



Restoring trust in Personal Numbering

*A statement issued by the
Director General of Telecommunications
on proposals to stop abuse of the 070 range.*

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Summary

S.1 This Statement follows the consultation document *Restoring Trust in Personal Numbering* (May 2001).

S.2 There has been an increasing number of complaints concerning abuses in the 070 number range. These problems have begun to undermine consumer and industry confidence in legitimate Personal Numbering service provision. Oftel invited comments on steps to deal with the problem.

S.3 This Statement details the responses Oftel received, Oftel's conclusions and also covers other areas Oftel may want to look at.

S.4 The benefit of a Personal Number to the end user is that a connection has been made, **not** that the called party receives payment for receiving the call. In Chapter 2 Oftel explains why such payments are not legitimate, and constitute a significant market distortions. Oftel believes that banning revenue share will correct the incentive structure and encourage end users to take the best value PNS.

S.5 Oftel is not convinced that the possibility of migration of those misusing revenue share arrangements to the 087 or 084 ranges demands a similar response. Should problems arise of consumer exploitation Oftel will tackle them.

S.6 Oftel will:

- (i) Ban end user revenue-share with immediate effect through the new issue of the Numbering Conventions;
- (ii) Keep other revenue-share issues (eg 087 developments) under review and will act decisively, if abuse occurs; and
- (iii) Oftel wishes to see a Code of Practice for Personal Numbering Service Providers and would consider removing the ban on end user revenue sharing if such a code is effective in preventing abuse of PNS.

Chapter 1

Background

1.1 The 07 range is for 'Find-me-anywhere' services, which enable end users to be contacted, whatever their location, where the call charge is not distance dependent. Mobile, Personal Numbering and Paging services fall within the 07 range and may only use the respective part of that range as designated in the Specified Numbering Scheme (SNS).

1.2 Within the 07 range, the 070 sub-range has been set aside for Personal Numbering since the mid-1990s.

Definition of Personal Numbering

1.3 Personal Numbers enable end users to be called, using a single telephone number, and to receive those calls, via their Personal Numbering Service Provider (PNSP), at virtually any telephone number, including mobile numbers.

1.4 Personal Numbers are individually allocated by a PNSP to an end user, but are not themselves linked to a network.

1.5 A Personal Number is independent of a terminating network operator. It is that independence which enables end users to control the delivery of incoming calls so that they can be reached anywhere, irrespective of location. Personal Numbers may be allocated on a temporary basis (eg to patients in hospital) or on a long-term basis.

Service Enhancement

1.6 Personal Numbers do not provide any facility for call origination (ie to make outgoing calls), so having one simply complements and/or enhances an end user's existing telephone service.

1.7 The key benefit of a Personal Number is communication: ie both calling party and called party benefit from a call taking place. The caller wants to reach that party, irrespective of an element of uncertainty in the cost of the call, whilst the called party wants to be reached wherever he is.

1.8 In addition to that key benefit, a Personal Number gives the end user (ie the person to whom the number has been sub-allocated by a PNSP) other facilities:

- a single contact number for family, friends and business colleagues;
- network independence (the owner of the number can change network or PNSP, without changing telephone number(s), so it provides number portability for the owner);
- a dynamic, follow-me-anywhere service that is easy to use; and
- ancillary services such as voice mail and messaging services.

Legitimate charges

1.9 There are two basic types of Personal Numbering Service:

(i) *Partial Calling Party Pays (P-CPP)*

For this service, the calling party pays for the entire cost of the call where the divert location is on a fixed network. However, where the divert location is to a mobile network, then the called party (ie the owner of the Personal Number) is liable for the divert leg of the call. The actual tariff that the owner of the personal number has to pay for this element of the call will vary between different PNSPs.

(ii) *Full Calling Party Pays (F-CPP)*

For this type of service, the calling party pays for the **entire** cost of the call (ie inbound **plus** the divert element) which means that the owner of the Personal Number, the called party, is not liable for any call charges regardless of the divert location.

1.10 In its 1998 Statement entitled *Personal Numbering Services*, Oftel recognised that tariffing for both the P-CPP and F-CCP options needs to be flexible. Indeed, Oftel has not, nor does it currently wish to, prescribe a tariff structure for the 070 range (this is briefly considered in the sections on Price Controls and Revenue Capping in Chapter 2 of this Statement).

1.11 It is now clear that revenue-sharing with an end user, produces a cost/charge gap that has been exploited. The responses to the May 2001 consultation document have supported that belief. Oftel has concluded that the only party who should legitimately expect to reap any direct financial benefit, ie revenue, from this arrangement should be the PNSP. This will encourage PNSPs to lower their charges and focus on their business plans rather than on financially supporting their clients.

Abuses of the 070 range

1.12 There had been an increasing number of complaints from various sources with regard to non-personal numbering activities taking place behind 070 numbers.

1.13 Complaints have covered: websites promoting 'unregulated' PRS on 070; Internet service providers using 070; newspaper ads for PRS on 070 numbers; expensive credit 'advice' lines; estates agents, hoteliers and others targeted for fax-back scams; and mobile text-back messages asking people to call 070 numbers. Complaints in all those areas have continued. Oftel believes that concrete action must now be taken to stem the abuse of 070 numbers.

1.14 Oftel's view is that the services referred to in paragraph 1.13 above are neither legitimate PNS, nor legitimate PRS. It is clear, however, that those services are taking advantage of the present ability to share revenue from callers with end users.

Chapter 2

Responses to the Consultation

2.1 In May 2001, Oftel suggested a number of possible courses of action to ensure that the 070 range was used only for legitimate PNS services:

- (i) a Code of Practice either for:
 - (a) Personal Numbering (ie for 070), or
 - (b) All shared-revenue services;
- (ii) price controls on 070.
- (iii) banning or limiting revenue sharing on 070.

2.2 Each has advantages and disadvantages. Oftel wants the solution to be proportionate to the scale and frequency of complaints, degree of consumer harm and adverse impact on legitimate PNSPs. Oftel therefore sought views on this.

(i) A Code of Practice for Personal Numbering or for all revenue-shared services

2.3 Oftel proposed that could be a Code of Practice (COP) PNS, operated either by Oftel or a body made up of, and managed by, PNSPs for that purpose.

2.4 Oftel also suggested that there could be a COP for all revenue-shared services in addition to, or instead of, a Personal Numbering COP. This could be an extension of the existing ICSTIS scheme. Oftel believes that the distinctions in the SNS between 070 and 090, which would favour distinct Codes of Practice, remain relevant.

Responses

2.5 Self-regulation, through a COP, was seen by many recipients as a suitable course of action. However, there was a significant split between whether this should be a PNS COP or an extension of the ICSTIS scheme. Whilst marginally more respondents supported the latter, some of the opposition (particularly from PNSPs) was fundamental; eg the involvement of ICSTIS in an area that did not involve content of any kind. Many respondents were against a COP of any sort in principle (with comments along the lines of it being unenforceable and/or over-regulatory). Several respondents felt that a COP might be harmful rather than helpful.

2.6 ICSTIS felt that either of the COP options would be viable only if they had the universal support of relevant service providers and contained meaningful sanctions for non-compliance. Further, it offered to assist the industry in developing a COP.

Conclusions

2.7 For a COP to work, widespread support from the industry is needed. Two factors were made clear by respondents:

- (i) personal numbering has been compromised by abuse and it is therefore difficult to determine at present which of those currently with active allocations of 070 numbers

are using the service legitimately and thus how a COP could or should be created and what it should cover; and

- (ii) whilst a COP may be the best long term solution to ensure the integrity of services run within the 070 range, it is difficult to envisage how it might operate in the short term.

2.8 Oftel has therefore concluded that neither of the COP options are a practical. However, in the longer term, Oftel would prefer to follow a more self-regulatory path. Oftel would therefore invite the industry to consider developing its own self-regulatory structure and a COP.

(ii) Price controls on 070

2.9 Oftel suggested it might be appropriate to impose tariff controls or pricing tiers on 070 numbers, rather than a revenue ban, in a way which already applies to the 08 numbering range. This could impose discipline and transparency for callers within the 070 range and/or create a ceiling on tariffs.

Responses

2.10 Only four out of 31 respondents supported this option; seven were against and 18 respondents were indifferent. Those against this option stated that price controls would be an excessively bureaucratic solution that would fail to take account of the essential flexibility required for Personal Numbering.

Conclusion

2.11 Oftel has concluded that adopting a price setting structure similar to the 08 range is not an appropriate solution, at the present, for Personal Numbering.

(iii) Banning or limiting revenue sharing on 070.

2.12 In the May 2001 document, Oftel established that banning revenue share on 070 could be a straightforward solution to the immediate problem, as the revenue-share aspect has led 070 numbers to be a viable substitute for 090 numbers for unscrupulous service providers.

Responses

2.13 There was overwhelming support for a ban on revenue-share on 070 numbers between end users and PNSPs or their agents. A significant source of that support came from existing PNSPs.

2.14 Over half of the 31 respondents to this consultation favoured either a broad revenue-share ban, or a more limited end user revenue share ban in the 070 range. ICSTIS favoured a revenue-share ban **only** if that could be applied without any disproportionate impact on legitimate PNSPs. Oftel only proposes an end user revenue-share which is consistent with those responses.

2.15 Several respondents argued that revenue-sharing was a market distortion. Oftel agrees that it distorts the market because revenue-sharing with the end user acts as an incentive for that user to generate calls to itself, probably at ever increasing rates. Some respondents commented that a ban on end user revenue-share was desirable, because end user revenue-share distorts the market by encouraging end users to take service from the PNSP that offer the biggest 'bribe', not the best or cheapest service.

Conclusion

2.16 There was a total lack of support for the option of revenue-share capping, with comments ranging from this being intrusive to unduly complex, and Oftel has decided not to pursue it.

2.17 Most PNSPs who responded to the consultation do not share revenue with their end users. Oftel was informed that some of those who do share revenue with end users would rather not do so, and often appear to have done so only through market pressure.

2.18 Oftel will now move, through the forthcoming Third Issue of the Numbering Conventions, to ban arrangements between operators, service providers and their agents to share revenue with end users.

2.19 The text of the relevant Convention 'A5' for that purpose is set out in Annex A to this Statement. It should be noted that the relevant wording contained in draft Numbering Convention A7.5 (now Convention A5.5) has been changed to take into account respondents' requests for clarification. In addition, in the interests of clarity and consistency, in this Convention and for the definition of 'Personal Numbering Service' (to be inserted in the forthcoming Third Issue of the Conventions), the term 'customers' has been replaced by the term 'end users'.

Chapter 3

Linked issues

3.1 The May 2001 document raised some other issues about the PNS definition and revenue-sharing in other ranges. This Chapter sets out some of the points raised and actions that Oftel will undertake.

Other PNS services

3.2 Oftel asked whether anyone was aware of any other legitimate services, currently operating behind an 070 number, which might not fit into the description given of PNS in the consultation document. This might have included or required revenue-sharing and would therefore complicate the options discussed above, in Chapter 2 of this Statement.

3.3 None of the respondents raised anything that fell into this grey area. Oftel will therefore proceed on the assumption that legitimate PNS all fit into the description set out in Chapter 2 of the May 2001 consultation document and in Chapter 1 of this Statement.

Banning or limiting revenue-sharing outside of 09 and 070 ranges

3.4 At present, revenue-sharing, between the service provider or the network operator and the person in receipt of a telephone number, occurs in various number ranges. In addition to PRS on 090/091 numbers, and PRS access codes, revenue-sharing currently takes place behind 070, 084 and 087 numbers.

3.5 Oftel was concerned that 'scams', such as fax-back, that have previously caused problems in 09 and 070 ranges, might now take place within the 084 or 087 number ranges.

3.6 The 084/7 ranges are currently capped (at local call/ 5ppm and national rate/10ppm, respectively). Theoretically, this would still leave incentive for some exploitation. However, Oftel recognises that revenue-sharing behind such numbers may be appropriate in situations where there is a content involved or, in non-content cases, where access to, eg cheaper international calls is given.

3.7 Oftel recognises that there are problems in relation to this revenue-sharing, but believes it should act only where there is major consumer detriment. Oftel is concerned that certain service providers appear to be deliberately using 087 numbers simply to gain extra revenue by, for instance, encouraging the use of 087 numbers for local residential use. It does not yet have evidence that this is happening in sufficient volume to constitute a major problem. Accordingly, Oftel will continue to monitor developments.

3.8 Having said that, Oftel continues to believe that some of these are issues of customer service and not of telecommunications policy. If people do not like companies using, eg 087 numbers they may have the option of using an alternative geographic number to contact that company, or use another company who takes advantage of a geographic, 080 or 084 number.

3.9 Oftel will keep this situation under review and, should abuse appear to be increasing, we will consider whether a full-scale consultation on options that may include an extension of the ban on revenue-sharing is appropriate. However, at present, Oftel does not believe that there is a significant market distortion in the 08 ranges to justify pre-emptive action.

Revising the existing price points

3.10 Oftel floated the option of a review of 084 and 087 price points. Respondents on the whole felt that the present arrangements were clear and helpful, so Oftel will not be making any amendments in this area at present.

Annex A

Numbering Convention A5

Oftel will insert the following text as a new Convention in the Third Issue of the Numbering Conventions, to be published in 2001:

“A5: ‘FIND-ME-ANYWHERE’ SERVICES

A5.1 The 07 range has been designated for ‘Find-me-anywhere’ services. These are services that enable end users to be contacted, whatever their location, where the call charge is not distance dependent. Mobile, personal numbering and paging services shall only use the respective 07 sub-range designated below:

070	Personal Numbering Services
076	Paging Services
077	Mobile Services
078	Mobile Services
079	Mobile Services

Personal Numbering

A5.2 Oftel may allocate 070 numbers in 10,000 or 100,000 number blocks at the applicant’s request and where it considers this to be appropriate, taking into account:

- (a) demand forecasts;
- (b) previous allocations and reservations by the applicant and others offering similar services;
and
- (c) the need to conserve capacity.

A5.3 In particular, the only services allowed to be used for the 070 range shall be Personal Numbering Services, which enable end users to be called using a single telephone number and to receive those calls at virtually any telephone number, including mobile numbers. The range of 070 numbers is suitable for end users who habitually move location.

A5.4 For the avoidance of any doubt, the 070 range shall not be used for Premium Rate Services.

A5.5 Any person to whom Oftel has allocated 070 numbers (the “original 070 allocatee”) shall not share with end users any revenue obtained from providing a Personal Numbering Service. Where the original 070 allocatee sub-allocates 070 numbers to persons other than end users, such as to a provider of Personal Numbering Services or another operator, that original 070 allocatee shall, prior to making such a sub-allocation (and without prejudice to the generality of his obligations under Convention 5.1), ensure that such persons undertake to procure that revenue obtained from providing a Personal Numbering Service is not shared with end users.

Paging and Mobile Services

A5.6 Oftel will allocate Paging and Mobile Service numbers in blocks of 100,000.”

In addition Oftel will insert the following revised definition of ‘Personal Numbering Service’ into the Glossary of the Third Issue of the Conventions:

“Personal Numbering Service

This is a service based on number translation that enables end users to be called, using a single personal telephone number, and to receive those calls at almost any telephone number, including mobile numbers. Personal numbers are suitable for end users who habitually move location. For the avoidance of any doubt, personal numbers shall not be used for services that fall within the definition of premium rate services.”

Annex B

List of non-confidential respondents to the consultation

Access 11*
Advertising Association
Mr R Boniface
Booksellers Association
British Telecommunications
Cable & Wireless
Call Sciences UK*
Centrica
COLT
CCE
Concert
Flextel*
Freephone Telecommunications*
HTS*
ICSTIS
Jove Communications*
Medius Networks
National Pharmaceutical Association
NIACT
OneTel
Operators' Group, on behalf of:

Atlantic Telecom
Cable & Wireless
Easynet
GTS
Global One
Kingston Group
Worldcom
One2One
Redstone
Telewest
Telstra
Vodafone

COLT
Dolphin
Energis
Global Crossing
Hutchinson 3G
Level 3
NTL
Orange
Thus
Telinco
Viatel
World online

PNC*
Premium Rate Association
Rateflame
SACOT
ThamesNet*
Vodafone
WACT
Worldonline UK*
YAC*
Your Communications*

* Indicates a Personal Numbering Service Provider

Glossary

The Conventions: The United Kingdom's National Numbering Conventions. These are a set of rules and principles that govern the use, management and allocation of numbers from the Specified Numbering Scheme. It is a breach of the Numbering Arrangements Condition, contained in the licence granted to an operator under Section 7 of the Telecommunications Act 1984, for an operator to not have a Numbering Plan, or to have a Numbering Plan that does not accord with these Conventions.

The Director General: The Director General of Telecommunications.

ICSTIS: Independent Committee for the Supervision of Standards of Telephone Information Services.

The ICSTIS Code of Practice (Eighth Edition – March 1998): This Code covers the provision of premium rate services by means of a public telecommunications network. This Code applies to all premium rate services which are accessed by an end user in the United Kingdom, whether those services are provided from within the United Kingdom or from abroad and whether the service provider is situated within the United Kingdom or abroad.

Personal Number: A number, allocated by a PNSP to a person (or organisation), which is not itself linked to a network. A Personal Number is independent of a terminating network operator, and it is that independence which enables end users to control the delivery of incoming calls so that they can be reached anywhere, irrespective of location.

Personal Numbering Service (PNS): This is a service based on number translation that enables end users to be called, using a single personal telephone number, and to receive those calls at almost any telephone number, including mobile numbers. Personal numbers are suitable for end users who habitually move location. For the avoidance of any doubt, personal numbers shall not be used for services that have the characteristics of premium rate services.

Personal Numbering Service Provider (PNSP): A provider of a PNS, not itself necessarily a network operator.

Premium Rate Service (PRS): This is a service, including recorded information and live conversation, run by service providers where all calls are charged at a higher rate than those usually found behind other numbers.

Specified Numbering Scheme (SNS): The list of codes and numbers, published by Oftel on its web site and updated, normally, on a weekly basis. The SNS List gives details of the current status of delegated parts of the Scheme, eg allocated, free, protected or reserved.