the person accountable for ensuring that the company and its agents observe the Code, and the title of the person responsible for handling complaints relevant to the code.
- 4.8 Remuneration systems, to be documented, and not to be such as to encourage misleading or exploitative sales practices. The Provider to be kept informed of incentive schemes used by any agencies it employs for sales and marketing.

5. Customer contact

- 5.1 Discretion to be used when visiting consumers' homes, particularly during the hours of darkness. No face to face contact to be made outside the hours of 08.00 to 20.00, and no telephone calls to be made outside the hours of 08.00 to 21.00, unless at the customer's request.
- 5.2 Representatives involved in face-to-face sales and marketing to be issued with identity badges that clearly display the name of the Provider they represent and a unique identification number for that representative. The identity badge to also display the

representative's name, a photograph of the representative and an expiry date for validity of the card. The information on the card to be presented in such a way that does not require close examination. Identity cards must also be made available with key information in Braille, on request.

- 5.3 All representatives to immediately identify themselves, the company they represent and the purpose of the call and the expected call duration. If visiting or meeting in person, they should draw the Customers' attention to their identity card.
- 5.4 Reasonable steps to be taken to keep informed of local authority initiatives, password schemes etc, such as the Local Distraction Burglary Initiative.
- 5.5 All representatives to be courteous, use appropriate language and offer clear and straightforward explanations. All information should be factual and accurate. Representatives should not misrepresent the services being offered nor those of other Providers. Representatives should also check that Customers entering into contracts understand, and intend, them.
- 5.6 Representatives to cease contact with any person who indicates that the contact is inconvenient, unwelcome, inappropriate or too long. If the Customer requests it, the discussion to be ended immediately and, if making a doorstep call, the premises to be left immediately.
- 5.7 Representatives not to abuse the trust of vulnerable Customers e.g. those who are elderly or whose first language is not English, or who have special needs. Providers should have a policy regarding such Customers, including that their representatives do not pursue sales presentations to Customers whom they believe may be vulnerable.
- 5.8 Where there is sheltered housing, nursing homes or residential care facilities contact to be made with the warden or other person in authority before any approach is made to the Customer.
- 5.9 No sales or marketing activity to be conducted that is directed to those who are under the legal age for entering into contracts.
- 5.10 Sales and marketing campaign records to be maintained for six months, including the date and the approximate time of the contact with the Customer. Records to be such as to allow subsequent identification of the salesperson(s) involved and to assist in dealing with any complaint or query.

6. Entering into a contract – information, order forms and contracts

- 6.1 All reasonable steps to be taken to ensure that the person entering into a contract is authorised to enter into the contract for the Fixed-line Telecommunications Services/bills at the premises.
- 6.2 Order forms and contract forms to be designed such that the contractual nature of the document is clear to the Customer, and it contains a statement of the contractual nature of the document immediately adjacent to where the Customer signs the document so the statement cannot easily be obscured or concealed . Customers to sign over the word "contract".
- 6.3 Where a direct approach to the Customer takes place, the Customer to be given the information set out in this paragraph, in writing, in a clear and comprehensible manner

- essential information including the identity of the company, its address, telephone, fax and e-mail contact details, as appropriate;
 - a description of the telephone service sufficient to enable the customer to understand the option that the customer has chosen, and how it works;
 - information about the major elements of the service, including the cost of any standing charges, the payment terms, line rental, key call types and details of “protected or special support” arrangements;
 - the arrangements for provision of the service, including the order process and, as accurately as possible, the likely date of provision. Where there may be significant delay in the likely date of provision, the Customer to be informed;
 - the existence of a right of cancellation and the process for exercising it;
 - the period for which the charges remain valid; and
 - the minimum period of contract, and minimum contract charges, if any.
- 6.4 Customers to be made aware of the existence of the Code, and preferably provided with a summary. Copies of it to be provided on request, and free of charge, to Customers.
- 6.5 At the Customers request, full written information about tariffs to be made available.
- 6.6 If a Customer signs an order form following face to face contact, or enters into a written contract, the customer must be given a copy of the order form or contract, as well as the following details in writing either at the same time or within 5 working days, unless previously supplied in writing prior to contract:
- information about any after-sales services or guarantees; and
 - arrangements for the termination of the contract.
- 6.7 Orders placed by distance selling means to comply with Distance Selling Regulations, which are set out in the table below.
- 6.8 In the case of internet orders, a well sign-posted hyperlink to this information which is easily visible to the web site visitor to be prominently displayed with the information being capable of being easily downloaded and printed.
- 6.9. During the switchover period there should be ‘no cost’ cancellation for Customers where they change their mind. Customers to be made aware that they have the right to change their mind during the switchover period .
- 6.10 Customers to be permitted to cancel orders and terminate contracts by telephone, in writing, by fax or by e-mail.
- 6.11 Providers to send a mandatory letter in accordance with the industry-agreed process informing the customer of the details of the transfer, and the following to be clearly communicated:
- date of notification;
 - CLI(s) affected;

- list of services affected/unaffected, e.g. IA call barring;
- date of switchover;
- the sender's contacts details for any queries.

6.12 The notification will be by letter although may be sent electronically where Customers have initiated contact by applying online, and have confirmed online that they wish all future correspondence to be sent electronically. Otherwise Customers would need to positively request by written correspondence that information be sent electronically.

6.13 Providers to keep under review the procedures by which contracts are agreed and to take appropriate steps to prevent recurrence of any problem identified.

6.14 In all cases, Customers to be contacted along similar timescales to the industry-agreed process described in paragraph 6.11 to confirm that the Customer understands that they have entered into an agreement, are happy to proceed with the agreement and are content with the way in which the sales and marketing activity was conducted.

6.15 Such Customer contact to be either part of the mandatory Customer 'notification of transfer' letter referred to in paragraph 6.11 or through a separate process. This contact to be made by a person not engaged directly in activities leading to the promotion of sales contracts.

6.16 If it is found that the contract was not understood or intended, or if the order matured before the expiry of the switchover period, and the Customer wishes to cancel, Providers to terminate the contract without charge or other penalty to the Customer.

7. Consumer protection and other legal requirements

7.1 Procedures to comply with all applicable legislation and appropriate amendments (see table below for examples).

8. Audit

8.1 Providers to carry out regular audits of systems, procedures and documentation to ensure that they are acting compliantly with all aspects of the Code.

9. Customer complaints procedure

9.1 Providers' internal procedures for handling Customer complaints to also include those relating to their sales and marketing activities. Providers to ensure that all their staff and representatives who deal directly with Customers are made aware of this procedure, and that they should inform Customers of the existence of their complaints procedure in accordance with their current obligations.

9.2 The complaints procedure to set out how Customers may complain about the company's sales and marketing activity and what further steps are available if they believe their complaint has not been dealt with satisfactorily.

9.3 In addition, Customers also to be made aware of any dispute resolution arrangements as recognised by Ofcom. Currently Ofcom has approved two schemes: the Office of the Telecommunications Ombudsman ('Otel0') and the Communications and Internet Services Adjudication Scheme ('CISAS').

9.4 Providers to liaise regularly with Ofcom and the relevant consumer groups to monitor the number and nature of complaints under its code.

10. Distributing the code: creating awareness

10.1 The Code to be available to Customers on request, free of charge and in a reasonable range of formats.

10.2 The head office of the Citizens Advice (address: Myddleton House, 115-123 Pentonville Road, London, N1 9LZ) plus other head offices of relevant major advice agencies normally to be sent copies of the code and any subsequent update. Providers with restricted operations such as those operating only in specific regions to circulate copies to advice agencies as appropriate.

Annex 2

“Code of Practice” provided by Universal

Code of Practice - SALES AND MARKETING

Universal Telecom Limited has been formed with the basic objective of reducing business telephone call charges and providing a better-managed telephone service. Universal Telecom Limited acts as a total call cost centre providing many unparalleled services to our client. In pursuit of this objective Universal Telecom limited operates under the following code of practice.

1. CONTACT DETAILS

We can be contacted at

Phoenix House
Desborough Park Road
High Wycombe
Buckinghamshire
HP12 3BQ

Our direct line to customer services is 0800 652 3111.

Email our customer services team at:

customerservices@universalgroup.net

OR

telecoms@universalgroup.net

Visit our web site on

www.universalgroup.net

2. STAFF

Recruitment

In recruiting sales staff Universal uses a unique technique. We believe we are an exceptional company and we only employ exceptional staff. Before offering employment ALL of our sales representatives are fully checked. In addition to

standard security checks each applicant must provide proof of NI number, address and two references.

Training

Each sales representative is trained to an exceptionally high standard and before they are allowed to engage with customers they attend an intensive training course, at the end of which they are examined. Any person who falls below the high standard demanded by us is NOT allowed access to customers.

Furthermore our sales staff are provided with a sufficient understanding of our business to be able to properly inform the customer of the services offered and prevent them misleading customers in any way. Indeed using role-play scenarios we positively discourage misleading selling. Whilst our Sales Representatives do work on an incentive scheme it is designed not to encourage misleading or exploitative sales practises.

Additional topics covered during training include:

- i. Arrangements for competition in the supply of telecom in the United Kingdom.
- ii. The different options provided by the company and how these differ from other competitive telecom products.
- iii. The process for ordering the telephone service.
- iv. The prices charged by the company and it's other terms and conditions.
- v. The nature and cost of any additional services on offer.
- vi. The process for cancellation
- vii. The existence of this Code of Practise.
- viii. Universal Telecom complaints process.

Universal Telecom acknowledges that it responsible for ensuring our agents observe this code. Furthermore there is a designated member of staff responsible for ensuring continuing compliance with this Code.

3. CUSTOMER CONTACTS

The Badge

Each Sales Representative is issued with an Identification badge, which should be clearly displayed at all times. Indeed attention will be drawn to the badge when the Representative introduces himself to a potential customer.

The Badge will clearly display the company name and a unique number, which will identify the individual representative. It will also include:

- i. The representatives name
- ii. The representatives photo
- iii. An expiry date

This information will be clearly visible and cards are also available with key information in Braille, on request.

Important Information

Our Sales Representative will identify them self, the company they represent and the purpose of the call.

At all times our staff will be courteous and use appropriate language. Should the customer indicated at any point that the contact is inconvenient, unwelcome or inappropriate the Representative will leave immediately.

4. THE CONTRACT

Entering into a contract

Our Sales Representatives are trained to check that the person who is entering into a contract is duly authorised to do so. However, in accordance with accepted commercial practise, unless otherwise rebutted it will be assumed that Directors or Partners have actual authority. Company Secretary or equivalent will be assumed to have apparent authority unless otherwise indicated.

The Document

The agreement that is signed is intended to be a LEGALLY BINDING CONTRACT. The terms and conditions that govern that agreement are clearly printed on the reverse. The customer will be invited to read them by our Sales Representative and the signature block includes a declaration that the terms and conditions have been read and understood.

A verification call will also be made to confirm that the customer has been correctly advised. This call may be recorded and monitored.

Follow up

Once the contract has been signed the customer will be given a copy of the contract that contains in writing the following information:

- i. The company name, address and contact numbers.
- ii. A description of the telephone service.
- iii. Information about major elements of the service.
- iv. The arrangements for provision of the service.
- v. The existence of a right of cancellation.

The customer will also be made aware of the existence of this code.

Cancellation

A customer who wishes to cancel the contract must contact Universal Telecom in writing. Upon receiving this notice Universal Telecom will contact the customer within 5 days to discuss their intentions.

Should the customer decide to continue with the cancellation and once the termination period has been served, Universal Telecom will send to the customer a letter detailing:

- i. The date of notification
- ii. CLI(s) affected
- iii. List of services affected/ unaffected
- iv. Date of switch over

5. AUDITS

As part of our continuing commitment to provide an efficient service, all contracts will be audited prior to processing. They will be checked for errors and to insure that the contract was properly entered into. Additionally regular

audits of systems, procedures and documentation will be carried out.

If errors are identified both parties have the right to make good the mistakes or cancel the account.

6. COMPLAINTS

Any complaints about any level of our service will be dealt with in accordance in our Code of Practise for Complaints. This document is available to all customers on our web sit or on request a hard copy will be provided free of charge.

7. CONTACT DETAILS OF RELATED ORGAISATIONS.

Ofcom
Contact Centre
Riverside House
2a Southwark Bridge Road
London
SE19HE

Tel 0845 456 300
E- mail
Website www.ofcom.org.uk

CISAS
C/o Dispute Resolution Services
The Chartered Institute of Arbitrators
12 Bloomsbury Square
London
WC1A 2LP

Tel 02074217432
E-mail kkorubo@arbitrators.org
Website www.arbitrators.org

8. ADDITIONAL INFORMATION

This Code is designed to comply with Ofcom regulation relating to Telecom:

Direct Sales and Marketing, as required by the Telecommunication Act 2003.

Annex 3

Schedule of deficiencies

Universal Telecom Limited (“Universal”)’s compliance with the guidelines for sales and marketing codes of practice for Fixed-line Telecommunications Services

Section	Requirement	Examples of deficiency of Universal’s code of practice
1. Introduction and overview	Key objectives to be outlined. Procedures to be in place, and fully documented, for example, making reference to the Code in sales and marketing literature as part of the ‘notification of transfer letter’ and on the Providers’ public websites (1.4) and Providers’ accountability to be visible in the form of a named person, responsible for compliance, with relevant contact details, including an e-mail address (1.6)	<p>As at 2 November 2005, Universal’s Code of Practice is not referred to in any literature or on www.universalgroup.net</p> <p>Universal’s Code of Practice does not include a named person responsible for compliance</p> <p>It does not include an explanation of the purpose of the Code e.g. to provide a clear framework to ensure good practice and responsible selling, and to help customers understand the service and behaviour to be expected</p>
2. Status of code	Acknowledgement that all providers who engage in sales and marketing for Fixed-line Telecommunications are required to establish and comply with a Code of Practice for Sales and Marketing.	Although Universal’s Code of Practice states that “This Code is designed to comply with Ofcom regulation relating to Telecom: Direct Sales and Marketing, as required by the Telecommunication Act 2003 (sic)”, it does not acknowledge that all providers who engage in sales and marketing for Fixed-line Telecoms Services are required under GC 14.3 to establish the Code in accordance with Ofcom’s guidelines and comply with the provisions of the Code.

<p>3. Sales, marketing advertising and promotion</p>	<p>Acknowledgement that the Provider will comply with the code, regardless of how the approach is made e.g. by radio or press advertising, telephone or in person (3.1) and no approach to customers who are registered with any Preference Service (3.2).</p> <p>In addition, advertising and promotional literature to be clear, unambiguous, accurate and fair, containing no false or misleading information about price, value or service and, in particular, must not denigrate other providers.</p>	<p>Universal's code makes no reference to when its Sales and Marketing Code will apply and there is no reference to any of the preference services.</p> <p>There is also no reference to advertising and promotional material.</p>
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<p>4. Recruitment and sales training</p>	<p>Appropriate procedures to be set up for the selection and training of staff involved with direct contact with customers for the purposes of sales and marketing activity</p>	<p>Although Universal's Code of Practice includes a section on the recruitment and training of staff, it does not include any real details of how staff are selected and checked, especially with regard to any evidence of previous mis-selling or other behaviour which demonstrates a lack of integrity.</p> <p>For example, the Code does not include any restrictions on references or any commitment to document (or retain documents of) the procedures followed.</p> <p>Furthermore, Universal's Code of Practice lists topics covered during training of its sales staff, but does not emphasise the subjects which are at the heart of the Guidelines i.e. ensuring that mis-selling or mis-representation does not occur.</p> <p>For example, although training includes the topic of the existence of the Code of</p>
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<p>5. Customer contact</p>	<p>The Guidelines set out various requirements to be adhered to when contacting customers e.g. no face to face contact to be made outside the hours of 08.00 and 20.00</p> <p>Representatives are to be courteous and offer clear and straightforward explanations. All information should be factual and accurate. Representatives should not misrepresent the services being offered or those of other providers. Representatives should also check that customers entering into contracts understand and intend them (5.5).</p> <p>Representatives are not to abuse the trust of vulnerable customers, e.g. those who are elderly or whose first language is not English (5.7).</p> <p>Sales and marketing records, which include relevant dates/times and allow the subsequent identification of the salesperson(s) involved, are to be maintained for at</p>	<p>Universal’s Code contains no details on the times of day its sales staff will contact customers.</p> <p>Furthermore, Universal’s Code does not include a commitment to providing clear and straightforward explanations. It fails to state that representatives should not misrepresent the services offered by themselves or others. It does not state that representatives should check that customers fully understand and intend the contacts.</p> <p>There is no mention of vulnerable customers.</p> <p>There is no mention of retention of records.</p>
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	least six months to assist in dealing with any complaint or query (5.10).	
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<p>6. Entering a contract – information, order forms and contracts</p>	<p>The Guidelines set out a number of requirements which should be included in a Code e.g. reasonable steps to be taken to ensure the person entering into the contract is authorised to do so (6.1), the contractual nature of any document to be clear to the customer (6.2) and the customer is to be given essential information. For example, the identity of the company and description of the service, a right of cancellation and the process for exercising it, minimum contract period and minimum contract charges (if any) (6.3).</p> <p>Customers are to be permitted to cancel orders and terminate contracts by telephone, in writing, by fax or by e-mail.</p> <p>During the switchover period there should be “no cost” cancellation for Customers where they change their mind. Customers should be made aware that they have the right to change their mind during the switchover period (6.9).</p> <p>Customers are to be sent a notification of the transfer in accordance with the industry-agreed process (6.11), and customers are also to be contacted along similar timescales to confirm that they understand and are happy to proceed with the agreement (6.14).</p> <p>If it is found that the contract</p>	<p>Although Universal’s Code of Practice includes details of checking that the person entering into a contract is authorised to do so, and states that the agreement is intended to be a legally binding contract, there are no details of how order forms and contract forms are to be designed to ensure that the nature of the document is clear to the customer. Although it is stated that the terms and conditions appear on the reverse, and that the customer signs a declaration that they have read and understood the terms and conditions, there are no details about how the contractual nature of the document is made clear on the face of the document.</p> <p>The Code of Practice does not include details of the information to be provided to the customer in writing at the time the sale is agreed. The Code includes details of information which will be provided only “once the contract has been signed”.</p> <p>Although the Code states that a “verification call” will be made to confirm that the customer has been correctly advised, there is no mention that this contact will be made by a person not directly engaged in activities leading to the promotion of sales contracts. As the Code currently stands, this contact could be simply a further sales call.</p>
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	was not understood or intended, or if the order matured before the expiry of the switchover period, and the customer wishes to cancel, provider to terminate the contact without charge or other penalty to the customer (6.16).	Details on cancellation are brief, and limit customers to cancellation by writing only. There is no mention of customers who had not understood or intended the contract. The Code simply states that Universal will contact the customer within 5 days of receiving a notice of cancellation to “discuss their intentions.”
7. Customer protection and other legal requirements	Procedures to comply with all applicable legislation and appropriate amendments	Universal’s Code of Practice does not mention applicable legislation.
8. Audit	There is a requirement to carry out regular audits of systems, procedures and documentation to ensure compliance with the Code	Universal’s Code of Practice does include details of the audit process to be followed.
9. Customer complaints procedure	<p>The Code should set out the complaint’s procedure for consumers who wish to complain about sales and marketing activity.</p> <p>In particular, all staff and representatives who deal with customers should be made aware of the procedure, and should inform customers about the procedure (9.1). The procedure should set out how customers may complain about sales and marketing activity and what further steps are available for customers if their complaint has not been dealt with satisfactorily (9.2).</p>	<p>Although Universal’s Code of Practice refers to Universal’s separate Code of Practice for complaints, it fails to include a commitment that all its staff and representatives are made aware of the complaints procedure, and that they should inform customers of the existence of the complaints procedure.</p> <p>The Code fails to set out within the body of this Code of Practice how customers may complain about Universal’s sales and marketing activity and what further steps are available if they believe their complaint has not been dealt with satisfactorily.</p>
10. Distributing the code: creating awareness	The Code to be available to Customers on request, free of charge and in a reasonable range of formats	There is no mention of the availability of the Code, or other steps to create awareness of the existence of the Code.