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Sue Merrifield
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Dear Ms Merrifield,

We welcome the opportunity to comment on Ofcom's proposal to modify who is subject to the Premium Rate Services Condition.

Citizens Advice agrees that the PRS condition should be amended to require all controlled PRS providers to comply with directions made by PhonepayPlus for the purpose of enforcing its code of practice. We also agree that the proposed amendment to the PRS condition gives effect to this intention.

We believe that it is vital for regulatory powers to be backed up by effective enforcement mechanisms. We recognise that PhonepayPlus has had some success in regulating providers that are not subject to the PRS condition, but the current arrangements do leave enforcement gaps that need to be filled.

The telecommunications market is complex and value chains can be long, leaving consumers several times removed from some of the providers that are responsible for the service they receive. We believe that it is essential for all providers within these chains to be held accountable for ensuring fair outcomes for consumers.

Citizens Advice Bureaux often report cases in which clients have been victims of scams and frauds that involve the use of premium rate services.

A CAB in Norfolk saw a woman in her late eighties who had multiple debts, including one to her telephone provider. The woman had received numerous letters that said she had won something, and that she had to call a premium rate number in order to claim her prize. In one day, she had received 25 letters. The client had made many calls to these premium rate numbers and had ended up with a debt of over £400 to her phone provider.

We would strongly support a change that would allow full regulatory scrutiny and enforcement to extend to all providers of such services, in such a way that the perpetrators of such scams will be effectively held to account; that they will be prevented from benefiting financially from their actions; and that consumers are given refunds for losses that they have sustained.

We therefore welcome the introduction of PhonepayPlus' new Code of Practice, which will hold both 'level 1' and 'level 2' providers responsible for ensuring that the outcomes of the code are met. However, we agree with Ofcom that this will potentially widen the existing gaps in enforcement powers, leaving a greater number of providers regulated by the Code but not subject to Ofcom's backstop powers. Modifying the PRS condition to bring all controlled premium rate service providers within its scope is therefore a sensible and logical step, which Citizens Advice supports.

Yours sincerely

Cathy Finnegan
Social Policy Officer - Essential Services