

## **Additional comments:**

**Question 1: Do you agree with the consumer harm identified from Communications Providers? ability to raise prices in fixed term contracts without the automatic right to terminate without penalty on the part of consumers?:**

Yes, consumers for the most part view mobile phone contracts as fixed price & fixed term, for suppliers to then start adding charges without the option to exit without penalty leaves many feel they have been misled & missold the product.

**Question 2: Should consumers share the risk of Communications Providers? costs increasing or should Communications Providers bear that risk because they are better placed to assess the risks and take steps to mitigate them?:**

Communication providers are big enough to be able to realistically determine future costs and problems and this should be anticipated and taken into account when setting tariff prices.

**Question 3: Do you agree with the consumer harm identified from Communications Providers? inconsistent application of the 'material detriment' test in GC9.6 and the uncertainties associated with the UTCCRs?:**

Yes

**Question 4: Should Communications Providers be allowed (in the first instance) to unilaterally determine what constitutes material detriment or should Ofcom provide guidance?:**

No, any corporation that is given this right will exercise it without thought for anything other than their profit margin as they can effectively ignore the consumer, the majority of whom would most likely not consider the rise (individually) to be of importance.

**Question 5: What are your views on whether guidance would provide an adequate remedy for the consumer harm identified? Do you have a view as to how guidance could remedy the harm?:**

Provided consumers were told in advance that their contract was subject to a review in price after a certain time this would remedy the harm (i.e. a bold statement above the point where you would sign, rather than just a clause hidden in the small-print)

**Question 6: Do you agree with the consumer harm identified from the lack of transparency of price variation terms?:**

Yes

**Question 7: Do you agree that transparency alone would not provide adequate protection for consumers against the harm caused by price rises in fixed term contracts?:**

No, provided consumers are made aware clearly in advance that prices may rise.

**Question 8: Do you agree that any regulatory intervention should protect consumers in respect of any increase in the price for services provided under a contract applicable at the time that contract is entered into by the consumer? :**

Yes

**Question 9: Do you agree that any regulatory intervention should apply to price increases in relation to all services or do you think that there are particular services which should be treated differently, for example, increases to the service charge for calls to non-geographical numbers?:**

This should apply to all prices stated at the time the contract is taken out unless it is clearly stated as above that prices may rise after a minimum fixed term and that a consumer may exit the contract without penalty should this happen.

**Question 10: Do you agree that the harm identified from price rises in fixed term contracts applies to small business customers (as well as residential customers) but not larger businesses?:**

Yes, large companies are likely to be either able to negotiate a better price and have more of an impact by threatening to exit a FT contract compared to an individual or an SME.

**Question 11: Do you agree that any regulatory intervention that we may take to protect customers from price rises in fixed term contracts should apply to residential and small business customers alike?:**

Yes

**Question 12: Do you agree that our definition of small business customers in the context of this consultation and any subsequent regulatory intervention should be consistent with the definition in section 52(6) of the Communications Act and in other parts of the General Conditions?:**

Yes

**Question 13: Do you agree that price rises due to the reasons referred to in paragraph 5.29 are outside a Communications Provider's control or ability to manage and therefore they should not be required to let consumers withdraw from the contract without penalty where price rises are as a result of one of these factors?:**

No, As stated in Q2 major communications providers have the background and knowledge to be able to determine how changes in costs, supply, etc may affect their business model and should have this taken into account in advance.

**Question 14: Except for the reasons referred to in paragraph 5.29, are there any other reasons for price increases that you would consider to be fully outside the control of Communications Providers or their ability to manage and therefore should not trigger the obligation on providers to allow consumers to exit the contract without penalty?:**

No

**Question 15: Do you agree that Communications Providers are best placed to decide how they can communicate contract variations effectively with its consumers?:**

This would depend on your definition of 'effectively' - providers would likely state that they are already communicating this effectively, however this on-going issue with price rises would likely leave many consumers doubting this.

**Question 16: Do you agree with Ofcom's approach to liaise with providers informally at this stage, where appropriate, with suggestions for better practice where we identify that notifications could be improved?:**

Yes

**Question 17: What are your views on Ofcom's additional suggestions for best practice in relation to the notification of contractual variations as set out above? Do you have any further suggestions for best practice in relation to contract variation notifications to consumers?:**

Acceptable but given that the first price rises occurred a year ago it has taken to long to get this far.

**Question 18: What are your views on the length of time that consumers should be given to cancel a contract without penalty in order to avoid a price rise? For consistency, should there be a set timescale to apply to all Communications Providers? :**

Once a price rise has been instigated by a provider there should be at least a three month period where consumers can cancel without penalty.

**Question 19: What are your views on whether there should be guidance which sets out the length of time that Communications Providers should allow consumers to exit the contract without penalty to avoid a price rise?:**

There should be clear guidance set out on the original contract very close to the section that clearly lays out the option for price increases after 12 months as stated in Q5

**Question 20: Do you agree that this option to make no changes to the current regulatory framework is not a suitable option in light of the consumer harm identified in section 4 above?:**

Yes

**Question 21: Do you agree with Ofcom's analysis of option 2? If not, please explain your reasons.:**

Yes

**Question 22: Do you agree with Ofcom's analysis of option 3? If not, please explain your reasons.:**

Yes

**Question 23: What are your views on option 4 to modify the General Condition to require Communications Providers to notify consumers of their ability to withdraw from the contract without penalty for any price increases?:**

As mentioned above this should be clearly set out on the original contract as per Q5 & 19

**Question 24: Do you agree with Ofcom's assessment that option 4 is the most suitable option to address the consumer harm from price rises in fixed term contracts?:**

Yes

**Question 25: Do you agree that Ofcom's proposed modifications of GC9.6 would give the intended effect to option 4?:**

Yes

**Question 26: What are your views on the material detriment test in GC9.6 still applying to any non-price variations in the contract?:**

none

**Question 27: For our preferred option 4, do you agree that a three month implementation period for Communications Providers would be appropriate to comply with any new arrangements?:**

Yes

**Question 28: What are your views on any new regulatory requirement only applying to new contracts?:**

This should apply to all contracts that have been altered previously by providers as many people may only be halfway through a 24 month contract and should not be overlooked or penalised due to the timeframes needed to deal with regulatory issues.