

Telephone Numbering Safeguarding the future of numbers – Response to consultation

14 September 2006

Dear Sir/Madam,

Here is our response to the Ofcom consultation described above and we confirm that our response can be published in full.

We are writing to you to express our opinions on various questions asked within the consultation. Lexgreen Services Limited has been involved in the provision of Personal number, non-geographic and premium rate number services for a number of years. We have built up a significant business in providing discount international phone calls via premium rate and non-geographic numbers. We also provide many personal numbers for a “follow-me service”. There are a number of aspects of this consultation that will directly effect our customers and our business.

Question 1 Which of Ofcom’s two options for a price ceiling for 070 numbers – above which a free pre-call tariff announcement would be required to inform the customer of the maximum price that could be charged - do you prefer, and why:

- a) a standard price ceiling of 20p per minute or per call from all originating providers; or
- b) a customer-specific price ceiling of no more than the maximum that a customer would pay, on a per minute or per call basis, to call a customer on a mobile network from that originating provider?

We would prefer option b as all mobile networks make pricing information available for the cost of calling mobile phones. Most mobile networks on the other hand do not make information available for the cost of calling non-geographic numbers. As a provider of personal numbering and calling services on 08 non geographic numbers, we would welcome the extra clarity of being able to tell customers that the cost of calling personal numbers will be the same as calling a mobile phone unless there is announcement. If customers have inclusive minutes valid for calling mobile phones, they should also be available for calling personal numbers that fall into the category of being callable below the price ceiling.

A price ceiling of 20p per minute would be silly. Many mobile phone users are paying 30p to 35p per minute to simply call another mobile phone. Setting an arbitrary price ceiling is no use. Further down the line in years to come there would otherwise be the same issue as what happened with 0870 numbers, where the cost has no relation to the current price for national calls.

There is however still one big issue to be overcome and that is with the mobile companies charging reasonable amounts for calls to personal numbers. Many may just take the opportunity to place all personal numbers in a highly priced category no matter how much the termination cost actually is. There are personal numbers available at present that should only cost the same to calls to 0870 number between 1.5 and 8p per minute, but the mobile company Three charge their customers £1.70 to make a 1 minute call to such a number. This is blatant profiteering which is endemic throughout the mobile industry. Companies such as us stand no chance of being able to provide pricing guidance to our customers if mobile companies persist with such excessive overcharging.

From a service provider’s point of view there needs to be specific guidance on the price ceilings for personal number termination rates that will be categorised in terms of prices as calls to mobile phones. We want to be sure that when we get an allocation of personal numbers that we can make them available to customers and be sure of how much anyone will pay to call them, and also that all mobile networks will categorise them in the same way.

Question 2

Is the proposed implementation date of around February 2007 reasonable to implement either of the two price ceiling options?

We suspect that the date of February 2007 will be far too early for mobile companies. It often takes them up to 1 year to build a new number range on their networks, so the chances of implementing tariff changes and announcements in less than a year is probably expecting too much.

Will either of the price ceiling options be more complex or require more implementation time than the other?

This is not something we will be involved with in implementing, but will simply be at the receiving end of tariff changes.

Question 3 Do you agree with the proposed designation of 071 to 075 inclusive as mobile services, and the corresponding amendment to the application form to include 075?

Yes, there seems to be no particular issues with this.

Question 4 Do you have any comments on Ofcom's guidance on the categories of end user eligible for 0300 numbers? Can you suggest any other categories of public service and not-for profit bodies that should be included in the guidance?

No. However, too many different digits representing different groups, potentially with regional variations will become meaningless to most people. Very few people know what area a geographic number is based in unless it is the area, in which they live or work.

Question 5 Do you have any other comments on the specific changes that Ofcom is proposing on the Numbering Plan and application forms?

Yes, a number of comments.

Proposed number allocation charges.

We disagree with the proposal to charge for number allocations as it could prove to be a barrier to entry into the telecoms market for companies who wish to offer services that require large groups of numbers. There may then also be various other issues outlined below:

What happens if a company has a number range that they do not use very much, but there are a few key customers still using numbers within the range? Would they be allowed to simply tell the customers that they no longer wish to operate the numbers and then cut them off? This will certainly become the case with 0870 numbers, as the costs in running them will no longer be viable. Ofcom currently intend to remove revenue sharing and reduce the cost of calling 0870 numbers to a very low level. Most customers will probably migrate to 0844 or 0871 numbers, but some will want to keep their 0870 numbers. However, why would any telecoms company want to pay for a number range that will have a much lower utilisation going forward and be potentially unprofitable? This problem may get even worse if many numbers are ported out to other providers. It would then only make sense to not pay for the number allocation and forcibly disconnect any remaining customers so the number allocation could be freed up.

What about companies who operate in the premium rate industry where they need an allocation of numbers in each price band, but number utilisation in each price band may be quite low? What about companies such as those providing VOIP services who issue many subscriber numbers but make very little profit per customer? Companies in these scenarios would be discriminated against by number allocation charges.

We have issued many personal numbers to thousands of customers, but most get very few calls. It would no longer be viable to operate these services if there are going to be number allocation charges too.

Personal Numbers

Personal numbers were sold to people who wanted to avoid changing numbers. Now they are going to be forced to change to 06 numbers. What guarantee do they have that Of com will not after a period of time mess with the number plan yet again and move them on elsewhere?

We don't see the reason for forcing yet more migration in the UK. Price ceiling announcements should be enough to inform customers about calling costs to some personal numbers. Many businesses have paid for personal numbers, had vans and letterheads painted. Why should these organisations both large and small be forced to migrate to other numbers for no real benefit? The same applies to individuals who make use of personal numbers. Just because they are a minority of users, does not mean that they should be trampled all over.

If Ofcom wish to introduce 06 numbers all well and good, but there should be no forced migration.

The same issues apply to 0870 numbers that Ofcom has already taken some decisions on. There will just be a huge expense in migrating to new numbers with yet only more confusion to the general public, after which they will probably end up having to pay even more than before for calling the replacement numbers.

The most important issue for all numbering is that many consumers feel they have been "ripped-off" for calling non-geographic numbers. But in our experience, the blame for this lies with mobile phone companies who charge the customers excessive amounts for calls, due to the confusion caused by their smoke and mirrors.

Some examples:

T-Mobile charge their PAYG customers 40p per minute to call an 0845 number which should cost between 1p and 4p per minute. Likewise they charge their customers 40p per minute to call a freephone number. They have also charge 75p per minute for personal numbers that should cost no more than 35p per minute.

O2 charge their customers 35p per minute to call 0871 numbers that should cost no more than 35p per minute. They charge all personal numbers at 50p per minute, even those which should only cost 8p per minute.

All the other networks have further examples, but are even less clear as the over charges and vary depending upon which tariff you may have.

This situation is totally ridiculous and until Ofcom can get a grip on what mobile companies charge their customers for calling non-geographic numbers, the problems of excessive charges will never go away.

If there are any further questions regarding our responses, please don't hesitate to contact me.

Yours faithfully

Mikael Armstrong
Director