



**VERASTAR LIMITED (FORMERLY UNIVERSAL UTILITIES LIMITED) RESPONSE**

**Consumer Switching: Proposals to reform switching of mobile  
communications services**

**1 June 2016**

## Response

### General comments

We believe that given the successful implementation of a gaining provider led (“GPL”) process for fixed line and broadband, a GPL process for mobile would be the more favourable of the two options outlined in the Ofcom document entitled “Switching between mobile providers” published on 6 April 2016. In addition to consistency with the fixed line and broadband processes, it has the following advantages:

- The current process is the last losing provider led switching process in the UK communications sector. A switch to a GPL process would increase consistency in the telecoms sector. This is to be welcomed, particularly at a time of increasing convergence between mobile and fixed line services. We believe that convergence of switching processes should be the goal ahead of product convergence.
- Most other countries employ GPL switching for mobile services.
- The gaining provider has every incentive to ensure that the switching process runs smoothly leading to an easier, more hassle-free switching process for the consumer.
- All the consumer has to do is to decide on their new provider and (see our comments below on the consumer sending an SMS only where they do not wish to proceed) confirm or deny they wish to proceed.
- The consumer is less likely to be subjected to unwanted retention attempts by the losing provider but still free, should it choose to do so, to approach the losing provider to discuss its plans to move away.

The above is more likely to result in consumers switching their mobile services which will in turn increase competition in the market.

However, we do have some reservations about the manner in which it is proposed that the new process is introduced. These are as follows:

- We believe that the requirement to use a Central Porting System (“CPS”) to transfer the key information may act as a barrier to new entrants in the mobile services sector. In addition, some smaller telecoms providers may find the time, cost and effort required to establish the required interaction between their systems and those of the CPS, change their processes, re-train staff and provide the required information untenable and may, as a result, leave the sector. This would decrease competition. One alternative may be for the gaining provider to ask the losing provider to send the key information direct to the consumer. The losing provider would be motivated to provide such information promptly to the consumer as the provision of that information would enhance the probability of retaining the customer. However, this would mean gaining providers having to deal with contacts at multiple suppliers rather than just one central body. Further, a central body will

be able to log interactions between the relevant parties so reducing or eliminating disputes between suppliers.

- We do not believe that consumers should be required to send an SMS to confirm they wish to proceed with the transfer. Once the initial decision to transfer has been made, the consumer should not be required to take any further action. The consumer should only be required to send an SMS where they do not wish to proceed, for example because they did not request the transfer in the first place or, having received the key information, they have changed their mind. This creates a clear audit trail for an order to be cancelled.
- We assume the CPS requires a dynamic exchange of data with each supplier. What will happen if a supplier fails to provide such information at all or promptly? We believe the default position should not encourage non-adherence i.e. the customer should transfer in the event of system failure.
- We believe the consumer should be able to cancel the gaining provider's contract without charge during a pre-defined cancellation period and a cancel other process as per the fixed line cancel other process should be set up to assist in the prevention of unauthorised transfers.
- We are unclear how you propose to achieve the "make before break". On the transfer date one SIM is taking the number of another SIM and we do not believe that the gaining provider and the losing provider can both provide the same number at the same time. This could be partially achieved by stipulating a porting time and date but we cannot comment on the supplier's ability to port at a specific time.
- We have no way of establishing the costs required to set up and run the proposed CPS and/or to interact with the CPS systems. We are concerned that the estimated costs may not adequately reflect the actual costs and may disproportionately affect smaller providers. Any such costs should be borne in accordance with the volume of transfer orders placed.

## Consultation responses

***Q1 Do you agree that current mobile switching processes create consumer harm in terms of difficulties and time spent contacting the current provider, requesting the PAC and unwanted save activity, as well as loss of service and double paying when switching?***

Yes. If a customer wishes to switch but to keep their current mobile number they must request a PAC from the losing provider and then give this to the gaining provider who arranges the port. If a customer wishes to switch but does not want to keep their current mobile number they must contact the losing provider to cancel their old service and arrange the start of the new service with the gaining provider. The main reasons consumers are deterred from switching are the time and hassle to switch, the risk of loss of service and the risk of "double paying" when switching. Even when consumers do decide to switch they can experience a number of difficulties during the switching process including difficulties getting hold of their provider; cancelling the service; getting the switch to happen on the date they

want; pressure to remain with the losing provider; and keeping their existing number. Customers should be able to indicate to the gaining provider they want to switch and automatically receive the necessary information from the losing provider so they can decide whether or not they wish to proceed. The gaining provider should lead the switching process as they have every incentive to make the switching process work smoothly.

***Q2 Do you agree that consumers would benefit from clearer switching processes and information about switching?***

Yes. A significant number of inactive consumers have indicated that process concerns are the main reason they didn't switch or consider switching. If the process was simpler and easier to understand and to follow, consumers would be encouraged to switch which would increase competition.

***Q3 Do you have any other comments on the matters raised in section 4?***

No.

***Q4 Do you agree that our Option 1 (PAC automation) and Option 2 (GPL) address the consumer harms we have identified as arising from current switching processes?***

Yes. However, we believe that Option 2 is likely to involve less effort for consumers than Option 1. Under Option 1 the consumer still has to contact their current provider to request a PAC and pass the PAC to their new provider. This may subject them to unwelcome save activity and provides an opportunity to confuse and frustrate the switching process. We believe Option 2 reduces the time and hassle involved in a switch as well as being a simpler process for the consumer to follow. All the consumer needs to do is choose a new provider and confirm/deny they want to proceed with the switch once they have received the key information.

***Q5 Do you agree that the three main methods for PAC request and receipt under Option 1 should be SMS, online account and phone?***

Yes. We believe that consumers will mainly use SMS. However, many consumers prefer to go online and some consumers may be unable or unwilling to use either or both SMS/online. We believe every consumer should be able to use one or more of the three main methods.

***Q6 To what extent do you think each of our options ensures that consumers are adequately verified, and protected from being switched without their consent?***

We believe that both options in the main help to ensure that consumers are adequately verified and protected from being switched without their consent. In both cases the consumer receives a text sent to the relevant phone with the key information required by the customer (please note there should be an alternative method if the phone is incapable of being used, such as where it is broken). In Option 1 the consumer has 30 days to contact their new provider to order the new service and give them the PAC. In Option 2 of the proposal the consumer must reply to the text to confirm they want to proceed with the switch (see suggestion above that the consumer should send an SMS only where they

do not want to proceed). As noted above, we believe this process should only require the consumer to respond if they want to stop the transfer. We are not aware that significant numbers of consumers are being switched without their knowledge or consent in current mobile processes and have no reason to suspect that the level would increase under either of the proposed options. However, we believe that the requirement in Option 2 for a text from the consumer to confirm they wish/do not wish to proceed with the switch provides increased protection and verification of the request to switch.

***Q7 Do you agree that our proposal ensure consumers are sufficiently informed before they switch?***

Yes. The consumer is promptly told the important information it requires to enable it to decide whether or not to proceed with the switch i.e. notice period and outstanding charges.

***Q8 Do you agree that both options should require providers to use a “make before break” approach to switching in order to address the risk of service loss during the switch?***

In theory we agree that the new service should be in place before the cessation of the old service so the consumer suffers no loss of service on switching. We also agree there should be a single process for consumers whether or not they wish to port their existing number. However, we are unclear as to how the “make or break” approach would work in practice. We believe there may always be a risk of some loss of service, however short, as on the day of transfer one SIM is taking the number from another SIM. We are not aware that two providers can have the same number at the same time and would question how this can happen simultaneously although see our general comment on stipulating a porting time/date. Furthermore, in our experience many consumers currently experience only a short period of loss of service which, in many cases, amounts to less than two hours. We note that Ofcom states its research found that around one in five switchers said they experienced a temporary loss of service when switching but that there is no detailed breakdown of the length of the loss of service.

***Q9 Do you agree with our proposal for providers to give clear consumer guidance on the porting and switching process?***

Yes. Consumers are often confused by the switching process and this can prevent them initiating the switching process. A clear, simple explanation of the process available in a prominent location, for example, on the communications provider’s website, would enable the consumer at a glance to understand how they can switch providers. It could also be used to reassure consumers that they can keep their existing number. This is particularly important for customers such as those in the micro SME market who may be heavily reliant on their mobiles and may be put off switching by the risk of losing their current mobile number. Aligning switching processes for fixed line and mobile will have the added benefit of providing a clearer switching process for consumers.

**Q10 Do you agree with the measures we have set out under both options to enable consumers to coordinate better their switch, including to manage the interaction between the switching time frame and any required notice periods?**

Yes. Consumers should not have to double pay when switching providers and should be able to coordinate the start and end dates to avoid this. However, we do not believe a consumer should be able to state a start date.

**Q11 Do you have any other comments on the matters raised in Section 5?**

Yes. We have the following concerns:

1. What is meant by the use of the word “*immediately*” which is used repeatedly in Section 5?
2. In Option 1 we believe the losing provider could be prejudiced by the consumer’s ability to delay the provision of the PAC to the gaining provider. If the consumer only gives the gaining provider the PAC towards the end of the 30 day period yet by doing so triggers the start of the notice period from the date on which they originally requested the PAC, this could cause forecasting issues for the losing provider. When the consumer first requests the PAC, all the losing provider knows is that they might lose the consumer. They won’t know whether or not they will lose that consumer until in some cases the day on which the consumer transfers away.
3. Many smaller communications providers have limited opening hours so whilst a consumer would be able to request a PAC and/or key information online or via SMS if that process is automated, they would be unable to request this by phone outside that provider’s normal working hours. Is it intended that all communications providers have all three options available 24 x 7?
4. You refer to the switch taking place within one working day and providers having to pay reasonable compensation if this does not occur. What is meant by “*reasonable compensation*” and is it envisaged that the losing provider can claim it back from the CPS if it is due to their act or omission?
5. 5.50 – a text can only contain 160 characters. It is conceivable that not all key information will be contained in 1 text.

**Q12 Do you agree with our assessment of the consumer benefits of our proposals?**

In general, yes.

**Q13 Do you agree with our assessment of the likely costs of our proposals?**

We have not been able to establish the accuracy or not of your assessment of the likely costs of your proposals.

***Q14 Do you agree with our preference for GPL?***

Yes. We believe a GPL system is simpler for the consumer, more secure in that it requires the consumer to confirm they want to proceed with the switch (or, as per our comments above, confirm only when they do not want to switch) and clearer for the losing provider as the notice period starts on a specific easily identifiable date. Further, the gaining provider has every incentive to ensure that the transfer process works smoothly.

***Q15 Do you have any other comments on the matters raised in this Section 6?***

No.

***Q16 Do you have any other comments on our proposals?***

Yes. Please see the comments in our “General Comments” section above on:

- Our concern that the requirement to use the CPS to transfer key information may act as a barrier to new entrants and potentially cause smaller telecoms providers to leave the sector
- Our suggestion that consumers should only be required to send an SMS where they do not wish to proceed with the transfer
- Our concerns about the proposed “make before break” process
- The costs required to set up and run the proposed CPS and to interact with the CPS systems.

We believe the proposed CPS process may disproportionately affect smaller communications providers for whom the substantial effort required to interact with the CPS system, change current processes, re-train staff and provide the required switching information is not offset by a slight reduction in calls to their call centre.