

Communications Consumer Panel and ACOD response to Ofcom's consultation on Consumer Switching: Consumer experience of switching mobile communications services and options for process reforms

Introduction

The Communications Consumer Panel and the Advisory Committee on Older and Disabled People (ACOD) welcome the opportunity to comment on this consultation on options for process reforms to make for switching mobile provider easier for consumers.

The Panel works to protect and promote people's interests in the communications sector. We are an independent body set up under the Communications Act 2003. The Panel carries out research, provides advice and encourages Ofcom, governments, the EU, industry and others to look at issues through the eyes of consumers, citizens and microbusinesses. The Panel pays particular attention to the needs of older people and people with disabilities, the needs of people in rural areas and people on low incomes, and the needs of micro businesses, which have many of the same problems as individual consumers. There are four members of the Panel who represent the interests of consumers in England, Northern Ireland, Scotland and Wales respectively. They liaise with the key stakeholders in the Nations to understand the perspectives of consumers in all parts of the UK and input these perspectives to the Panel's consideration of issues.

There is also cross-membership with Ofcom's Advisory Committee on Older and Disabled People (ACOD). This means that Members, in their ACOD capacity, also provide advice to Ofcom on issues relating to older and disabled people including television, radio and other content on services regulated by Ofcom as well as about issues concerning the postal sector.

Response

The Panel welcomes Ofcom's consultation on reforming the process consumers must follow to switch mobile provider. We have previously highlighted our concerns about the barriers to switching which face all consumers, but particularly those who are older, disabled, or on lower incomes. The number of different switching processes operated, lack of clarity regarding timescales and charges and the fact that switching processes are currently in

the hands of the provider which has most to lose from the switch all leave consumers open to harm and detriment.

Ofcom has provided evidence that switching rates are low and falling, particularly in the mobile sector, and that does not suggest a healthy and vibrant market. Even though the reasons may be unclear, declining switching rates suggest that the market may not be working as well as it could for consumers. We believe that easier switching will also help consumers and microbusinesses to understand and engage in the communications market, and will certainly do no harm.

We would recommend that Ofcom continues to engage with other sectors which are experiencing similarly low switching rates, to learn from their experience. The Competition Markets Authority has recognised the detriment to consumers who are not switching energy providers and has published the provisional findings of its investigation¹ into competition in the energy market, highlighting the impact of consumer disengagement. The CMA surveyed over 7,000 people, with more than a third of people never having considered switching. Their investigation took into account views of domestic and microbusiness customers.

In light of Ofcom's recent improvements to the switching process for broadband customers, we believe this consultation is timely and fully support the proposed reforms.

We agree that the switching process should be "*quick, easy, convenient and error free*" and based on the evidence to date, we support Ofcom's view that a gaining provider led (GPL) process is the quickest, easiest and most convenient process for consumers. Putting the responsibility for the process in the hands of the gaining provider - who would benefit from the switch - would appear to be the best way to ensure fewer obstacles and errors, resulting in a smoother journey for consumers.

Since consumers would not *need* to contact their losing provider, we believe they would also be protected from excessive pressure by providers who want to retain their business.

With the proposed, GPL model, the current provider will have to think more broadly about maintaining good value for all its customers, not just those who warn it they plan to go. This will bring advantages to all consumers, with no detriment to those consumers who are already active switchers, who will still be free to choose whether to take advantage of any offers available when contacting their current provider.

Ofcom's own complaints data gives good evidence that an intervention may be warranted to protect consumers; we would also be interested to see whether complaints data from the communications sector's Alternative Dispute Resolution schemes provides further evidence in support of reforms.

Consumer-friendly information

¹ <https://www.gov.uk/cma-cases/energy-market-investigation>

The consultation document (point 4.35) highlights that firms' websites could be better in terms of clarity of information pertinent to switching. We would encourage communications providers (CPs) to continue to improve the information available online and by other means. It is also vital that the information available on tariffs can be easily compared via independent price comparison and switching sites, to make the process easier from the point at which a consumer starts to consider switching.

The Panel's research (*'Going Round in Circles'*²) in 2013 found that provision of clear information about contract terms, dates and penalty clauses for consumers and robust switching processes are key - and consumers need to be assured that they will not incur excessive cost, time or disruption as a result of a decision to switch.

We believe holistic approach to the reforms is needed - taking into account all aspects of the process where consumers may be subject to harm - for example, ensuring that contracts are fair and consumers are not subjected to unfair fees for early termination. This should include consumers' ability to unlock handsets when they switch provider and clear information should be available on this.

The aim should be to make processes clear, straightforward and robust so that consumers can make informed choices, understand what is going to happen next and are not misled.

Fear and mitigation

The Panel has advised in previous responses - and remains of the opinion - that there should be a "safety net" provision within the overall switching process. In other words, there should be the capability to restore easily a consumer's service when an error has occurred or where there is a proven case of slamming. Such a process should be part of the overall switching process so that consumers can have confidence about continuity of service and protection from errors.

The Panel's research, *'Going Round in Circles'* in 2013, referred to earlier in this response, highlighted the consumer experience of dealing with problems with communications services. The research found that although switching suppliers had been considered by some consumers whose problem had not been resolved or who remained unhappy with the outcome, many felt that this was not a viable option. Consumers' reasons for not switching included financial concerns, negative expectations of the switching process and negative perceptions of the communications marketplace. Some of the participants in the research who were with a cheaper supplier also said that they expected a lower level of service.³

Continuity of service is a big concern for consumers who are considering switching, as fig 8, on page 20 of the consultation document, illustrates. This clearly indicates that whatever reforms might be made there needs to be a focus on making sure the process is "error free" - so a process with as few "touch points" as possible is favourable, with highly effective safeguards and mitigation in terms of loss of service. Consistency in processes should lead to familiarity - and with a robust process, incorporating safeguards and

² <http://www.communicationsconsumerpanel.org.uk/downloads/going-round-in-circles.pdf>

³ <http://www.communicationsconsumerpanel.org.uk/downloads/going-round-in-circles.pdf>

mitigation in respect of continuity of service - this in turn should help consumer confidence and engagement with the market.

Under the 'Cease & Re-Provide' process evidence is provided of consumer harm in that some people seem to overlap their accounts and effectively pay double for a period of time. This appears to be a form of mitigation against the risk of loss of service. We therefore believe that there is a need for Ofcom to consider facilitating a guarantee scheme similar to that operated in respect of current accounts - to give consumers increased security and confidence and allow them to participate in the market without risk of financial or personal detriment.

A survey by uSwitch in 2013 - at the time of the launch of the Current Account Switch Guarantee - revealed that 42% more consumers would be likely to switch once the 7-day switching process (with guarantee scheme) was in force (from 11% in the previous 12 months).⁴ We consider that the guarantee should also cover micro businesses - businesses of 10 or fewer employees - who face many of the same challenges in the marketplace as consumers.

Risk-free switching would benefit all, but particularly older, disabled and more vulnerable consumers. It is also vital that CPs give consideration to extra support that may be needed by some disabled customers switching to them, for example, use of assistive technology. Making switching easier should mean making switching easier for all consumers.

We believe it is essential that there is consistency in switching processes for all communications markets, so that consumers become accustomed to a straightforward and fair process in each part of the communications sector. Having started with broadband, there is no better time to implement the GPL process in the mobile market and we support Ofcom's reconsideration of the process involved in triple and quad play switching, where rates of switching have been shown to be even lower than in mobile.⁵

In summary, we would strongly urge Ofcom to implement a clear, guaranteed, risk-free and robust switching process in all communications markets, for all consumers and micro businesses, as swiftly as possible.

⁴ <http://www.uswitch.com/current-accounts/guides/current-account-switching/>

⁵ http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/Ofcom_Switching_Comms_Provider_Research_Futuresight.pdf