Telecoms Complaints

Q3 (July to September) 2011

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Section 1

Executive summary

1.1 Ofcom's primary duty is to further the interests of citizens and consumers, where appropriate by promoting competition. In doing so we must have regard to the interests of consumers in terms of price, quality of service and value for money. Consumer information plays a critical role in promoting effective competition across these dimensions and the absence of key information can lead to poor purchasing decisions and inhibit switching.

1.2 On average, Ofcom receives over 300 telecoms complaints a day from consumers.[1] Such complaints are likely to be made where a consumer has been unable to resolve an issue with their provider to their satisfaction. We keep a record of these complaints by service and by communications provider ('provider'), and believe that such information is useful for consumers; for example, this data may be relevant to those considering a new service or provider. We note that provider-specific information is already available to guide consumers in areas such as financial services and energy. However, as one of the few regulators that collects its own complaints data, we believe we are the only regulator to publish data of this nature.

1.3 This is the third edition of what is a developing series of quarterly complaints publications.[2] It is our intention to develop the scope of the report over time as appropriate. For example, in the previous report, we increased the scope of the reports by including those providers who have 4% or more market share[3].

1.4 The scope of the current report has not changed since the previous report. However, we will continue to consider ways in which the report can be further developed, for example, to enable us to publish more detailed data or data covering a larger number of providers.

1.5 There are a number of important limitations that apply to the information we are publishing in this edition, in particular:

- The data only covers telecoms complaints that consumers have chosen to report to Ofcom, and does not represent complaints consumers may have made directly to their providers. As such it will only provide a partial picture of complaints relating to any provider.

- The complaints data reflects the views of consumers as reported to Ofcom. Ofcom has sought to ensure that its data is sound but has not checked the veracity of individual complaints.

- Contact with Ofcom may reflect the relative quality of complaints handling services, as well as the quality of service received. Given this, companies with poor complaints handling processes may feature more prominently than those with good complaints handling processes.

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[1] Ofcom received 112,750 complaints in the year 2010/11. Page 103: 2010/11 Annual Report for the period 1 April 2010 to 31 March 2011 http://www.ofcom.org.uk/files/2011/07/annrep1011.pdf

[2] The first two editions can be found here: http://stakeholders.ofcom.org.uk/market-data-research/telecoms-research/complaints/?a=0

[3] Our initial publication included only those providers that have at least a 5% market share.

- Ofcom may see spikes in call volumes from customers of certain providers when we publicise certain types of enforcement action, e.g. investigations, fines etc.

1.6 We previously published data for the period October 2010 to June 2011. We have now added data for the period July to September 2011, and the data published here covers the full period from October 2010 to September 2011. The next publication will include data for the period October to December 2011, and is expected to be published towards the end of March 2012.

1.7 The complaints data in this report has been displayed both by month and by quarter. We believe there is clear benefit to consumers in publishing complaints using both of these formats. Monthly reporting provides an indication of how providers are performing over a short time period; however, this data will be sensitive to particular issues arising within that time period, e.g. price or contract changes. This means the data tends to be more volatile as an individual problem or changes in commercial practice by the provider can lead to a significant increase in complaints across what is a relatively short period of time. The quarterly data is likely to provide a more balanced representation of a provider's overall performance as the volatility will be mitigated over a longer time period.

1.8 Consumers should therefore consider both sets of data carefully when comparing providers' performance.This publication includes complaints data for providers with a market share of 4% or above.[4] Given the variation in size of provider, we are publishing complaints as a proportion of subscribers to put the complaints numbers into the correct context[5], and help ensure the data is meaningful for consumers. The main findings by provider and by service, for the current reporting period (Q3 2011), are as follows:

- <u>Fixed line telephony</u>: The providers covered here are: BT Retail, BSkyB, TalkTalk Group and Virgin Media. TalkTalk Group still generates the highest number of complaints. These complaints have recently focussed on billing and customer service issues. Ofcom continiues to receive fewer complaints about Virgin Media than the other three main fixed line providers.

- <u>Fixed broadband</u>: The providers covered here are BT Retail, BSkyB, TalkTalk Group, Virgin Media and Orange Home. Ofcom received fewer complaints about Virgin Media than the other broadband providers. TalkTalk Group continue to generate most complaints, focussing on issues around line faults and other service issues.

- <u>Mobile telephony</u> (excluding mobile broadband datacards and dongles): Overall, mobile complaint levels are much lower than for fixed line telephony and fixed broadband services. The providers covered here are 3UK, O2, Orange, T-Mobile, Vodafone and Virgin Mobile. Ofcom received fewer complaints over the period in question about O2 compared with the other five providers, while it received the most complaints about 3UK. The complaints against 3UK appears to have been driven by complaints relating to disputed charges and customer service issues. There has also been an increase in complaints against Virgin Mobile over the last quarter. This rise also appears to be driven largely by billing and customer service issues.

[4] As well as having at least a 4% market share, providers must also generate at least 30 complaints per month.

[5] Complaints are displayed per 1000 customers. This enables the providers to be compared on a like-for-like basis.

Section 2

Introduction

Background

2.1 Consumers' overall level of satisfaction with communications services is around 90%.[6] Where concerns arise, consumers typically raise their complaint with their provider in the first instance.[7] If the provider is not able to resolve the complaint within eight weeks, the consumer can make an application to an independent Alternative Dispute Resolution (ADR) scheme, which can examine the complaint and reach a judgement on the issue.[8]

2.2 In addition, some consumers choose to contact Ofcom, as the regulator of communications services. On average, we receive around 300 consumer complaints a day. While we do not resolve individual complaints, we offer advice on how best to resolve the issue and use the data to inform policy and enforcement actions and related monitoring activities.

Why publish provider-specific telecoms complaints?

2.3 Ofcom has for some time now published telecoms complaints data by key issue in our Telecoms Complaints Bulletins[9] and Consumer Experience reports.[10] These show the monthly complaints that Ofcom receives in areas such as mis-selling, silent calls and broadband speeds.

2.4 In April and September 2011, we published Ofcom complaints data by provider and in July and November 2011 we also published research on customer service satisfaction on a provider-specific basis.[11] This is consistent with our statutory commitment to transparency and our obligations as a public authority. Moreover, it is in line with our principal duty to further the interests of citizens and consumers, where appropriate by promoting competition. Consumer information plays a critical role in ensuring that competitive communications markets work for consumers.[12] The absence of key information can lead to poor purchasing decisions. Therefore, if key information is not readily available, or is presented in an overly complex way, there may be a case for Ofcom to intervene in the interests of consumers.

2.5 We recognise that there is no single source of information that can give consumers a full picture of the relative performance of different providers. In addition, different service features will matter more for some consumers than for others. Ofcom

[6] Source: Ofcom switching tracker, July to August 2011.
[7] This has been found in research, including for example that carried out for the 2008 Consumer Complaints Review, which drew on research carried out in 2006, available at http://stakeholders.ofcom.org.uk/binaries/consultations/alt_dis_res/research.pdf
[8] Ofcom requires all CPs to be a member of an approved ADR scheme. Ofcom recently carried out a Review of Consumer Complaints Procedures. The statement is available at http://stakeholders.ofcom.org.uk/binaries/consultations/complaints_procedures/statement/statement.pdf
[9] Available at http://stakeholders.ofcom.org.uk/enforcement/telecoms-complaints-bulletin/
[10] Available at http://stakeholders.ofcom.org.uk/market-data-research/market-data/consumer-experience-reports/consumer-experience/ .
[11] http://consumers.ofcom.org.uk/2011/11/latest-customer-service-satisfaction-levels-revealed/
[12] In line with Section 26 of the Communications Act 2003, Ofcom may arrange for the publication of information and advice for consumers.

research suggests that, for many consumers, comparative price and network performance information is of primary importance. In light of this, much of our focus to date has been on improving the information available to consumers in these areas. Examples include publication of broadband speeds research[13] and our scheme for accrediting price comparison sites.[14]

2.6 However, our research has also suggested that at least a fifth of consumers in each market would be likely to use information comparing complaints. Those consumers who are actively considering switching provider are most likely to say they would use such information.[15] In addition, publication of provider-specific complaints data may act as an incentive for providers to improve their performance.[16] Similar information is already available to guide consumers in a number of other sectors, in particular financial services[17] and energy sectors.[18]

2.7 While our telecoms complaints data has a number of important limitations, (see paragraph 4.2), we believe that this data, along with other information,[19] can be informative for consumers when seeking to compare providers[20]. We anticipate that this data will be of interest to intermediaries such as consumer groups, journalists and price comparison sites who look to advise consumers.

2.8 This transparent approach is consistent with the Government's consumer empowerment strategy,[21] in which it argues that publishing complaints data is "a good way of encouraging businesses to improve their performance without the need for heavy-handed legislation, as no company wants to be last in an indicator of performance or customer satisfaction."

Provider-specific complaints data

2.9 This is the third publication of Ofcom telecoms complaints data by provider, and we anticipate that the methodology and information made available will continue to develop over time. The methodology used here is set out in Section 3.

[13] Available at http://stakeholders.ofcom.org.uk/market-data-research/telecoms-research/broadband-speeds/main/
[14] See http://stakeholders.ofcom.org.uk/consultations/ocp/statement/pricescheme/?a=0
[15] According to Ofcom research collected in 2008. See http://stakeholders.ofcom.org.uk/binaries/consultations/qos08/statement/qos.pdf
[16] See the responses of key consumer groups to Ofcom's consultation on complaints handling procedures at http://stakeholders.ofcom.org.uk/consultations/complaints_procedures/?showResponses=true
[17] http://www.fsa.gov.uk/pages/Library/Other_publications/commentary/index.shtml
[18] See http://www.consumerfocus.org.uk/news/consumer-focus-helps-consumers-by-publishing-energy-complaints-data
[19] E.g. price, broadband speed where they live, mobile network coverage.
[20] In the Statement for our Review of Complaints Procedures, we said that publishing complaints data would likely benefit consumers in respect of price, quality and value for money. We noted that there are a number of ways for such information to be made public. See http://stakeholders.ofcom.org.uk/consultations/complaints_procedures/statement/
[21] Better Choices: Better Deals, Consumer Powering Growth, *BIS,* 13 April 2011

Section 3

Methodology

Introduction

3.1 Consumers, both residential and business, can contact Ofcom with complaints or enquiries over the phone, by letter or through one of the dedicated complaint submission forms on our website.[22] All complaints[23] are logged in the same database by Ofcom's Consumer Contact Team (CCT), providing a record of the total complaints that Ofcom has received, as well as details on the services affected and the providers of those services.

3.2 In this section we outline the approach we have taken in the context of the publication of our complaints data.

Scope of the data published

3.3 We collect complaints data across all of the areas we regulate: broadcasting, spectrum and telecoms[24]. Total complaints in each of these areas are published in our annual Consumer Experience reports.[25]

3.4 The focus of this publication is on complaints made by residential[26] consumers in relation to telecoms services, specifically fixed line telephony, fixed broadband and mobile telephony.[27]

3.5 The complexity of the telecoms sector generates a particularly wide range of complaints,[28] so we have had to consider carefully what level of data would be useful for consumers and robust enough for publication. In view of the complexity, our current view is that we should only publish complaints data by service rather than by detailed category of complaint for each service.

3.6 The three services we are publishing complaints data for are:

- Fixed line telephony, this includes complaints against companies that offer both line rental and calls as well as those that supply calls only services;

- Fixed Broadband, this includes copper based ADSL services, cable services and super-fast broadband; and

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[22] See http://consumers.ofcom.org.uk/tell-us/telecoms/
[23] A complaint is an expression of dissatisfaction made by a customer related to the Communications Provider's services, or to the complaint-handling process itself. Where the complaint is made to Ofcom over the phone, the consumer is asked whether their call is about an enquiry or complaint.
[24] We publish complaints about the content of programmes broadcast on television by provider in our Broadcasting Bulletins. Spectrum complaints cannot be reported in more detail as the majority of complaints are about interference and as such are not provider specific.
[25] Ofcom – Consumer Experience Report 2011 http://stakeholders.ofcom.org.uk/binaries/research/consumer-experience/tce-11/policy_evaluation.pdf
[26] Ofcom records business and residential telecoms complaints separately, based on how the individual identifies themselves when reporting the complaint.
[27] Ofcom also collects complaints about pay TV services and mobile broadband. Although pay TV has many of the same attributes as the Telecoms market, we have decided to exclude pay TV and mobile broadband from the report. We will consider whether to include these services in future publications.
[28] We currently record over 250 different categories of telecoms complaints.

- Mobile Telephony, this includes complaints about use of data through a mobile handset; but does not include dongles or datacards.

Complaints about bundled services

3.7 Today, many consumers choose to purchase a bundle of services from one provider (for example, fixed line telephony with a fixed broadband service). Any issues that subsequently arise may affect one or more of those services.

3.8 The approach we have taken when recording complaints received from customers who take a bundle of services from one provider is as follows:

- If the complaint only relates to one of the services in the bundle, the complaint is recorded against that single service only. For example, if a customer has fixed line telephony and fixed broadband as part of a bundle and experiences slow broadband speeds, the complaint would be logged against the broadband service only as it is this aspect of the service that is causing the problem.

- If the complaint equally affects a number of services in a bundle, the complaint is recorded against each affected service for that provider. For example, if a consumer complains about being mis-sold a fixed telephony and broadband service, the complaint will be counted as a fixed telephony and as a fixed broadband complaint for that provider.

3.9 This enables us to have a record of all complaints received by provider and by service. We are not publishing total complaints by provider across the services and, therefore, the complaints are not double counted.

Complaints against unknown providers

3.10 If a consumer is unexpectedly told by their existing provider that a request has been made to transfer their service to another provider, they may complain to Ofcom without knowing the name of the new provider.[29] In these circumstances, Ofcom refers the case to Openreach to find out recent activity on the line, including applications and transfers. If a request for a transfer has been made by another provider, the complaint is recorded against that other provider. If no request for a transfer has been made, then the complaint is recorded against the existing provider.

Focus on the largest communications providers

3.11 Ofcom records complaints received against any provider in the UK. The size of each individual provider varies greatly, as does the number of complaints received. In general, the larger the provider the more complaints received.

3.12 The lower the number of complaints, the greater potential there is for the data to be distorted by "noise[30]", particularly given the complexity of issues that can arise in the sector. This is especially important when trying to assess whether a provider is having an unusual month or to establish a longer-term trend.

3.13 Therefore, to minimise distortion and allow statistical analysis, we are only publishing complaints data against those providers which, for the service being reported:

[29] Their existing provider would not have visibility of the new provider either, they will only be aware that a request has been made to take over the service.
[30] For example, short term fluctuations in complaints numbers.

(i) have a market share of 4% or more in the relevant market; and

(ii) regularly generate at least 30 complaints per month.

3.14 This encompasses the providers set out in Table 1 below. Together, these providers account for at least 89% of each market covered.[31]

Table 1: Providers included in this publication

Fixed Line Telephony and Fixed Broadband	BSkyB
	BT Retail[32]
	Orange Home (Fixed Broadband only)
	TalkTalk Group[33]
	Virgin Media
Mobile Telephony	3UK
	O2
	Orange
	T-Mobile
	Virgin Mobile
	Vodafone

3.15 We will continue to work towards including a larger number of providers in future reports, but will do so only where we are confident that it will not impact upon the overall integrity of the data.

Complaints as a proportion of subscribers

3.16 As noted above, in general, the more customers a provider has the more complaints are likely to be made. Given the variation in size of provider, we publish complaints as a proportion of the relevant customer base to put complaints numbers into context and to help ensure the data is more meaningful for consumers.

3.17 To do so, we have used the number of connections[34] from each individual provider collected by our Market Intelligence team. We understand from providers that quarterly connection data is more robust than monthly data,[35] and therefore only use

[31] 92% for fixed lines, 89% for fixed broadband and 95% for mobile telephony
[32] Any complaints received against Plusnet have not been included with complaints against BT Retail.
[33] This includes TalkTalk and Tiscali UK.
[34] Note that it is possible for an individual to have more than one connection.
[35] Particularly where the quarterly data is reported externally.

quarterly data to normalise the complaints data. The period covered by this report is October 2010 – September 2011, a period of 12 months or four quarters. Ofcom is aware that different providers may take different approaches to recording connection numbers, particularly if they offer pay-as-you-go mobile services, (this is because some providers may keep inactive customers on their books for longer than others). To help ensure a standard approach is taken, Ofcom's Market Intelligence team specifies the following definition of active subscriptions: *those with any registered activity within the last 90 days*.[36]

3.18 One mobile provider was unable to provide its total number of active subscribers split into business and residential consumers. For this provider we have estimated the number of residential active consumer subscribers based on its connection data and historical figures.

3.19 Fixed line telephony can be provided as a combined calls and line rental service or as a calls only service. As both services can generate fixed line complaints, Ofcom considers it is appropriate for them both to be included in the customer base used here.

Sensitivity Review

3.20 Prior to the publication of our initial report, Ofcom reviewed its complaints data to identify issues that might be unique to one or a limited number of providers but which are outside the control of those providers. The presence of such issues may distort the complaints data by introducing biases against individual providers or different groups of providers. We found that although these issues do exist their impact is unlikely to result in a material bias against particular providers in the context of the data we are publishing.[37]

[36] This definition was adopted following discussions held with industry when Ofcom began collecting the data.
[37] Our approach for assessing the potential impact of these issues is outlined at Annex 1 of the April report: http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/complaints/oct-2010-feb-2011.pdf

Section 4

Telecom Complaints

Introduction

4.1 The methodology used to produce the telecoms complaints data was outlined in Section 3. We propose to continue to develop this methodology and our own approach to recording more detailed complaints data, so that we can expand the range of data published in due course.

4.2 It is important to emphasise the limitations of the complaints data that Ofcom gathers. The key limitations, as set out in Section 1, are as follows:

- The data only covers telecoms complaints that consumers have chosen to report to Ofcom and, therefore, it does not represent total complaints consumers have had with their providers. As such it can only provide a partial picture of complaints relating to any provider.
- The complaints data reflects the views of consumers. Ofcom has sought to ensure that its data is sound, i.e. that the complaint accurately reflects the complaint that has been made, but we do not check the veracity of individual complaints.
- Contact with Ofcom may reflect the relative quality of complaints handling services, as well as the quality of service received. Given this, companies with poor complaints handling processes may feature more prominently than those with good complaints handling processes.
- Ofcom may see spikes in call volumes from customers of certain providers when we publicise certain types of enforcement action, e.g. investigations, fines etc.

4.3 The data published here is presented on a quarterly basis (Q4 2010, Q1 2011, Q2 2011 and Q3 2011) and also monthly (October 2010 to September 2011). The next publication including data for Q4 2011 (October – December) will be published towards the end of March 2012.

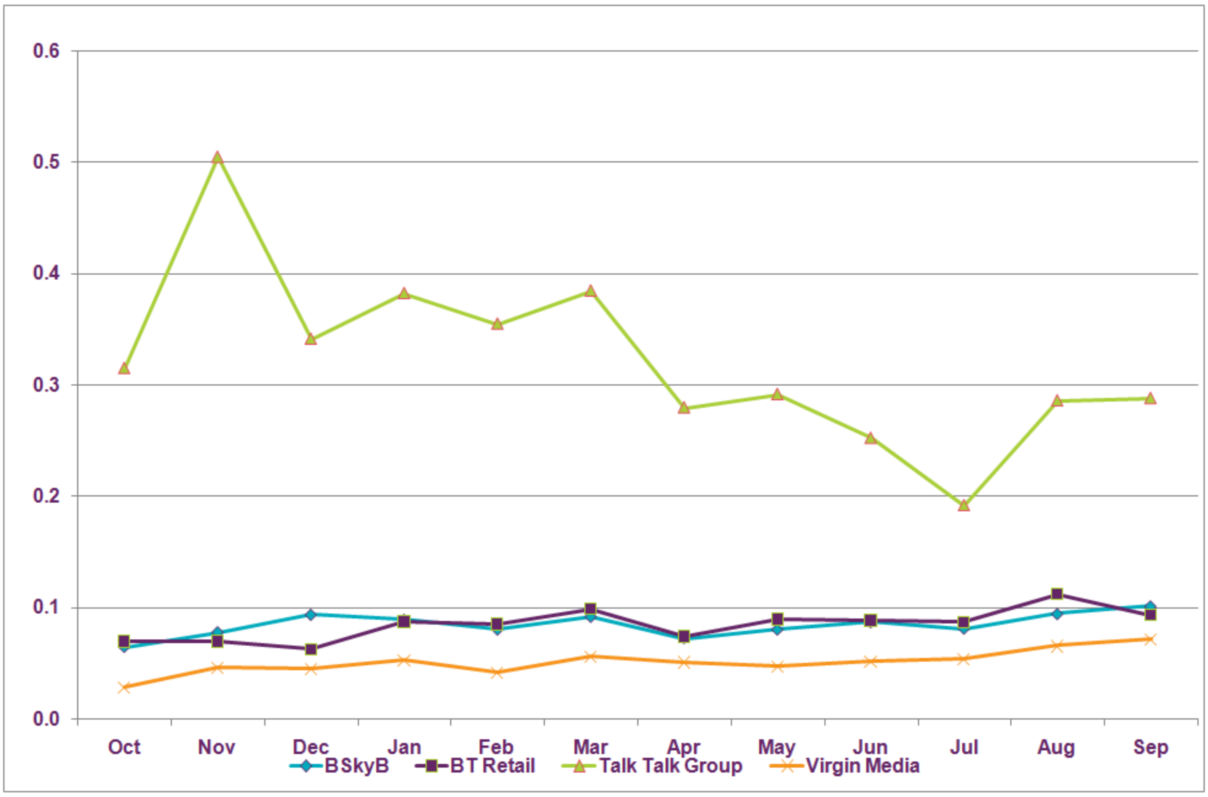
4.4 This publication only includes complaints data for providers who: (i) have a market share of 4% or more in the relevant market; and (ii) consistently generate at least 30 complaints per month. This is the minimum figure required that will support comparison with the larger providers who can generate a large number of complaints.

Fixed line telephony complaints

4.5 The following figures show the residential consumer complaints data that Ofcom received against the four largest providers of fixed line telephony services between October 2010 and September 2011 inclusive. The information is presented per 1,000 customers/connections for the period covered, by month and by quarter.

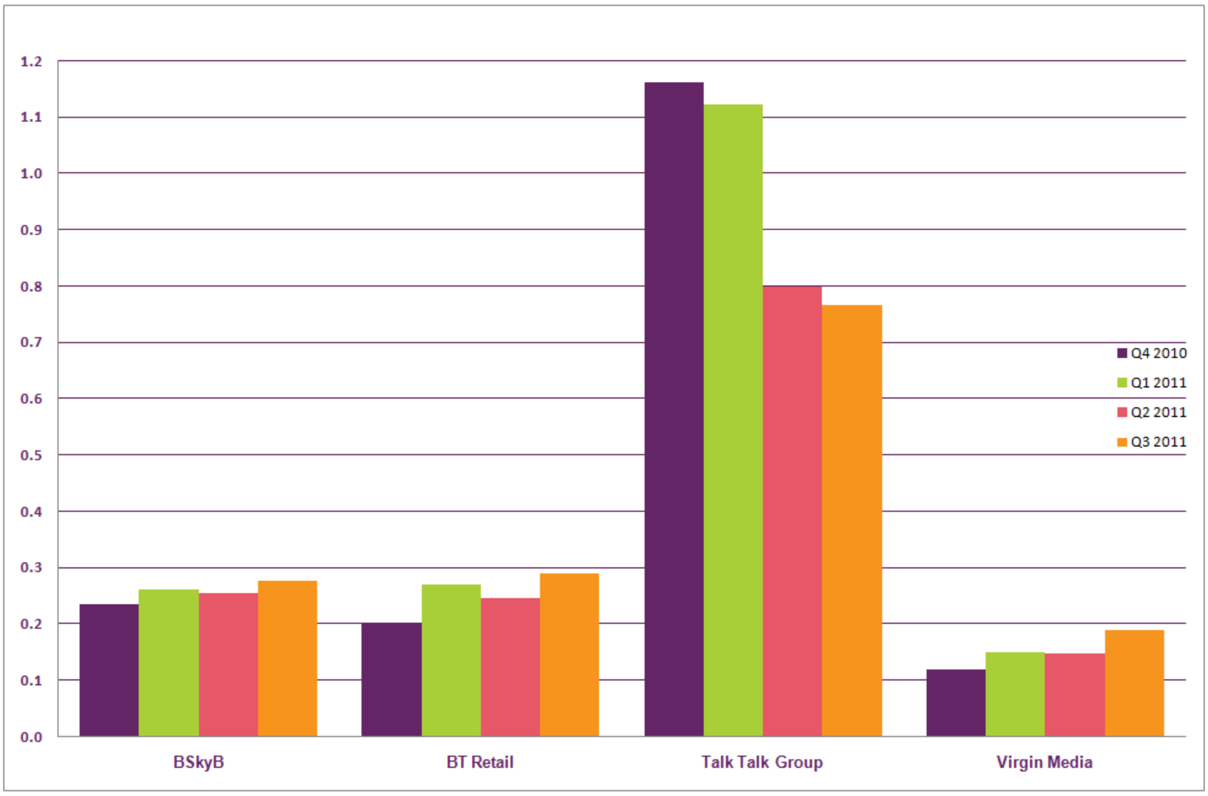
4.6 Figures 1 and 2 show that TalkTalk Group still generates the highest number of complaints. These complaints have recently focussed on billing and customer service issues. Ofcom continiues to receive fewer complaints about Virgin Media than the other three main fixed line providers.

Figure 1: Fixed line complaints per 1,000 customers/connections: October 2010 – September 2011, by month



Source: Ofcom, CCT data; fixed line providers

Figure 2: Fixed line complaints per 1,000 customers/connections: Q4 2010 – Q3 2011, by quarter



Source: Ofcom, CCT data; fixed line providers.

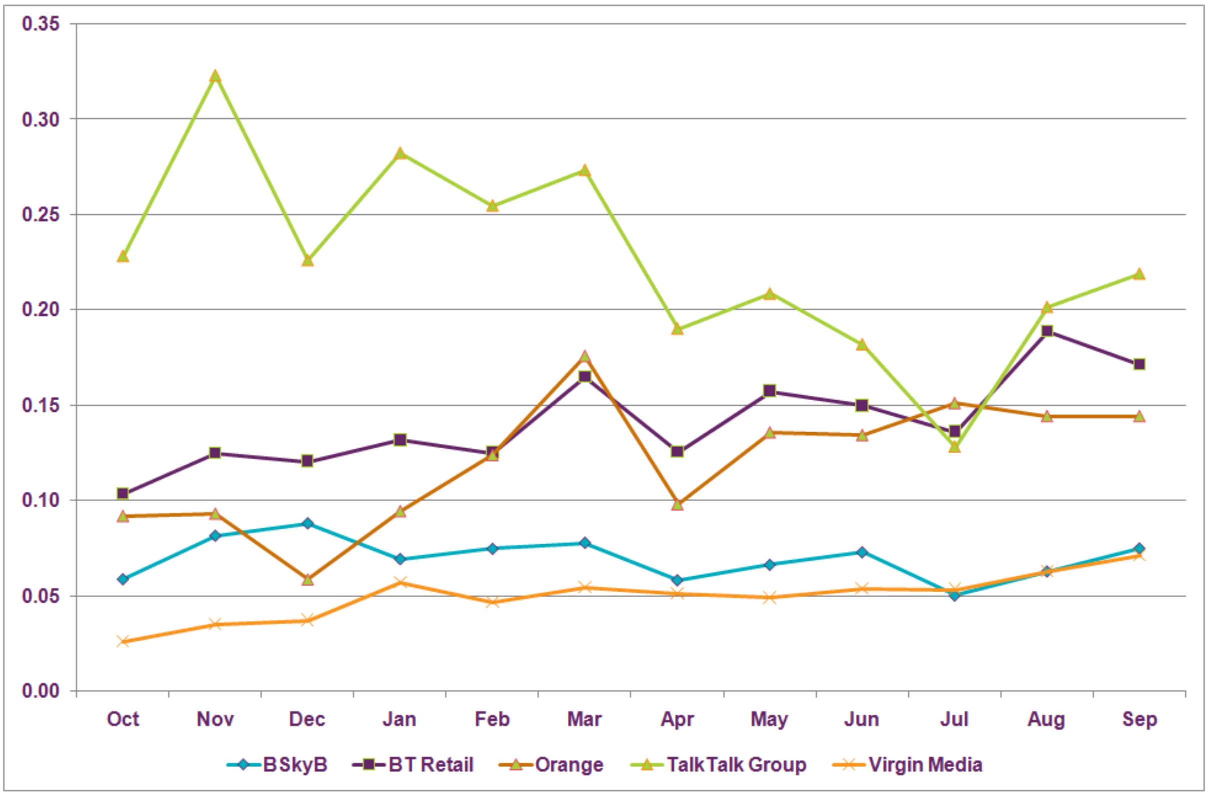
Fixed broadband complaints

4.7 The following figures show the residential consumer complaints data that Ofcom received against the five largest providers of fixed broadband services between October 2010 and end September 2011.[38] The information is presented per 1,000 customers/connections for the period covered, by month and by quarter.

4.8 Figures 3 and 4 show that Ofcom received fewer complaints about Virgin Media than the other broadband providers.Talk Talk Group continue to generate most complaints, focussing on issues around line faults and other service issues.

[38] Orange were added from April onwards when the market share threshold for inclusion was reduced from 5% to 4%.

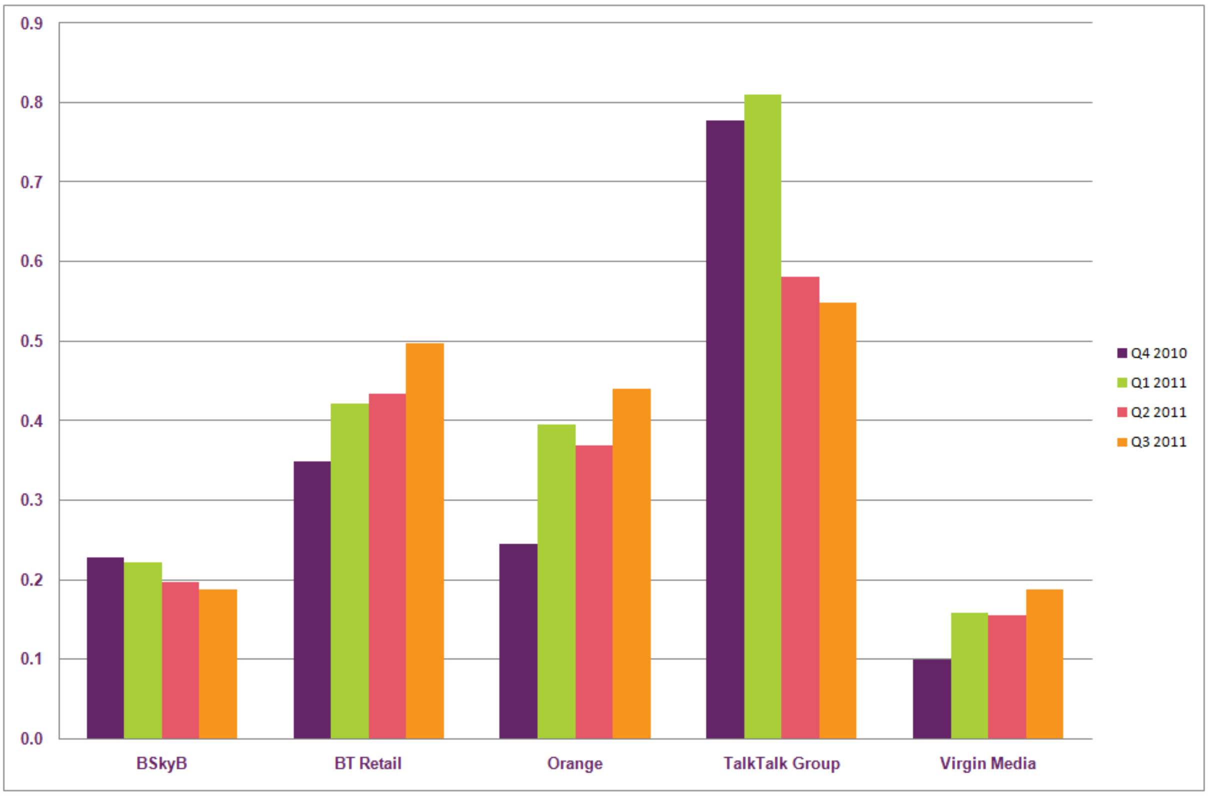
Figure 3: Fixed broadband complaints per 1,000 customers/connections: October 2010 – September 2011, by month



* Note difference in scale to landline services

Source: Ofcom, CCT data; fixed broadband providers

Figure 4: Fixed broadband complaints per 1,000 customers/connections: October 2010 – September 2011, by quarter



* Note difference in scale to landline services

Source: Ofcom, CCT data; fixed broadband providers

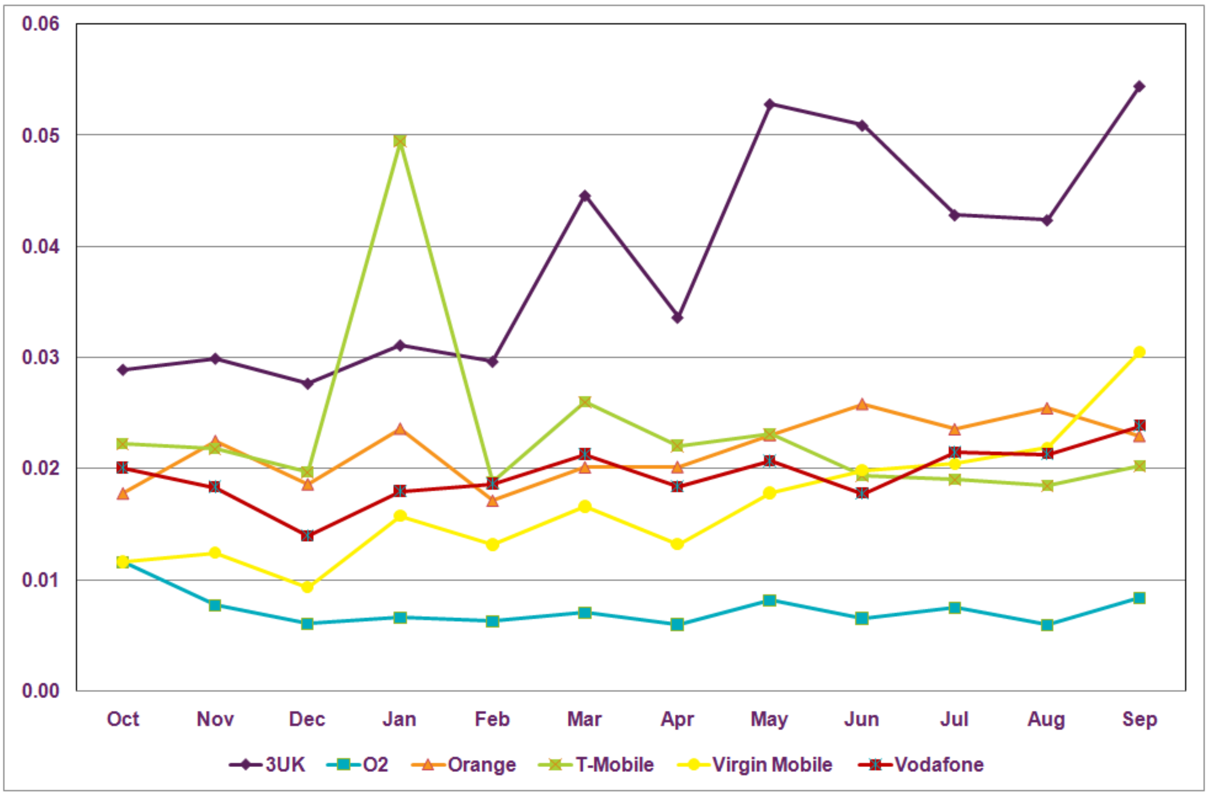
Mobile telephony complaints

4.9 The following figures show the residential consumer complaints data that Ofcom received against the six largest providers of mobile services[39] between October 2010 and end September 2011.[40] Overall, mobile complaints levels per 1000 customers are lower than for fixed line and most fixed broadband services. The information is presented per 1,000 customers/connections for the period covered, by month and by quarter.

4.10 Figures 5 and 6 show that Ofcom received fewer complaints over the period in question about O2 compared with the other five providers, while it received the most complaints about 3UK. The complaints against 3UK appears to have been driven by complaints relating to disputed charges and customer service issues. There has also been an increase in complaints against Virgin Mobile over the last quarter. This appears to be driven largely by billing and customer service issues as well.

[39] These exclude complaints about mobile broadband (datacards and dongles) services.
[40] Virgin Mobile were added from April 2011 onwards when the market share threshold for inclusion was reduced from 5% to 4%.

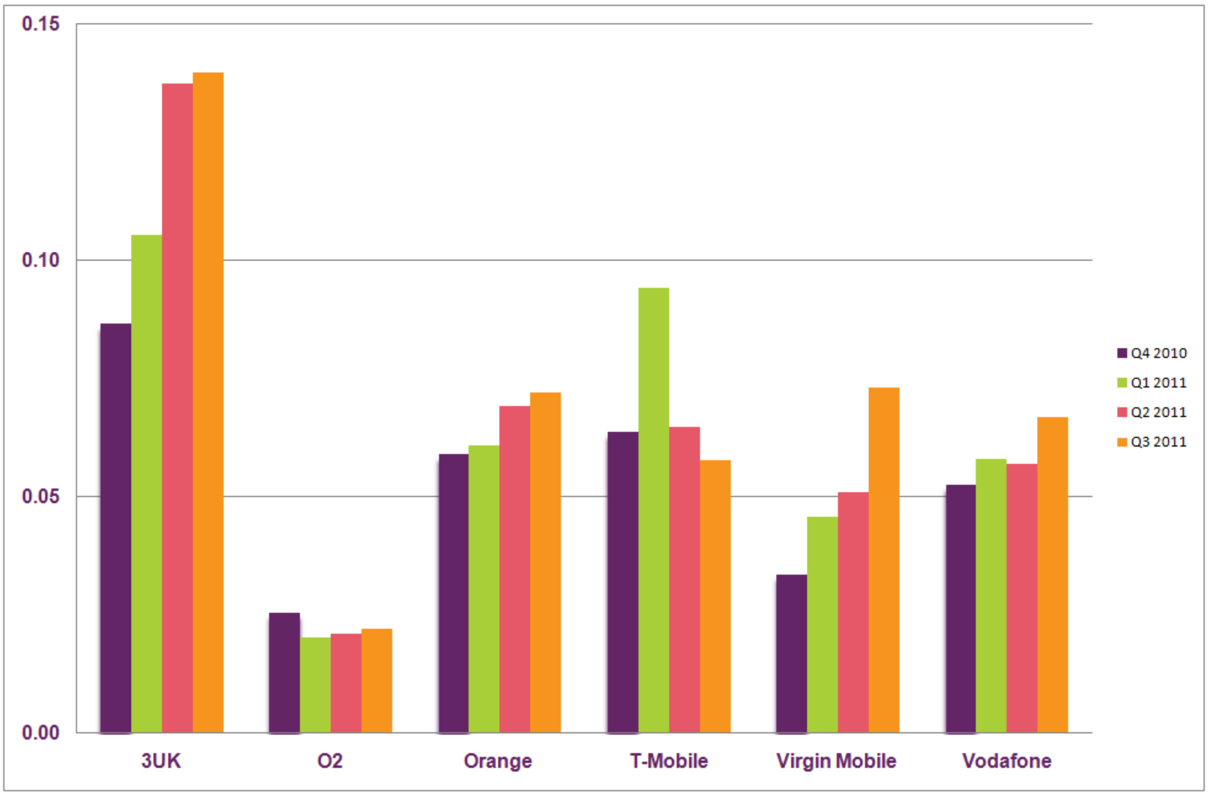
Figure 5: Mobile telephony complaints per 1,000 customers/connections, October 2010 – September 2011, by month



* Note difference in scale to landline services

Source: Ofcom, CCT data; mobile telephony providers

Figure 6: Mobile telephony complaints per 1,000 customers/connections: October 2010 – September 2011, by quarter



* Note difference in scale to landline services

Source: Ofcom, CCT data; mobile telephony providers