

BASIC DETAILS

Consultation title: Automatic Compensation

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Name of respondent: Matthew Hare

Representing (self or organisation/s): Gigaclear plc

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Name Matthew Hare

Signed (if hard copy)

Executive Summary

1. Gigaclear is a new type of supplier in the broadband market and our response to Ofcom's proposal is generally positive.
2. In our experience, customers care about good communication and reliable service. Most customers understand that there are times when a major problem (e.g. a fibre breakage) might cause a disruption, and appreciate regular updates and a speedy fix. What most consumers are less tolerant of is regular reduction in service quality and poor customer service if they complain.
3. We believe compensation should be automatic where fault fixing is delayed beyond what is reasonable and where service quality is regularly below advertised levels, as long as the source of the problem can be identified as within the provider's (or their wholesale supplier's) control, measured and audited independently.
4. We would not wish to see the introduction of an automatic compensation scheme providing additional compensation over and above the mandatory complaints scheme: these two remedies should be mutually exclusive.
5. Compensation should be in the form of service credits.
6. We agree that where the source of the customer's issues may lie in their own unique set up or equipment configuration, automatic compensation is not suitable. For these sorts of issues, providers should only be expected to have good, easily accessible customer care.

Introduction

7. Gigaclear was founded in December 2010. The company is dedicated to building and operating ultrafast, pure fibre-to-the-premises broadband networks in rural Britain. It has delivered to over 25,000 properties to date in Berkshire, Cambridgeshire, Essex, Gloucestershire, Kent, Leicestershire, Lincolnshire, Northamptonshire, Oxfordshire and Rutland and expects to serve around 50,000 properties by the end of this year.
8. Gigaclear builds FTTP networks largely using commercial investment. It is also the first Internet Service Provider, other than BT, to be awarded and be delivering contracts as part of the Government-subsidised BDUK programme that are now delivering Superfast (or in fact Ultrafast) services to rural Britain. The company has begun trialling 5Gbps broadband speeds. When commercially launched later in 2016, this Gigaclear service will be the UK's fastest residential and small business broadband package.

Consultation Questions

Question 1: What are your views on our initial thinking regarding the factors potentially relevant in determining:

(e) scope, including possible eligibility;

The key issue in determining the scope is that a fault or allegation of a fault should be traceable and trackable. For example, a clear physical cable cut will result in a loss of service and any monitoring and management system should be able to determine the time/date of the occurrence, and be able to prove no usage or traffic has taken place since. This should include configuration issues for example that pertain to the core network or elements of the service under the operator's control.

Issues relating to the customers' own domain including the customers' own access circuit, internal wiring or in-house equipment can introduce usability issues that can be open ended but are beyond the control of the operator. These should be excluded from any eligible faults.

We agree that the service levels for larger business users are often significantly different to those which apply to residential or small home-based businesses and that consideration should be given to improving access to compensation for these customers. However, we note that these type of organisations usually contract with a Service Level Agreement which is likely to already include provisions for compensation should the SLA not be met.

(f) form and process of compensation;

The idea of automatic compensation is laudable and appropriate. It will offer the operator benefits in both processing cost (less human intervention), and positive PR gained from a seamless and painless consumer approach.

The process of compensation should be in the form of a credit off of a future (next) invoice. Giving a customer an ability to use a service 'boost' to a higher level free of charge for a period of time is a soft option that will cost the operator relatively nothing and not provide an incentive for improvement.

(g) level of and basis for compensation; and

The level of compensation should be commensurate with the duration of the outage and be in line with a published SLA for repair/restoration of service, e.g. 3 working days. The level set should be punitive enough to ensure process improvement but if overly punitive will result in unnecessary dispute. There is no reason to harmonise recompense between operators as positive recompense will give a marketing opportunity to operators.

The basis for compensation should be if service is totally unavailable or unusable to a degree that makes the service effectively unusable. If recompense is to be automatic, it would necessarily relate to discrete faults and not aggregate separate service faults that occur sometime apart. Tiered levels of compensation should be considered for multiple failures.

Where customers lose patience with an operator after repeated failure, request for cancellation of contract often results. Consideration should be given to avoid 'double punishment', ie compensation and release from a term contract. While it is possible a customer has lost faith in the operator, a customer cannot sufficiently pre-judge the operator's capability to improve in the future. Onerous obligations on operators and service providers will lead to increased prices for consumers.

It is not universally the case that there is local choice of operators. Where there are two or more options for service provision, contract cancellation becomes a possibility, but this is not treating these areas in the same way where there is no effective competition and a threat to cancel a contract is not applicable.

(h) possible costs and risks of introducing automatic compensation?

There clearly is a distinction between automatic and automated compensation. There will inevitably be a cost to the latter, but the former should be relatively straightforward for SLA monitoring and billing rectification. There would certainly be a cost in communicating incidences of compensation to customers, whether manually derived or automated. This increases with scale, but it should be viewed as an opportunity for improvement.

Question 2: Are there any additional considerations?

For established operators with existing infrastructure, delays in connecting/providing service can be applicable. However, for new entrants building/deploying a totally separate infrastructure from Openreach, delays are often out of the operators' direct control, e.g. Weather or access constraints from local authorities. There needs to be a clear distinction between Network build delays and service connection once a build is complete. A connectivity target of 28 days once a connection is available would be an appropriate SLA.

For operators building their own independent infrastructure, there needs to be a level of take-up prior to building. If operators are to be punished for construction delays, it may disincentivise them to take contracts in advance of build which is the basis of funding being available to construct. This would be a perverse, unintended consequence that could lead to a reduction/cessation of broadband projects in rural areas where construction is problematical and time-consuming.

Question 3: Do you agree with our initial views on the service quality issues that could matter most to consumers?

We agree with the general view of issues which matter to consumers and we believe that good communication and prompt action to resolve problems should be a minimum expectation.

Service degradation on fixed networks should be included as long as it is clear and measurable from the operators' perspective that service is impaired and can reasonably be attributed to the elements under the operator's control. Instances such as degradation of wifi in the consumer's home, or slower than expected wifi speeds cannot be considered for compensation as these are largely influenced by the consumers' own domain. In instances

such as these, operators should make reasonable efforts to resolve but not be subject to punitive automatic compensation.

For access line speeds that do not perform as expected, there needs to be a level of reasonableness applied. If the operator expects a speed of X, it may differ from the consumers' hopes or wishes. However, we do agree that providers should be more clearly held to account where speeds do not match advertised levels, as a result of weaknesses in the provider's technology and failure to adequately explain its limitations.

Missed appointments due to customers' availability need to be separated from missed service levels.

Question 4: Do you agree that some of the above issues may be more suitable for automatic compensation than others?

The only elements that should be eligible for automatic compensation are hard faults that can be clearly measured, tracked and attributed to the operator or service provider.

Question 5: Do you agree that we should consider the need for exceptions and dispute resolution?

While it is theoretically possible to compile a list of 'relief events', it would be tempting to include things such as weather issues affecting performance of installed networks. This would act as a disincentive for operators to upgrade/improve their infrastructure to future proofed solutions such as FTTH.

Dispute resolution should follow established paths and only be in place if deadlock occurs.

Question 6: Do you think Ofcom should consider the relationship between retailers and suppliers and if so, how?

Where wholesale supply arrangements are in place, the operator has little or no control over the conduct or promises of the retail agent. In this case, any compensation should be between the retailer and the customer. Should 'back-off' arrangements be required, this would be at a contractual level between operator and retailer.

Please explain the reasons for your answers, and provide any supporting evidence where available.