BGL Group Limited

Ofcom

Response to Consultation Questions on Consumer Switching: Proposals to Reform Switching of Mobile Communications Services

1 Introduction and Executive Summary

1.1 This document sets out some preliminary observations of BGL Group Limited (BGL) in respect of several Consultation Questions raised by Ofcom.

1.2 For Ofcom’s reference, BGL owns and operates one of the UK's most popular price comparison websites (PCWs), Comparethemarket.com (CTM). CTM offers comparison services for a range of financial services and other products, including mobile phones, broadband and digital television.

1.3 BGL supports Ofcom’s aim to reform the switching of mobile communications services to bring about conditions that make it simpler for consumers to take advantage of competition in the market place.

1.4 BGL supports Ofcom’s proposal of moving to a process that is Gaining Provider Led (GPL). We see across other markets, such as energy and current accounts, that this is an important feature which aids the switching process and allocates responsibility with the relevant party. This change would bring the mobile communications market in line with other key consumer markets. The fact that consumers cite process concerns as a major barrier to switching (page four of the Consultation cites research on process concerns) underlines the need to move to a GPL model.

1.5 BGL also welcomes Ofcom’s proposal for providers to manage the end-to-end switching process to ensure that consumers do not suffer a period without service, or double pay to avoid a loss of service. Communicating and raising awareness of this requirement will be crucial to give consumers the confidence that the switching process is reliable. Ofcom should look to develop and implement a Switching Guarantee requirement, similar to the Current Account Switching Service in the retail banking market.

1.6 BGL does not have a mobile communications services line of business and therefore has not responded to all of the questions. BGL has, however, responded to the questions that are most relevant to its PCW business, CTM.

2 Consultation Question 1: 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?

2.1 In BGL’s view, the switching process should be made as simple for consumers as possible. Any switching barriers that consumers face increases the overall level of inertia in a given market place. This is seen across different markets, from energy, to banking and mobile communications.

2.2 BGL sees no good reason why the current provider should need to be contacted by any consumer who wishes to switch. Moving to a GPL model would bring the mobile communications market in line with others, such as energy and retail banking.
2.3 Consumers who have to spend time contacting their existing provider when switching face issues such as call queues/wait times before they can even get through to an advisor to discuss their needs. The GPL model would neatly remove these unnecessary hurdles from the switching process.

2.4 BGL understands that moving from the Losing Provider Led PAC process to the GPL model will require embedding a new process. The shift to the GPL model must be completed as expeditiously as possible to minimise any consumer detriment whilst the new process is being established.

3 Consultation Question 2: Do you agree that consumers would benefit from clearer switching processes and information about switching?

3.1 Clear communication and transparency are essential in order for the potential simplicity and ease of process benefits of switching to be realised by consumers.

3.2 In BGL’s view, Ofcom should look to develop a Switching Guarantee based on the Current Account Switch Guarantee. Having a specific pledge from providers gives consumers added reassurance over what can be a difficult decision over whether to switch or not. The Switching Guarantee should be in the form of a series of promises that providers make to consumers. For example, under no circumstance will a consumer face a situation where they suffer from a loss of service. The Guarantee should also highlight where responsibility for the switch resides (i.e. with the gaining provider).

3.3 It will be important for Ofcom to undertake a marketing campaign to educate consumers on the reforms. The introduction of a Switching Guarantee would be an effective tool that Ofcom could deploy as part of a broader marketing campaign, which would not only help raise awareness about changes to the switching process, but also give consumers further reassurance around the process.

3.4 The Guarantee should be developed and agreed by Ofcom, mobile communication providers, and other stakeholders involved in the switching process, such as PCWs.

4 Consultation Question 4: 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?

4.1 In BGL’s view, Option 2 is most likely to bring about the best consumer experience and outcomes. The GPL model should enable a simpler switching process than the PAC Automation process because it removes an additional barrier from the switching process, requesting a PAC.

4.2 One of the main barriers to switching is that consumers usually want to keep their existing phone number but are unsure when to discuss the issue as part of the switching process. Ofcom should ensure that under the adopted proposal consumers are made aware of how easy it is to keep their existing number.