

**Statement by the Director General of
Telecommunications on the Provisional Order
issued against BT on 10 February 2003**

Condition 54.9 of BT's licence

19 February 2003

Statement by the Director General

On the 10 February 2003, the Director General of Telecommunications (the Director) issued a Provisional Order against British Telecommunications PLC (BT) with regard to Condition 54.9 of BT's licence.

Condition 54.9 of the BT licence requires that BT shall ensure that discount schemes offered by BT to its subscribers, including Consumers, are published and fully transparent.

Following the receipt of a complainant in December 2002, the Director's subsequent investigation found that BT appeared to have offered an effective discount to a customer contrary to Condition 54.9.

Financial information submitted by the complainant also suggested that it was likely to sustain loss or damage in consequence of anything which in contravention of Condition 54.9 was done or likely to be done, or omitted to be done, before a Final Order was made. Therefore the Director believed it was necessary to issue a Provisional Order in accordance with his duties under section 16(2) of the Telecommunications Act 1984.

The Director required BT to publish and make transparent and publish the relevant discount scheme within 3 days of the date of publication of the Provisional Order.

The Provisional Order and Explanatory Memorandum can be viewed on the Oftel website at <http://www.oftel.gov.uk/publications/licensing/2003/order0203.htm>

On the 13 February BT advised the Director that the offer made to IBM had been withdrawn.

Following the withdrawal of the offer by BT the Director is satisfied that in this specific case there is no breach of Condition 54.9. Accordingly the Director does not intend to confirm the Provisional Order issued on 10 February 2003.

The Director has also received a personal assurance from the Managing Director of BT Retail that he will write to all account managers and sales people, using this case as an example, informing BT staff that introducing agents to offer a discount was banned. BT are also planning to strengthen their ongoing internal compliance procedures in this area. Oftel welcomes these positive steps and will monitor their implementation closely as part of its wider investigation into the use of third party agents.

David Albert Edmonds

DIRECTOR GENERAL OF TELECOMMUNICATIONS
19 February 2003
