

**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

**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?:**

No, the potential for cost increases during the life of a contract makes it impossible for consumers to accurately compare offers from competing providers, as such, it represents a clear threat to the functioning of a free market. As this practice becomes more widespread, there is the potential for anti-competitive practices to emerge as companies sell long-term contracts they have no intention of honouring. This is particularly problematic for contracts sold on a commission basis by third party retailers.

**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?:**

Ofcom should provide guidance - see Q5

**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?:**

I do not believe that guidance is sufficient. If price variation clauses are to be included I believe they should allow a break of contract option.

**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?:**

Yes

**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?**

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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?:**

Variation to call prices for non-inclusive services should be allowed to be varied provided that no advertising or marketing claims related to these prices have been made to promote a tariff.

**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?:**

No - price rises are detrimental to companies of all sizes as well as residential customers.

**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?:**

Yes, these factors are outside a communication providers control and as such variation of prices should be permitted. However, I believe that any variation must work in both directions - cuts in taxes should be required to be passed on. If this is not the case then a right to withdraw from a contract should be created.

**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?:**

Yes

**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?:**

**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? :**

30 days after notification.

**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?:**

**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, your comments in 6.20 are a fair analysis.

The behaviour of operators and sales staff in the sector is not of a standard which would give me confidence in the likelihood of guidance based recommendations being communicated accurately to customers.

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

Yes, your comments in 6.28 seem sensible.

The only way in which option 3 seems acceptable is if the option to reduce the entitlements by a pro-rata rate is introduced as alternative to price rises. If a contract includes 100 inclusive minutes and a rise of 5% is proposed then customers should have the option of either paying the extra amount or reducing the number of available minutes by 5% but keeping the same price. I would see this as a very poor alternative to the right to terminate contract though.

**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?:**

Yes

**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?:**

**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 - I would imagine there will be a surprising number of price rises in the three month period though. Purely coincidental obviously.

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

This would need to be carefully worded to ensure that it applies to any contracts issued after the date the requirement comes into force - this is to avoid occasions where a phone is sold on a contract using old terms and conditions that has not yet been withdrawn.