



## **Alliance & Leicester Plc, Arrears Management**

**Response to OfCom's Statement of policy on the persistent  
misuse of an electronic communications network or electronic  
communications service**

The Arrears Management department at Alliance and Leicester Plc operate the predictive dialler to carry out outbound calling campaigns with the aim of contacting customers who have fallen into arrears.

The predictive dialler allows the department to make early contact with customers and provides the opportunity for both parties to address any issues. It is an efficient and cost-effective way of making contact and in the majority of cases, customers welcome the contact. Over the years, systems and controls have been developed to ensure we regularly maintain an abandon rate of less than 3% and in addition, minimise the risk of abandoned calls per se.

While we appreciate OfCom's overall aim to regulate the use of automatic calling systems and prevent the distress caused to consumers by silent calls, we are also concerned that some of the proposed procedures will be detrimental to them and will impose unnecessary constraints on creditors in the way they manage customer contact.

The areas of concern relate to the conditions set out under Section 5.16 which aim to mitigate and minimise the risk of abandon calls:

**Bullet 2: In the event of an 'abandoned call' a very brief information message is played which identifies the company, the purpose of call and offers the 'person' the possibility of declining further calls.**

- **Message that identifies the company and purpose of call:** The proposed conditions have major implications and may in fact infringe a customer's right for privacy under the Data Protection Act and contravene the duty of confidentiality owed under Banking Code, in the event that a third party receives the message. By leaving the company name it may, in our case, intimate a banking relationship and secondly, in disclosing the purpose of the call the third party would receive sufficient information of a personal nature that the customer may not want publicising. Playing a message either directly to a third party or on an answerphone machine may cause greater anxiety to customers and is more likely to generate complaints. We believe an alternative would be to leave a non-specific message, which gives the intended recipient the opportunity to call back.
- **Offers the 'person' the possibility of declining further calls:** allowing a 'person' to call back and leave a message to refuse future calls is an unnecessary restriction for the purposes of debt collection activity. While we respect customers wishes not to be called by putting them on a 'do not call list', the proposed condition appears to be aimed at telemarketing activity with its reference to 'person'. The 'person' calling back may not be the customer and by refusing calls he or she may inadvertently prevent the customer receiving calls which they may be quite happy to receive.
- It is also important to note that some customers may take the opportunity to wilfully avoid their contractual obligations leading to alternative forms of contact such as additional reminder letters or visits to property, which will inevitably result in additional costs being passed onto customers. It may also leave companies taking costly enforcement proceedings causing greater anxiety and distress. We believe this condition should not apply to debt collection activities.

**Bullet 4: when an abandoned call is made to a particular number, that number is not called again in the following 72 hours, unless a dedicated operator is available.**

- We strive to contact customers as early as possible to discuss and agree on remedial action. Cases of genuine financial difficulties are usually addressed to the benefit of the customers during this period of early contact and in many cases prevent escalation of debt. As stated earlier, it is a cost-effective way of contacting customers and there is a danger that any alternative forms of contact may result in additional administration costs being levied against customers.

We feel this condition is an unreasonable condition on debt collection practices and in particular, will impose restrictions on companies that regularly comply with an abandon rate of less than 3%.

**Bullet 6: either a recorded message or a live operator is available at the CLI number presented to inform called persons of the identity of the organisation that called them, the intended purpose of the ‘abandoned call’ and that the called person’s number will be deleted from the organisation’s database and added to its in-house suppression list at the called person’s request if they leave their name and telephone number;**

- For reasons given above under bullet 2 leaving a message will be an infringement of the customers privacy under the data protection regulations and will contravene the duty of confidentiality owed under the Banking Code should a third party call the CLI number and receive the information.
- Where a CLI number is left on outbound debt collection calls notwithstanding the result of the call i.e. abandoned or not, it will offer some customers the opportunity to evade contact by leaving their name and telephone number. In addition, as stated under bullet 2 above, non-intended recipients in the household may leave a message to refuse calls.
- The opportunity to refuse calls and the subsequent blanket removal of a telephone number from an ‘organisation’s database’ is wholly unreasonable to debt collection operations. Customers may have multiple products with an organisation that may result in service calls from a number of departments, subsidiary companies including the telemarketing department. This part of the condition is clearly addressing telemarketing activities and for this reason we believe debt collection operations should be excluded.

We agree that OfCom must take enforcement action against companies who abuse automatic calling systems (ACS). However, in the development of any framework within which companies must operate, OfCom has to properly consider the purposes and uses of ACS. From the proposed conditions set out in 5.16 it appears that OfCom has overlooked the significant differences that exists between telemarketing and debt collection activities. These inherent differences must be distinguished to ensure the right balance is struck and that collections operations are not overly restricted for the benefit of not only the creditor but also the customer.