



MoneySuperMarket's response to Ofcom's proposals to reform switching of mobile communications

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### About MoneySuperMarket.com:

MoneySuperMarket.com is the UK's leading price comparison website. We provide free, online tools to help people manage, save and grow their money, by enabling them to compare and switch Insurance, Money and Home Services products from nearly 700 providers.

MoneySuperMarket.com is part of the Moneysupermarket Group PLC, an established member of the FTSE 250 index. In 2015, we helped six million families save an estimated £1.6bn on their household bills, including 1.6m people who got a better deal on their finances and half a million households that switched their energy supplier.

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## Introduction

MoneySuperMarket.com is committed to helping every household in the UK make the most of its money. Last year, we helped households save £1.6 billion. This year, we want to go even further and save UK households £2 billion.

Our Home Services channel is one of the fastest growing parts of our business and covers a range of products areas – from broadband and energy to entertainment and mobile. It has helped tens of thousands of consumers switch to find a better deal this year alone.

As a result of this, MoneySuperMarket.com is well positioned to offer insight into how to deliver the best switching experience for consumers seeking a new mobile phone contract. We welcome Ofcom's commitment to reform mobile switching and believe it will help remove many of the barriers that currently inhibit consumers from changing their provider.

## Ofcom's analysis of the current challenges facing consumers

Ofcom's analysis of the current approach to mobile switching clearly reveals a process full of shortcomings that makes life tougher for consumers. Put simply, it is far too onerous.

For those seeking to switch and retain their existing mobile number, the process of having to request a PAC code from your current provider, and then provide it to your new provider (following a period with a temporary number), is unnecessarily complicated. Whilst marginally less complicated, the process for those changing phone number as well as provider (the 'cease and re-provide' arrangement), still places more emphasis than desirable on the consumer managing the process themselves. Both processes lag behind those in place across the continent and in other industries like banking, energy and broadband, where switching is largely 'gaining provider-led' (GPL).

Additionally, we also agree with Ofcom's take on the main concerns (time and hassle; losing service; fear of double paying and confusion) felt by consumers as part of the current PAC and C&P processes. Our own experience shows that all of these of concerns act as significant barriers to switching.

## Ofcom's proposed two options

Whilst MoneySuperMarket.com acknowledges that both options advanced by Ofcom would deliver significant improvements on the status quo, we would strongly support the adoption of Option 2 (the GPL process) over Option 1 (the automated PAC process). GPL processes are known to provide better switching experiences for consumers and, increasingly, they are used as standard in other switchable product areas such as broadband, banking and energy. Crucially, a move to GPL in mobile would match the government's ambitions too: the Government's recent response to its work on Switching

Principles includes a principle that switching should be gaining provider led across a range of product areas including mobile.

Option 2 would serve the needs of consumers far better than Option 1. In particular, it would have the following benefits over Option 1.

**1) Option 2 would provide clearer notice periods to consumers**

- a. Option 2 requires the customer to speak to their gaining provider to receive information about their notice period. This conversation would require the customer and gaining provider to confirm the start date of the new contract, thus reducing the risk of confusion over this key piece of information.

Additionally, Option 2 also promotes further safeguards to avoid uncertainty over notice periods by requiring the customer to respond directly to a text message that includes all cancellation details applicable to their existing contract (including notice period) as well as any outstanding charges and related further terms.

- b. In contrast, Option 1 does not provide the same clarity. Two problems, in particular, exist:
  - i. The notice period starts when the PAC code is requested by the customer – a fact few customers are aware of;
  - ii. In cases where the customer needs to request a second PAC (due to a lost or undelivered PAC), this would result in the creation of a new notice period being created, thus leading to further confusion.

**2) Option 2 is better aligned with customer expectations based on their experiences of other services**

- a. In broadband, energy and banking, switching is almost always gaining provider-led.
- b. With this in mind, and with the rise of quad-play and ever increasing mergers & acquisitions in the sector, MoneySuperMarket.com would strongly endorse Ofcom rolling out a standardised gaining provider-led approach to digital TV and bundled packages as well. Making all home communications services GPL would make switching easier for customers as they would follow the same process to change all services.

### 3) Option 2 would bring the UK in line with Europe

- a. Adopting Option 2 would bring the UK's mobile switching process in line with most of Europe where GPL is standard practice and providing consumers with easier switching.

#### Ofcom's further proposals to address consumer harm

In its consultation document, Ofcom makes a further proposal to address consumer harm. The proposal covers their intention to require an 'end-to-end' management of the switch by a single body, as well as the possible implementation of a 'make before break' process. MoneySuperMarket agrees with Ofcom that, in principle, this proposal could serve to reassure customers that the switching process is as robust and error-free as possible. In the meantime, we would welcome further information from Ofcom on how they envisage this proposal working in practice.

#### Additional comments

MoneySuperMarket.com would also like to encourage Ofcom to consider the following recommendations:

- 1) **Reduce notice periods.** The average notice period of 30 days remains far too long. MoneySuperMarket.com recommends that Ofcom reduce notice periods to 7 days. We believe this would have two benefits:
  - a. It could significantly reduce instances of double-paying;
  - b. A shorter notice period could also stimulate more switching as the long notice period can inhibit people from switching provider.
- 2) **Unlocking of devices.** It is far too common that devices remain locked once a customer has left their contract. The result is that customers are left with an expensive device that they may wish to use again but are unable to use whilst the device remains locked. Whilst it is possible to unlock the handset, it can take up to 10 days to unlock a device. In turn, MoneySuperMarket.com recommends that, where appropriate, the unlocking of devices is built into the GPL process outlined in Option 2.
- 3) **Handset ownership.** With many devices now part of bundled packages, customers with such contracts who are seeking to switch provider are often liable for a big bill to cover the remaining cost of their device if they have not come to the end of their existing contract already.

If Option 2 is adopted, one of its benefits (as previously articulated) would be that it would encourage better communication between customers and providers. This should lead to greater clarity over contract start and end dates, as well as any outstanding fees owed. With the costs of handset often so high, MoneySuperMarket.com strongly recommends that, prior to the completion of the switch, customers are clearly made aware of any outstanding fees related to their device.

We would be delighted to discuss these thoughts in person with the appropriate team members at Ofcom should they have any questions. If this would be of interest, please do not hesitate to contact Rob McNamara, MoneySuperMarket.com's Public Affairs Manager, at [robert.mcnamara@moneysupermarket.com](mailto:robert.mcnamara@moneysupermarket.com) to arrange a time.