

**Citizens Advice response to**

**OFCOM's Review of the**

**Universal Service Obligation**

(Statement and Further Consultation)

**September 2005**



European Consumer Centre

© Citizens Advice

For more information on  
the social policy work  
of the Citizens Advice service  
[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

Citizens Advice is an operating name of  
The National Association of Citizens Advice Bureaux  
Charity registration number 279057

Registered office: Myddelton House  
115-123 Pentonville Road, London N1 9LZ  
**Tel 020 7833 2181**  
**Fax 020 7833 4371**

## Introduction

Citizens Advice is pleased to have this opportunity to respond to OFCOM's further review of the Universal Service Obligation (USO), for provision of basic telecommunications. The Citizens Advice Bureaux (CAB) network is the largest independent network of free advice centres in Europe, providing advice from over 3,200 outlets throughout Wales, England and Northern Ireland. The service has two equal aims:

- to ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities or of the services available to them, or through an inability to express their needs effectively; and equally,
- to exercise a responsible influence on the development of social policies and services, both locally and nationally.

In 2004-2005 the CAB service received 110,000 enquiries about problems with utilities, including telecommunications. CAB clients are often disadvantaged and vulnerable and many are on limited incomes and thus representative of those consumers for whom many aspects of the USO are designed.

As the European Consumer Centre in the UK, the CAB Service has a particular interest in the EU directive covering this provision. We consider the role of this baseline of telecoms provision continues to play an important part in ensuring access for all. Many benefits, utilities and goods and services deliver their customer service exclusively through call centres. For CAB clients this has often meant that they are paying for long calls in order to seek the resolution of a wide range of everyday issues as and when they go wrong. Access to telecoms is essential.

### **Q1 Ofcom is seeking views on the proposal that BT should proceed with the revised targeted scheme and on Ofcom's proposed measures to ensure take-up.**

#### **Comments on the revised targeted scheme**

We welcome the changes made to the original proposals put forward by BT for a more targeted scheme for low income consumers. The new scheme appears to bring significant improvements in a number of areas, meeting some of the concerns which we raised in our previous response to Ofcom's review of the Universal Service Obligation (USO). In particular, we welcome:

- better targeting of vulnerable consumers who may have difficulty affording telephone services, which is in line with Article 9 of the Universal Services Directive;
- the increased call allowance for consumers who will be on the new scheme;

- broadening out the benefits of prompt payment to those consumers who may not have a bank account or wish to pay by Direct Debit through use of an Early Payment Discount;
- simpler eligibility criteria (though see below for potential problems);
- exclusion of customers now limited to those with monthly mobile contracts rather than any person with a mobile phone;
- no exclusions for disabled or chronically sick mobile users.

We consider that these proposals represent a better deal for low income consumers than the proposals outlined in BT's original proposals. Citizens Advice does, however, have some reservations about the revised scheme and would recommend that BT and Ofcom seek to take these into account.

Firstly, on connections, the default is now for the £74.99 charge to be spread across five payments. Are there any other options available? The payment of £15 in addition to the cost of calls over the first five payments may prove to be prohibitively expensive for some CAB clients on low incomes or benefits. We would suggest that the charge for connection for clients who are new to BT and where an existing line does not exist, should be spread over a longer period so that customers are less likely to get themselves into debt by setting up a telephone line.

Secondly, while we are pleased to note that customers will be able to self-declare their eligibility for the revised BT scheme we have some concerns about how this might operate in practice, and would welcome clarification on a number of points:

- is it intended that receipt of both the guarantee element of the Pension Credit and the savings element of the Pension Credit would confer eligibility?
- using receipt of benefits as a passport to eligibility can prompt difficulties should the government make changes to the benefits system. Would the revised scheme cope, for example, if Pension Credit were to be scrapped?
- more immediately, and more importantly, take-up of Pension Credit is not universal. Although estimates of potential eligibility vary, it is widely accepted that around a third of pensioners who are eligible for Pension Credit are still not receiving it. This has obvious knock-on effects for eligibility and take-up of BT's new scheme, potentially excluding people who may in fact be precisely the type of people the scheme is designed for, solely because they are not in receipt of Pension Credit.
- what type of circumstances might prompt BT to suspect that the customer is not eligible for the scheme, and lead them to ask for proof?

### **Comments on Ofcom's proposed measures to ensure take-up**

On encouraging take-up, we welcome efforts by Ofcom to incentivise BT to promote the new scheme. Confirming Ofcom's analysis of take-up, our evidence in relation to the current special tariff schemes suggests that there is much room for improvement on this

front. We agree with OFCOM that BT could do more to promote its schemes and services to consumers they know are experiencing debt management problems and that this would act to reduce levels of disconnection. This should mean that when customers are talking with BT about bill payment problems the option for cheaper tariffs that will avoid disconnection should always be offered.

The additional measures to boost take-up of the revised scheme are therefore welcome, though we are unsure why the figure of 600,000 customers has been chosen. We urge Ofcom to continue to monitor take-up of the scheme once it has surpassed the 600,000 figure to make sure that BT continues to offer the scheme to those customers to whom it may be appropriate.

CABx evidence also indicates that BT needs to look at disconnection policy in the context of USO. Refusal to allow access to undischarged bankrupts seems to go against a key strand of USO is to ensure that all consumers can obtain and retain at least a basic telephone service. For example:

A severely disabled CAB client from Cambridgeshire who had recently suffered a stroke was unable to get a phone connected due to the company policy not to provide a service for bankrupts.

Recently bankrupt CAB clients from Cumbria , living on a pension, sought advice when BT threatened disconnection of their phone line. They live in a rural location where mobile reception is poor and need the land line for emergencies.

Finally, we are pleased to learn that Ofcom recommends that BT work closely with the relevant consumer bodies, including Citizens Advice, in developing its marketing plans. We look forward to being contacted by BT to assist in this way.

#### **Q2 Ofcom is inviting views on amendments proposed in Annex E to the USO designation to implement the changes to the definition of Site.**

#### **Q3 Ofcom is inviting views on amendments proposed in Annex G to the Direction on PCBs to implement the changes to:**

- the definition of Site
- the public bodies with the local veto
- the extended consultation period
- the rules on cashless PCBs

#### **Q4 Ofcom is inviting views on guidance proposed in Annex H**

Citizens Advice broadly supports Ofcom's recommendation to retain but modify current arrangements, keeping the local veto and making it more transparent, accountable and consistent.

The nature of a Universal Service Provision would seem to be that provision is always available, even where this means that very profitable sites are subsidising unprofitable sites. The maintenance of the local veto and notices on call boxes where removal is under consideration means that those most affected by a PCB removal are, as a minimum, consulted. We support the retention of the local veto without which there would be no guarantee of provision where local people want to retain a PCB.

### **The definition of Site**

Re-defining the area covered by the definition of a 'site' would seem likely to increase the closures of PCBs and we are concerned that real public service availability will then be lost. In particular, we do not condone the proposals to increase the distances to reach a PCB in rural areas, particularly where public transport is poor or non-existent.

### **The public bodies with the local veto**

For the consultation process to work well, the USO provider will need to consult with public bodies that are familiar with the very local needs of the community likely to use that PCB. Changing the current consultation obligation so that the body consulted is more remote from the consumer would seem to put at risk the potential for objections to be local to the service provision.

If the veto is to be retained it should be very clear that it is not compulsory to supply an objection which features in the guidance proposed by Ofcom.

### **The extended consultation period**

In relation to timing, we agree that 90 days would provide a better opportunity for public bodies to gather and consider objections locally, particularly where these objections may only come to light through local meetings, such as those of a parish council or local voluntary group, which may be infrequent.

### **The rules on cashless PCBs**

We have some concerns about the removal of an obligation for a cash payment facility in the last PCB in the area. The main issue is availability of local shops or post offices in rural areas where people can buy a phone card. CAB often report the lack of facilities to top up fuel tokens resulting in clients having costly journeys and this resulting in self disconnection. We are concerned that similar problems exist for access to phone cards. In other cases phone cards have proved expensive, for example:

A CAB client from North Yorkshire found his £5 phone card only lasted 15 minutes, compared to another card that provided 120 minutes for the same price. The

difference was due to the level of surcharge imposed by BT for cards used in public phone boxes.

In addition, we would like to reiterate that any replacement of PCBs with emergency and freephone call boxes should require local consultation. There is a significant difference between a PCB and an emergency only facility, particularly for those without a landline.

#### **Q5 Ofcom is inviting views on amendments proposed in Annex F to General Condition 6 to implement the changes relating to the accessibility of PCBs**

Generally, good access has been found to be of value to all consumers and not just to those with disabilities. However, we recognise that modification of PCBs to accommodate one user may cause an access problem for others. It is therefore essential that consultation on requirements is as wide as possible, so we support Ofcom's decision to host a discussion between PCB providers and disability stakeholders to discuss PCB accessibility, as this seems like a sensible way forward.

But we believe that the attitudes and policies of service provision has not reflected the reasonable needs of their disabled consumers, as illustrated by these examples:

An 82 year old disabled CAB client from West London was told a phone line could not be connected for up to 10 days. It had been disconnected when she missed the payment date for the bill, whilst she was in hospital. Despite her vulnerability the phone company would not even connect the line for emergency calls only.

A Lancashire CAB client contacted the phone company when a fault developed on the phone she had had adapted to cope with her hearing loss. But the automated system required that to arrange a date for repairs they would have to call her back. There seemed little point, as she would not be able to hear their call.

#### **Q6 Ofcom is inviting views on amendments proposed in Annex I to General Condition 15 to implement the changes relating to the obligation to provide:**

- **bills and contracts in acceptable formats**
- **short code number access to a Directory Enquiry Facility**

We welcome Ofcom's proposals to amend General Condition 15 to require bills and contracts in acceptable formats to be delivered in a timely manner to subscribers who are not able to read conventional print because of their disability.

#### **Q7 Ofcom invites views on consent to non-uniform charging proposed in Annex J**

#### **Q8 Ofcom invites views on guidance on reasonable requests proposed in Annex K**

## **Q9 Ofcom invites views on amendments to guidelines on FIA proposed in Annex M**

Without an understanding of the actual level of suppressed demand that would be unleashed if the threshold was removed and the cost of meeting that demand, it is difficult to make a decision on whether the policy of a threshold is appropriate in the long term.

Certainly, we receive evidence from clients that this policy causes problems, and that CAB clients, particularly those living in rural areas, may be unable to afford a landline:

CAB clients in Wiltshire reported they could not afford the £700 fee to connect a telephone landline to the farm they had moved to.

We encourage OFCOM to test the full effect of this proposal by waiting until the figures BT have now agreed to collect in response to Ofcom's Consumer Panel's recommendation, in respect of levels and values of unmet landline connection requests, are available before taking either option forward.