

## **SUBMISSION TO OFCOM FROM THE CONSUMER FORUM FOR COMMUNICATIONS ON CONSULTATION REGARDING END OF CONTRACT AND OUT OF CONTRACT NOTIFICATIONS**

At its meeting on 13 September 2018, the CFC heard a presentation from Ofcom staff members Jane Walsh and Lisa Etwell on the regulator's consultation on end of contract and out of contract notifications. It was agreed that a note of the discussion would be accepted as a submission from the CFC.

The headline message is that the Forum is very supportive of the broad thrust of Ofcom's proposals and very much wants to see notifications of this kind. Ofcom has presented a very sound evidence base that is impressive and convincing.

We note that, in other services in other sectors, consumers are used to such notifications and the Financial Conduct Authority (FCA) recently introduced standard notifications around the expiry of insurance policies. It may be, that Ofcom can expand its evidence base a little bit by looking at some of the other sectors. This would underline the point that consumers would like- as Ofcom's evidence suggests - and increasingly expect to be told when a contract is coming to an end and to be advised that they do then have options and they do not simply have to carry the contract over.

When it comes to the precise proposals, there is a lot of room for discussion and some of the CFC member organisations, such as the Communication Consumer Panel and Citizens Advice, will make detailed submissions on issues like the number of days and the timing of the notifications. Those issues really need a lot of thought.

The CFC is concerned that we not just talking about consumers and mobiles but we are talking about broadband services and consumers which are SMEs. We understand that small business customers with ten employees or fewer as well as residential consumers will be covered by the proposals and, in terms of services, landlines, broadband, pay TV and mobile either stand alone or in a bundle with be covered where there is a minimum contract period of six months or more. All this is welcome.

The CFC feels that what is important is that the duration of the contract should be clearly understood by the consumer. If it is a fixed term deal, at any point during the contract, for example on any bill presentation, the customer could be advised that he or she is paying so much per month and these are the terms that apply until such a date.

Furthermore, if there is online information provided like log into your account, information about when your current term will come to an end should be provided in that situation so this visibility is not restricted to the useful measures that Ofcom is proposing but they are part of a much greater demand for more visibility for customers.

Clearly a key issue is that the fact that behavioural science tells us that inertia is a powerful factor. Consumers come to the end of their contract and do not bother to change it. To some extent, consumers are not doing the best thing for themselves and so we should do more to encourage consumers to switch more often if they feel that they can obtain a better deal.

One extreme approach would be to actually say, after 18 months or 2 years, the contract comes to an end and your mobile phone or other service will be cut off if the contract is not renewed or replaced. The consumer would then need to contact the company to renegotiate a new contract. In such an environment, the consumer would have an initial contract and effectively say in the case of mobile that I am buying my phone for the first two years and then I will go to a SIM-only contract.

We note that the 40-70 days requirement is something that came out of what consumers said in Ofcom's qualitative testing. Consumers appear to have said that they wanted to receive a notification about a month or so before the end of their contract but ultimately, they want to receive it at the right time which means time enough for them to do something about it.

The fact is that consumers do not really understand notice periods and may not have built into their thinking the need to act a month or so before the contract ends because notice periods can be up to 30 days.

In the CFC's discussion with Ofcom colleagues, we wondered if Ofcom had considered running randomised control trials (RCTs) to assess the right wording and/or timing for notifications.

We were assured that Ofcom's research found that the comprehension of the types of information going into the notification was actually very good and it did not turn on a particular phrase whether people understood these concepts which meant Ofcom does not feel that it has to be prescriptive of the exact language or format to be used by companies when communicating with their customers.

However, if testing is not to be done before the new measures are introduced, testing should certainly take place at an appropriate time after implementation of the new arrangements.

This means that Ofcom should be very clear now as to what outcome it is seeking from the proposals and how the efficacy of the measures in achieving this outcome can be measured in clear quantitative terms.

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