

Your response

Introduction to aimm

The Association for Interactive Media and Micropayments (aimm) is the specialist UK-based trade organisation representing member companies involved in the interactive media and micropayment industries - where consumers interact or engage with services across converged media platforms and may pay for those services or content using a variety of micropayment technologies including premium rate. We are a not-for-profit organisation, funded by our members, run for our members. We create conditions for growth and protect the regulatory environment in which our members operate.

aimm has a membership that represents the entire value chain – from the providers and promoters of content to the network operators and technical service providers that deliver and bill them to customers. No other organisation has such reach or representation. Members of aimm work collaboratively to address key industry issues and to build a trusted business environment, encouraging investment, creating new opportunities, and developing business partnerships.

aimm promotes excellence in the world of interactive media and micropayments. The purpose of aimm is to create an environment of consumer confidence and trust within which our members' commerce can flourish. aimm promotes and abides by the philosophy that consumers who are accurately and openly informed of the nature, content, and cost of participation in an interactive service experience are perfectly placed to exercise their freedom of choice and thereby enjoy the most effective form of consumer protection.

Membership Input

aimm welcomes the opportunity to respond to this consultation. To assist aimm in providing comprehensive input we communicated with our members in the following manner;

- aimm General Meeting
- Whole membership online workshops
- Written input from members
- One-to-one telephone discussions
- Individual meetings

aimm members who operate in the Phone Paid Services markets are broadly split into seven categories although there is some overlap inside individual Member businesses.

- Fixed Line Networks who can be Fixed line Intermediaries
- Mobile Networks
- Mobile Intermediaries
- Merchant providers of traditional PRS services (fixed line, PSMS, and DCB)
- Broadcasters (who are often Merchant providers)
- Charities and Charity enablers (who are often Merchant providers)

• Industry Support companies

aimm sought responses from members across the whole value chain and in this paper varying views are represented. Some of aimm's members may input their response directly to Ofcom through their regulatory staff or regulatory representatives. Wherever possible, we ensure that views of members made through independent responses are in synergy with aimm's collective views.

As our response is guided and supported by members' input, and where the term "members" is used this refers to those members who engaged with us during the consultation process. Some views may be expressed that are not necessarily those of the aimm Executive or aimm's Board of Directors

The Importance of getting this right can't be underestimated, and we know from our discussions with Ofcom that this is recognised. As such, we would like to propose a six-week review and feedback loop of responses received, and proposed revisions to the Draft Order, so that we can ensure that the publication of the Order runs as smoothly as possible.

Question	Your response
Q1. Do you agree with our assessment that our proposals will not affect any specific groups of persons (including persons that share protected characteristics under the EIA 2010 or NIA 1998)? Please state your reasons and provide evidence to support your view.	Confidential? – ¥ / N Members agree with the assessment.
Q2. Do you agree with our assessment of the potential impact of our proposal on the Welsh language? Do you think our proposal could be formulated or revised to ensure, or increase, positive effects, or reduce/eliminate any negative effects, on opportunities to use the Welsh language and treating the Welsh language no less favourably than English?	Confidential? —¥ / N Members agree with the assessment and do not suggest any revisions.
Q3. Do you have any comments about our	Confidential? – ¥ / N

proposed definitions in articles 3 to 8 of Part 1 of the draft PRS Order for key service concepts that are used throughout the Order?

1) Members consider that 098 was already regulated under the existing regime as shown on the PSA website:



Number ranges regulated by the PSA

Number range	Typical services	Regulated by PSA?	Register?
09	Live entertainment	Yes, all numbers	Yes
	Competitions	beginning with 09	
	TV voting	are regulated by	
	ICSS	the PSA if the	
	Call Routing	cost per minute	
	Adult recorded lines	or per call is	
	Specialist advice	greater than	
		5.833p (excl.	
		VAT)	

2) Members note that Article 3 states:

Meaning of controlled PRS

- (2) A premium rate service falls within this paragraph if—
- (a) the use of a premium rate number is required to use the service, and
- (b) the charge for the provision of the service is—
- (i) a single charge of 5.833 pence or more, or
- (ii) calculated by reference to a rate of 5.833 pence or more for each minute of the duration of the electronic communication.

Members ask for clarity regarding whether Voice Shortcodes of 5.833 pence (exc VAT) are considered CPRS.

It is also noted that the rate given also has no allowances for inflation as it uses fixed price amounts.

Members also seek confirmation that in fact only the premium service element continues to be regulated under the PRS Order. Clarity could be provided with a simple wording change in the draft PRS Order, such as:

- (2) A premium rate service falls within this paragraph if—
- (a) the use of a premium rate number is required to use the service, and
- (b) the **premium** charge for the provision of the service is—
- (i) a single charge of 5.833 pence or more, or
- (ii) calculated by reference to a rate of 5.833 pence or more for each minute of the duration of the electronic communication

Members are keen that consumers are made of aware of the costs of using a service, and as such refer to standard network rate charge in their promotional material. The PSA has always been clear that this is excluded from PSA regulation and has never been considered to be controlled PRS. It is worth noting that the cost of Standard Network Rate to the consumer varies by provider and by tariff plan and is set

separately by each MNO in their standard terms and conditions. Members seek assurance therefore that Standard Network Rate remains out of scope.

- 3) Members also note that within the definitions **Article 3** seems to state that 087 will in in scope of CPRS and 084 of PRS and ask for clarity around this suggestion.
- 4) Society Lotteries seem to be missing from the list in Article 8 1(a). Members ask for confirmation that they will be added. It might be better to explicitly reference a society lottery and gambling services as two separate propositions and include them under the provisions of a subscription service.

Q4. Do you have any comments about our proposed definition for PRS regulated providers and regulated activity in article 9 in Part 1 of the draft PRS Order?

Confidential? - Y-/ N

Whilst we recognise the term 'Merchant' is a carry-over from Code 15, the term does not particularly support the use of charity donations. Perhaps a more inclusive term could be adopted to better capture the full spectrum of premium rate use cases. An example is the term 'Provider'.

Q5. Do you have any comments about our proposed approach to registration and registration exemptions in Part 2 of the draft PRS Order?

Confidential? - Y/N

We have several comments below:

- 1) Members note that in 4.37 of the consultation document, the requirements in Article 10 are to be streamlined. Members would like to understand what impact this will have on the "service checker" that the PSA currently operate. The service checker allows consumers to look up a number/service on their bill or enter a bill descriptor to enable consumers to match that to a service date to establish who charged them and for what service. With the new streamlined requirements members would like to understand further how this will now operate.
 - aimm operates a consumer facing website "phonecharges.org" which also offers a service checker, however this partly uses PSA data. aimm would be pleased to offer a proposal to Ofcom to look at creating its own API and providing this as a standalone service, with consideration of funding and with notice, if the existing service checker is to be discontinued. This would allow Ofcom to remove the upkeep of the service checker from its list of responsibilities, which may be useful.
- Members note that Article 10 states:
 Requirements before carrying out a regulated activity
 (1) No person may carry out a regulated activity (or purport to do so), unless the person— (a) is a PRS provider who— (i) meets the requirements in paragraph

(2), or (ii) is an exempt PRS provider under article 11, and (b) has appointed a person in senior management for the purposes described in paragraph (4) (generally authorised person).

Due to the complex and niche nature of this Industry, there are occasions where the "generally authorised person" responsible for phone-paid activity may not be in senior management. Phone-paid service revenue can be a narrow revenue stream within some of the large-scale businesses involved and as such may not be under the remit of a senior manager. Members would suggest that the term "generally authorised person" is appropriate to be used throughout.

3) Members note that in Article 11,1 (a) that any

"merchant who provides a controlled PRS in respect of which the charge to the consumer (for the service) is enabled by means of a facility made available by a sole relevant intermediary" is exempt from registration. This has potential to cause consumer harm. The majority of merchants are running services through a sole intermediary and as such will potentially be exempt from registration which is not how the current Code 15 works. This new wording will potentially make registration for merchants the exception rather than the rule, which could introduce and element of risk - registration being a conduit to rooting out bad players from market.

Additionally, presumably this would rule as 'exempt' any single intermediary merchants out from any 'number checker' type functionality.

4) Members note the following at Article 11, 1(b)

11.—(1) A person is an exempt PRS provider if the PRS provider is a merchant who— **(b)** provides a controlled PRS to consumers via an app store that is provided by a relevant intermediary.

Members suggest that this might create a loophole where those designating themselves as app stores (which is not very difficult), might be looking for exemptions for the wrong reasons. The membership recommends that Ofcom require all App Stores who are granted the exemption be directly regulated by Ofcom to ensure that Global Players having many unregistered merchants are sufficiently incentivised to maintain the highest consumer protection standards. Ofcom currently has the infrastructure, staff and funding taken on from the PSA to deliver this.

5) Members note the following within the consultation document at **4.51**;

We are simply requiring intermediaries to collect and retain in this information.

Members seek confirmation as to whether this is an additional unnecessary word or if there is a certain format that records should be retained in?

6) Members note that **Draft Order, PART 2, 10.2 (a)** states: A provider meets the requirements in this paragraph if the provider— (a) has given OFCOM the information described in Schedule 1 [see below] in respect of the regulated activity in the manner specified by OFCOM on their website,

Schedule 1, 12(f) Where a PRS provider is a merchant, the PRS provider must also provide the following information in respect of each controlled PRS being provided to consumers— (b) the name of **any other person** contracted for the provision of that service, including for promotion and marketing of that service.

Members would instead like to recommend the amendment below. This will protect the commercially confidential information will be available to competitors.

Schedule 1, 12(f)Where a PRS provider is a merchant, **Ofcom** will hold in confidence the following information provided by the PRS provider in respect of each controlled PRS being provided to consumers— (b) the name of any other person contracted for the provision of that service, including for promotion and marketing of that service.

7) Members note that the consultation states that:

4.6 We are not proposing to retain the various permissions, including 'prior permissions' within the draft PRS Order, or the ability to issue non-binding guidance and advice.

The PSA reviewed the success of Code 15 and it was noted that whilst the Code was deemed a success it had attracted more requests for compliance advice than expected. If success goes hand in hand with advice, then it would seem counterproductive to remove the availability of that facility – proven to work - from the value chain.

- 8) The PSA 15th Code of Practice allows providers to notify them of changes to Registration information up to five working days after the changes have been made. The Draft order suggests that:
 - (2) A provider meets the requirements in this paragraph if the provider— (a) has given OFCOM the information described in

Schedule 1 in respect of the regulated activity in the manner specified by OFCOM on their website, and (b) at least five working days have elapsed beginning with the day on which the information was given.

This means that rather than having five days grace to notify the regulator of information providers will now have to provide that information five days in advance of the changes, meaning that there is a proposed ten day difference. Given that the current model is working without consumer harm, members would ask that the current model is retained, which is more flexible and considerably more workable for the value chain.

- 9) Members ask for confirmation that the Registration tool will remain the same. The last time that there were significant changes to the tool, Registration was hampered by technical issues with the new system, leaving providers potentially in breach for faults that were not of their own making.
- 10) Members note that in 11. 4 (e) the allowance for a "previously exempted merchant" will close. Members question whether this is anti-competitive and question how similar businesses could gain the same benefit in future?

Q6. Do you have any comments on our proposed requirements relating to due diligence and risk assessment in Part 4 of the draft PRS Order?

Confidential? -Y/N

1) At **Article 16** members note the prohibition on dealing with persons on whom a relevant sanction has been imposed:

16.—(1) No PRS provider may enter into an arrangement with another person in respect of a regulated activity where that person is the subject of— (a) a direction given by OFCOM as set out in paragraph (2), (b) a **sanction** imposed by PSA as set out in paragraph (3), or (c) a **sanction** imposed by a relevant enforcement authority as set out in paragraph (4),

Members ask for guidance around how thy will be able to determine this? For example, will a list be published and at what stage is this information made available?

2) Members note that Article 17, 2 states that:

The assessment must consider the risks to consumers that may arise having regard to (b) details of whether the party is unable to pay its debts, or is likely to be unable to pay its debts as they fall due,

Members suggest that in many cases it will be impossible to know this ahead of time.

- 3) Members note that Article 17, 3 states that:
- 2) The assessment must consider the risks to consumers that may arise having regard to—
- 3.(c) details of the party's involvement in any legal proceedings, including any previous or ongoing legal proceedings and judgments or any other decisions made by a court, tribunal or other body in respect of the counterparty

Members propose that this be amended to read:

.(c) details of the party's involvement in any legal proceedings **relevant** to the provision of CPRS, including any previous or ongoing legal proceedings and judgments or any other decisions made by a court, tribunal or other body in respect of the counterparty

This small amendment will remove the requirement for all legal history, even such history that is irrelevant to the provision of these services, to be included.

Additionally on this point, members note that no definition of risk is included here. Is a risk a complaint? Fraud? Criminal activity? Members ask for a little further clarity on this.

- 4) Article 17(3)(d) of the draft PRS Order requires that PRS providers;
- (3) In considering risk for the purposes of paragraph (2)(b), the PRS provider must take account of such of the following information as it may reasonably access in regard to each party—(d) use of sub-contractors

Members question how easy it would be to carry out such diligence on, for example, Google advertising services and would ask Ofcom to consider that barrier in this area of the draft order. If, as the membership suggests above, Ofcom were to accept direct regulatory oversight of App Stores for PRS then the promotional services provided by App Stores could be captured in the regulation. I.e if Google banners are delivered by Google that changes the information provided, Google must be held accountable.

5) Articles 18 and 19 allow for termination of contractual arrangements between Network operators and Intermediaries and Intermediaries and Merchants, but do not allow for direct contractual relationships between Network Operators and

Merchants. Members ask for confirmation that the same requirements are applicable here.

Q7. Do you have any comments about our proposed approach to security testing in Part 5 of the draft PRS Order?

Confidential? -Y/N

1) Members are concerned with the intention in the consultation at **4.98 (Article 21(6))** which states:

We also propose to require that intermediaries share results of their relevant security testing with the network operators they have arrangements with where that network operator has requested the results.

Network Operators suggest that the Intermediary should instead be obliged to provide results - not only on request. These results are critical to ensuring robust systems upon which the consumer experience will be based. Members feel that these results should be shared as a matter of course and should not rely upon a Network having to request them.

- 2) Members also ask if there is to be a standard (such as ISO) to ensure a minimum standard of testing is achieved? Whilst there is a common understanding as to the type of testing that is relevant now, as time and technology moves on, it may be useful for a common standard of testing to be required to ensure standards are upheld.
- 3) Members also ask for clarity around which platforms need security tests carried out on them is this requirement operator billing platform specific?

4) Article 21 states that:

- 21.—(1) No intermediary may carry out a regulated activity, unless the intermediary has carried out relevant security testing—
- (a) within the period of 12 months ending with the day on which any regulated activity begins, and
- (b) subsequently at annual intervals from the day after which the relevant security testing was most recently completed, for so long as the intermediary carries out the regulated activity.

Members suggest that — in line with Risk Registers which are constantly updated — security testing should, as well as annual formal testing, be carried out as necessary to address risks that may emerge in the interim period between those annual tests. Members would suggest that a schedule is stated in the Draft Order to address testing that is in response to emerging risks.

Q8. Do you have any comments about our proposed approach to misleading information and/or the promotion and marketing of PRS in Part 6, Chapters 1 and 2 of the draft PRS Order?

Confidential? – Y / N

1) Members ask how Ofcom will reasonably assess -in the event of a potential contravention -what makes an "average consumer"?

For example, a focus group of 10 people of a certain demo graphic might respond differently to a different demographic making it difficult to decide on what is "average". As the 15th Code did not specify this requirement, Members are keen to understand what is expected of them.

2) Society lotteries can be used by consumers from age 16, not 18.

At **Article 25. 2 c**, if Society Lotteries are included as remote gambling then the associated wording below is not accurate.

25 3 (a) The promotion and marketing of any service to which this article applies must clearly state that— (a) the service must not be used by any person under the age of eighteen,

Q9. Do you have any comments about our proposed approach to pre-contract information and express consent for imposing certain charges in Part 6, Chapter 3 of the draft PRS Order?

Confidential? -¥ / N

1) Members note that Article 26 states:

Information to be provided before entering into a controlled PRS contract 26.—(1) Before entering into a controlled PRS contract with a consumer, a merchant must provide the consumer with the information specified in Schedule 3 in a clear, comprehensible and prominent manner, and in a way appropriate to the means of communication used.

Currently, those operating prize draws, competitions and votes, and charity donation services will present key information to consumers, with more detailed information such as terms and conditions, contact details and policies available via a web link (which the consumer may, or may not, access before entering into the contract). This is particularly useful for those with limited space (perhaps on TV) or time (perhaps on radio). This ensures that the information which aids a consumer to make up their mind about whether to participate is presented clearly pre-contract, along with further, more detailed information available to the consumer if they wish to view it – at whatever stage in the contract process they choose, even post contract.

The above **Article 26** states that information in **Schedule 3** (below) must be given pre-contract, in a prominent manner, appropriate to the means of communication used.

Schedule 3

their allocation,

The information referred to in article 26(1) is— (a) a description of any contents offered by the controlled PRS, including the main characteristics of the contents, the information that the consumer will need to make use of that contents and, where applicable, the conditions, time limit, restrictions, limitations and procedures for using the contents.

- (b) a description of any offered facility comprised in the controlled PRS, including the main characteristics of the facility and, where applicable and except to the extent provided for in sub-paragraphs (c) to (e), the information that the consumer will need to make use of that facility, the conditions, time limit, restrictions, limitations and procedures for making use of the facility,
- (c) where a facility for making a payment for goods, services or digital content is comprised in the controlled PRS, the information that the consumer will need to make use of that facility and, where applicable, the conditions, time limit, restrictions, limitations and procedures for making such a payment,
- (d) where a facility for entering a competition or claiming a prize is comprised in the controlled PRS, the information that the consumer will need to make use of that facility (including details of any different ways of using it) and, where applicable—
- (i) the conditions of entering a competition or claiming a prize,
- (ii) the time limit of entering a competition or claiming a prize,
- (iii) the procedures for entering a competition or claiming a prize, and (iv) details of the prizes available for allocation, including their number and value together with any criteria, restrictions and limitations for
- (e) where a facility for registering a vote or recording a preference is comprised in the controlled PRS, the information that the consumer will need to make use of that facility and, where applicable, the conditions, time limit, restrictions, limitations and procedures for registering a vote or recording a preference, (f) the total charge payable for the provision of the controlled PRS inclusive of taxes, or where the nature of the controlled PRS is such that the charge cannot reasonably be calculated in advance, the manner in which the charge is to be calculated,
- (g) where applicable, all additional charges and any other costs for or in connection with the provision of the controlled PRS including any access charge or, where those charges or costs cannot reasonably be calculated in advance, the fact that such additional charges or costs may be payable,
- (h) in the case of a controlled PRS contract of indeterminate duration or a controlled PRS contract containing a subscription, the total costs per billing period or (where such contracts are charged at a fixed rate) the total monthly costs,
- (i) an explanation that any charge payable for the provision of the controlled PRS will be imposed in the form of a charge to a bill (within the meaning given in article 23(3)(a)),
- (j) the name of the merchant as notified to OFCOM for the purposes of articles 10 or 13, including any trading name,

(k) the geographical address at which the merchant is established and, if different from that address, the geographical address of the place of business of the merchant, and, where available, the merchant's website address, telephone number and e-mail address, to enable the consumer to contact the merchant, (I) the name of the controlled PRS offering the contents or facility referred to in paragraphs 2(a) or (b), whichever is applicable, as given to OFCOM for the purposes of articles 10 or 13, (m) the name and contact details of the person who is responsible for the merchant's customer care and complaints handling in respect of the provision of the controlled PRS,

- (n) the policies and procedures for handling consumer complaints and enquiries, and
- (o) the duration of the controlled PRS contract, where applicable, or, if the contract is of indeterminate duration or is to be extended automatically, the conditions for terminating the contract.

An example of where it would be problematic to ensure all of schedule 3 is included pre-contract, is on air -for example a radio competition, read out by the DJ, where the inclusion of terms (k) to (o) pre-contract, in a prominent manner, appropriate to the means of communication used would be prohibitive. On TV, it would be unreasonable to expect viewers to read all of this information on screen in advance of participating in a competition/vote, and indeed it can be argued that not all of the information is key to influencing their decision to participate.

(Members also question why the name and contact details of the person responsible for customer care is required? This may not be someone who actually directly deals with consumers.)

An example showing the contrasting script for a radio competition accompanies this response, to demonstrate how the script would need to alter to fulfil the new obligations, should the understanding be that <u>all</u> Schedule 3 information must be provided on air before the consumer enters. This establishes the prohibitive nature of these changes.

Members propose that the requirement is kept as it is in the 15th Code, such that certain key information, and also the web link to further terms, should be prominent and appropriate to the means of communication used. This reflects the current regulatory model and allows consumers to receive enough information for them to decide whether to participate, along with the opportunity to delve into further information should they want to at a time convenient to them.

Consumer Contract Regulations for distance selling seem to mirror this suggestion in that they require that:

[&]quot;The (key) information should be given in writing in a 'durable medium'".

As such, members propose that the information influencing a consumer's decision to participate be given in the Call To Action, and then further information that might be useful be provided in a more durable format – i.e. via a web link that can be accessed at the consumers convenience. We believe that a clear delineation between 'pre-contract information' and 'material information' could be useful here. Material information is key information that will impact a consumers' decision to purchase or not, such as cost, time limit etc and should be provided before a purchase is made.

Other 'pre-contract information' would include details such as 'conditions of claiming a prize, merchant contact details and customer care provision details' which are less critical as to inform a consumer's decision to purchase need to be separated and handled in a different way.

This also mirrors the requirements in the Draft Order for subscription services where space is again limited, by presenting certain key information up front with further information being available by web link.

Competitions, votes (specifically those in the broadcast space) and donation services historically attract minimal complaints (see PSA stats below) from consumers, so members suggest that the current regulatory framework (providing some of Schedule 3 upfront and the rest in a web link) is working effectively and does not need to change.

Assessed complaints by service type					
	2018/19	2019/20	2020/21	2021/22	2022/23
Information, news and education	3,289	1,819	726	435	640
Assistance Services (includes DQ and ICSS)	320	570	589	456	463
Digital payments	1,782	2,750	817	226	141
Games	4,101	2,969	482	64	29
Lifestyle	751	1,271	736	21	16
Competitions and quizzes	1,268	163	20	33	17
Betting, gambling and lotteries	191	60	43	26	6
Entertainment	1,504	640	168	49	14
Device personalisation and security	229	137	27	6	1
Sexual entertainment	26	11	51	4	0
Personal and relationship services	205	199	14	2	0
Charity Donations	10	1	0	0	0
TV and Radio engagement	0	0	0	0	0
	75	163	348	25	

Equally, for members operating carrier billing services in an online environment, it is also not viable to have all of these terms on a payment page prior to purchase, as these terms would involve the consumer scrolling extensively to read them, detracting from the key information. Currently consumers understand the journey through these pages, can view the key information before purchasing and then follow a simple link to more terms should they be interested in learning more.

2) At Article 27.4 it is stated:

(4) The merchant must give or make available to the consumer the information referred to in paragraph (3) clearly and legibly on the merchant's website, adjacent to the button or other similar function mentioned in paragraph (6).

Due to the volume and nature of information required, "adjacent" may not be practical in all circumstances. Members suggest that instead this clause should mirror current standards, i.e this information is available pre-purchase at various points

- 3) At **Article 27. 7**, members question why if "This article does not apply to a subscription service comprised in a recurring donation service" it does apply to a lottery for a charity?
- 4) Express consent for charges imposed under a contract for an ICSS

Members note that at Article 29,3-5

- (3) The first requirement is that the merchant must give or make available to the consumer, and directly before the consumer pays or agrees to pay the charge for the provision of the service, the information specified in sub-paragraphs (a), (b), (c), (f), (g), (j) and (o) of paragraph 2 of Schedule 3 in a clear, comprehensible and prominent manner, and in a way that complies with paragraph (4).
- (4) The merchant must give or make available to the consumer the information referred to in paragraph (3) during their electronic communication by way of an automated message (5) The second requirement is that the
- merchant must obtain the consumer's express consent by ensuring that the consumer explicitly acknowledges that the provision of the service in question implies an obligation to pay the charge in question.

Members suggest that ICSS service have changed considerably recently, with Code 15 changes and then the subsequent ICSS consultation released in March 23.

As such, members who provide these services feel that this is new regulation coming hot on the heels of regulation that has only just started to bed in, and has not been tested with an impact assessment. As such, those members would like to see the recent regulatory changes reviewed for impact before further (potentially unnecessary) and costly changes are required.

5) Members also note that the consultation document state at **4.150**:

We consider the free pre-contract information should be able to be provided to the consumer in less than 60 seconds (by way of an automated message).

Members ask for guidance around Access Charges for these services, which come at a cost to the consumer and as such would mean that the first minute of the call would not be free.

Consideration should also be given as to how the proposed free minute will work in conjunction with the express consent, within the constraints of the tariff.

Current ICSS automated messages may take around 30 seconds before the request for consent is requested. Will providers be expected to extend these messages to fill just under 60 seconds?

If the first sixty seconds are to be free, and express consent is required before charging commences, what happens if the caller has heard the information and given their consent but less than 60 seconds have elapsed?

We would like to request clarification on what type of tariff mechanism Ofcom proposes be implemented.

- 6) Network Members will respond separately on the proposals for ICSS services. Members point out that currently only one price point with a free first minute exists, which is a free minute followed by a pence per minute charge. If Industry requires further price points, such as a free minute followed by a drop charge, then this could take longer than the proposed three months to implement, which we would ask Ofcom to take into consideration.
- 7) Article 31. 5 (a) Charging information for a controlled PRS purchased through the use of a mobile phone service states:
 - (a) appropriate medium" means an email or an SMS text message that— (i) enables the consumer to store the information in a way accessible for future reference for a period that is long enough for the purposes of the information

Presently members are unclear how this would work in relation to RCS communications. Has this been considered?

Q10. Do you have any comments about our proposed approach to provision of CPRS in Part 6, Chapter 4 of the draft PRS Order?

Confidential? - Y / N

1) In Article 31, 5(a) Charging information for a controlled PRS purchased through the use of a mobile phone service it states:

In this article— (a) "appropriate medium" means an email or an SMS text message

This does not appear to allow for any future technologies, including RCS which is becoming more widely used currently.

2) Reminder notices of termination of subscription contracts Members note that **Article 35** states that reminder must be sent to a consumer as follows:

b) a reminder that—

(i) as respects a term-based subscription, the subscription will be automatically renewed for the same duration as previously specified, unless the consumer terminates the contract in accordance with the consumer's right under article 33 before the last cancellation date, (ii) as respects a subscription of indeterminate duration, the subscription will continue indefinitely unless the consumer terminates the contract in accordance with the consumer's right under article 33

Members raise, however, an exemption that has been granted to some by the PSA (evidence of this can be provided upon request) under the current regulatory framework, which removes the requirement for such a reminder, where regular (i.e. weekly/monthly) reminders are being sent as a matter of course as well as receipts. This is because those regular reminders already inform the consumer to the level required and render the annual reminder ineffective and excessive. Members would like that exemption to be available after the transfer of power as it has been proven to meet the requirements of the Code.

Additionally, for those operating globally, the reminder would be a break from normal operating procedures, and as such a cost that some business would not consider as proportionate, as such causing a loss of opportunity here in the UK.

The BEIS consultation of April 2022, Chapter 2; Consumer Rights which can be referenced below, sought to tackle subscription traps.

Reforming competition and consumer policy: government response - GOV.UK (www.gov.uk)

This summarised that

To empower consumers, increase their confidence, and facilitate further market growth, government is making changes to subscriptions rules and will legislate to:

introduce a specific requirement on traders to send reminders to consumers before a contract rolls over (or auto-renews) onto a new term

Members would like to point out that phone-paid subscriptions do not "auto-renew" as they are simply available for any length of term which the consumer chooses and as such do not have a specific fixed period. However, members also — as part of Code 15 requirements — send annual reminders, other than where an exemption has been granted due to the weekly/monthly reminders already satisfying the requirements of the reminder.

3) Records of Consent

Article 36.—(1) states: A merchant who provides a controlled PRS to a consumer must make and keep in writing a record of the consumer's consent to entering into a controlled PRS contract and for any charges imposed under such a contract.

Members ask the following about what constitutes a record of consent.

It is noted that MFA with PIN loop has been removed as an example to future proof consent to charge and make possible other options. For subscription services, if MFA was not mandated, members would like to ask for guidance as to what would be sufficient (for example a Subscription Initiation Notification from an Aggregator, or a Google ReCapture tied to the user). Without the Compliance advice facility, which is currently available from the PSA, members will have to make a decision on what constitutes consent based on their own risk assessments.

The requirements for consent seem to be less robust than under Code 15 and as such cause Industry some concern Whilst we agree that prescription regarding the exact ways of recording Consent could be a risk to a future proof Order, we do suggest that the Records should represent a certain basic standard.

We suggest the following wording inclusion in the Order could be useful:

Records of Consent

- -Evidence must authenticate that the consent to be charged reconciles with what the consumer saw regarding pricing and other key information prior to that consent
- -The authentication of Consent to Charge should be sufficiently independent of the merchant and the merchant must not be able to interfere with the authentication process Consent to Charge records should be clearly presented, independently and easily auditable, and demonstrably tamper proof

Robust consent can be audited in a way as to prove that the consent could not have been given in any other way than by the consumers specific actions

4) Again Article 36.—(1) states: A merchant who provides a controlled PRS to a consumer must make and keep in writing a record of the consumer's consent to entering into a controlled PRS contract and for any charges imposed under such a contract. Merchants state that some do not have access to this information and would have to request and remunerate Intermediaries to make and retain those records for them (as they do currently). Equally, in some cases, it is a requirement for consent to be held by an intermediary rather than the merchant to safeguard against fraud and ensure opt in/consent is independent and verified. Is this permissible under the draft Order or do they have to have the capability themselves? If so, this will be prohibitive in some cases.

5) Again **Article 36.—(1)** states: A merchant who provides a controlled PRS to a consumer must make and keep in writing a record of the consumer's consent to entering into a controlled PRS contract and for any charges imposed under such a contract.

Members ask for clarity around who the final merchant with this responsibility is, when there is more than one merchant. For example, a Broadcaster running a telethon with a partner charity? Would both parties be required to make and keep records of consent?

6) Consumer complaints and enquiries: policies and procedures; Article 37 states that Merchants must have clear and available policies and procedures which must; 4) (a) be clear and accessible to members of the public free of charge, including on the merchant's website (if any)

Members propose that the Merchants website is sometimes a step removed from the consumer experience, and in fact the brand website (if different) is more appropriate for the promotion of these policies and procedures.

For App Stores, who handle customer care, policies and procedures should be visible on those platforms.

7) Consumer complaints and enquiries: requirements. Article 38 states: (2) The first requirement is that a consumer must be able to make any enquiry or complaint— (a) free of charge, or (b) where it is made using a telephone number for contacting the merchant, at no more than the basic rate.

Members seek confirmation that a telephone line is not a requirement where other options are made available.

8) Members note at **Article 37, 4(b)** that customer care policies must contain:

a statement of a consumer's entitlement to take the enquiry or complaint to OFCOM, together with OFCOM's contact details, where the consumer expresses dissatisfaction with the handling or resolution of the enquiry or complaint, and (ii) upto-date contact information for the merchant,

Members are aware that the current online complaints section of the Ofcom website points to the PSA, and as such, ask for clarity regarding the method in which consumers will be able to report their complaints after the transfer of power.

9) Members note that in **Article 34(3**) The merchant must, after imposing a charge for the charitable donation for the first time, give a notice by means of an SMS text message reminding the consumer of the information in paragraph (4) before a charge for a charitable donation is to be imposed on the consumer every time after that first charitable donation.

This is an optional facility in Code 15, but appears to be mandated again here. Members would ask that the current Code 15 model, which is not problematic, be retained here.

10) At Article 35 (4) Reminder notices of termination of subscription contracts it is stated:

This article does not apply where the subscription service mentioned in paragraph (1) is comprised in a recurring donation service.

Members ask why this does not include society lotteries given that the services benefit the same beneficiary.

- 11) It is noted that within the consultation at **4.163** it has been decided to remove requirements specifically around Excessive Use that exist in Code 15. Whilst these are covered in other areas within the Draft Order, some members are concerned that there is scope for excessive use to become a problem and suggest this is retained. Perhaps Ofcom could consider a provision stating that Merchants should be considering how they would themselves monitor their services for excessive use and act accordingly if they see occurrences of it.
- 12) Article 39 Additional requirements relating to refunds states the process that must be followed when communicating to a consumer about the progress of any refund request. No proposal has been given however regarding when a refund is applicable. As such, members assume that except where an error has occurred refunds are discretionary on the part of the Merchant.

Q11. Do you have any comments about our proposed requirements

Confidential? - Y / N

relating to vulnerable consumers in Part 6, Chapter 5 of the draft PRS Order?

Members are well versed in the consideration of vulnerable consumers within the value chain of phone-paid services, as this is a Code 15 standard. However, Members do note that at **Article 22** it states:

(7) References in this article to the average consumer, so far as relating to cases where a group of consumers are vulnerable consumers, are to be read as references to an average member of that group

Members do believe that judging what an average consumer might be -within the breadth of considerations of vulnerability - be very difficult or at the very open to a high level of subjectivity.

Q12. Do you have any comments about the proposed requirements relating to prevention of harm and offence in Part 6, Chapter 5 of the draft PRS Order?

Confidential? - Y / N

Members note a general requirement at 4.194 that:

PRS providers must also take all reasonable steps to prevent the risk of regulated activity causing harm to consumers.

Members would like clarity around a scenario where a service is ostensibly compliant with the Order but generates complaints and ask if the expectation from Ofcom is that consumer harm will be inferred, and the service suspended/terminated by a network/intermediary?

Members note that all services will generate queries and sometimes complaints, but – depending on the nature of the complaint of course – this may not always indicate harm. Complaints are always assessed by the value chain and acted upon.

Q13. Do you have any comments about our proposed approach to competition and voting services in chapter 6 of Part 6 the draft PRS Order?

Confidential? -¥/N

1) Members note that at **4.204 and Article 43** is states: Where a merchant offers consumers different ways of making use of a competition and voting service, the merchant must take steps to ensure that, so far as possible, consumers are not encouraged to choose one particular such way over others.

Whilst there is no attempt to direct a consumer to use one route or another, members point out that where time or space is limited, or where the consumer may not have the facility to take down all the alternative route details, a weblink/QR Code or other method of signposting additional routes of entry may actually be more useful to the consumer than trying to contain all the information in the main Call To Action.

2) Members note that at 4.206 and Article 44 it states:

In order to receive a valid ticket of entry, the consumer must use the facility made available in a competition and voting service before the time limit has expired and also meet any relevant conditions which are applicable to the service. Only consumers with valid tickets of entry can have their votes taken into account (where they have registered a vote or preference) or acquire a chance of winning the competition/claiming a prize.

During the Code 15 consultation process, aimm submitted evidence around the wording of the entry process and - similarly to the original Code 15 proposal- feel that this wording is problematic. If the consumer has used the facility (i.e. sent an MO SMS or a postal entry) but the entry has not been received by the Merchant, then it cannot be considered as a valid ticket of entry or entered into the service. This could happen in the event of an outage, network latency or a delayed postal service for example, so that even though the consumer has used the facility in the allotted time, the entry has not been received by the Merchant. Code 15 was amended by further consultation to take this into account, and as such reads:

3.13.3

All valid responses for entry into a competition or vote that are sent in by consumers within the timeframe set out in the promotional material must be entered and afforded sufficient time to be given full and equal consideration, except where such responses are received by the merchant provider (or a third party on its behalf) outside of the timeframe set out in the promotional material.

Members suggest the following wording amendment:

Suggested Article 44

In order to receive a valid ticket of entry, the consumer must use the facility made available in a competition and voting service before the time limit has expired, **the entry must have been received by the Provider** and also meet any relevant conditions which are applicable to the service. Only consumers with valid tickets of entry can have their votes taken into account (where they have registered a vote or preference) or acquire a chance of winning the competition/claiming a prize.

3) At Article 44.2 (b) Valid ticket of entry for competition and voting services it is stated that:

Where a consumer uses the facility before that time limit has expired and meets any conditions applicable to the competition and voting service, the merchant must—

(b) give a confirmation in writing of that entitlement ("valid ticket of entry") to the consumer without undue delay after the consumer has used the facility

Members seek confirmation that this is not required for a ticket to entry made by voice call, where this is not technically possible. We would suggest the following wording amendment would make this clear:

Article 44(2)(b)

....(b) give a confirmation in writing of that entitlement ("valid ticket of entry") to the consumer without undue delay after the consumer has used the facility and in writing where that is applicable to the method of entry

4) Members note that at 4.215 the consultation states:

In article 47 of the draft PRS Order, we propose to require merchants to comply with specific rules in the eventuality that a consumer attempts to use a competition and voting service after the time limit has expired.

Article 47 reads:

- (4) A merchant must also provide to the consumer without undue delay after the merchant becomes aware of the consumer's attempt to use the facility—
- (a) a confirmation of the fact that the attempt to use the facility was unsuccessful, and
- (b) either—
- (i) a confirmation of the fact that no charge has been imposed in relation to that attempt, or
- (ii) information that the merchant has imposed a charge (contrary to paragraph (2)) in relation to the consumer's attempt and that the consumer will be paid a refund of that charge

In the Code 15 consultation, radio broadcast members provided evidence to demonstrate that in some cases, with quick turnaround competitions, a confirmation that entry was unsuccessful can be problematic as services open and close quicky. This could also be the case where Merchants use shared shortcodes and as such cannot close services without affecting other Merchants competitions. In response to evidence provided to the PSA they amended Code 15 to state that consumers;

Code 15. 3.13.5

Competition and voting entries that are received by the merchant provider (or a third party on its behalf) outside of the times outlined in the promotion must be considered invalid. The consumer must not be charged for an invalid entry or must be refunded where a charge has been incurred. Any consumer who has made such an entry must be, or

must have already been, informed that such an entry is invalid and will neither be entered into the competition or vote, nor charged, or informed that they will be refunded where a charge has been incurred.

This allows Merchants to state in advance in the terms that entries received outside of competition "open" times will not be entered.

The wording of this article is also problematic as it doesn't define at what point after a promotion has closed, would it be deemed permissible to stop letting consumers know that their entry will not be valid? (What would be considered reasonable if any limit is to be placed on this - 1 hour, 1 week or 1 year?) It in effect, means that once a keyword or premium rate phone number has been used and closed, it can't be used again which is clearly not what is intended.

The current way in which the system works, and which was decided during the Code 5 consultation, would be prohibitive to alter.

Members ask that the current regulatory framework in Code 15 be carried over, as there is no consumer harm in this area (see PSA statistic below), and as such it does not need changing.





Equally, should a consumer enter after the service has closed, whilst they should not be charged their service charge, they may be charged the access charge or standard network rate, as these are not in the control of the merchant. Therefore, the current message which is common practice to deliver to consumers does mention that if you enter late, you may not be entered and you may be charged (the charge refers to the access charge/standard network rate).

As such, Members suggest the following wording amendment:

Suggested Article 47

(4) A merchant must also provide, or already have provided, to the consumer without undue delay after the merchant becomes aware of

the consumer's attempt, or in advance of the consumer's attempt to use the facility—

- (a) a confirmation of the fact that the attempt to use the facility will be/was unsuccessful, and
- (b) either—
- (i) a confirmation of the fact that **no service charge will be/has been imposed in relation to that attempt, or**
- (ii) information that the merchant will have/has imposed a **service** charge (contrary to paragraph (2)) in relation to the consumer's attempt and that the consumer will be paid a refund of that **service** charge

Q14. Do you have any comments about our proposed requirements in respect of certain CPRS in chapter 7 of Part 6 our draft PRS Order?

Confidential? –¥/N

1) 4.227 states;

In article 49 of the draft PRS Order, we propose to prohibit merchants of the following types of CPRS from providing these services to consumers under the age of 18: (a) Chatline services; (b) Live entertainment services; (c) Remote gambling services; (d) Sexual content services; (e) <u>Subscription services</u>; and (f) Virtual chat services.

We believe this should read;

In article 49 of the draft PRS Order, we propose to prohibit merchants of the following types of CPRS from providing these services to consumers under the age of 18: (a) Chatline services; (b) Live entertainment services; (c) Remote gambling services; (d) Sexual content services; (e) a subscription service (see article 8) comprised in a sexual content service and (f) Virtual chat services.

Members ask for confirmation of this.

2) In Article 50 the age verification requirements listed do not match the self-certification model for society lotteries, where currently the consumer certifies they are over 16, and are refunded the cost of their entry if age verification then fails when it comes to a prize claim. Members suggest that the current model is understood by consumers and proportionate and suggest that it is retained. To avoid consumer confusion and considerable technical change to services.

Q15. Do you have any comments about our proposed approach to the recovery of Ofcom's expenditure in Part 3 of the draft PRS Order?

Confidential? - Y / N

1) Members note that the Levy model will use a calculation that will be determined by the 'market size' vs the 'amount to be funded by the Levy'. In order to provide comments about the proposed approach, members ask for clarity regarding the

figure that is proposed as 'the amount to be funded by the Levy'. It is difficult to comment on this without knowing the potential cost. Members would like clarity around the budget and business plan that will be used to establish the cost of regulation. The PSA currently consult on the cost each year, allowing members some transparency over the cost that supports proportionate regulation. Under the PSA, funding of regulation has been set at around £3.8 million, a figure which Industry has always felt was high, and whilst it had the potential to be reduced with fine revenue - due to the low rate of fine collection - has not been in recent years. As such, members seek assurance that the budget for regulation under Ofcom will be much reduced, as a result of the removal of expensive premises costs, the removal of the cost of resources already available at Ofcom and as such not needing duplication (for example HR/finance/IT) and the loss of the PSA Board. This is particularly key as members note that future fine collection under Ofcom regulation will not be used to offset the Levy, but will go to HM Treasury. Members seek assurance that a budget of close to £4 million pounds is not perceived as standard.

- 2) Members note that the cost for regulation under Ofcom will be an apportioned cost of a larger cost base rather than a discrete cost for a discrete organisation. In order to establish whether the proposed approach to the recovery of Ofcom's expenditure is fair and represents value for money to Industry, members request more transparency of how the shared costs will be calculated and apportioned, and ask who is responsible for doing this; Ofcom or the National Audit Office?
- Members would like to remind Ofcom that under Code 15 charity donation revenues are exempt from Levy inclusion and seek confirmation that this will remain the case under the PRS Order.

Q16. Do you have any comments about our proposed approach to additional requirements on network operators in Part 7 of the draft PRS Order?

Confidential? - Y / N

- Members had a question regarding Article 56 and whether this was just voice specific or includes shortcodes. If it does include shortcodes this may already be covered by the information that is recorded in short-codes.com
- 2) It was noted that **Article 55** states:

Requirement for network operators to retain relevant payments 55.—(1) This article applies where a network operator is liable to make relevant payments to another PRS provider ("P"). (2) The network operator must not make

relevant payments to P for at least 30 calendar days beginning with the day on which the controlled PRS was used by the consumer. (3) The requirement in paragraph (1) shall not apply to relevant payments relating to a society lottery service

Members question why this is limited to society lotteries?

Q17. Do you have any comments about our proposed requirements relating to information requirements in Part 8 of the draft PRS Order

Confidential? - Y/N

Members note that at **Article 57, 1 Requirements to provide information to OFCOM** it is stated:

OFCOM may require a PRS provider to provide them with all such information as OFCOM consider necessary for the purpose of carrying out their functions under or by virtue of this Order.

Members suggest that the word 'necessary' is subjective and that perhaps "reasonable and appropriate" would be a better fit here.

Q18. Do you have any comments about our proposal to retain current PSA data retention periods for 2 years (for consumer data) and 3 years (for DDRAC data) in Part 9 of the draft PRS Order, with a preservation requirement following an investigation being opened?

Confidential? - Y / N

Members generally have no comments on this proposal as they are used to working in this way. Merchant members would like to remind Ofcom that in some cases they do not currently keep records of consent (the Intermediary carrying out that function for them) and as such, they would be uncomfortable retaining such records under the PRS order. They would prefer instead to subcontract this requirement to the Intermediaries who currently perform this function for them, ably, under Code 15.

Q19. Do you have any comments about our proposed approach to enforcement in Part 10 of the draft PRS Order?

Confidential? - Y / N

1) Members note that Article 59 states:

 $Power\ of\ OFCOM\ to\ publish\ notice\ of\ investigation$

- 59.—(1) Where OFCOM decide to conduct a relevant investigation, they may publish on their website a notice which may, in particular—(a) state their decision to do so,
- (b) indicate which of those two cases the investigation falls under, (c) summarise the matter being investigated,
- (d) identify any PRS provider whose activities are being investigated as part of the investigation, and
- (e) specify the controlled PRS of a particular description which is the subject-matter of the investigation

Members ask whether Ofcom will state the originating source of information that led to the investigation being opened, i.e. consumer contact or industry research.

2) In Article 59 it is stated:

Power of OFCOM to publish notice of investigation 59.—(1) Where OFCOM decide to conduct a relevant investigation, they **may publish** on their website a notice which may, in particular—.....

Members feel that these should **always** be published in order to support the requirement on providers to accurately risk assess potential contracted parties.

- 3) In Article 61, Members note that:
- 61 (2) A PEN must be in writing and is one which—
- (c) specifies the period during which P has an opportunity to make representations, ,
- (f) specifies the period within which OFCOM think those steps should be taken by P,
- (3) The periods mentioned in paragraphs (2)(c) and (f) may be whatever periods OFCOM consider reasonable, having regard to the facts and circumstances of the case.

Member would ask that a minimum time period be specified, e.g. 1 month, to ensure requests are given a reasonable time to be actioned.

4) In **Article 64, Interim Measures**, it is stated: 64(4) A case is an urgent case for the purposes of paragraph (3)(a) if the contravention has resulted in, or creates an immediate risk of **serious harm** to consumers or members of the public including, in particular, to vulnerable consumers.

Members ask for some guidance on what constitutes serious harm.

5) We note that there is no scope within the SI for a provider to appeal a Final Enforcement Notice. The Judicial Review is too costly for most providers to contemplate. As such Members feel that the right to appeal is limited and feels punitive.

Q20. Do you agree with our provisional assessment that our proposals are justifiable, non-discriminatory, proportionate and transparent? Please provide further information

Confidential? - Y / N

Aside from the points noted in this response, where members question some of the proposals and suggest alternatives, members agree with the provisional assessment.

Q21. Do you agree with our implementation period? Please state your reasons and

Confidential? - Y / N

1) Members believe that a minimum of 3 months is required for implementation, and should that 3 months fall over the

provide evidence to support your view?

- Summer holiday period then this will not be enough time (due to staff absence and much lower resource levels).
- 2) Members that provide ICSS services would like it to be noted that without a firm idea of whether OFCOM will require additional price points or reuse existing redundant price points for the ICSS sixty seconds free calls it's not possible to confirm that it can be done in three months. Reuse of exiting price points should be quick but additional price points would mean rebuilding systems and could take considerably longer.

Additional Comments

During this process we have been made aware that additional comments related to the consultation but not covered in the question response form would be welcomed. As such we would like to raise the following:

Industry Relations

The PSA currently utilise an Industry Liaison Panel, made up of key stakeholders within the value chain, which meet quarterly with the PSA to facilitate two-way communication about regulatory challenges and themes as well as commercial and technical innovations and opportunities. This helps promote good practice which in turn minimises the potential for consumer harm. aimm and its ILP members intend to continue these meetings, which we believe are invaluable for the sector and would like to invite Ofcom to attend or would be keen to take part in any industry

forums/meetings that Ofcom intends to operate in the future.

Feedback Loop

As mentioned in our introduction, the Importance of getting this right can't be underestimated, and we know from our discussions with Ofcom that this is recognised. As such, we would like to propose a sixweek review and feedback loop of responses received, and proposed revisions to the Draft Order, so that we can ensure that the publication of the Order runs as smoothly as possible.

PRS Order

Members ask for more information regarding the date on which the PRS Order is likely to go before parliament and if there is any contingency if an earlier than expected election is called?