Contents

Section                      Page
1   Foreword                1
2   Executive Summary       3
3   Consumer choice and value 7
4   Availability and take-up 16
5   Consumer empowerment    37
6   Consumer concerns and protection 48

Annex                        Page
1   Glossary of terms and definitions 66
Section 1

Foreword

1.1 To help assess the experience of consumers in communications markets, each year we publish this evaluation of our work. The evaluation report considers the key findings and trends emerging from the accompanying detailed research report and uses these to assess the impact of our work. This enables us to assess whether our work is effective and focused on the right issues, to identify any new issues which need to be addressed and to prioritize our work for the future.

1.2 This is the fifth year that we have published the Consumer Experience reports. In that time they have become established as a key part of the way we assess and report on our work to further the interests of citizens and consumers.

1.3 Those five years have seen profound changes in the extent of competition within the communications sector, the services available to consumers and in how consumers are using those communications services. We have to continue to ensure that our regulatory rules and work remains fit-for-purpose and focused on consumers and citizens; driving competition, where appropriate, and choice, encouraging investment in networks and services, and ensuring that consumers have the tools they need to benefit from the developing markets and protecting them new forms of harm emerge.

1.4 Within our overall statutory framework, our major strategic reviews, supported by regular reviews in specific markets, have established a framework that enables competition to deliver increased choice and falling prices for consumers.

1.5 Five years ago only 4% of households had their fixed-line with providers other than BT or cable; now around a quarter of households take their lines from alternative suppliers. In mobile, call charges have fallen by almost a half over the five years driving take-up and use – households are now more likely to have a mobile than a fixed line service – while 3G technology and Smartphone’ use reflects an increase in the use of mobile broadband services. The fixed broadband market has been transformed. The number of unbundled lines has risen from 123,000 in September 2005 to 7 million in September this year – the significance being that every unbundled line represents an opportunity for a communications provider other than BT to offer services to consumers.

1.6 In this year’s reports, we can see similarly positive developments across all the services we regulate. However familiar challenges remain and new ones develop.

1.7 We report near universal availability of fixed-line, mobile, basic broadband and digital broadcasting services. Yet gaps remain. With the growing importance of communications services to consumers’ lives and to businesses, mobile and broadband not-spots in particular are increasingly significant issues, notably in rural areas. We are working with Government to understand and address the causes of not-spots. As technology develops, so too do the needs and expectations of consumers and business. So more of our work is focussed on ensuring the right competitive regulatory framework for superfast broadband services and the release of spectrum for new mobile services.

1.8 The proportion of consumers buying bundled services has increased from under a third five years ago to half now. The increase in bundles has brought consumers benefits in terms of falling prices, contributing to the reduction in monthly household
spend on telecoms services from £71 to £62 over the five years. However increased complexity of service bundles also brings challenges: the proportion of customers actively seeking better deals for bundled services has been in decline, from 41 to 21% since 2008. Our strategic review of consumer switching remains a priority to ensure consumers find it easier to switch and are therefore encouraged to do so.

1.9 We have seen encouraging growth in take-up of services across all demographic groups over the five years but lower levels of take-up by older and low-income consumers remains a concern. While only one in ten of over 65s and one in five of lower income consumers had broadband connections in 2005, almost a half of consumers in these groups now have broadband at home. However this remains significantly below the average level of take-up and, amongst older consumers, still only a quarter of over 75s have broadband. We have continued our work to understand barriers to take-up across all groups, with a particular focus on services for disabled consumers.

1.10 One of our central roles is to ensure that consumers are protected from harm. Over the five years we have seen emerge, and have addressed, problems around broadband switching, mobile mis-selling and premium rate scams. But new forms of harm continue to develop in the markets we regulate. Both the evaluation and research reports demonstrate current levels of consumer created by on fixed line mis-selling, silent calls and difficulties dealing with complaints. We will continue to investigate and take action against providers and organisations that breach our rules in these and other areas.

1.11 These reports record real progress over the last five years based on a range of indicators but also point to substantial challenges for the future. We are seeing our work evolve as a result new duties in the Digital Economy Act, with a new European Framework and with the proposed absorption of postal regulation. In introducing and seeing through these changes, we remain focused on ensuring that we meet our principal aim of our work and regulation has as its primary aim the delivering of benefits to consumer and citizens.
Section 2

Executive Summary

Introduction

2.1 Ofcom’s principal duty, as set out in the Communications Act, is to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition. Continuing to improve where necessary the experience of consumers in the communications market is a central aim for Ofcom and at the heart of nearly everything that we do.

2.2 To understand to what extent we have met this aim, each year we publish an evaluation of our work. This report therefore considers the key findings and trends emerging from the accompanying detailed research report and uses these to assess the impact of our work. As this is the fifth year we have produced the Consumer Experience reports, a particular aim will be to assess how the consumer experience has changed between 2005 and 2010 and Ofcom's role over this period.

2.3 As in previous years, we are examining four central aspects of consumers' experience of the communications market: choice and value; availability and take-up; empowerment; and concerns and protection. The structure of this report is based on these central aspects.

2.4 In a separate and complementary document published in parallel, The Business Consumer Experience research document, we examine the experience of business consumers and set out our work programme in that area. We refer to key elements of that report in this document where its findings intersect with the consumer experience more generally.

2.5 Last year we published the evaluation report alongside Ofcom's draft Annual Plan. This year the draft Annual Plan will be released later than the Consumer Experience reports giving us time to set our wider strategic review as well as our priorities for 2011/12, and also set the context of our contribution to the Government spending review. The draft Annual Plan will draw upon the Consumer Experience research findings and work evaluation.

Consumer choice and value

2.6 A key defining feature of the communications sector has been the continuing convergence between platforms and services. This can be seen in the popularity of so-called ‘triple play bundles’ – where consumers can purchase fixed line, internet and TV services from a single supplier – which are nearly three times the level they were in 2005.

2.7 Facilitating convergence has been the rapid increase in the number of UK communications providers, prompted by the availability of local loop unbundling and wholesale line rental products. Sustained competition between suppliers is increasing consumer awareness, in particular of bundled services.

2.8 Consumers’ overall level of satisfaction with communications services has generally remained stable and at levels of at least 80% or above while the mobile market
continues to have the lowest level of dissatisfied consumers at 4%. Dissatisfaction with broadband services has remained stable, yet there are indications that consumers are becoming increasingly concerned about the speeds they are receiving.

2.9 Despite increasing levels of take-up and use, average spend on telecoms services has fallen in real terms in every year since 2005, as has the proportion of total household spend take up by telecoms services. This has largely been driven by declining spend on mobile services.

2.10 The UK continues to perform well compared to other countries we have surveyed with regards to prices for fixed, mobile, broadband and bundled services.

2.11 The evaluation report generally reflects positive indicators about the level of choice and value for consumers. Our programme of market reviews will monitor the development of competition in the markets and aim to ensure that these outcomes continue or improve. This programme will complement our work described below to ensure consumers can engage effectively and with confidence in communication markets.

**Availability and take-up**

2.12 Our research indicates high levels of availability of different communication services. This is broadly unchanged from previous years. Most households in the UK now have access to the key broadcasting and telephony services, with at least 9 out of 10 consumers covered by fixed lines, basic broadband, mobile 2G, digital TV and radio. In addition, 3G mobile services, non-BT broadband infrastructure and superfast broadband are becoming increasingly available.

2.13 The take-up of all communications services, except fixed line, has increased since 2008, with homes now more likely to have a mobile than a fixed line. Take-up of the internet remains lower among older consumers and those on lower incomes but has continued to increase this year, particularly amongst 65-74 year olds (up 9%).

2.14 A significant consumer development since 2005 has been the expansion of internet services and, within this, the large scale switch from dial-up to broadband-based services. Over the last 12 months, both BT and Virgin have announced significant investment plans in Next Generation Access internet services.

2.15 Mobile broadband take-up has been on the increase, with the roll-out of 3G networks and the developments in new products and services. Sixty per cent of those using mobile broadband consider it to be their main method of internet connection at home, compared to 41% in 2009. We are publishing specific mobile broadband research alongside these reports, and note key features of this work throughout this document.

2.16 The mobile market continues to see a significant shift from prepay to contracts, with the increasing length of contract – from predominately 12 months in 2005 to 24 months in 2010 – a key feature. This year’s report also notes the increasing take-up of mobile services by the over 75s.

2.17 In last year’s Annual Plan we identified making progress on broadband and mobile phone not-spots as one of our 2010/11 priorities. This year we have commissioned research to understand why mobile not-spots occur and the impact they have, in addition to updating consumer information on mobile coverage. With regards to broadband not-spots, we have provided advice and expertise to public bodies.
considering public investment in broadband schemes in a joined effort with Government as in the case of the Government’s proposed Universal Service Commitment.

**Consumer empowerment**

2.18 The level of competition is directly influenced by the extent to which consumers actively engage and participate in markets. Active engagement and participation may involve consumers knowing what services, providers and technologies are available, consumers comparing services in terms of price and quality and consumers seeking out new services and technologies.

2.19 Our research indicates that participation levels in the various markets have either fallen over the last year or remained static.

2.20 The proportion of consumers most actively engaged in purchasing bundled services has been in decline since 2008 – falling from 41% to 24%. This finding is consistent with the view that consumers purchasing bundled services are less likely to switch in the future.

2.21 The proportion of consumers who have claimed to have switched suppliers is broadly similar to last year across all five recorded services (fixed-line, mobile, broadband, multi-channel TV and bundled) and ranges between 2 and 11% depending on the service. Once again, our research has found that the majority of consumers who have switched in the past said that they considered it to be ‘very’ or ‘fairly’ easy to do so in the fixed-line, mobile, broadband and multi-channel TV markets and also for bundled services products.

2.22 Over the past year, we have been progressing our strategic review of consumer switching to ensure that consumers' experience of switching is easy and hassle free, both now and in the future. We also want to ensure that switching processes do not get in the way of providers competing vigorously with each other to deliver benefits for all consumers.

2.23 Consumer research indicates that there has been a notable decline in the proportion of consumers who are very satisfied with the speed of their broadband service since 2009. During this year Ofcom agreed a new Code of Practice with industry to provide consumers more accurate estimates of broadband speeds they can expect when signing up to a service.

**Consumer concerns and protection**

2.24 A central role for Ofcom is protecting consumers from harm in the communications market. We aim to achieve this by ensuring our policies protect consumers from scams and sharp practices that can result in anxiety and financial harm, but where they do occur, ensure that they are dealt with effectively.

2.25 The three most significant telecoms complaint generators continue to be mis-selling in the fixed-line market, complaints handling and silent calls. There have been a number of developments in the our work programmes associated with each of these issues this year.

2.26 During the middle stages of this year complaints about mis-selling in the fixed-line market began to approach peaks reached two years ago. Through our monitoring and enforcement programme we identified that these complaints were largely being
generated by deficiencies in the switching process, rather than behavioural mis-selling such as slamming. Consequently we have been working with the Office of the Telecom Adjudicator (OTA), Openreach and industry stakeholders to find a solution to this issue. Where we have found companies engaging in behavioural mis-selling – such as Telephonics Integrated Telephony and Continental Telecom – we are taking the appropriate enforcement action.

2.27 Coming into force on 22 January 2011, Ofcom will require that communication providers comply with amended complaints handling requirements. This will require, amongst other things, that they ensure fair and timely resolution of complaints, have low cost options for consumers to make a complaint and easy access to their individual complaints code of practice.

2.28 In October we set out a new policy designed to prevent consumers receiving two or more silent calls from a single company in a single day. This requirement will come into effect on 1 February 2011 and along with the recent increase in the maximum penalty level for persistent misuse (for which the generation of abandoned and silent calls is one form of) from £50 000 to £2m, can be considered as one of the most significant recent policy developments in this area in the previous year.

2.29 The introduction of new regulations (General Condition 23) in September 2009 has had the effect of reducing the consumer harm generated by mobile mis-selling. Mobile mis-selling complaints have now fallen from over 600 per month to fewer than 200 per month.

2.30 Both PhonepayPlus (PP+) and Ofcom published consultations this year on a new PP+ code of practice. The main changes include greater responsibility on service providers and network operators to perform due diligence on prospective clients, registration with PP+ before operating in the market and steps to identify excessive usage so as to minimise cases of bill shock.

**Next steps**

2.31 Ofcom’s draft Annual Plan will be published in January 2011 and will reflect the findings of this evaluation of our work and the accompanying research in developing our proposed priorities for 2010/11.

2.32 We encourage anyone with an interest in Ofcom’s work to contribute and respond to the draft Plan. Our finalised Annual Plan for 2010/11 will then be published before Easter 2010.
Section 3

Consumer choice and value

Introduction

3.1 Ofcom’s principal statutory duty is to further the interests of citizens in relation to communications matters and to further the interests of consumers, where appropriate, by promoting competition. In doing so we must have regard, in particular, to the interests of consumers in respect of choice, price, quality of service and value for money.

3.2 Effective competition can drive consumer benefits by increasing innovation and increasing choice of available services, as well as lowering prices.

3.3 In this section we report on the range of services and providers in communications markets, consumer awareness of suppliers, cost of services and the levels of consumer satisfaction. We also discuss our policy work aimed at promoting competition in the communications markets in order to consider its impact on choice and value of services available to consumers.

Range of services and providers

3.4 For fixed voice and broadband services, consumers have access to the networks of BT (or KCOM in Hull) and Virgin Media’s cable network. In addition, consumers have access to services provided by operators that use wholesale products, such as, for example, Wholesale Line Rental (WLR) or Local Loop Unbundling (LLU), offered by BT to provide services to end-customers.

Figure 1: Penetration of fixed-line suppliers, 2000 – 2010

Source: Ofcom communications tracking survey. Base: UK adults with a landline phone at home.

3.5 As demonstrated by Figure 1, the proportion of UK households relying on BT for their fixed line services continues to decline. The influx of LLU and WLR operators offering competitive services has had the dual impact of reducing BTs market share and increasing the proportion of consumers using other suppliers (now up to 26%).
3.6 For mobile services, consumers are able to access services provided by five different mobile network operators (MNOs – Vodafone, Orange, T-Mobile, O2 and 3¹). They are also able to access services from around 100 mobile virtual network operators (MVNOs) and service providers (SPs) who by securing a wholesale agreement with one of the five MNOs, are able to offer telephony services without having a spectrum allocation or their own wireless network.

3.7 Digital television is available over satellite, cable, digital terrestrial television and IPTV, although the channels available vary by platform. There are now a total of 490 maximum television channels available to consumers, a fall of two channels since 2009. Thirteen of these are public service channels and the remaining 477 are commercial.

3.8 Digital radio is available over digital television, broadband and via Digital Audio Broadcasting (DAB). There are now 192 stations available, 28 less stations than the number recorded in last year’s report. An Ofcom report on DAB coverage and availability is scheduled to be published in 2011.

3.9 Convergence continues to be a key trend affecting the consumer experience of communications services enabling the availability of a range of content types and services distributed over different digital networks to a variety of consumer devices. These devices range from mobile phones and other hand-held devices to broadband-enabled PCs and flat-screen TVs. It affects the range of services available to consumers, how consumers use communication services, where they use services and the choice of platforms over which to use particular services.

3.10 A key difference between the consumer experience in 2005 and the consumer experience in 2010 is the increase in the packages of communications services offered to consumers. The packages, referred to as ‘bundles’, are where consumers can purchase two or more of their digital communications services (fixed line, internet and TV services) from a single supplier.

3.11 This effect has been particularly pronounced for consumers purchasing ‘triple-play bundles’ – landline, broadband and multi-channel television – with a close to three-fold increase in the purchase of this particular form of bundle between the first quarter of 2005 and first quarter of 2010 (see Figure 2).

¹ In September 2009 the European owners of Orange and T-Mobile UK (France Telecom and Deutsche Telekom announced that they would merge their UK businesses to create a 50/50 joint venture under the company name Everything Everywhere Ltd. Both Orange and T-Mobile will continue to exist, and according to information presented to their customers, other than being able to call and text in more places, nothing else changes.
3.12 Among business consumers, most continue to purchase their telecom services separately (66%). However, one third bought their services as part of a bundled package, where they were quoted a single price for several products and service together. According to findings presented in The Business Consumer Experience research document, bundling is most prevalent among less well established companies up to five years old and the most likely services to have been purchased as a part of a bundle are landline and internet.

**Awareness of suppliers**

3.13 Understanding the level of supplier awareness among consumers is important when considering their ability to participate in communication markets. A high level of consumer awareness is necessary as a first step to ensure that consumers are able to make an informed choice of communications provider.

3.14 Spontaneous awareness of multiple fixed and multiple mobile suppliers stands at 45 and 73% respectively. Spontaneous awareness of multiple suppliers of other communication services has remained stable. Awareness remains lowest among older consumers and lower income groups.

**Satisfaction with services**

3.15 Satisfaction with overall services from communications suppliers has experienced a shift in 2010. Except for multi-channel TV, where the proportion of consumers who were ‘very satisfied’ has risen slightly, increases in the proportion ‘fairly satisfied’ consumers have come at the expense of those who were ‘very satisfied’. As indicated in Figure 3, the sector that has experienced the most pronounced shift has been in broadband.
3.16 There has been little significant change in levels of satisfaction with value for money and with service reliability across communications services since 2009.

3.17 Despite the above, findings in the research report demonstrate there are distinct differences in the levels of dissatisfaction between consumers with varying levels of participation in a market. Dissatisfaction with value for money is higher among those groups of consumers more interested, or more engaged, in each market, and therefore arguably the least vulnerable. Around a fifth of ‘engaged’ and ‘interested’ consumers (19%) in the broadband market were dissatisfied with their value for money, compared to 10% of ‘inactive’ consumers. Furthermore, in the fixed-line market, dissatisfaction appeared to be driven by ‘engaged’ consumers, 18% of whom were dissatisfied, compared to just over one in ten ‘inactive’ consumers (11%).

3.18 Data from The Business Consumer Experience research document indicates that the majority of business consumers are satisfied with their service providers across all the technology areas considered, with 94% of respondents satisfied with their mobile service, 89% with their landline service and 88% for their internet. These levels are comparable to those of residential decision makers.

3.19 However, only a third of these levels are for business consumers who are ‘very satisfied’ with each service, suggesting some room for improvement. The primary concerns for business consumers revolve around network quality – speed/coverage in the internet/data market, signal strength in the mobile market and reliability of coverage/line connection in the landline market. Almost half (48%) of internet data users, two in five (43%) mobile users and one in five (20%) landline users can spontaneously identify areas where their service has failed to meet expectations.

**Expenditure on services**

3.20 Consumer spending on communication services fell between 2008 and 2009 (latest data available). Average household telecoms spend fell by £2.41 a month to £62.10 in 2009, a fall of 3.7%, while the proportion of total household spend taken up by the purchase of telecoms services fell by 0.2 percentage points to 3.0%.
3.21 The fall in average monthly spend was driven by declining spend on mobile services, where average spend fell by £1.66 to £30.66. The average spend on fixed voice services per household also fell by £0.90 a month to £21.53, to a large extent as a result of a fall in the number of connections. Fixed internet and broadband was the only area where average spend increased, growing by £0.16 a month (1.6%) as a result of the increasing proportion of households connected to the internet.

3.22 Research from The Business Consumer Experience research document suggests that businesses communication budgets are being protected despite the challenging economic climate. The majority of business consumers (68%) expect their level of spend on communication services to remain stable over the next 12 months, and of those remaining, more expect an increase (22%) than a decrease (9%).

**Cost of services**

**Figure 4: Comparison of average fixed and mobile voice call charges**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed</th>
<th>Mobile</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>5.6</td>
<td>15.1</td>
</tr>
<tr>
<td>2005</td>
<td>6.6</td>
<td>14.4</td>
</tr>
<tr>
<td>2006</td>
<td>6.6</td>
<td>12.9</td>
</tr>
<tr>
<td>2007</td>
<td>7.1</td>
<td>11.2</td>
</tr>
<tr>
<td>2008</td>
<td>7.3</td>
<td>10.0</td>
</tr>
<tr>
<td>2009</td>
<td>7.3</td>
<td>8.8</td>
</tr>
</tbody>
</table>

Source: Ofcom / operators.

3.23 Average prices per minute for mobile calls continued to fall in 2009, while those for fixed remained stable.

3.24 The average cost of a fixed voice call minute remained stable in 2009 at 7.3 pence a minute, despite the inclusion of more minutes in standard access tariff packages. This is due to higher line-rental prices from some operators, and rises in the prices of some types of calls, together with falling overall call volumes.

3.25 By contrast, mobile call charges continued to fall from 15.1 pence per minute in 2004 to 8.8 pence in 2009. This is potentially the consequence of contract users taking advantage of more inclusive minutes, while more ‘bonus’ minutes have become available on pre-pay plans.

3.26 When examining these results, two key points should be noted. The first one is that the average cost-per-minute for mobiles is over-stated as it includes the value of the handset subsidy, which mobile operators recoup over the duration of the contract. The second point being that the cost of mobile calls is bundled together with data and text, unlike the costs associated with a fixed-line service.

3.27 Relatively low broadband prices in the UK, compared to other countries, are maintained by a competitive environment in which no single provider has more than 30% market share, and consumers are able to choose from a range of services provided by operators offering service via WLR (available to virtually 100% of the
population), LLU (available to 85% of the population) and cable (available to 48% of the population).

3.28 In addition, in the UK, operators tend to incentivise consumers to purchase other services along with their broadband connection (for example by including free calls packages) at discounted prices. Around half of all UK households now buy two or more communications services from a single supplier in a bundle. Just under a third (31%) received a discounted bundle with a further 8% unsure if their package is discounted or not.

Figure 5: Take-up of bundles (with proportion of discounted bundles)

Source: Ofcom communication tracking survey. Base: All adults 15+

3.29 Overall, our analysis of the pricing of communications services in the UK and five comparator countries (France, Italy, Germany, Spain, USA) finds that the prices available to UK consumers are relatively low.

3.30 We find that mobile prices are lower in the UK than in all the other countries for all but the lowest use connections (where prices are lower in Italy and Germany), and our calculation of ‘average’ pricing (based on the best prices available for a particular usage profile from the three largest operators) finds that mobile prices in the UK fell by 10% between July 2009 and July 2010. However, the other five countries all saw a greater fall in mobile prices during this period.

3.31 Fixed-line voice pricing is on average lower than in all the other countries except for low users (where France and the US are less expensive). However, overall fixed-line voice prices in the UK increased slightly between July 2009 and July 2010 as a result of increases in line rental, while they fell in the other countries.

3.32 With fixed broadband, consumers in the UK and France benefit from the lowest priced tariffs. Having said this, comparisons should be treated with caution, as single-service offers are not easy to come by in each country, and broadband is frequently bundled with other services. For example, there is limited availability of standalone broadband in Germany and Spain.

3.33 TV price comparisons are difficult as the variations in the number and type of channels and different types of programme content make like-for-like comparison difficult. However, the prices for both a basic pay-TV package and a premium TV package (including first-run Hollywood movies and top-tier sport) are higher in the UK than in most of the other countries. Licence fees are highest in Germany and the UK, which have the highest investment per head in public service broadcasting.
Ofcom’s work

3.34 We undertake a wide range of work aimed where appropriate at promoting competition in communications markets, ranging across both telecoms and broadcasting. For all of this work our underlying objective is to drive consumer benefits by facilitating the availability of wider choice, innovation and lower prices.

3.35 In the fixed-line sector in 2005, BT offered and Ofcom accepted legally binding Undertakings to deliver Equality of Access between itself and its competitors through the operation of two principles: i) operational separation (essentially the creation of Openreach) and ii) equivalence of inputs (essentially the requirement for BT to provide the same products to all providers on the same terms and conditions that it provides itself).\(^2\)

3.36 We also reduced the price of LLU which encouraged other operators to deploy their own infrastructure to deliver services to consumers.\(^3\) This has resulted in a significant increase in the number of unbundled lines – on 10 September the 7 millionth line was unbundled (from 123,000 in September 2005).\(^4\)

3.37 In our retail narrowband market review statement in September 2009, we found that the level of competition was sufficiently high in the retail market for telephony services to warrant the removal of remaining regulatory obligations on the incumbent operator, BT.\(^5\) We concluded that other providers provide effective competition to BT in this part of the market.

3.38 We believe that our decision to remove regulation from the market has produced quantifiable benefits for consumers in the fixed telephone market; it has facilitated entry into the market for new providers and brought about lower prices for consumers. As of November 2010, there were 14.7 million non-BT lines – 10.4 million of which are residential – purchased from a large number of providers marketing their fixed telephone services at competitive prices for consumers.

3.39 In 2009 we carried out a review of the mobile sector in order to assess current and possible future developments of the mobile market and map out our strategic approach to the mobile sector.\(^6\)

3.40 We concluded that mobile markets are currently serving UK citizens and consumers well and competition between mobile operators is driving this success. We did however note that there were some areas where performance could be improved, most notably, regarding service availability and quality, and also accessibility – ensuring that all citizens benefit from mobile technology trends and the benefits they produce. These conclusions have fed into work we have undertaken this year to tackle these areas – work on mobile not-spots being one particular example.

3.41 In concluding our assessment of the mobile sector, we noted that our regulatory focus should continue to be as it is today: helping promote competition and innovation, whilst safeguarding consumer interests and tackling, where appropriate, problems that the market fails to solve adequately.

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\(^3\) [http://stakeholders.ofcom.org.uk/consultations/telecoms_p2/](http://stakeholders.ofcom.org.uk/consultations/telecoms_p2/)


\(^7\) [http://stakeholders.ofcom.org.uk/binaries/consultations/msa/statement/MSA_statement.pdf](http://stakeholders.ofcom.org.uk/binaries/consultations/msa/statement/MSA_statement.pdf)
3.42 Another significant piece of work undertaken by Ofcom in this sphere has been a consultation on wholesale mobile voice call termination. Mobile voice termination is the process whereby mobile operators connect calls between mobile users on different networks. The rules regarding how much can be charged for this facility are due to expire in March 2011. We are therefore required to consult on a range of issues related to mobile voice termination, issues primarily based around how mobile termination rates should be calculated and what level they should be set to, and a final decision regarding these issues is due in the first quarter of 2011.\(^8\)

3.43 One of the main challenges facing Ofcom is to adapt our existing regulatory framework to reflect the emergence of the super-fast broadband. Over the past two years commercial investments in next generation access (NGA) networks have resulted in super-fast broadband being made available to nearly half of all UK households. Virgin Media recently announced the launch of a 100 Mbit/s broadband service\(^9\) while BT has announced plans to invest up to £2.5 billion in super-fast, fibre-based broadband, again at speeds up to 100Mbit/s\(^10\).

3.44 However, despite these investment plans, competition in the provision of super-fast broadband services remains in its infancy. To support the future development of the market, it is essential that there should be a clear regulatory framework designed both to promote competition and to support continued investment and innovation.

3.45 In October this year we set out the conclusions of our analysis of the state of competition in the Wholesale Local Access (WLA) market, and the measures that we are taking to promote competition in that market\(^11\). These include the introduction of new requirements on BT, to provide virtual unbundled access to its fibre-based access network and to open up access to its duct and pole infrastructure.

3.46 These decisions will have significant implications for consumers. While the WLA market directly concerns services provided between different communication providers, decisions taken in this context will ultimately affect the prices, choice and availability of critically important services in the retail market, such as current generation broadband and traditional voice services. Our decisions also matter because they are intended to promote competition and investment in new super-fast broadband networks, in the important early development stages of those networks.

3.47 Our work in the area of digital broadcasting has over recent years been dominated by our market investigation into pay TV.

3.48 Following three consultations, we published our pay TV statement in March 2010\(^12\). We made two main decisions in this document. First we required Sky to offer to wholesale Sky Sports 1 and 2 to other pay TV retailers, at prices set by Ofcom for standard-definition versions of the channels – known as ‘wholesale must-offer’. We also required Sky to offer to wholesale HD versions of the channels. We decided to allow Sky’s pay Digital Terrestrial Television (DTT) proposal (Picnic) to proceed, subject to effective implementation of the wholesale must-offer remedy and to any movies channels available through Picnic also being made available to other DTT retailers.

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\(^10\) [http://www.btplc.com/news/articles/showarticle.cfm?articleid=%7Bbc50a7e9-7b75-4c22-a443-410a7083411f%7D](http://www.btplc.com/news/articles/showarticle.cfm?articleid=%7Bbc50a7e9-7b75-4c22-a443-410a7083411f%7D)


\(^12\) [http://stakeholders.ofcom.org.uk/binaries/consultations/third_paytv/statement/paytv_statement.pdf](http://stakeholders.ofcom.org.uk/binaries/consultations/third_paytv/statement/paytv_statement.pdf)
3.49 At the same time we consulted on a proposed decision to refer the movies market to the Competition Commission under the Enterprise Act 2002. We subsequently made this reference on 4 August 2010. The focus of the reference was the restricted exploitation of subscription video-on-demand rights. This issue is now being investigated fully by the Competition Commission.

3.50 Our decision in the pay TV statement has been appealed by Sky and other parties. However, the outcome of the interim relief hearing in the appeal means that while the appeal will continue well into 2011, we have already seen the launch of new pay TV packages by competing retailers, using the channels included in the remedy. BT Vision and Top Up TV have both launched packages including Sky Sports 1 and 2, and Virgin Media now offers Sky Sports 1 and 2 in HD.

3.51 We have also focused on establishing a market-based approach to spectrum management that maximises the benefits from competition and innovation in wireless services for the UK society and economy. We believe that, where appropriate, letting the market decide how spectrum is used, what services to provide over available spectrum and what technologies to use for this, safeguards competition and consumer interests and creates major opportunities for innovation in wireless services.

3.52 We are continuing our work to free up spectrum that can be used for a wide range of new and growing consumer services, such as mobile broadband and High Definition (HD) TV. In addition, we have an ongoing role to manage the frequencies that are used for broadcast radio and TV and we will ensure that this is done to ensure that consumers continue to benefit from efficient competition in this market.
Section 4

Availability and take-up

Introduction

4.1 We have a responsibility to ensure that a wide range of electronic communication services, including high-speed data services, and television and radio services are available throughout the UK.

4.2 In performing this duty we must have regard to, amongst other things, the needs of:

- people with disabilities;
- older consumers;
- those on low incomes;
- people in the different parts of the United Kingdom;
- different ethnic communities within the United Kingdom; and
- people living in rural and in urban areas.

4.3 The following section considers the availability of communications services and the take-up and use of these services by consumers. It also outlines Ofcom’s role in addressing availability issues and in promoting take-up of services across the UK.

Availability

4.4 Overall availability of communications services is high and has not changed over the past three years. Most households in the UK now have access to the key broadcasting and telephony services, with all consumers covered by fixed lines, broadband, and digital broadcasting.

Fixed Line

4.5 Fixed line services continue to be universally available to all consumers across the UK. BT and Kingston Communications (KCOM – the incumbent fixed telephony operator in Kingston upon Hull) are subject to Universal Service Obligations (USO) which effectively makes access to voice services over the public switched telephone network (PSTN) available to the whole UK population at a standardised charge.

4.6 However, where the installation of a fixed line from BT costs the provider over £3,400, which may be the case for homes in remote rural areas, consumers may have to pay an additional connection charge, above the standard charge for the provision of the line.

Mobile

4.7 Both second generation (2G) and third generation mobile services continue to be available to the majority of the UK population – 97% of residents live within a postcode district with at least 90% coverage by one or more 2G and 87% of the UK
population live in a postcode district with at least 90% area coverage from one 3G operator\textsuperscript{13}.

**Figure 6: Availability of mobile**

![Figure 6: Availability of mobile](source)

Source: Ofcom/ GSM Association / Europa Technologies (Q2 2010). Note: Data covers proportion of population living in postal districts where at least one operator and four plus operators report at least 90% 2G and 3G population coverage. Data not directly comparable to that published in the 2009 report due to changes in the methodology used by operators to measure coverage.

4.8 The International Communications Market Report (ICMR) 2010 notes that that a number of 4G network services are expected to be launched worldwide over the next couple of years. We outline our role in the spectrum allocation process for these services in paragraphs 4.31-33.

**Internet**

4.9 A significant consumer development since 2005 has been the expansion of internet services and, within this, the large scale switch from dial-up to broadband-based services.

4.10 Narrowband internet services achieved by means of dial-up over a twisted pair or coaxial cable at download speeds, are covered by the USO which requires BT and KCOM to meet all reasonable requests for “functional internet access” or dial-up connections with a minimum speed of 28.8kbps. Internet connections of this type have, however, largely been superseded by higher-bandwidth broadband connections.

4.11 The availability of broadband internet connections and the choice of providers have continued to improve for consumers. Local loop unbundling (LLU), digital subscriber line (DSL), cable and wireless technologies offer consumers a wide array of possibilities to access the internet.

4.12 The percentage of premises that have access to unbundled LLU has increased from 67 to 85% between 2006 and 2010. In comparison, cable and ADSL availability have remained unchanged at 48% and 99.6% respectively.

\textsuperscript{13} [http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr10/?a=0](http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr10/?a=0)
4.13 In response to increased demand for high bandwidth products and faster broadband connections, next generation access (NGA) has experienced significant commercial investment over the past two years. As noted in the previous section, both Virgin Media and BT have announced superfast broadband services in the last 12 months. Ofcoms International Communications Market Report (ICMR) 2010 presents an international comparison of NGA deployments and planned deployments.

Digital Broadcasting

Television

4.14 Availability of digital television has remained stable over the last few years, with 98% of households across the UK having access. However, some households may not have access to satellite services, due to specific local factors or housing agreements. The reach of digital terrestrial (80% of households) has increased due to the commencement of the digital switchover process. 48% of UK homes have access to digital cable services.
Radio

4.15 Digital radio can be accessed through a wide range of platforms and devices. These include DAB digital radios, digital television, and devices that connect to the internet such as dedicated Wi-Fi radios, home PCs, and 3G mobile platforms.

4.16 In July 2010 the BBC estimated that its national DAB network currently provided indoor coverage to around 85% of UK homes. With the addition of 61 new national transmitters it is planned that this will reach 92% of the population by mid-2011. Digital One has previously estimated that the national commercial DAB network provides coverage to over 90% of the population.

4.17 The availability of radio services on the DAB digital radio platform varies across the UK. It is highest in the Greater London region, where listeners can receive around 60 radio services, and lowest in Northern Ireland where the comparable figure is around 20 stations. Outside the London area, the majority of homes in the UK where DAB coverage is available receive between 30 and 50 services.

Ofcom’s work

4.18 We believe that Ofcom’s duty to promote “the availability throughout the UK of a wide range of electronic communications services” has grown in importance as these services are playing an ever greater role in citizens’ and consumers’ lives.

Fixed Line

4.19 The USO ensures that basic fixed line services are available at an affordable price to all consumers across the UK.

4.20 The scope of the USO is defined by the European Universal Service Directive. The UK Government specify the services which must be provided throughout the UK in the Universal Service Order (the Order). The Order has been implemented by Ofcom through specific conditions on the current Universal Service Providers, BT and KCOM in Hull.

4.21 Ofcom’s last review of the USO was in 2006, which resulted in some amendments to the obligations. In light of the Commission consultation, Ofcom set out a revised work plan on the USO for 2010/11. Ofcom's near term priorities will be to:

- continue to implement the existing Universal Service Order, making such changes as may be required to ensure effective universal provision of basic communications services;
- engage with the UK Government and the European Commission during the review of scope and to ensure that any changes are appropriately implemented;

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• undertake a separate, detailed review of the provision of relay services to disabled people in the UK.

4.22 With regard to the first bullet point, Ofcom issued a joint response to the Commission consultation with the Department of Business Innovation & Skills (BIS)\textsuperscript{17}. The details of our review of the provision of relay services to disabled people in the UK are covered in paragraphs 4.96-104.

Mobile

4.23 One of Ofcom’s 2010/11 annual priorities is to examine the issue of ‘mobile not-spots’ – areas where people cannot access mobile services. The impact of not-spots range from everything between missing calls, and the loss of a loss of social connection or business efficiency this may directly result in, to more serious impacts such as undermining efforts to deal with emergencies. Our work this year has concentrated on developing an evidence base to understand the scale of the problem and clarify the scope for any solutions.

4.24 We published a report on 5 November setting out our findings so far, which drew on two new pieces of commissioned research\textsuperscript{18}. Our report identified five distinct types of problems – complete not-spots (no coverage at all), 3G not-spots (no mobile broadband coverage), partial (operator-specific) not-spots, interrupted coverage on the move and indoor coverage.

4.25 We also looked at case-studies to examine why these not-spot issues occur. This research suggests that commercial considerations are the main cause, although planning factors also appear to be important for lack of coverage on the railways.

4.26 A further objective was to assess whether mobile operators' plans could potentially address these issues. We found that some problems may reduce in scale as a result of market developments – particularly 3G not-spots, partial not-spots and indoor coverage problems – but none will disappear entirely. In particular ‘complete not-spots’, which exist mostly in rural areas, seem likely to persist to some degree.

4.27 In addition to our ongoing research, there are two new areas where we will prioritise further work; examining the scope for improving coverage information (to help consumers choose the best provider, which may also enable operators to compete more to improve coverage); and facilitating coverage on the railways.

Broadband

4.28 The wide availability and affordability of broadband services today, and the benefits this delivers to citizens and consumers, have to a very large degree been driven by commercial investment and competition. We are contributing to this environment through our work on competition and consumer protection:

i) We aim to create a competitive environment that allows investors who see a case for deploying networks to do so, encourages players to innovate and provide access to wholesale services at levels where competition can be effective and sustainable. This is the case for both current and next generation broadband\textsuperscript{19}.

\textsuperscript{17} http://stakeholders.ofcom.org.uk/binaries/consultations/access/uso_response.pdf

\textsuperscript{18} http://stakeholders.ofcom.org.uk/market-data-research/telecoms-research/mobile-not-spots/

\textsuperscript{19} http://stakeholders.ofcom.org.uk/binaries/consultations/wla/statement/WLA_statement.pdf
As a result, many areas of the UK have access to broadband at 2Mbit/s or more as competing networks deploy new infrastructure to serve those areas.

ii) We aim to ensure that consumers can make informed choices as regards services and providers. Recently we published updated research on broadband speeds providing information to consumers about the actual speeds that they are getting from their broadband providers\textsuperscript{20}.

**Super-fast broadband**

4.29 In respect of faster speeds, as described in 3.43-46, service providers are already investing in new generation networks.

4.30 Ofcom is also providing expert advice to \textit{Broadband Delivery UK} (BDUK), created within the Department of Business Innovation & Skill (BIS) as a delivery vehicle for the Government’s policies on broadband\textsuperscript{21}. One of the projects that BDUK is working on is the running of four market testing pilots in rural areas (announced on 22 October 2010 as parts of Cumbria, the Highlands and Islands, North Yorkshire and the Golden Valley in Herefordshire). The pilot exercise will help establish the commercial costs and challenges involved in rolling out superfast broadband across the UK\textsuperscript{22}.

**Wireless broadband**

4.31 We are also supporting the availability of mobile broadband services. The release of spectrum and introduction of liberalisation and trading will facilitate the introduction of new technologies and players into the market. Three key developments are: liberalisation of 900 MHz and 1800 MHz for Universal Mobile Telecommunications Service (UMTS) and subsequently for Long-term Evolution (LTE) and the award of 2.6 GHz and 800 MHz bands.

4.32 On 27 July this year the Government published a draft Direction to Ofcom\textsuperscript{23}. This is currently being considered by Parliament but if it is passed it will require Ofcom to undertake a number of tasks. In summary the main requirements of the draft Direction are for Ofcom to:

- vary the licences for 900 MHz and 1800 MHz spectrum (sometimes known as the “2G licences”) to allow use for UMTS as well as GSM;

- vary the licences for 2100 MHz spectrum (sometimes known as the “3G licences”) to make them indefinite and impose a new coverage obligation (subject to the current licensees’ consent);

- set the licences fees which reflect the full market value of the spectrum for the licences for 900 MHz and 1800 MHz spectrum and, from 2022, for 2100 MHz spectrum;

- make the licences for 900 MHz, 1800 MHz and 2100 MHz spectrum tradable;

\textsuperscript{20} http://consumers.ofcom.org.uk/2010/07/increase-in-uk%E2%80%99s-average-actual-broadband-speed/
\textsuperscript{21} http://interactive.bis.gov.uk/comment/bduk/about/
\textsuperscript{22} http://interactive.bis.gov.uk/comment/bduk/pilots/
\textsuperscript{23} http://www.opsi.gov.uk/si/si2010/draft/ukdsi_978011500767_en_1
• undertake a competition assessment of the likely future competition in markets for the provision of mobile electronic communication services and where Ofcom thinks fit put in place appropriate and proportionate measures to promote competition which may include measures in the auction of 800 MHz and 2.6 GHz spectrum; and

• hold an auction of 800 MHz and 2.6 GHz spectrum.

4.33 At the Government’s request, Ofcom has already published a consultation on varying the existing 2G licences to allow the 900 MHz and 1800 MHz spectrum to be used for UMTS as well as GSM24. Ofcom’s Chief Executive, Ed Richards, set out Ofcom’s timetable for the implementation of the Direction requirements in a recent speech delivered at the FT World Telecommunications Conference25. This timetable notes draft auction regulations by autumn 2011 and bidding to commence during Q1 2012.

Broadcasting

Television

4.34 In the digital switchover process, Ofcom has the responsibility to address consumer issues that arise from our spectrum planning work and the related coverage and reception issues of digital terrestrial television. Digital UK26, meanwhile, is leading on other issues affecting consumers in relation to the switchover process.

4.35 The switchover from analogue to digital television started in October 2007 when the analogue signal in Whitehaven, Cumbria was switched off. The digital switchover is now well under way and will be completed at the end of 2012. The Border region was the first region to start the switching process in November 2008. 2010 has been the second full year of switchovers with most of the activity in Scotland and the Channels Islands. By the end of 2010, approximately 7 million homes will have been switched, which represents just over 26% of all UK homes.

4.36 Progress has continued towards the launch of HD services on DTT by introducing a new transmission standard which provides greater capacity by allowing eventually up to 5 HD channels to be available on one Multiplex. HD services on DTT will become available across the UK as digital switchover happens in each region.

Radio

4.37 In April this year, Parliament passed the Digital Economy Act27. The act provides for the termination of analogue licenses, should a switchover be triggered by the Secretary of State, and also established new parameters for the regulation of localness on analogue commercial radio.

4.38 Shortly after the Act was passed, Ofcom published a statement on localness regulation28. This concluded a consultation on proposals to make local radio stations more sustainable in the light of economic pressures, whilst protecting the localness valued by listeners, and prioritising news and information above other types of

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26 www.digitaluk.co.uk
content. The new regulatory framework gives local stations more scope to make operational changes, sharing programming and co-locating, that effectively make larger, more viable services. It also allows for the reduction of local hours of content in exchange for a commitment to enhanced news provision. To date, approximately one third of local stations have taken advantage of these changes.

4.39 The Government has described a consumer-led process for digital radio switchover, and published the Digital Radio Action Plan which sets out various work streams that will contribute towards the ‘drive to digital’. Ofcom was asked to lead a spectrum planning process that will enable the roll-out of DAB coverage to levels comparable to current FM broadcasting. We have begun work on this and anticipate a public consultation, and the presentation of a final report to Government next year. We were also asked to produce an annual report on digital radio take-up, and we published the first of these in August this year.

4.40 We have also continued to license new community radio services. Since 1 November 2009 we have awarded 14 community radio licences, bringing the overall total to 228. In January 2010 The Community Radio (Amendment) Order came into effect. This enabled Ofcom to extend existing licences for one period of five years. Nineteen community radio services have benefitted from a licence extension so far. In April we invited potential community radio applicant groups to submit an ‘expression of interest’. We received over 230, and are using the information supplied to help us decide whether, when and how to conduct another round of licensing. Ofcom estimates that around 9.2 million adults (or 11 million people including children) are now able to receive a community radio station relevant to them.

Take-up

4.41 Despite a slowing in growth, there have been wholesale increases in the level of take up in mobile, internet, broadband and digital TV over the past year. Only take-up of fixed-line services – following historical trends – has experienced a decline. Digital TV penetration has continued to increase and now stands at 93% of the population.

Figure 9: Take-up of communications services

Source: Ofcom Communication Tracking Survey.

4.42 Although low income consumers continue to have the lowest levels of internet and broadband ownership, these groups have experienced proportionately larger increases in both these areas over the last year than higher income users. This is

also true for PC or laptop ownership, which may be the result of the Government initiative ‘Home Access Grant’ which this year offered lower income households with children a grant to purchase a laptop or computer with a year’s free internet access.

**Non-ownership of communication services**

4.43 Understanding non-ownership and the reasons for it helps us identify any issues that need to be addressed to enable consumers to access communication services.

4.44 Non-ownership of most communications services has continued to decline over the last year in line with rising take-up. The highest rate of non-ownership within a communication service continues to be broadband internet (27%) and the lowest is digital TV (7%) closely followed by mobile services (9%). The proportion without a fixed line has increased (to 16%) consistent with a rise in the proportion of homes with only a mobile for their telephony needs.

4.45 There are many possible reasons for not owning a particular communications service, and these generally fall into one of two categories: voluntary and involuntary. Voluntary non-ownership is where potential consumers do without services because they perceive they do not need them, or because they are satisfied with alternative services. Involuntary non-ownership is where potential consumers do without services but not through choice; this is mainly due to affordability.

4.46 Across all communication services, a lack of perceived need and satisfaction with alternative services were the main voluntary reasons for not taking up services.

4.47 There has been no significant change in the percentage or profile of consumers who do not own the communications services for involuntary reasons; affordability is still the main reason for involuntary exclusion from communications markets.

**Usability**

4.48 Difficulty using communications technology can affect people’s ability to make the most of the services that are available to them.

4.49 As in previous years, the mobile phone is the communications service consumers across all demographic groups are most likely to experience difficulty with. There was however been a decline in the total proportions of consumers saying they have difficulty using communications services. Just over one in ten mobile customers (12%) said they had difficulty using their mobile – down from 15% last year. The proportion stating difficulties with a PC also fell from 9% to 6%. The proportion stating difficulties with TV and fixed lines remained comparable to last year at 9% and 6% respectively.

4.50 Difficulty in using communications services and devices is strongly correlated with age, in that consumers aged over 45 are more likely than others to have problems using a mobile phone and consumers aged 75 and over are more likely to experience difficulty using the television than any other age group. In addition, consumers in lower socio economic and lower income groups are most likely to experience problems than in other groups across all communications services.

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Fixed line

4.51 After remaining stable between 2008 and 2009, fixed line take up declined between 2009 and 2010. Whilst there was parity between the take-up levels of fixed-line and mobiles in 2005, fixed-line take up now stands at 84% – 10 percentage points lower than the proportion of homes with a mobile.

4.52 The key drivers in the decline between 2009 and 2010 was decreased take-up of fixed line services by consumers in the 25-34 age-group.

4.53 Voice over internet protocol (VoIP) is an alternative to fixed-line voice communication and awareness of VoIP services continues to rise. 23% of adults said someone in their household had access to VoIP services – up from 17% in 2009. Younger age groups and higher income earners are driving the increased take-up of VoIP services.

4.54 As demonstrated below, the UK had the fourth highest take-up rate of fixed-line services in 2009, behind Italy, Sweden and Germany.

**Figure 10: Take-up of fixed lines – international comparisons**

Source: IDATE/ industry data/ Ofcom.

4.55 Eighty eight per cent of businesses have a landline service, with a third of these using personal contracts for business purposes. Despite the widening gap between fixed-line and mobile take-up for residential consumers, landline is still more likely to be singled out as the priority communication service (57% compared to 30% prioritising the internet and 28% prioritising mobiles). Anecdotal feedback from the qualitative research contained within The Business Consumer Experience research document indicates that landline phones are particularly important for small businesses, who may be wishing to prove their credibility by creating the impression of having a fixed office address. There is a blurring between personal and business usage with a third of landline customers using a residential package. Over half (55%) of companies either work from home (36%) or having staff regularly working from home.

Mobile

4.56 As demonstrated below in Figure 11, homes are now significantly more likely to have a mobile than a fixed line (94% versus 84%). Furthermore, 91% of adults now personally use a mobile phone.
4.57 Mobile phone ownership amongst the over 75s has risen steadily over the last three years and now over half of this age group personally use a mobile (from 42% in 2008 to 56% in 2010).

4.58 The percentage of adults who live in a household with access to a mobile phone but no landline has doubled between 2005 and 2010, from 8 to 16%.

4.59 The last five years has also seen a change in the proportion of consumers using different types of mobile packages.

4.60 The proportion of mobile customers opting for contract packages has been gradually increasing since 2005, and is now at 44% of mobile users (from 30% in 2005). This growth has been driven by consumers aged 25-44 years, with sustained growth in every income profile as well.

4.61 Four per cent of mobile phone users (or 8% of those on a contract) have SIM-only contracts. These provide greater flexibility than contracts including new phones and lower prices than pre-pay (pay-as-you go), allowing consumers to retain some level of control over their spending, while potentially benefiting from the lower call charges associated with contract phones. It is expected that higher-spending pre-pay customers will switch to these packages as awareness rises.
4.62 Linked to the rise in contract subscriptions and the emergence of low cost SIM-only packages, there has been a steady decline in the number of consumers using pre-pay mobile phone packages, from 68% in 2005 to 55% in 2010.

4.63 Another significant change in the consumer experience between 2005 and 2010 is the increasing length of contracts.

**Figure 13: Length of new mobile contract connection**

Source: GfK Retail and Technology Ltd. Notes: England, Scotland and Wales only (excludes Northern Ireland); based on GfK’s coverage of 94% of the consumer market; based on new post-pay connections; excludes contract renewals; only represents sales through consumer channels (i.e. most business connections are excluded).

4.64 Prior to 2005, most pay-monthly mobile connections were sold as 12-month contracts. In 2006 there was a shift towards 18-month contracts; and in 2009/10 there has been an obvious shift towards offering 24-month contracts as standard (see Figure 13). This change may be related to more advanced mobile handsets in the market – mobile operators are able to charge a lower monthly fee as they recoup the cost of a subsidised handset over a longer period.

**Figure 14: Take-up of mobile services – international comparisons**

Source: IDATE/Industry data/Ofcom.

4.65 All the countries presented in Figure 14 have experienced a rise in mobile ownership since 2004. High levels of mobile penetration in the UK are partially a result of

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32 [http://stakeholders.ofcom.org.uk/binaries/research/cmr/753567/UK-telecoms.pdf](http://stakeholders.ofcom.org.uk/binaries/research/cmr/753567/UK-telecoms.pdf)
multiple device ownership, but are also closely connected to the uptake and availability of pre-pay SIM cards.

4.66 For businesses, take-up of mobiles (65%) is lower than landlines (88%) and the internet (72%). However, usage of mobile service varies distinctly by company size, rising to more than four in five (82%) among medium sized companies (50-249 employees) and to almost nine in ten (87%) among large companies (250+ employees). More than half of business users using mobiles have a Smartphone of some sort and can therefore and do access email and the internet through their handset. Qualitative research suggests that the ability to respond quickly to their customers is of great importance in the current economic environment.

Internet

Figure 15: Take-up of the internet at home


4.67 As Figure 15 illustrates, growth in the take-up of internet at home slowed slightly over the last year, rising from 73% to 76% in 2010. This was mirrored by a two percentage point rise (to 78%) in PC/laptop ownership over the same period.

4.68 More than three quarters of adults say they access the internet either at home or elsewhere. Use of the internet declines with age however, as half of adults aged 65-74 now claim to use the internet. This is nonetheless a rise from 40% in 2009.

4.69 Amongst internet users, a laptop computer is now the most common device for accessing the internet (59% of all internet users use a laptop), slightly more popular than via a desktop computer (55%). Nearly a quarter of those accessing the internet do so via a mobile phone whilst one in twenty people do so via a games console.

4.70 The rise in take up of broadband at home has been experienced by consumers in all socio-demographic groups with the largest growth amongst those living in lower income households. There has also been a rise in broadband access in the 65-74 age group. These groups, though, are still less likely than average to have broadband at home.
4.71 Since 2005, amongst households with access to the internet, the proportion of dial-up users has been in continuous decline while over the same period, the proportion of broadband consumers has risen to 97% (see Figure 18).

Source: Ofcom communications tracking survey. Base: Adults 15+ with access to the internet at home.
4.72 Our Mobile Broadband research indicates that take-up has been on the increase, with the roll-out of 3G networks and the developments in new products and services. 60% of those using mobile broadband consider it to be their main form method of internet connection at home, compared to 41% in 2009. In general, mobile broadband take-up continues to be driven by higher income groups although there is less of a divide than noted last year between socio-economic groups.

4.73 For business consumers, use of broadband declines slightly (from 97 to 82%) in large companies, who are significantly more likely to make use of other connection methods, such as leased lines or virtual private networks. The connection methods noted in The Business Consumer Experience research document include mobile connection by Smartphone and dongle (64% for each in large companies).

4.74 Figure 19 below shows that in 2009 the UK remained third amongst countries for the number of broadband connections per household. Wide availability of broadband services and an increasing number of providers offering LLU services have generated a substantial increase in broadband penetration in the UK.

Figure 19: Take-up of broadband – international comparisons

Source: IDATE/industry data/Ofcom.

Television

4.75 Prompted by the Digital Switchover (DSO), take-up of digital television has continued to rise and is now just under 93%. This rise can be attributed to increases in digital terrestrial services (Freeview) and a small rise in satellite ownership. Digital terrestrial television is the largest platform in the UK, with just under 40% of households using it as their main television set at the end of 2009.
Figure 20: Take-up of digital TV services, by platform

Source: Ofcom, GfK consumer research from Q1 2007, previous quarters include subscriber data and Ofcom market estimates for DTT and free satellite.

Radio

4.76 Take-up of digital services that can deliver digital radio (i.e. digital TV and internet) has increased steadily since 2005. The proportion of consumers who claim they have access to digital radio channels in their household has more than doubled over the same period.

Figure 21: Take-up of digital radio services

Source: Ofcom communication tracking survey. Base: All adults 15+.

Ofcom’s work

4.77 Ofcom’s work programme involves examining take-up and use of services by all consumers and potential barriers. In some cases, we have been given specific powers and duties, and, in others, the Government has taken the lead and we have provided advice and support.
In October 2009 we published a statement outlining the progress made so far in the access and inclusion priority areas identified in our consultation in March 2009 and put forward two emerging priorities, namely mobile not-spots and digital radio.

We have outlined below the latest progress made on the priority issues identified in the statement.

Digital Participation and Media Literacy

Digital Participation

Ofcom was asked by Government in its Digital Britain Report to set up and lead a Consortium of stakeholders for the promotion of Digital Participation whose mandate is to increase the reach, breadth and depth of digital technology use across all sections of society, to maximize digital participation and the economic and social benefits it can bring.

The Consortium was launched on 15 October 2009, with members from over 50 organisations who will contribute expertise, support networks and communications channels to promote Digital Participation.

However, as part of the major review of public expenditure, the Government has re-scoped the Digital Participation programme. The funding which is now available will be focused on supporting the activities to encourage people to go online and led by the UK Digital Champion, Martha Lane Fox.

Media Literacy

Our duty to promote media literacy requires us to bring about a better public understanding of the nature of content, how it is selected and made available and how it can be controlled and regulated.

During the year we published several reports and guides about people’s attitudes and behaviours relating to communications technologies and media literacy. We have also continued to publish our monthly Media Literacy e-bulletin and have helped a wide range of organisations promote their media literacy work.

Building partnerships and supporting existing partners forms a central part of fulfilling our Media Literacy duties. We work with a wide range of stakeholders including from education, industry and the voluntary sector.

We have provided financial support for a range of media literacy initiatives including:

- NIACE (http://www.niace.org.uk/) – Adult Learners’ Week; and
- Get Safe Online (http://www.getsafeonline.org/) – ongoing campaign.

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33 http://stakeholders.ofcom.org.uk/consultations/access/
34 http://stakeholders.ofcom.org.uk/market-data-research/media-literacy/medlitpub/medlitpubrss/medlitpubrss/cdp/
35 http://www.marthaianefox.com/
37 http://stakeholders.ofcom.org.uk/market-data-research/media-literacy/medlitpub/medlitpubrss/?a=0
38 http://stakeholders.ofcom.org.uk/market-data-research/media-literacy/medlitpub/bulletins/
We are pleased that, jointly with our partners Mencap\(^{39}\), we have developed and published a Media Literacy education resource (Switch On!) for practitioners working with people with learning difficulties and disabilities\(^{40}\). This is the first media literacy qualification for this group of consumers.

In order to promote media literacy across the UK, we have developed active Media Literacy networks in Scotland, Northern Ireland and Wales, which develop and deliver a range of activities and events.

**Services for disabled users**

Disabled people depend on communications services as much, if not more, than anyone else. Ofcom has a number of statutory duties to help disabled people get the most from these services.

These duties include television access services (discussed further below) and to ensure (insofar as is reasonable and practicable) people with visual impairments can use the public teletext service and electronic programming guides. Also, as part of the USO, we are required to ensure equivalent access to fixed voice telephony services for people with a disability. This includes the provision of and access to a text relay service, access to directory information facilities, and a priority service to repair faults.

This year we also undertook mystery shopping to assess the information presented to disabled consumers about the services available to them. The results of this exercise are presented in a spotlight feature at the end of this section.

**Television Access Services**

Television access services comprise subtitling, sign language and audio description, and are provided on some TV programmes for use by deaf or hard of hearing and blind or partially sighted viewers. Ofcom is required to produce, and from time to time review, a code giving guidance on the application of and exclusions from statutory targets for provision of television access services (e.g. channels with very low audience shares and shopping channels are excluded due to the disproportionate cost in comparison with benefit to viewers). The aim of these access services is to assist television viewers with sight or hearing impairments to enjoy television.

In May 2010 Ofcom published the outcome of its Review of Television Access Services\(^{41}\). The statement confirmed:

- that the criteria for selecting which channels provide access services remained fit for purpose; and
- that information gathering work was continuing on whether further measures to encourage provision of access services by channels targeting areas outside the UK as required by the Audiovisual Media Services Directive would be appropriate (given such channels are generally excluded due to their negligible UK audience shares).

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\(^{39}\) [www.mencap.org.uk](http://www.mencap.org.uk)


\(^{41}\) [http://stakeholders.ofcom.org.uk/consultations/access_services/statement](http://stakeholders.ofcom.org.uk/consultations/access_services/statement)
4.94 The statement also concluded that the arguments for and against a change to the 10% target for audio description were finely balanced. As any change would require a decision by the Government to bring in secondary legislation, Ofcom forwarded its findings to the Department for Media, Culture and Sport (DCMS) for consideration. In the light of pledges by the BBC, Sky, ITV and Channel 4 to increase audio description to 20% on most of their channels on a voluntary basis, DCMS concluded that a statutory change was not warranted\(^\text{42}\).

Video on Demand Services

4.95 In accordance with legislation that transposed the requirements of the European Audio Visual Media Services (AVMS) Directive, Ofcom has designated ATVOD (the Association for Television on Demand) and the ASA (Advertising Standards Authority) to be the co-regulators of editorial and advertising content respectively that appears in relevant ‘television-like’ Video on Demand (VOD) services. ATVOD and the ASA are required to give effect to rules governing the content of programmes and advertising. ATVOD is also required to encourage providers of VOD services subject to regulation to ensure that their services are progressively made more accessible to people with disabilities affecting their sight or hearing or both.

Text relay service

4.96 Under the Communications Act Ofcom is required to have regard to the needs of older and disabled people and the Universal Services Order 2003 (set by Government) requires us to secure the provision of one or more text relay services.

4.97 The recently revised Universal Services Directive (set at the European level and to come into force next year)\(^\text{43}\) enables national authorities to specify, where appropriate, requirements to be met by providers to ensure that disabled end-users have access to electronic communication services equivalent to that enjoyed by the majority of end-users.

4.98 Under its USO, BT is required to provide a text relay service for hearing- and speech-impaired people. All companies providing telecommunications services to the public must provide access to this service. The current text relay service, provided by BT, involves a relay assistant in a call centre, typing what the hearing person says and voicing what the hearing (or speech impaired person) types.

4.99 Since the service was first introduced (around 30 years ago), there have been technological advances, both mainstream and more specialised, that would appear to offer significant benefits to hearing-impaired users, e.g. IP technology, SMS, email, video over broadband, voice recognition and captioned telephony.

4.100 In the Access and Inclusion statement last year, we confirmed our commitment to carry out a review of relay services and consider the regulatory case for introducing new or improved relay services, in light of technological developments.

4.101 The review’s objective is to assess, holistically, the level of provision of services for hearing- and speech-impaired end-users and, if it is not adequate in delivering equivalence to voice telephony, to consider proportionate solutions. The review will also seek to ensure a fair, appropriate and sustainable funding level and model, as well as a robust regulatory regime.

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4.102 Key inputs to the review include; market research; analysis of possible improvements to the existing text relay service; costs associated with improvements to the existing service and/or new services; possible funding models, if appropriate; international comparisons; and an impact assessment.

4.103 The review will also draw upon valuable insights gained from previous studies commissioned such as the study from Plum Consulting in 2009\(^44\), which suggested that new services – captioned telephony and video relay – could bring both economic and social benefits. We aim to consult publicly with our stakeholders in early 2011.

**Spotlight – Mystery shopping exercise on advice given to disabled people**

Ofcom requires communications providers, both fixed and mobile, to provide a range of services designed to benefit disabled people, including:

- Access to text relay for people who are hearing- or speech-impaired, with rebates to compensate customers for the additional time taken by these calls;
- Free directory enquiries for consumers who are unable to use a printed directory, with through-connection of calls;
- Priority fault repair (fixed line only) for customers who depend on the telephone because of ill-health or disability;
- Third party bill management, enabling a nominated friend or relative to act on behalf of someone who needs help to manage their affairs; and
- Bills and contracts in formats such as large print and Braille on request.

To test compliance with the obligation to publicise these services, Ofcom commissioned mystery shopping designed to see what advice consumers were given on the phone or by email, and what information was available on providers’ websites. Fixed line and mobile phone providers with a market share of 5% or more were surveyed.

150 telephone calls were made to each provider. The agency also sent emails to providers, made calls via text relay and visited each provider’s website to look for relevant information and to see how easy it was to find.

The results were fairly poor across all the providers. On average, at least one mandated service was mentioned spontaneously 37% of the time. After prompting, this rose to 75%. However, even after prompting, a significant number of calls resulted in no mandated service being mentioned, or in the caller being told specifically that the provider did not offer any special services for disabled customers.

Blind consumers were the most likely to be offered at least one mandated service (both spontaneously and after prompting). However, even after prompting, free directory enquiries were only mentioned 21% of the time. Text relay for hearing or speech-impaired consumers was only mentioned 49% of the time even after prompting.

Ofcom has discussed the findings of this research with the providers and required them to produce detailed action plans setting out how they propose to improve the situation. We will be meeting them regularly over the coming months to review progress in this area. We have also made it clear to providers that we will be repeating the mystery shopping exercise in future, and if improvement is not apparent we can move to formal enforcement action.

\(^{44}\) [http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/voice_telep.pdf](http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/voice_telep.pdf)
Emergency mobile roaming

4.104 Emergency (999/112) mobile roaming was launched nationally in the UK on 14 October 2009. Since the launch, mobile phones will automatically switch to an alternative network for an emergency network for an emergency call if the user is outside of their own service providers coverage area. Emergency mobile roaming was the result of co-ordinated efforts between mobile network operators, emergency authorities, fixed operators and Ofcom.

4.105 We outline an emergency SMS trial in the spotlight section below.

Spotlight – Emergency SMS

More than 6000 people have now registered for the trial of emergency SMS for deaf and speech-impaired people.

The emergency SMS scheme is supported by Government, RNID, Ofcom, BT, Cable & Wireless, the emergency services and the mobile network operators. The trial has now been running for just over a year and we expect that it will be made permanent soon. Users will see no difference between the trial and the permanent scheme, but there will be behind-the-scenes changes to improve resilience.

Registration is quick and easy – users text “register” to 999 then “yes” to accept the terms and conditions. Registration is necessary for the success of the scheme because around 300 messages that are either blank or clearly not intended for the emergency services (“I’m on the train”) are sent every day from unregistered phones, and trying to deal these would divert resources from registered users in genuine emergencies who do not have the option of making a voice call.

During the first year, deaf people have used the service to call for help in many different emergency situations including: stroke; heart attack; childbirth; overdose; allergic reaction to peanuts; severe stomach pains; being stuck on the side of the motorway. It’s clear that this is a valuable service that is meeting a previously unmet need.

Feedback from users and the emergency services has been positive, and information about how the service works has been added to the curriculum for trainee police, fire and ambulance staff.

The revised Universal Service Directive requires Member States to promote equivalent access for disabled people to the emergency services. By providing an additional way for deaf and speech-impaired people to access the emergency services, emergency SMS is helping to promote equivalent access.

The revised Directive is currently being transposed into law by the UK and other Member States, and there has been interest in the UK scheme from other Member States.
Section 5

Consumer empowerment

Introduction

5.1 The level of competition is directly influenced by the extent to which consumers actively engage and participate in markets. Active engagement and participation may involve consumers knowing what services, providers and technologies are available, consumers comparing services in terms of price and quality and consumers seeking out new services and technologies. We consider consumers that do some or all of these things as empowered.

5.2 In the following section we consider the level of consumer engagement and participation in the communications market, switching suppliers, awareness of information sources and ease of making cost comparisons. We also outline our work in this area.

Ofcom research

Participation

5.3 Our research measures participation in the communications market by taking into account a wide range of ways a consumer can participate including: switching suppliers, negotiating with current suppliers, staying informed, and awareness of changes in the markets. We consider both past and present behaviour. Consumers are allocated to the following segments:

- **Inactive consumers** – consumers may have had some past involvement, but have low interest in the market. This group does not keep up to date with the market.
- **Passive consumers** – more likely than inactive consumers to have participated in the past and indicate some current interest in the market.
- **Interested consumers** – while broadly similar to passive consumers in terms of their past behaviour, they are more likely to keep an eye on the market, looking out for better deals.
- **Engaged consumers** – the most active group in terms of past behaviour and current interest.

5.4 Participation levels have fallen across the fixed-line and mobile markets and also for bundled services products but remain broadly similar to previous years for the broadband and multi-channel TV markets. Fewer engaged consumers for bundled services products has been slightly offset by an increase in interested consumers. Overall, participation in this sector of the analysis remains higher than the markets for fixed-line, mobile phone, broadband and multi-channel TV services and it continues to have the highest levels of engagement and the lowest proportion of ‘inactive’ consumers.
5.5 While most business consumers claim to feel well informed (70%), confident (60%) and engaged (56%) with respect to communications services, significant minorities do not (30% not engaged, 29% not confident, 17% not informed). These companies tend to be small and recently established. Business consumers who lack confidence also tend to be less knowledgeable and more risk averse.

### Switching

5.6 The number of consumers claiming to have switched suppliers is broadly similar to last year across all four markets and for bundled services products.

### Figure 23: Switching in communications markets in the past 12 months

Source: Ofcom decision making July to August 2008/09/10. Base: All adults aged 16+ who are the decision maker for the services above.

5.7 Continuing a historical trend, fewer than one in ten fixed-line customers switched supplier in the last twelve months. However it should be noted that the proportion of single service purchasers in the fixed-line market has declined in recent years as customers switch to purchasing communication services in bundles.

5.8 The proportion of consumers switching each year in the mobile market has been in steady decline and now stands at half the level it was in 2005. Unlike the market for fixed-line services, switching in the mobile market is not likely to be as heavily
impacted by bundling as the proportions bundling mobile services with other communication products is still relatively low. However, it is more likely to have been influenced by a higher proportion of consumers signing up for longer contract period (see 4.64). Older consumers, and those on pre-pay contracts, are the groups less likely to have switched supplier.

5.9 Recent switching (in the past 12 months) in the internet market as a whole stands at 7%, this represent a gradual decline since 2007 when 11% claimed to have recently switched broadband provider. However, broadband customers represent the vast majority of the internet market, so it follows that recent switching levels among broadband customers (7%) are at the same level as switching in the internet market as a whole.

5.10 Switching in the multichannel TV market is different from switching in other communications markets, because consumers are often not tied to a provider – services such as Freeview allow consumers to purchase equipment for a one-off payment without any supplier relationship. If consumers then decide to use an alternative platform/supplier for their TV services they are free to do so without cancelling their existing service.

5.11 The proportion of consumers who noted that they have ever switched main provider or platform in the multichannel TV market has declined from 14% in 2007 to 10% in 2010, with a consistent 2% saying that they switched provider in the last 12 months.

5.12 Consumers were asked whether they had ever switched certain utilities suppliers. Switching communications provider on a yearly basis is less common than switching suppliers in the electricity, gas and car insurance markets but more common than switching bank account. Levels of ’ever switching’ across all markets have remained broadly consistent since last year.

Figure 24: Proportion of customers who have ever switched communications and utilities suppliers

Source: Ofcom decision making July to August 2007/08/09/10. Base: All adults aged 16+ who are the decision maker for the services above.

5.13 Despite the analysis demonstrating that overall switching levels in the communications sector continues to fall and is lower than most other utilities, the majority of consumers who have switched in the past said that they considered it to be ‘very’ or ‘fairly’ easy to do so in the fixed-line, mobile, broadband and multi-channel TV markets and also for bundled services products (see Figure 25).
5.14 Switching levels within business consumers is broadly similar to residential consumers, with approximately one in ten switching communication services in the last year. Switching levels are marginally higher for mobile and landline services (11% in both cases) than for internet/data services (8%). Around one in four business consumers have considered switching in the last year though and this is consistent across landline, mobile and internet/data services (25% in each of the mobile and internet/data markets and 24% in the landline market).

5.15 Switching within businesses may also be negatively impacted by uncertainty. Findings from the qualitative research suggest that companies find it difficult to differentiate and compare between suppliers with respect to factors such as coverage, speed and call quality. In addition, the cost benefits of switching are seen to be low and there was some preference expressed for staying with a known supplier rather than risk a reduction of service that adversely impacts the business.

Negotiating with suppliers

5.16 The majority of consumers have never negotiated with their current suppliers of communications services and there has been little change between 2009 and 2010 in the proportion of consumers who have successfully negotiated with their providers.

5.17 Only 4% of consumers have actively attempted to negotiate with their fixed-line supplier, with only 1% saying that their supplier had matched the deal they wanted. This low level of negotiation is consistent across other communication suppliers with mobile (8 and 3%), multi-channel TV (4 and 1%) bundled services (10 and 4%) and internet (10 and 4%) all reporting relatively low levels of negotiation.

5.18 In most cases, business customers feel they are able to negotiate effectively with suppliers (61% mobile, 52% landline, dropping to 47% for internet), but significantly more agree than disagree that it is difficult for existing customers to get good deals (58% for landline, 57% for internet, 49% for mobile) and that there is not much difference between suppliers (55% for mobile, 52% for internet, 51% for landline).
Cost comparison

5.19 Being able to compare costs enables consumers to find the best deals for themselves and supports switching of suppliers.

5.20 Consumers are more likely to say that it is difficult to make cost comparisons in the fixed-line market than in other communications markets, with around three in five of all fixed-line consumers thinking it is easy to make cost comparisons (58%). Among mobile, internet and multichannel TV consumers, around two-thirds believe it is easy to make cost comparisons.

5.21 The Business Consumer Experience research document has suggested that business consumers find it difficult to make comparisons between suppliers, with 56% in the landline market and 52% in the internet market agreeing that it is difficult to make comparisons. However, between 53% (landline) and 64% (mobile) of business customers agree that prices are clear and transparent.

Broadband speeds

5.22 A service aspect specific to the broadband market is speed. In recent years consumers have become more concerned about their internet service and some have noted that their speeds are not as fast as they had expected.

5.23 Consumer research indicates that there has been a notable decline in the proportion ‘very satisfied’ with the speed of broadband service since 2009, falling from 40% to 27%. When considering reliability consumers are likely to consider the speeds they are getting alongside actually being able to access the service. Therefore, it is likely that these satisfaction levels have been impacted to some extent by the publication of the broadband speeds data as the survey was conducted over a similar period.

**Figure 26: Satisfaction with speed of broadband service, over time**

Source: Ofcom decision making July to August 2008/09/10. Base: All adults aged 16+ who are the broadband decision maker who expressed an opinion.

5.24 Ofcom’s mobile broadband research found that the main cause of dissatisfaction amongst broadband users was connection speed. Around one in ten consumers using out of home connection methods users (laptop/dongle or mobile phone) site lack of coverage as a problem, compared to 34% citing slow download speed as the main issue regarding accessing the internet.
The Business Consumer Experience research document notes that for business consumers to take full advantage of the benefits of communication services, one issue that needs to be addressed is improving the availability and reliability of internet (and mobile) services. In particular, ensuring business consumers are getting what they pay for in terms of internet speeds, especially in Scotland, and improving mobile coverage, particularly in Wales and rural areas.

**Trusted sources of information**

5.26 There are a range of sources of information about communications services available to consumers.

5.27 The internet has remained the most-mentioned source of information about all communications services, particularly for information relating to the internet and bundled services. Fewer consumers are relying on personal sources for information about communication services, whilst more are using websites as a trusted source of information.

5.28 Supplier sources remain more popular for mobile compared to other communications services.

5.29 Qualitative research within the Business Experience report suggests that micro companies (under 5 employees) are more dependent on informal support networks and free resources than larger companies a dedicated specialist.

**Ofcom’s work**

5.30 It is Ofcom’s belief that competition delivers the best deal for consumers. However, in order for consumers to benefit from competition, it is important they have confidence to exercise choice and derive benefit from doing so.

5.31 Ofcom is currently working on a number of areas in relation to consumer engagement, and outlining this work is the focus in the section below.

**Consumer information**

5.32 Consumer information plays a critical role in competitive markets. If consumers are not fully informed about the services available to them, consumers may make incorrect decisions and be reluctant to switch. Some consumers do not find it easy to make informed decisions and compare services. This may be because appropriate information does not exist or because the information they are presented with is complex, not easy to interpret and in a number of different places. Where this problem occurs, Ofcom has a role in supporting consumers to help them make effective choices based on easily available and accessible information.

**Price Accreditation Scheme**

5.33 As reported above, around a third of mobile, internet and pay TV consumers find it difficult to make cost comparisons. Alongside this, the internet is considered the most trusted source of information.

5.34 To help consumers get accurate, transparent and comprehensive advice in an accessible way, we launched a revised Accreditation Scheme in December 2006 for calculators used by price comparison companies. To help increase advertising impact and help companies advertise their accreditation we have a Scheme Logo:
5.35 To date, we have accredited five organisations:

- Simplify Digital;
- Broadband Choices;
- BillMonitor;
- Broadband.co.uk; and
- Homephone Choices.

5.36 Between these five organisations, consumers can get access to information that they can be confident is accurate, up to date and comprehensive across mobile, broadband and landline markets.

Quality of service (QoS)

5.37 Quality of customer service information is another type of information which can help consumers to make effective decisions when choosing their providers.

5.38 The absence of this information may lead consumers to make poor purchasing decisions, or inhibit them from switching provider. If such information is not readily available or is presented in a complex way, there may be a case for Ofcom considering whether intervention can be justified to address issues in the interests of and to protect consumers.

5.39 Some consumer stakeholders have argued that Ofcom should ensure the provision of information about customer service. To understand consumer experiences in this area, we commissioned research in 2009 into the experiences of consumers who had recently contacted their provider with a customer service query\(^{45}\). The purpose of the research was to gain an understanding of how satisfied respondents were with customer service in general and by particular topic and provider.

5.40 Whilst levels of satisfaction are generally positive and the communications sector appears to compare favourably with other sectors such as insurance and banking, the 2009 research illustrates that not all consumers are satisfied with the level of customer service they have received. Customer service may well be a more important consideration for such consumers than for others, and relevant information could therefore help them to choose another provider.

5.41 We consider that complaints handling is an important feature in determining the experience of many telecommunications consumers. Given concerns with industry complaints handling identified in our recent review\(^{46}\) and the likely interest of Ofcom complaints data to consumers, we will aim to publish details of complaints made by consumers to Ofcom on a provider specific basis by March next year. We have also commissioned a market research survey on customer service, to inform consumers

\(^{45}\) [http://stakeholders.ofcom.org.uk/consultations/topcomm/qos-report/]

\(^{46}\) See paragraphs 6.64-68
about the likely nature of “day to day” contact with a provider and we hope to publish this research alongside the publication of our complaints data.

5.42 We are also taking action to improve the way in which consumer’s complaints are handled by the communications industry, for example by ensuring the increased awareness of consumers rights to make use of Alternative Dispute Resolution47.

Broadband Speeds

5.43 We have continued our efforts in ensuring that consumers have access to reliable information on broadband speeds. Following the introduction of a Code of Practice in 2008 and the publication of the UK’s first comprehensive broadband speeds research in 2009; we have built upon these initiatives during the last 12 months.

5.44 Ofcom published an updated set of broadband speeds research in July this year. The tranche of research is the first of several that are planned over the next two years. The 2010 research (capturing performance during May) revealed that the UK’s average actual fixed-line residential broadband speed has increased by over 25% over the past year from 4.1Mbit/s to 5.2Mbit/s as internet service providers (ISPs) increasingly move to offer higher speed broadband packages.

5.45 However, the move to faster headline speeds has led to a growing gap between the actual speeds delivered and the speeds that some ISPs use to advertise their services. Differences between headline and actual speeds are often caused by broadband being delivered over copper lines which were originally designed for phone calls; speeds slow down over long and poor quality lines, and because of electrical interference. We had previously sought to address this gap between actual and advertised speed with an industry wide Code of Practice in 2008 but evidence gathered this year led us to revise the measures contained within the Code.

5.46 The 2008 Code required ISPs to provide consumers with an estimate of the maximum speed that consumers would be likely to receive before signing up to a broadband package. We undertook a mystery shopping exercise in late 2009 in order for us to better understand the extent to which ISPs were complying with the Code. This indicated that consumers were not being given correct estimates from their ISP before signing up. Following further investigation, we concluded that the current practice of providing consumers with a single estimate risked presenting consumers with inaccurate information and the 2008 Code needed to be revised.

5.47 In July, we published a new Code of Practice that had been agreed with industry. Those ISPs signing up to the 2010 Code have committed to provide a speed estimate in the form of range. The new code also included a provision that would allow consumers, in certain circumstances, to terminate their contracts. This represents a significant step to ensuring that consumers have a much more accurate expectation of the speed they are likely to receive, particularly as speeds are still being advertised as a headline figure e.g. up to 8 and 24 Mbps. The new code will come into effect by July 2011.

Tackling process barriers to switching

5.48 Our work in ensuring that switching processes do not prevent consumers changing provider is not limited to tackling informational barriers to switching – a large amount of time is dedicated to tackling issues with today’s switching processes.

47 http://ask.ofcom.org.uk/help/services-and-billing/what_is_adr
5.49 Two notable examples of this work in 2010 have been our work on Mobile Number Portability (MNP) and enforcement of general conditions that relate to switching. Following a statement published in July\(^{48}\), from April 2011 mobile operators will need to ensure that it takes no more than one day for a consumer to transfer their number to a new provider. They will also need to ensure that they provide a Porting Authorisation Code (PAC) immediately over the phone when a consumer requests it or within two hours if provided by text message (SMS).

5.50 Coming into effect on 18 March 2010, General Condition 24 (GC24) introduced new rules concerning the use of the anti-slamming cancellations process, referred to as Cancel Other\(^{49}\). Misuse of Cancel Other can frustrate the fixed-line switching process, leading to transfers being cancelled against the wishes of the consumer. GC24 sets out the situations where use of Cancel Other is permitted\(^{50}\). Ofcom monitors compliance with GC24 and takes enforcement action as and when appropriate\(^{51}\).

5.51 Over the past year, we have also been progressing our strategic review of consumer switching to ensure that consumers’ experience of switching is easy and hassle free, both now and in the future.

5.52 In September, we published our initial consultation on the review\(^{52}\). We held a workshop for consumer stakeholders in November 2011 to discuss the key findings and views set out in the consultation. We will be working closely with stakeholders over the coming months as we work up our more detailed proposals for the next consultation. The key features of this review are presented in the following ‘spotlight’.

\(^{48}\) http://stakeholders.ofcom.org.uk/consultations/mnp/statement

\(^{49}\) Slamming is an extreme form of mis-selling, where customers are simply switched from one company to another without their express knowledge or consent.

\(^{50}\) In cases of slamming, failure to cancel orders and line cease.

\(^{51}\) http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/open-cases/all-open-cases/cw_01045/

\(^{52}\) http://stakeholders.ofcom.org.uk/consultations/consumer-switching/
Spotlight – Ofcom strategic review of consumer switching

Competitive communications markets are more likely to work well for consumers when it is quick and easy to switch between providers. Ofcom is currently undertaking a strategic review of consumer switching processes across fixed and mobile telecommunications, broadband and pay TV to assess whether the current approaches deliver good consumer and competition outcomes.

Our work to date has indicated that switching between communications providers is often complex, and involves steps that must be coordinated between different providers in ways that do not arise in other consumer markets. There are different processes, even for the same services, often with very different features and experiences for consumers.

Our aim is to make switching easy and hassle free for consumers both for single services and bundles. We also want to ensure that switching processes do not get in the way of providers competing vigorously with each other to deliver benefits to all consumers in terms of lower prices, greater choice and innovation and value for money.

We published a consultation document in September 2010 setting out our analysis of the key issues and problems with the current switching processes and our proposed strategic vision.

Switching processes can be broadly identified as Gaining Provider Led (GPL) and Losing Provider Led (LPL). GPL switching processes are where the consumer is able to rely on the new provider to arrange for their services to be transferred from their previous provider to the new provider. LPL switching processes are where the consumer needs to get a code from their existing provider, before they can switch their service to the new provider.

We are consulting on our long term, strategic view that GPL processes are preferable to LPL processes. When starting from first principles and there are no existing switching processes in place, we believe that GPL processes perform better than LPL processes in terms of both consumer and competition outcomes. This is based on evidence and analysis which suggests that:

- GPL processes result in significantly less hassle and are easier for consumers to navigate;
- GPL processes are also more likely to deliver lower prices, greater choice and innovation for consumers as they force providers to compete vigorously for rivals’ customers; and
- Slamming concerns (i.e. the situation where a consumer is switched to a new provider without their knowledge or consent) can be successfully addressed within a GPL process through appropriate consumer protection measures – as experience in other countries has shown.

Prior to any change being made to current switching processes as a result of our consultation, we need to take into account the costs of moving from the current process to any new process for specific services. We will be working on this over the coming months.

Subject to consultation responses, we plan to issue a second consultation document in the middle of 2011, setting out detailed proposals for reform, if any, of the current GPL and LPL switching processes in fixed line and broadband services.

We expect to publish a statement by the end of 2011.
5.53 In addition to our strategic review, Ofcom has also been closely working with the Body of European Regulators for Electronic Communication (BEREC) on the development of best practices to facilitate switching. The aim of this work was to review switching processes across Europe for fixed-line, mobile and broadband services, as well as bundles of services. Additionally, it also considered the different barriers experienced by consumers in different countries when looking to switch between providers, and concluded by proposing a set of best practice principles to facilitate consumer switching.

5.54 Following consultation with the European Commission as well as industry and consumer stakeholders, a final report was published on 11 October 2010\textsuperscript{53}. A separate report of the stakeholder consultation has also been published\textsuperscript{54}.

\textsuperscript{53} www.erg.eu.int/doc/berec/bor_10_34_rev1.pdf
\textsuperscript{54} http://www.erg.eu.int/doc/berec/bor_10_34_rev1b.pdf
Section 6

Consumer concerns and protection

Introduction

6.1 A central role for Ofcom is protecting consumers from harm in the communications market. We aim to achieve this by ensuring our policies protect consumers from scams and sharp practices that can result in anxiety and financial harm, but where they do occur, we aim to ensure that they are dealt with effectively.

6.2 This section outlines the types and levels of complaint that consumers are making to us through the Ofcom Advisory Team (OAT), consumer’s personal experience of issues in the communications sector, the type of concerns consumers have about the communications market and their awareness of who to complain to. We then discuss our work and policies in this area.

Ofcom Advisory Team cases

6.3 The OAT is the main point of contact for consumers wishing to seek out advice or make complaints to Ofcom about issues in communications markets. Consumers can contact the OAT by phone, internet or post.

6.4 At the date of publication, the monthly average of telecoms complaints is lower in 2010 than 2009. The following chart illustrates the number of complaints specifically relating to telecoms issues – including internet/broadband services – as compared to the other types of complaints that the OAT receives.

Figure 27: Number of complaints received by Ofcom: 2009-10, by month

Source: Ofcom, OAT data.
6.5 Broadcasting complaints continue to be dominated by complaints about content. High levels of complaints have been received over the past year due to *The X Factor*, and the World Cup coverage. Complaints about radio broadcasting have remained at a low level throughout the past year. More information can be found in Ofcom’s Broadcast Bulletins which are published on Ofcom’s website.

Figure 28: Trend in complaints about telecoms issues received by OAT

6.6 Complaints to Ofcom about telecoms services related to a variety of issues and varied from month to month between 2009 and 2010.

6.7 Complaint handing, mis-selling in the fixed line market and silent calls have been the preeminent categories of telecom complaints received by OAT in the year to September 2010:

- The OAT continues to receive a high number of complaints about poor customer service: these include categories such as complaints being ignored, refusal to escalate complaints to managers and incorrect information being given;

- In June 2010 complaints to the OAT about mis-selling in the fixed line market began to approach the October 2008 peak of 1,100 but have since fallen back to approximately 800 complaints per month. Through our monitoring and enforcement work we have identified that a significant number of this year’s complaints have been driven by process related errors rather than behavioural mis-selling (such as slamming); and

- Complaints received about silent calls\(^56\) in 2010 have already exceeded the number of complaints received in 2009. The increase may be the result of

\(^{55}\) [http://stakeholders.ofcom.org.uk/enforcement/broadcast-bulletins/](http://stakeholders.ofcom.org.uk/enforcement/broadcast-bulletins/)

\(^{56}\) A silent call is a type of abandoned call where the person called hears nothing on answering the phone and has no means of establishing whether anyone is at the other end.
companies making more silent calls or increased publicity generated by a consultation we undertook this year\(^\text{57}\) and the announcement of an increased maximum penalty level by Government in September\(^\text{58}\), raising consumer awareness about the issue (and alerting more people to the fact that they can report any instances of silent calls to Ofcom\(^\text{59}\)).

6.8 Complaint numbers about other issues have remained level or slightly increased:

- Despite falling to below 400 complaints per month on two separate occasions, the number of complaints about additional charges – principally about charges for leaving contracts early – has remained around 500 per month;

- The nature of complaints about broadband migrations has changed – TAG complaints have fallen steadily but MAC complaints have risen slightly; and

- The other telecoms issues like complaints related to direct marketers, Broadband speeds and Mobile mis-selling, have all experienced a downward trend in the level of complaints year on year.

**Experience of issues**

6.9 We once again have carried out research designed to understand how many adults had personally experienced particular issues in each of the communications market in the last six months, regardless of whether or not they had complained about it.

**Fixed**

6.10 The proportion of UK adults experiencing either an abandoned call or a silent call on their fixed line both fell between the second quarter of 2009 and the second quarter of 2010. Adults experiencing an abandoned call fell from 32 to 27% whilst the proportion of UK adults experiencing a silent call fell from 27 to 24%.

6.11 Four per cent of UK adults have experienced an incorrect charge on their bill in the past six months, and 1% know of someone who has. Consumer experience of all other issues is relatively low.

**Mobile**

6.12 In the mobile market, 9% say that they have received an abandoned call with a recorded message on their handsets.

6.13 For the first time this year, Ofcom asked consumers about their experience of receiving silent calls on their mobile phone. 8% of consumers said they had received a silent call on their mobile in the past six months, and 1% said they knew someone who had. There may be greater scope for mobile users to prevent harm from silent calls received; the ‘caller’ ID function on mobile phones allows users to more effectively screen their calls before answering, reducing the likely harm that silent calls may cause on mobile users (this functionality is also available on some fixed line phones).

\(^{57}\) [http://stakeholders.ofcom.org.uk/consultations/silent-calls/?a=0](http://stakeholders.ofcom.org.uk/consultations/silent-calls/?a=0)


6.14 The proportion of mobile users who claim to have been misled when taking out a contract has declined from 6% in 2008 to 2% in 2010. This closely follows the decline in the number of consumers who said they were provided with incorrect information about mobile tariffs, packages or coverage in the six months to the second quarter of 2010 (6% in 2008 to 3% in 2010).

6.15 Overall, contract customers are more likely to have experienced these issues than pre-pay users.

**Internet**

6.16 After experiencing a slight fall last year, the percentage of consumers who personally experienced broadband speeds slower than expected increased from 23 to 27% (the number of consumers who knew someone experiencing broadband speeds lower than expected increased from 3% to 5%). This continues to be the most commonly experienced issue in the internet market. Other issues, such as difficulties switching, identity theft and incorrect bills, were experienced by only a very small proportion of consumers – 5% or less.

**Broadcasting**

6.17 Seventeen per cent of UK adults said they had experienced poor TV reception in the last six months. This figure has fallen from 2008, when the percentage of UK adults who had experienced poor TV reception was 21%.

6.18 Experience of poor radio reception in the last six months is much lower than TV and remains stable at 10%. The proportion of UK adults who have been offended by language on the radio has fallen from 5% in 2009 to 3% in 2010.

**General issues**

6.19 Respondents were also asked about some general problems that they might have experienced in the past six months:

- 7% had personally experienced difficulties resolving an issue with one of their communication services providers/supplier (an increase from 6% in 2009) while 2% stated that someone they knew experienced difficulties (up from 1% in 2009);

- 3% experienced problems with security/access to personal information (an increase from 2%) while 1% knew someone who had experienced difficulties (down from 2%); and

- 4% stated that they had been a victim of people making transactions using their bank details (unchanged from 2009) while 3% knew a victim of this problem (down from 5% in 2009).

**Concerns**

6.20 In our research we asked consumers to mention concerns they have about different communications markets.

6.21 Levels of concern in all communications markets have remained broadly stable over the past year, with slight fluctuations.
Figure 29: Level of spontaneous concern raised about the communications market

Source: Ofcom consumer concerns tracking survey.

6.22 Spontaneous concerns about the fixed, mobile, internet services, and broadcasting markets have remained broadly unchanged. The internet remains the market with the highest proportion of adults stating concern (19%) – dissatisfaction with slow connection speeds continuing to be at the forefront of consumer concerns in this market.

Ofcom’s work

6.23 We have a wide range of work aimed at protecting consumers from scams and unfair practices. These tend to take the form of three types of harm around:

- **Entering contracts.** Consumers entering into contracts or service they have not fully consented to. Examples here include our work on fixed and mobile mis-selling.
- **In service issues.** Harm from process problems and once service is being provided. Examples here include problems with Tags and silent calls and complaints handling.
- **Exiting contracts.** Consumers facing difficulties in leaving providers. Examples here include our work on early termination charges and mobile number portability.

6.24 Our work examining these areas is set out in more detail below.

**Entering contracts**

**Fixed-line mis-selling**

6.25 Ofcom first introduced rules to protect consumers from mis-selling/ slamming in May 2005. These rules required all providers supplying fixed-line voice services to establish, and comply with, sales and marketing codes of practice, which are consistent with published Ofcom guidelines.

6.26 Revised rules were introduced this year in March to afford consumers better protection from mis-selling/ slamming. The new rules:

- explicitly prohibit inappropriate sales and marketing activity;

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60 http://stakeholders.ofcom.org.uk/binaries/telecoms/policy/narrowband/statement.pdf
• confirm the type and level of information that needs to be made available to new customers both at the point of sale and after the sale has been concluded (but before the service has actually been transferred). This includes providing important information about the key terms and conditions of the service, including contractual liabilities and cancellation rights; and

• specify record-keeping requirements for sales and marketing activities.

6.27 The new rules also introduced obligations which apply to those communications providers who use Cancel Other to cancel orders placed by others, to protect their customers from slamming.

6.28 Since 2005, we have pursued active monitoring and enforcement programmes through an industry-wide investigation with the aim of securing compliance with the rules. We have been monitoring allegations of mis-selling in order to identify companies who are engaged in mis-selling, so that we can take action to protect the interests of consumers. We measure fixed-line voice mis-selling issues using two different measures:

• Ofcom’s own mis-selling complaints data; and

• The volume of orders cancelled by providers following allegations of slamming by customers (i.e. Cancel Other).

6.29 To date we have conducted 16 investigations into mis-selling and related issues. As a result of those investigations, we have issued eleven notifications. Of these eleven, two were issued to Continental Telecom\textsuperscript{61}. The first notification was issued for failing to comply with rules concerning mis-selling and disconnection of services, and the second enforcement notification was issued more recently for failing to fully comply with the requirements of the first notification. We have also fined two companies (Lo-Rate Telecom\textsuperscript{62} and most recently Telephonics Integrated Telephony\textsuperscript{63}) the maximum 10\% of their relevant turnover. In addition we have investigated and resolved problems with several providers without the need for formal notification.

6.30 The chart below shows how complaint volumes have risen and fallen back a number of times following the introduction of the mis-selling rules. Currently Ofcom receives in the region of 800 mis-selling/ slamming complaints per month.

\textsuperscript{61} \url{http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/cases-in-compliance/cw_01043/}
\textsuperscript{62} \url{http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/closed-cases/all-closed-cases/cw_857/}
\textsuperscript{63} \url{http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/closed-cases/all-closed-cases/cw_01028/}
6.31 Within our monitoring and enforcement programme we have noted a significant change in the root causes of the complaints that we have received in the past 12 to 18 months. Our assessment indicates that a large proportion of alleged ‘slamming’ complaints received recently have been driven by deficiencies in the switching processes, rather than deliberate mis-selling. Consequently, we have been working closely with the Office of the Telecoms Adjudicator (OTA), Openreach and the industry as a priority to design and implement solutions to the issues arising.

6.32 The first of a series of tactical solutions was delivered in August 2010, with the introduction of the OTA’s “Homemovers Working Line Takeover Best Practice Guide”64 (the Guide). This comprehensive document sets out the steps that communications providers can take to prevent the avoidable and unnecessary harm, caused when the working line takeover65 process goes wrong, leading to consumers lines being switched without their consent and against their wishes.

6.33 We will measure the extent to which the Guide has had a successful impact on complaint numbers over coming months, whilst we consider longer term strategic fixes to the identified problems.

Source: Ofcom, OAT data.

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64 [http://www.offta.org.uk/BPG-WLTO.pdf](http://www.offta.org.uk/BPG-WLTO.pdf)
65 Working line takeover was originally introduced by Openreach to help providers ensure consumers moving house could arrange for their new services at the new address to be delivered to coincide with the house move, in a seamless manner at minimal cost.
Mobile

6.34 From late 2006 mobile mis-selling became a significant area of concern particularly around sales incentives where some consumers were unable to receive cash-back offers they signed up for.

Figure 31: Mobile mis-selling complaints

![Mis-selling & Slamming vs Cash back](image)

Source: Ofcom, OAT data.

6.35 Working with Ofcom, the five mobile network operators developed and signed up to a voluntary code of practice which set out best practice on sales and marketing for mobile services. The code came into force in July 2007. We made clear that unless the code resulted in a significant and rapid reduction in consumer complaints, formal regulatory intervention would be considered.

6.36 By October 2007 there had been no significant improvements in complaint volumes and we commenced a review to consider the case for further action. On 18 March 2008, we published a consultation document with our initial assessment of mobile mis-selling and cash-back issues and proposed to introduce new mandatory rules – a general condition covering sales and marketing practices that would apply to all mobile service providers.

6.37 We concluded our review in March 2009 and decided to proceed with the introduction of a new general condition (GC23) which requires mobile providers to ensure that they do not engage in dishonest, misleading or deceptive conduct at the point of sale. Providers who breach the rules could be fined up to 10% of relevant turnover.

6.38 The new rules state that providers must:

- not mis-sell mobile phone services;
- make sure the customer intends and is authorised to enter into a contract;

• make sure consumers get the information they need at the point of sale;
• make sure that the terms and conditions of cash back deals offered by their retailers are not unduly restrictive; and
• carry out certain due diligence checks in respect of their retailers.

6.39 Since Ofcom proposed to introduce new rules in its consultation in March 2008, complaints about cash-backs have now virtually ceased while mobile mis-selling complaints have fallen.

6.40 On 16 September 2009, GC23 came into force and we subsequently opened a monitoring and enforcement programme to ensure its compliance. As a result of an industry wide reduction in complaint levels (less than 180 a month), and the introduction of a range of measures by mobile service providers to ensure compliance with GC23, Ofcom closed the programme in March 2010.

6.41 Ofcom is keen to further reduce consumer harm and we continue to monitor complaints and the application of GC23.

In service issues
Abandoned and silent calls

6.42 Most abandoned and silent calls are not generated with malicious or mischievous intent but by technology used by call centres to automate the manual processes associated with physically making a call. Despite the likely cause of their origin, these calls can still understandably cause annoyance, inconvenience or anxiety.

Figure 32: Complaints about silent calls

Source: Ofcom, OAT data.

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67 An abandoned call is where a connection is established but terminated by its originator in circumstances where the call is answered by a live individual. Ofcom expects that such calls should include an information message that identifies who made the call and provides an 080 or 0845 or geographic number or a UK wide number at a geographic rate that a consumer can call to potentially opt-out of future marketing calls.

68 A silent call is a type of abandoned call where the person called hears nothing on answering the phone and has no means of establishing whether anyone is at the other end.
In 2006 we published a statement on the persistent misuse of an electronic communications network or service, setting out the factors that we would take into account when deciding whether or not to take action in relation to abandoned and silent calls. Ofcom’s primary objective in publishing this statement was to ensure that call centres take steps to avoid, in so far as possible, making abandoned calls; and that when ‘unavoidably’ abandoned calls were made steps have been taken by call centres to reduce the degree of harm caused, in particular that the called person knows who made the call and how they can block further calls.

We undertake a programme of monitoring and enforcing compliance with our stated policy and have imposed financial penalties on nine companies since June 2006.

As part of our ongoing monitoring and enforcement programme, we monitor and review the silent call complaints we receive every week and identify the companies generating the highest number. We subsequently contact these companies with the number and nature of the complaints, reminding them of our policy and the potential for enforcement action if they do not comply.

This initial, informal route is often efficient and effective in changing the behaviour of companies. It has led several companies to change their call centre operations to ensure compliance.

On 1 October 2010 we published a revised statement on the persistent misuse of an electronic communications network or service (‘Tackling abandoned and silent calls’). This statement contained clarifications to our existing policy requirements and introduced a new ‘24 hour policy’ so that, as of 1 February 2011, companies will no longer be able to call consumers without the guaranteed presence of a live operator more than once a day.

The introduction of a limit to the number of times a company can contact a consumer without the guaranteed presence of a live operator is supported by independent analysis of the silent call complaints we receive. This analysis indicated that where frequency was mentioned in a silent call complaint, over 70% related to consumer receiving multiple silent calls from the same number a day. We therefore identified repeat silent calls as a significant cause of consumer harm.

Our new policy will prevent consumers receiving two or more silent calls from the same company a day. The new policy also reflects our established policy position where we have sought to balance consumer protection with industry innovation, allowing the industry some margin of error instead of advocating a zero tolerance approach. We accept that some abandoned and silent calls will always be generated by call centres, but if companies comply with our policy, then these should occur in very limited circumstances and consumer harm should be minimised.

We noted in the June 2010 consultation document that we will continue to monitor the level of consumer harm caused by abandoned and silent calls. If we do not see a

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69 http://stakeholders.ofcom.org.uk/consultations/misuse/
70 http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/open-cases/all-open-cases/cw_905/
71 http://stakeholders.ofcom.org.uk/consultations/silent-calls/statement/
72 It is our belief that the majority of repeat silent calls are caused by companies contacting consumers without the guaranteed presence of a live operator.
73 http://stakeholders.ofcom.org.uk/binaries/consultations/silentcalls/annexes/FINALAnnex6MottMacDonald.pdf
continued reduction in the harm – evidenced by fewer complaints and moves by the call centre industry to towards more accurate and reliable use of call centre technology – we may need to revisit our approach.

6.51 The work that we have undertaken on abandoned and silent calls links to the Government’s decision to increase the maximum penalty available to £2 million for companies found to be persistently misusing a network or service. This decision is the culmination of a consultation undertaken by the Department for Business Innovation & Skills (BIS). 74

6.52 We have also updated our consumer guide on how to deal with silent and nuisance calls which is available on our website. 75 It outlines the steps that consumers can take if they receive silent and nuisance calls. We are also encouraging companies that use call centres and call centre technology to make information available to consumers about how they can prevent silent calls.

Sales and marketing calls

6.53 Under the Privacy and Electronic Communications (EC Directive) Regulations 2003 (“PECR”), Ofcom is required to maintain registers of the phone and fax numbers of people who do not wish to receive unsolicited direct marketing telephone or fax calls. Ofcom may arrange for a third party to discharge these functions.

6.54 The registers are currently maintained by the Telephone Preference Service Ltd (TPSL) – a subsidiary of the Direct Marketing Association (DMA), which provides the Telephone Preference Service (TPS), Corporate Telephone Preference Service (CTPS) and Fax Preference Service (FPS).

6.55 It is a legal requirement that companies do not make direct marketing calls to numbers registered on the TPS list. Although Ofcom (or its designated third party) is required to maintain the list, the Information Commissioner’s Office (ICO) is the primary enforcer.

6.56 The number of complaints about consumers on the TPS receiving sales and marketing calls that were received by Ofcom was on average below 70 per month over the past year, with no trends involving significant increases or decreases. 76

6.57 The ICO, as the regulatory body with the primary enforcement responsibilities in this area, will pursue most cases of companies making unauthorised sales and marketing calls to TPS registrants. ICO systematically targets companies who appear in the top TPS and/ or FPS offenders lists.

TAGs and MACs

6.58 In February 2007 Ofcom opened an own-initiative industry-wide investigation to monitor compliance with newly introduced broadband migration rules. 77 As part of

74 Other examples include misuse of automated calling systems, number-scanning, misuse of a CLI facility, misuse for dishonest gain – scams and misuse of allocated telephone numbers (for further detail please see A1.60 – A1.77 of the regulatory statement, Tackling abandoned and silent calls.

75 http://consumers.ofcom.org.uk/tell-us/telecoms/privacy/silent-call/?itemid=284912

76 At the beginning of 2010 we started to use a metric that focused solely on complaints received that were strictly from citizens who were still receiving calls after the 30 day grace period after registration had passed.

77 http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/closed-cases/all-closed-cases/cw_946/
this investigation, we targeted those ISPs who did not show sufficient improvement and proceeded with enforcement action against two companies. We also worked with industry to modify their procedures, so as to ensure systems and processes were fully compliant with our broadband and migration rules.

6.59 The industry wide enforcement programme focussed on monitoring compliance with the MAC process by the major ISPs. In November 2009, as there was a significant decline in the number of broadband migration complaints received by OAT since February 2007, the decision was taken to close the enforcement programme. In the last year of the enforcement programme, the total number of MAC-related complaints received by Ofcom more than halved.

6.60 The reduction in complaints, alongside the evidence gathered through our enforcement activity and analysis, indicated that compliance had improved considerably across the industry and that most consumers are able to move easily and quickly to a new broadband provider of their choice.

6.61 On closing the programme, we wrote to the ISPs with whom we had engaged (those who were attracting the most number of complaints), warning them that should we see an increase in complaints, or identify trends relating to any ISP, whether we have written to them or not, we will not hesitate to open individual investigations, which would be published on the Competition and Consumer Enforcement Bulletin.

6.62 In recent months, the number of MAC complaints has increased (see Figure 33). We believe that this is the result of a number of providers not following correct switching processes. This is an issue that we are currently following up on.

Figure 33: Monthly complaints specifically about MAC codes received by OAT

![Graph showing monthly complaints about MAC codes from January 2007 to September 2010.](source: Ofcom (OAT).

6.63 The number of Tag complaints continues to fall and remains below historic highs.

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78 When an internet connection with one supplier has not been removed from a fixed-line. A new supplier cannot be used on the line until the previous suppliers ‘tag’ has been removed from the line.
6.64 Fair, transparent and effective complaints handling processes both protect consumers and empower them in their dealings with providers. At present all communication providers in the UK are required under General Condition 14 to publish a complaints code of practice and provide access to an alternative dispute resolution (ADR) service, both of which have to be approved by Ofcom.

6.65 ADR is therefore an important part of the consumer experience in communications markets. ADR schemes examine and make judgments about cases referred to them by consumers whose complaints are still unresolved after eight weeks. Such judgments can include a financial award and/or requiring the provider to take appropriate action. ADR can improve the outcome for those consumers whose complaints might otherwise be unduly lengthy or remain unresolved. It also gives communication providers additional incentives to improve their own complaints handling procedures and to resolve complaints quickly and effectively. There are two Ofcom-approved ADR schemes:

- the Office of the Telecommunications Ombudsman (Otelo)\(^{80}\); and
- the Communications and Internet Services Adjudication Scheme (CISAS)\(^{81}\).

6.66 During 2009 and 2010 in a review of complaints handling, we outlined a number of concerns we had with the performance of communication providers in resolving complaints, and also concluded that consumer awareness of the ADR schemes was unacceptably low.\(^{82}\) To improve the ability of consumers to have their complaints

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\(^{79}\) Previously data from the BT Wholesale helpdesk were reported, but this ceased to act as a consumer support facility earlier this year, and Ofcom now reports on complaints to the OAT.

\(^{80}\) [http://www.otelo.org.uk/](http://www.otelo.org.uk/)

\(^{81}\) [http://www.cisas.org.uk/](http://www.cisas.org.uk/)

\(^{82}\) [http://stakeholders.ofcom.org.uk/consultations/complaints_procedures/](http://stakeholders.ofcom.org.uk/consultations/complaints_procedures/)
resolved quickly and effectively we established a number of new regulatory obligations on communication providers to:

- Comply with an Ofcom Code of Practice for Complaints Handling, which requires them, amongst other aspects, to:
  - ensure the fair and timely resolution of complaints;
  - have certain low-cost options for consumers to make a complaint; and
  - have a dedicated Code regarding their complaints process, which must be well publicised, including being no more than two clicks away from their primary web-page.
- write to consumers whose complaints have not been resolved within eight weeks to inform them of their right to go to ADR; and
- include information about the availability of ADR on all paper bills.

6.67 The new Ofcom Code of Practice will come into force on 22 January 2011, while the new requirements to improve awareness of dispute resolution services will come into force on 22 July 2011.

6.68 In October 2010 Ofcom published a ‘Call for Inputs’, seeking views of stakeholders on the performance of the two ADR schemes and the current regime for dispute resolution. This is part of Ofcom’s review of the two schemes, which it is required by the Communications Act 2003 to regularly carry out. Through this review Ofcom will determine whether changes should be made to the rules/operations of either scheme, or whether there is a case for potentially withdrawing our ongoing approval of one or both scheme(s). An update on developments will be provided in early 2011.

Scams

6.69 Ofcom continues to receive a small number of complaints relating to scams, frauds and other abuses carried out by individuals and/or companies. These do not tend to persist for long periods of time but they can cause significant consumer harm:

- Direct financial harm (through intent to defraud);
- Inconvenience, anxiety and distress; and
- Threatening consumer confidence and thereby bringing all services offered into disrepute.

6.70 Between April and September 2010, scams complaints accounted for less than 0.1% of complaints to the OAT (approximately 10 a month). The majority of these complaints refer to situations where a consumer is disputing call charges. Others have related to ‘missed call’ scams (whereby a consumer receives a missed call and is asked to return the call via a premium rate service number).
Premium rate services

6.71 Premium rate services (PRS) are a form of micro-payment for content, data services and value added services that are charged to your telephone bill. There are a diverse and growing number of services which include:

- fixed line services, such as live chat, information services (including directory enquiries), TV vote lines, internet PRS services and Pay TV; and
- mobile services such as ring tones and media content including music downloads.

6.72 PhonepayPlus undertakes the day to day regulation of the content, operation and promotion of services through its Code of Practice. PhonepayPlus receives and investigates complaints about premium rate services. It has powers to give directions to, and impose sanctions on, PRS providers so as to protect consumers and ensure that the Code is upheld.

6.73 The complaints received by PhonepayPlus may vary significantly from year to year. Over the past year, complaint volumes to PhonepayPlus have continued to decrease. The number of complaints has decreased, by about 52% over the past year.

6.74 In April 2010 PhonepayPlus and Ofcom both published consultations on a new PP+ Code of Practice. The draft Code has been sent for approval to the European Commission who will have three months to review it. It is expected the new Code will come into force in mid-2011.

6.75 A brief overview of the main changes in the new Code is shown below:

- Those parties that are directly responsible for the operation/content of a PRS will now be held directly responsible for complying with the Code. Service Providers and Network Operators will be required to undertake due diligence on their clients and to monitor the risks they may pose to consumers; and
- All PRS providers will need to register with PhonepayPlus before operating in the market (PhonepayPlus is proposing to exempt organisations using 0871 numbers from this obligation).

6.76 Last year we published a statement containing among other things an analytical framework we said we would use to assess, based on its characteristics, whether a PRS has the potential to cause consumer harm. If we consider there is a risk of consumer harm, and there is no sufficient redress for these services we believe they should be regulated by PhonepayPlus.

6.77 We recently started a project to review whether or not a number of PRS should be subject to PRS regulation by PhonepayPlus (through the PRS Condition). The services in scope are mobile portal services, where a mobile communication provider sells their own content to its customers, PRS using Payforit as a payment mechanism and so called fixed portal or Video on Demand type of services. We are currently in the process of applying the framework to the three services and plan to consult early next year. Based on the outcome of the consultation, the PRS Condition could be amended.

84 http://www.phonepayplus.org.uk/
85 http://stakeholders.ofcom.org.uk/consultations/ppp/
Exiting contracts

Early Termination and Additional Charges

6.78 On 19 December 2008, Ofcom published new guidance for communication providers setting out Ofcom’s interpretation of how the Unfair Terms in Consumer Contract Regulations (UTCCRs) 1999 apply to protect consumers from unfair terms in consumer contracts specifically in relation to ‘additional charges including early termination charges’. We updated this in November 2010, including to take account of the Supreme Court’s judgment in the case brought by the Office of Fair Trading about the UTCCRs’ application to unarranged bank overdraft charges.

6.79 Consumers often face additional charges from their communication providers over and above those they already pay for a service – whether home phone, mobile, broadband or pay TV. These additional charges can be due to a number of factors, including:

- Not paying by direct debit;
- Late payment or costs associated with having service restored after it has been restricted or suspended following late payment;
- Minimum Contract Periods (MCPs), subsequent MCPs and Early Termination Charges (ETCs – terminating a contract within the specified minimum contract period);
- Not complying with the minimum notice period where a consumer intends to terminate a contract;
- Receiving a fully itemised or paper bill; and
- Cease charges (when the consumer ceases its service from the supplier).

6.80 Consumers potentially suffer financial harm if they do not take these charges into account in choosing their communication provider, and as a result do not make the best choice for them, or if providers use their superior bargaining power or knowledge to impose burdens on consumers they would not otherwise bear. In addition, competitive pressures may not act to reduce these charges, which can then be set significantly above cost and consumers who are not aware of these charges cannot take measures to avoid them.

6.81 Ofcom has an open monitoring and enforcement programme to assess compliance with the regulations and as a part of this work programme, we have been actively engaging with providers about their terms and conditions. We initially decided to focus our work on ETCs in the fixed voice sector because this is an area where detriment was more likely to be significant. It is our opinion that awareness of ETCs in the market for fixed-line services is much lower than other markets (such as the mobile market).

6.82 Following extensive consultation with Ofcom, in June 2010 the three major providers of fixed voice (and to some extent fixed plus broadband) BT, TalkTalk and Virgin

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87 http://stakeholders.ofcom.org.uk/consultations/addcharges/
88 http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/open-cases/all-open-cases/cw_01019/
89 and fixed voice bundled with broadband.
Media agreed to reduce their ETCs significantly. All three have now implemented lower ETCs for fixed voice and fixed plus broadband (for TalkTalk and Virgin Media).

6.83 Our monitoring and enforcement programme was extended for a further six months in September 2010. Despite our particular focus on the fixed voice and broadband sector, we expect communication providers across all relevant sectors to comply with the law and may take action if we think they are not.

International Calling Cards – Lycatel

6.84 This year Ofcom opened an investigation into international calling card company, Lycatel.

6.85 We found that Lycatel’s advertisement of its international calling cards was likely to constitute misleading actions and misleading omissions in potential contravention of the Consumer Protection from Unfair Trading Regulations 2008 (CPRs). Ofcom also reached the view that the post call fee in Lycatels’ calling card terms and conditions was likely to be found unfair by a court and contrary to the UTCCRs.

6.86 Ofcom engaged in consultation with Lycatel to bring the potential contraventions to an end and to ensure there would be no repetition of those potential contraventions in the future. The outcome of this consultation was that Lycatel gave and Ofcom accepted undertakings to address these issues. The undertakings also provided that Lycatel would, from the beginning of December 2010, undertake changes to its advertisements and to make their pricing, terms and conditions clear.

Automatically renewable contracts

6.87 Automatically renewable contracts (ARCs) sometimes referred to as ‘rollover contracts’, are currently used in fixed line communications markets. BT is the largest provider of ARCs in residential markets. Under ARCs, consumers sign up to a MCP that is automatically renewed unless the consumer explicitly tells the provider they do not want this to happen. If a consumer wants to leave during an MCP, they usually have to pay an ETC under the terms of their contract.

6.88 A number of stakeholders have expressed concern to Ofcom about ARCs. We are also concerned about their impact on consumers and on competition.

6.89 More specifically we are concerned about the effect of ARCs on consumer switching, and about awareness and transparency of renewal terms. Research into behavioural economics indicates that regardless of how transparent the terms and conditions are made, individuals are significantly influenced by default options and that they are unlikely to anticipate their effects in advance.

6.90 We are considering our options for next steps and plan to publish a document setting out our approach to ARCs in due course.

Mobile number portability (MNP)

6.91 Under General Condition 18 (GC18), mobile operators are required to provide number portability to customers seeking to leave their contracts and switch to another provider. MNP is the facility that allows consumers to take their phone number with them when they change providers.

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91 http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/cases-in-compliance/cw_01046/
6.92 In June 2009, Ofcom launched a pre-enforcement programme to monitor compliance with GC18. We had received a number of complaints that mobile operators were not issuing Portability Access Codes\(^{92}\) upon request to consumers or making the process for receiving the code onerous and drawn out. We subsequently examined the number of nature of complaints received by OAT, and raised concerns with specific mobile operators about their compliance with GC18.

6.93 The above action led to a significant reduction in the number of complaints we received and as such we closed our pre-enforcement programme in June 2010. On closing the programme however, Ofcom wrote to each of the mobile operators that we will continue to monitor complaints, and should we see an increase, or identify concerns relating to any mobile operator/s, we would look to take immediate enforcement action.

**TalkTalk investigation – consumers charged for cancelled services**

6.94 This year Ofcom received over 1000 complaints from former TalkTalk and Tiscali customers who continued to be billed for services they had cancelled. This is in breach of rules set out in General Condition 11.1 (GC11.1) which stipulates communications providers must not send bills to customers unless every amount in those bills represents the true extent of any such service actually provided.

6.95 We found evidence of these two companies sending bills to former customers months after they had cancelled their services. The consumer harm that this action generated was compounded by debt collection action pursued by TalkTalk and Tiscali against affected customers.

6.96 Ofcom subsequently opened an investigation which resulted in a formal notification being issued against these two companies\(^{93}\). Our notification set out the evidence against the companies and required TalkTalk and Tiscali to comply with the rules and remedy the consequences of breaching the rules. Some of the steps we have said may be required to remedy the consequences of the contravention of GC11.1 include, but are not limited to:

- providing refunds to all consumers who were billed for cancelled services since 1 January 2010;
- stopping debt collection action, and withdrawing from any legal proceedings (if started), against consumers and paying their reasonable legal costs; and
- taking any necessary steps to repair credit ratings of affected consumers, such as notifying credit reference agencies where relevant.

6.97 At the time of publication Ofcom was awaiting representations from TalkTalk and Tiscali regarding compliance with the notification (and measures taken to remedy previous contraventions of GC11.1) before deciding what further action was necessary.

\(^{92}\) The code presented to a consumers new provider that authorises the change.

\(^{93}\) [http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/cases-in-compliance/cw_01051/](http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/cases-in-compliance/cw_01051/)
Annex 1

Glossary of terms and definitions

**2G** Second generation of mobile telephony systems. Uses digital transmission to support voice, low speed data communications, and short messaging services.

**3G** Third Generation Cellular Mobile.

**4G** Fourth-Generation Cellular Mobile Wireless.

**ADSL** Asymmetric Digital Subscriber Line. A digital technology that allows the use of a standard telephone line to provide high speed data communications. Allows higher speeds in one direction (towards the customer) than the other.

**Bandwidth** Measure of maximum capacity of a data link in a telecommunications network. Usually expressed in Kbps or Mbps.

**Broadband** A service or connection that is capable of supporting always-on services which provide the end-user with high data transfer speeds. A large-capacity service or connection that allows a considerable amount of information to be conveyed - often used for transmitting bulk data or video or for rapid Internet access.

**Bundling** Tying one service or product to the supply of others including some situations where the supply of services are linked through the use of discounts.

**Cancel other** Industry term for a customer’s current provider cancelling the request from a new supplier to switch their customer account, due to the customer being slammed.

**Cashback** A form of promotion offered to customers, in which a customer signs up for a mobile phone network, and in return is reimbursed for a proportion of the line rental payable under that contract.

**Communications Act 2003** Communications Act 2003, which came into force in July 2003.

**Complaints code of practice** Document required of all communications providers that is easily accessible to consumers and sets out the correct procedures for consumers to follow should they need to make a complaint.

**Connection speed** The rate information can be transferred from the Internet to a computer. Dependent on the type of connection, i.e. modem, cable, DSL, etc

**DAB** Digital Audio Broadcasting. A set of internationally accepted standards for the technology by which terrestrial Digital Radio multiplex services are broadcast in the UK.

**DSL** Digital Subscriber Line. A family of technologies generally referred to as DSL, or xDSL, capable of transforming ordinary phone lines (also known as ‘twisted copper pairs’) into high-speed digital lines, capable of supporting advanced services such as fast Internet access and video-on-demand. ADSL, HDSL (High data rate Digital Subscriber Line) and VDSL (Very high data rate Digital Subscriber Line) are all variants of xDSL.

**DSO** Digital switchover. The process of switching over the current analogue television broadcasting system to digital, as well as ensuring that people have adapted or upgraded their televisions and recording equipment to receive digital TV.
DTT Digital Terrestrial Television. Currently most commonly delivered through the Freeview service.

**Freeview** Free digital service giving access to over 30 TV channels, over 20 radio stations plus a new whole world of interactive services.

**Internet** A global network of networks, using a common set of standards (e.g. the Internet Protocol), accessed by users with a computer via a service provider.

**Involuntary non-ownership** Where potential consumers are without access to a service but not through choice.

**ISP** Internet Service Provider. A company that provides access to the internet.

**Kbps** Kilo bits per second (1,000 bits per second). A unit of measurement of data transmission speed.

**LLU** Local Loop Unbundling. Process by which a dominant provider's local loops are physically disconnected from its network and connected to competing providers’ networks. This enables operators other than the incumbent to use the local loop to provide services directly to customers.

**Local Loop** Access network connection between the customers premises and the local PSTN exchange, usually a loop comprised by two copper wires twisted together.

**MAC** Migration Authorisation Code. Unique identifier used by broadband customers when they wish to switch broadband service provider.

**Mbps** Mega bits per second (1,000,000 bits per second). A unit of measurement of data transmission speed.

**Micro-payment** Electronic payment method for small transactions

**Mis-selling** A term that covers a range of sales and marketing activities that can work against the interests of both consumers and competition and can undermine confidence in the industry as a whole.

**MNO** Mobile Network Operators.

**Mobile termination** The charge operators which originate calls have to pay to mobile operators to deliver calls to their mobile customers.

**Multichannel** In the UK, this refers to the provision or receipt of television services other than the main five channels (BBC ONE & TWO, ITV1, Channel 4/S4C, Five) plus local analogue services. ‘Multichannel homes’ comprise all those with digital terrestrial TV, satellite TV, digital cable or analogue cable, or TV over broadband. Also used as a noun to refer to a channel only available on digital platforms (or analogue cable).

**MVNO** Mobile virtual network operator. An organisation which provides mobile telephony services to its customers, but does not have allocation of spectrum or its own wireless network.

**Multiplex** A device that sends multiple signals or streams of information on a carrier at the same time in the form of a single, complex signal. The separate signals are then recovered at the receiving end.
**Narrowband** A service or connection providing data speeds up to 128kbit/s, such as via an analogue telephone line, or via ISD.

**OAT** Ofcom Advisory Team (previously known as the Ofcom Contact Centre).

**PC** Personal computer.

**Platform** The device on which a technology runs.

**Postcode** The geographic area identified by letters and numbers which appears as the first part of a post code, e.g. SW8.

**PhonepayPlus** Formerly known as ICSTIS. The regulator for premium rate charged telecommunications services.

**PRS Premium Rate Service** Services including recorded information and live conversation, run by independent service providers. All calls to these companies are charged at a higher rate than ordinary calls to cover the companies' costs in providing the content of the call and the operator's cost for the special network facilities needed.

**PSTN** Public Switched Telephone Network. Such as BT's current copper telephone network.

**Silent call** Telephone call generated by a dialler which does not have an agent immediately available to handle the call.

**Slamming** Unauthorised switching of a customer's phone service to another carrier.

**SMS** Short Messaging Service.

**Socio Economic Group (SEG)** A social classification, classifying the population into social grades, usually on the basis of the Market Research Society occupational groupings (MRS, 1991). The groups are defined as follows.

- **A.** Professionals such as doctors, solicitors or dentists, chartered people like architects; fully qualified people with a large degree of responsibility such as senior civil servants, senior business executives and high ranking grades within the armed forces. Retired people, previously grade A, and their widows.

- **B.** People with very senior jobs such as university lecturers, heads of local government departments, middle management in business organisations, bank managers, police inspectors, and upper grades in the armed forces.

- **C1.** All others doing non-manual jobs, including nurses, technicians, pharmacists, salesmen, publicans, clerical workers, police sergeants and middle ranks of the armed forces.

- **C2.** Skilled manual workers, foremen, manual workers with special qualifications such as lorry drivers, security officers and lower grades of the armed forces.

- **D.** Semi-skilled and unskilled manual workers, including labourers and those serving apprenticeships. Machine minders, farm labourers, lab assistants and postmen.

- **E.** Those on the lowest levels of subsistence including all those dependent upon the state long-term. Casual workers, and those without a regular income.
**Tag-on-line** When an internet connection with one supplier has not been removed from a fixed-line. A new supplier cannot be used on the line until the previous suppliers ‘tag’ has been removed from the line.

**Tariff** Schedule of rates and charges for a service.

**Unbundle** See LLU.

**USO** Universal Service Obligation. The set of Universal Services that Universal Service Providers are required to supply.

**Voluntary non-ownership** Where potential consumers are without access to services, primarily due to a perceived lack of need for a service or satisfaction with using alternative methods.

**Wholesale Line Rental** A regulatory instrument requiring the operator of local access lines to make this service available to competing providers at a wholesale price.