



Three's Response to Consumer Switching: Proposals to reform switching of mobile communications services.

Non-Confidential

1 June 2016

Three's Response to Consumer Switching: Proposals to reform switching of mobile communications services

Introduction

1. Three welcomes the opportunity to respond to Ofcom's consultation *Consumer Switching: Proposals to reform switching of mobile communications services*. Over the past ten years - and numerous consultations - Three has consistently argued that Ofcom should reform mobile switching process to make the market function better for consumers and improve competition. Consistent with this approach, we therefore welcome this consultation, and the proposals within it.
2. As the challenger in the UK mobile market, we have unique insight into how the current switching processes are inhibiting competition in the market.
3. This submission will first give our views on how the current switching processes contribute to the three core consumer harms identified by Ofcom. It will then explore the potential benefits of each of Ofcom's proposed switching processes and the associated likely implementation costs. Finally, we ask Ofcom to clarify a few points on the Gaining Provider Led (GPL) model and also give our views on the other reforms proposed by Ofcom, which are separate from the switching reforms. The questions that each section addresses will be highlighted in a separate text box.
4. Three is the UK's largest carrier of mobile data, currently carrying 42% of the UK's mobile data traffic on less than 12% of the mobile spectrum.¹ We have pioneered a range of innovative propositions, such as 4G at-no-extra-cost and Feel at Home,² which has driven the demand for mobile data. On average our customers use 5GB per month, a figure that has increased ten-fold since 2010.
5. As mobile connectivity has become an integral part of people's lives, it is vital that the market works well for UK consumers. Unfortunately, the existing Losing Provider Led (LPL) and Cease & Re-provide (C&R) switching processes are complicated and out-dated. They inhibit switching, create significant consumer harm and constrain competition.
6. Ofcom are seeking views on two potential switching processes. Option 1 is an automated PAC process. Under this proposal, a consumer requests the PAC they need in order to switch either via SMS, their online account or over the phone. They do not have to speak to their LP in order to leave but can do so, if they wish. They immediately receive the PAC by text, as well as through their online account or over the phone if that's how the PAC was requested. The same text also provides information relevant to their switching decision, such as any charges for ending their contract early or any notice period. To go ahead with the switch, the consumer then must pass the PAC to their new provider.

¹ Enders Analysis, September 2015.

² Feel At Home allows our customers call, text and use the internet in 18 countries abroad using the same allowances they have at home.

7. Option 2 is a Gaining Provider Led (GPL) process. Under this proposal, the consumer only needs to contact the provider they want to join. The GP advises the consumer about any notice period required by their current provider and would offer to delay the switch by up to 30 days to help the consumer manage any notice period. The consumer receives a text message with information relating to their switching decision. To give consent to the switch, the consumer replies to the text. The GP then sends the consumer a new SIM card and arranges the switch. This arrangement entirely removes the need for the consumer to contact their LP in order to switch.
8. There are different degrees of merit to both of the options for reform brought forward by Ofcom. Both options proposed would, if implemented quickly and efficiently, represent a significant improvement on the current processes. However, it is the view of Three that the evidence collated by Ofcom clearly demonstrates that Option 2 - full GPL - would be most effective at tackling consumer harm, encouraging switching and promoting competition. This is explored in full below. Therefore, Three urges Ofcom to proceed with their favoured option and introduce full GPL switching to the UK market.
9. Additionally, the consultation seeks views on other separate reforms, also aimed at improving the switching experience. These include: increased and improved consumer information; as well as end-to-end management; and, alignment of notice periods with the porting process. Three fully supports the first two measures.
10. With regard to the alignment of notice periods with the switching process, Three notes that although we are supportive of the principle of alignment, we are concerned that it would be potentially costly to introduce and ultimately disproportionate, as the consumer harm associated with double billing could be tackled cost effectively through reform of the switching process. This is explored below in more detail at paragraph 60 – 66. We are also concerned that, if Ofcom seeks to act in this area parallel to the reforms to mobile switching, this may delay the already long-overdue introduction of GPL.

Current switching processes and associated harm.

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?

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

Current switching processes and associated harm. continued

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

11. This consultation builds on the comprehensive evidence collated by Ofcom in the *Consumer experience of switching: mobile communications services and options for process reforms*. The evidence base is clear; the current switching processes cause significant consumer harm both to switchers and non-switchers. Ofcom's switching survey found that almost a fifth of switchers said the process was difficult - equivalent to 1.2 million consumers.³ When prompted, almost 38% said they experienced at least one major difficulty while switching and 70% cited a minor difficulty. This is the equivalent of 2.5 million and 4.6 million consumers over an 18 month period.⁴
12. It is also important to take into account how the current processes inhibits switching choices. A simple switching process is vital to the health of any market; it empowers consumers to seek out and switch to the package or service that best suits their needs. However, the current processes in mobile create archaic levels of complexity and delay, discouraging rather than encouraging switching. 37% of consumers who had considered switching but hadn't said they were deterred by process related worries, and 15% of inactive consumers said that process concerns were the main reason they didn't switch or consider switching.⁵
13. The research brought forward by Ofcom demonstrates that the consumer harm associated with switching fell into three main categories. These are:
 - Hassle / time taken to receive PAC
 - Loss of service:
 - Double paying when switching.

Hassle / time taken to receive PAC

14. The evidence brought forward by Ofcom highlights two common problems with the current processes; the hassle associated with switching and the confusion evident across large parts of the market as to how the switching processes work.
15. The potential hassle of switching, especially in terms of contacting the LP for the PAC, is a prominent factor in deterring consumers from engaging with the switching process in mobile. 13% of considerers stated that they did not switch because they needed to make extra calls to obtain their PAC.⁶

³ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.20

⁴ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.4

⁵ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.4

⁶ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.22

Current switching processes and associated harm. continued

16. For those consumers who did continue with the switching process, Ofcom's research found that 18% of switchers found it difficult to obtain a PAC, while two thirds stated that the "conversation to get the code took too long". This is substantiated by the complaints made annually by consumers to Ofcom, where around two fifths of the 1,000 complaints regarding change of mobile provider related to difficulties in requesting or obtaining the PAC.⁷
17. As a consequence, the hassles associated with the LPL system mean that many switchers decided to use the alternative C&R system, even if their preference was to keep their number. Ofcom's research found that 32% said it was easier to switch if they didn't keep their number and the same proportion also said it was faster to switch without taking their number.⁸ From this evidence, it is clear the current LPL process is not working for large numbers of consumers and disincentives them from keeping their telephone number. This is particularly worrying as an individual's phone number is increasingly associated with their digital identity, important for both accessing commercial and Government services. This disincentive must be addressed through Ofcom's switching reforms.
18. Ofcom's research also highlights the confusion among consumers as to how the switching process should work. 12% of considerers said "not knowing what to do to switch" was a major factor in their decision not to switch, and nearly two-fifths (38%) reported that 'not wanting to change their phone number' was a major factor in their decision, suggesting consumers are not fully aware of the current LPL porting process.⁹ These findings highlight the confusion associated with the current switching processes, which must be fully considered by Ofcom in their design of a reformed switching process for mobile.
19. Considerers, and those non-active consumers who do not currently even consider switching, will not only need more information on how to switch. They are also likely to need assistance and reassurance in managing the switch, ideally provided by the GP who be incentivised to ensure the switch runs smoothly.

Loss of service

20. According to Ofcom's research, 22% of PAC switchers and 14% of C&R switchers reported some loss of service when switching. Of that total, 15% experienced loss of service for more than one day. As to be expected, the threat

⁷ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.23

⁸ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.22

⁹ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.27

Impact on Competition continued

of losing service is a deterrent to non-switchers, with just over one in six considerers citing concerns around loss of service.¹⁰

21. While this research helps to highlight the current scale of consumer harm, it must also be noted that – as dependence on mobile connectivity grows – loss of service will create even greater harm for switchers and be seen as a greater deterrent for non-switchers. UK consumers are already in a position where they say that they can't survive without their mobile phone¹¹ and 15% of households are mobile only – compared to 5% fixed line.¹² The impact of losing service – even for an hour – is becoming significantly more harmful for consumers. We therefore welcome Ofcom's conclusion that any reformed switching process must tackle the potential for loss of service.

Double paying when switching

22. Ofcom also found that around a third of contract switchers recall paying both providers for a period of time when they switched, with the mean average period of double paying being around 13 days.¹³ Concerns around double billing were also an issue for around one in six considerers. This situation, where a switching process is so complicated that contract customers are often forced into paying twice, is simply not fair.
23. Switching processes should incentivise consumers to make optimal economic choices. Perversely, the existing process for mobile may penalise the most vulnerable consumers for making a theoretically sensible decisions to move onto a more appropriate tariffs. We therefore fully support Ofcom's conclusion that reform to the switching process must tackle double billing. Indeed, we believe that the reforming the switching process is the most effective way of tackling this harm, rather than any other mechanism.

Impact on Competition

24. It is also important to note that the current switching process doesn't just cause consumer harm but also damages the competitiveness of the UK mobile market.
25. A seamless switching process is vital to promoting fair and open competition. If switching is easy, providers are faced with strong incentives to provide good value and high quality services, both in order to win new customers and to keep their existing subscribers. Without an effective switching regime there is no

¹⁰ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.24

¹¹ See <http://media.ofcom.org.uk/news/2014/essential-comms-services/>.

¹² Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.58

¹³ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.25

incentive for providers to keep headline prices competitive for the majority of customers, who are typically inactive. Instead, the existing system incentivises providers to keep their best deals ‘under the table’, to use as a last resort in order to keep the highest value customers. This reduces competitive intensity, making it more difficult for consumers to compare prices and putting the potential GP at a disadvantage.

26. This practice is particularly problematic for smaller operators (both MNOs and MVNOs) who, in a mature mobile market, need to win customers from incumbents to gain scale. The current processes force challenger and smaller operators to match incumbents’ unknown ‘under the counter’ deals, rather than their headline prices. Because incumbents will offer better discounts to existing high value customers, smaller players will also tend to gain only less profitable customers.
27. We are glad that Ofcom acknowledges the importance of switching reform in improving competition in the UK mobile market. Three recognises Ofcom’s conclusion that these impacts are harder to quantify than the consumer harms identified above, which is why they are not factored into the impact assessment. Still, it is clear that there will be benefits, which makes the case for reform even stronger.

Options for reform.

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?

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

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?

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

Q14 Do you agree with our preference for GPL?

28. Ofcom have set out two options for reform. Option 1 is an automated PAC request process, while Option 2 is a GPL process. While both options represent a significant improvement from the status quo, and tackle some of the identified

consumer and market harm, Three believes that only GPL delivers the reform needed to truly make things better in the mobile market.

29. The analysis carried out by Ofcom clearly demonstrates that GPL would be more effective in tackling the consumer harm outlined above.

Tackling consumer harm – hassle / time taken:

30. Both Options 1 and 2 will reduce the time and hassle involved in switching, whether it is by providing alternative routes to obtain a PAC (Option 1), or eliminating the need for a PAC altogether (Option 2). Three agrees with Ofcom's conclusion that both options will reduce the time consumers have to engage with their losing providers. Ofcom has calculated that both options would result in 40% reduction in calls made as part of the switch, with a comparable benefit of £22m over the ten-year period.¹⁴
31. While this is a significant figure in itself, we believe that Option 2 would deliver at significant further reduction and therefore further savings. This is because Option 2 requires GPs to actively help consumers manage the switching process, providing any support or reassurance to the customer about the process before the switch occurs. As the provider gaining the customer, the GP will clearly be incentivised to ensure the switch occurs with the minimum of hassle. This will offer reassurance and support to customers, which could be particularly useful in encouraging those 'non-active' customers to engage with the switching process. While a simpler switching process and better information is of course important in terms of encouraging switching, some segments - particularly those who do not currently engage - may need further assistance and reassurance.
32. Option 1 would still require significant, unnecessary and potentially discouraging proactive input from the customer, particularly in relation to the evaluation of information and contacting the LP for the PAC. This is clearly a more complex process than is necessary and is likely to deter some customers, especially those less inclined to engage with the market, from switching. Option 1 will also mean that the GP is not in a position to assist the customer in understanding information or providing reassurance about the process. Three believes that this situation will undoubtedly lead to some consumers contacting their LP provider to seek clarification or reassurance – which under Option 2 could be provided by the GP.

¹⁴ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.47

33. We are also concerned that Option 1 retains the requirement for a customer to obtain a PAC. Considering the confusion around the role of a PAC, as evidenced in Ofcom's switching study (see paragraph 14), it may be that GPL would be perceived as a more consumer-friendly and simple solution, as it does not require a PAC or an addition SMS or call. This could be particularly valuable in encouraging non-switchers to engage in the process.

Loss of Service

34. As we set out above at paragraph 21, loss of service when switching is already a cause of significant consumer harm for switchers and acts as a disincentive to non-switchers. Given increasing reliance on mobile services, be it for business or as the only way to communicate with family or friends, these harms will only become more significant. Therefore, any effective switching reform must tackle this issue.
35. We are concerned that Option 1 may make it harder for customers to manage the process to prevent any loss in service. Under the current LPL process, the LP is in a position to advise customers on how to best manage the switch, even though they are unlikely to be incentivised to ensure the switch runs smoothly. Option 1 removes this support from the consumer completely, unless the customer proactively contacts the LP or GP.
36. Although savvier consumers may be able to manage the switching process from the information gained from the proposed Central Porting System, less engaged consumers will be less willing or able to do this. If the reformed switching process led to an increase in incidents of loss of service, this would not just impact switchers but could also mean that those who currently do not switch are even less likely to do so.
37. Three is clear that Option 2 would be more effective at tackling loss of service, as the GP will be in a position to help the customer manage the switch and reassure them about the porting process. It is the view of the Three that the GP will be clearly incentivised to ensure the switch progresses smoothly, so that the customer's first experience is not a negative. This will reduce consumer harm.
38. We recognise that Ofcom's separate proposals for End-to-End management would significantly reduce the potential harm caused by loss of service for both options. End-to-End management (which is also referred to as 'make before break') is where the LP may not deactivate the leaving customer's mobile service until the gaining provider has activated the new one.

39. However, Three notes that these proposals may not be progressed by Ofcom. Therefore, considering the scale of consumer harm associated with loss of service, we believe that Ofcom must progress Option 2, the standalone reform that will best tackle the problem.

Double Payment

40. Ofcom's analysis of the ability of each option to tackle double billing conclusively demonstrates that Option 2 would be significantly more effective in this regard. As with concerns at the impact of loss of service on customers when switching, this would be mitigated by the ability of the GP under Option 2 to discuss with the customers how best to manage their switch. This would not occur under Option 1. Indeed, Ofcom acknowledges there may be an 'increased risk of double-paying' with this solution.¹⁵

41. Even using Ofcom's conservative assumptions, it is estimated that the associated benefit of Option 2 (in terms of reducing double billing) is £24.3 million over ten years. By comparison, Ofcom suggests that Option 1 would deliver modest saving (£7.6 million) in this area. Under Option 1 this saving is derived from the assumption that the consumer would be deemed to have given notice to their LP at the point at which they request the PAC.

42. However, Three backdates the customer's notice period to the point at which the PAC is requested. This means that under the proposal Three's customer base would see no such savings. Therefore, we remain unconvinced that Option 1 would deliver meaningful consumer benefits in this area – and that it may actually increase the proportion of customers who experience double billing. This is a concern, considering the scale of harm associated with double billing and the potential deterrent effect such a threat has on those considering switching.

43. Even accepting Ofcom's estimated savings, the £13 million additional consumer benefit associated with Option 2 justifies its adoption.¹⁶ Further, if the additional benefits of GPL are also considered, such as its ability to better tackle the consumer harms associated with the hassle of switching and loss of service, we believe the case is overwhelming. We therefore urge Ofcom to progress Option 2. If a lesser solution is implemented, such as Option 1, it will improve but not tackle the main areas of consumer harm. This means the process and associated harm will continue to deter consumers from switching, possibly meaning that discussions around reform will have to be revisited within ten years – creating unnecessary costs for consumers and operators.

¹⁵ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.50
¹⁶ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.55.

Implementation Costs. continued

Competition

44. In addition to the benefits in tackling consumer harm, Three believes that there is value in highlighting the pro-competitive benefits associated with Option 2.
45. The current system raises barriers to switching and therefore reduces customer churn, benefitting the incumbent operators and to the detriment of smaller operators and the consumers.
46. It is Three's view that by addressing the consumer harms associated with switching, GPL will undoubtedly encourage more consumers to switch.¹⁷ In turn, this will ensure that operators are incentivised to keep headline prices competitive and offer services that best suit consumer needs.
47. The introduction of GPL has the potential to have a transformative effect on the mobile market, not least removing a fundamental barrier that impacts the ability of smaller MNOs and MVNOs to compete effectively. GPL switching reform will be an important step towards the level playing field needed for a four-player mobile market to succeed – and as recognised in the consultation, even a moderate increase in competition could generate substantial consumer benefit.
48. It also should be noted that Government has made clear it's an ambition to introduce GPL switching across the communication sector.¹⁸ Three supports this, as a consistent switching process across the sector will be easier to understand for consumers and should therefore drive switching. This is particularly relevant in the context of the growing trend towards bundling communication services, particularly the growth of quadplay services. It is vital that whichever switching solution is introduced, it takes into account the potential impact on customers with bundled contracts.

Implementation Costs.

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

49. Three agrees that the implementation costs for both options are modest and proportionate. We supplied Ofcom with our evaluation of the likely costs to introduce the GPL system in our previous response and we remain confident in these estimates. Therefore we agree that the industry costs estimated by Ofcom for the implementation of GPL are reasonable.

¹⁷ It is to note that reforms to the Current Account Switch Service (CASS) led to a 14% rise in customers switching their current account providers. BBA, 'Promoting Competition in the UK Banking Industry', 2014,

¹⁸ Department of Business, *Switching suppliers – making it easy for consumers*, 2015

50. Although it is anticipated that Option 2 will cost a further £1.5 million to the industry over ten years, mostly due to a slightly higher set-up cost, we support Ofcom's conclusion that this difference is small in the context of the additional consumer benefits delivered by GPL. Additionally, as we have already discussed, Three believes that Option 2 would deliver additional savings to industry in terms of delivering further reductions in the time customers need to call their LP. It would also be more beneficial in terms of promoting competition in the market, tackling some of the unfairness in the current system, which particularly impacts smaller players.

Comments on the GPL model.

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?

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?

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

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?

Q16 Do you have any other comments on our proposals?

51. Three supports the GPL process outlined by Ofcom. However, we seek clarification on some minor points of detail, outlined below. We also provide our initial thoughts to Ofcom's questions regarding increased consumer information, and additional reforms to enable end-to-end management and alignment of notice periods.

52. *Information needed for switch:* Ofcom suggest that the following information should be provided to consumers prior to the switch: ETC, outstanding handset charge, notice period and the amount of any outstanding credit (for PAYG customers).

53. As Ofcom will be aware, not all providers separate out the handset and service provision component in their contract monthly fee. In this instance, the LP would only be able to provide the customer with an ETC. We seek clarification from

Implementation Costs. continued

Ofcom that they are proposing only that the LP will provide outstanding handset charge where that information is available.

54. *Verification:* Three agrees that the proposed GPL process offers sufficient safeguards to ensure consumers are not slammed. As noted in our previous responses to Ofcom, the current LPL system does not have - nor was ever designed to have - safeguards against slamming. It follows, therefore, that there are clear advantages to the adoption of Option 2, as the process will have been designed from the outset to guard against slamming.
55. *Customer Understanding and Awareness:* We fully support Ofcom's proposed approach to increase consumer understanding and awareness of the switching process. Transparent and prominent information will be crucial in creating consumer confidence in the new switching process. Operators have significant expertise and experience in communicating effectively with their consumers; therefore, we agree that operators should be given flexibility in this area.
56. *End-to-End SIM management:* End-to-end management (within which Ofcom also includes Make-before-break SIM activation) refers to the process whereby the switcher's old SIM is not deactivated until their new SIM is activated and, if a number is being ported, the routing updates are completed.
57. The current industry porting process manual includes guide timeframes for various activities to take place, in order to limit the potential period of split service. However, we recognise that as there is not a central co-ordination to sync these processes, which means the current system can result in a period of split service on the day of port. The proposals to introduce End-to-End management should help tackle this issue.
58. However, we note that while this solution would be an improvement on current practice, it will not tackle the underlying cause of delay and disruption which is the ongoing dependence on the donor operator for routing calls to the recipient even after a number is ported.
59. Ofcom has left the issue of direct call routing outside the scope of this consultation. However, we believe that action in this area would improve the porting experience. It would remove ongoing dependence on the donor provider, which can on occasion impact an individual's quality of service. Also, it would open up the opportunity for instant porting rather than the current next day model.
60. Our initial estimates suggest that these changes could be implemented for roughly the same industry cost as would be needed to enable End-to-End

Implementation Costs. continued

management (£13-29 million), albeit this would be a one off cost, not over 10 years. However, we recognise the difficulty Ofcom has experienced in the past in attempting to introduce such reform and the potential that such action would slow down the reform of mobile switching which must remain the priority.

61. *Aligning Notice Periods:* Three recognises the drivers behind the proposals to align the notice period and switching period, in order to reduce the consumer harm associated with double billing. However, we believe that the introduction of a GPL switching regime would address this issue, while also tackling other harms associated with hassle and loss of service.
62. Ofcom's research demonstrates that 20% of switchers who experienced double billing have said this was because when they had signed up with their new provider, they were unaware of the notice period required by their current provider.¹⁹ It is the view of Three that issues around the lack of awareness around notice periods will be addressed with the implementation of Option 2. The GP would inform the customer about the notice period once they had been notified by the LP. This would help to ensure that the customer is fully informed about the implications (including also financial impacts) of the notice period and given help to manage this if they so wished. Under the proposals, the GP will clearly be incentivised to ensure that there are no unexpected costs experienced by their new customer.
63. 18% of switchers said they double paid because the new provider gave them a start date that was before the end of their previous contract.²⁰ Option 2 would also tackle this situation as it has the added benefit of allowing customers to defer their switch by up to 30 days. It is the view of Three that this will be an effective mechanism allowing customers to manage their notice period, preventing either a loss of service or double billing.
64. Three also has concerns around the complexity of implementing such reform, which will require significant and complex upgrades of existing billing systems. Additionally, while the majority of our services are billed in real time, there are a proportion of services - such as international roaming in certain jurisdictions – where it is not possible to do so. Consideration would have to be given as to how best to handle such scenarios, as well as what would happen when there are outages in key systems which would prevent real time billing.
65. Three notes that a 30 day notice period is legal convention and common to other services as well as mobile. The 30 day notice period works both ways; for example Three will give our customers 30 day notice of appropriate changes in

¹⁹ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.26
²⁰ Ofcom, *Consumer Switching Proposals to reform switching of mobile communications services*, 2016, p.26

our terms. It also should be considered whether a two tier system, between customers who are in or out of contract, could cause further confusion for consumers.

66. This is the first time Ofcom have suggested reform in this area within the mobile sector, despite the multiple previous consultations on switching reform. We therefore have concerns that, as Ofcom are just beginning their evidence gathering and policy formation in this area, any attempt to introduce this at the same time as switching reform could slow the implementation of the latter. As switching reform has been considered for over 10 years, we strongly urge Ofcom to ensure that emerging policy on notice periods does not impact the timeline for switching reform.
67. Therefore, Three remains unconvinced that further measures to align notice period would be proportionate. Instead, we believe Ofcom should monitor the impact of switching reform and if there is still evidence of consumers experiencing double billing then consideration could be given to further remedies, such as aligning the notice period.
68. *Further Issues:* We note that this consultation does not seek views of reducing the port time from 24 hours. However, Three notes that many other countries operate a much shorter timeframe, including the Republic of Ireland and the USA. While introducing GPL should undoubtedly be the priority for Ofcom, it may be a missed opportunity not to reduce the length of time taken to port. However, as described above in our comments on End-to-End management, we recognise that the current system of call routing in the UK makes reform in this area difficult.

Conclusion.

69. Three urges Ofcom to progress Option 2, and introduce a full GPL switching process into the UK market for mobile. This option would be the most effective in tackling the three core consumer harms caused by the current switching process and in promoting competition. It would be more effective at reducing the need for customers to contact the LP than Option 1, reducing the hassle of switching. Option 2 would also deliver significant additional consumer benefit in terms of managing loss of service and double billing, while Ofcom acknowledges that Option 1 might actually increase the risk of double billing. In addition, Option 2 will be most effective at promoting competition and helping to create the level playing field the UK mobile market so desperately needs. The costs to industry to implement Option 2 are proportionate, particularly in the context of the consumer and competitive benefits.

70. We also support Ofcom's proposals to increase consumer information around the switching process and to introduce an End-to-End SIM management service. However, we have concerns regarding the alignment of the notice period with the time taken to switch, in particular that emerging policy in this area may delay the implementation of GPL switching.
71. Taken together, these changes will address the inherent bias and causes of harm inherent in the current switching regime for mobile. The UK is unique in Europe in operating a pure LPL system. Fundamental reform of this antiquated, complex and damaging process must be Ofcom's priority. Indeed, Three believes that Ofcom should seek to implement GPL switching within 12 months of their statement, finally giving UK consumers the simpler switching process they – and the mobile market – urgently need.