

# Ofcom's Consumer Policy

## Consultation Document

**A plain English summary**

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# Introduction

We are the independent regulator of television, radio, telecommunications and wireless communications services in the UK. The law which set us up says we must carry out our role in a way that helps people in their role both as consumers and as citizens. This booklet is a summary of a consultation which describes our approach to helping people in their role as consumers. It does not cover our role as citizens. We will look at this in other projects. The consultation does not cover television and radio programmes – we're focusing here on fixed and wireless telecommunications services, and the broadcasting services (like satellite and cable television) which are used to deliver those programmes.

The idea behind this document is to give you a summary of our proposals. It describes what we think we should be doing to help consumers, and where we should be focusing our effort over the next two to three years. We'd like to hear your views on these proposals.

You'll find the full consultation document on our website at: [www.ofcom.org.uk](http://www.ofcom.org.uk). We've tried to avoid using jargon, but the glossary at the end of this document explains a few technical terms.

## Consumer and citizen interests

Before describing our approach to helping you, we should set out how we see the difference between the interests of consumers and citizens. In our view, our interests as consumers are related to the way we buy and use services and products in a market. In communications markets, we have choices as consumers, for example, about which fixed and mobile-phone services to use, and about whether to buy services such as internet access and cable or satellite television. We have an interest as consumers in how the markets for these services operate, and in how well they give us what we are looking for.

As citizens, on the other hand, we have an interest in a number of broader social aims, such as making sure that everyone has access to basic communications services – such as the telephone – at affordable prices.

## The aims of this policy

We believe that the overall aim of our consumer policy should be to work together with other organisations and industry to make sure that consumers:

- benefit from increasingly competitive communications markets;
- are effectively protected from financial and physical harm, unreasonable annoyance and anxiety; and
- have the information and tools they need to make informed choices.

We believe the aim should be to create a situation in which:

- we take your interests as consumers into account fully when deciding on policy;
- you have access to clear information on your rights, and to ways of sorting out complaints and disputes with service providers;
- the rules for service providers give you the right level of protection, without involving a lot of unnecessary paperwork and administration;
- we make sure that the rules are properly enforced;
- you have the information, skills and confidence you need to get a good deal; and
- we consider the needs of vulnerable consumers, such as older and disabled people, to make sure they are not put at a disadvantage.

We also think that if the evidence shows that a certain group of people – such as children, older people, disabled people or those on lower

incomes – are more vulnerable to harm than others, we should take this into account when developing our policies.

To achieve these aims, we believe that we should try to do the following:

- First, we need to make sure that we look at the evidence on your interests whenever we are deciding on policies which will affect the amount and type of competition in a market;
- Secondly, we need to use our powers to protect you against financial and physical harm, being annoyed unreasonably, and anxiety; and
- Thirdly, we need to make sure that you have the power to get a good deal, because you have access, for example, to information on the services available from competing providers, and confidence that you will not be affected by misleading or dishonest behaviour from suppliers.

We also think we should publish a review of consumer interests each year, which will pull together information from a number of different places on how well you are being served in the communications markets.

## Competition and consumers

We believe that your interests can, in general, best be served by promoting competition between providers of communications services. However, our research and analysis has shown that competition can come in many different forms, and that it is important to make sure that our policies help to promote the sort of competition that will deliver what you want.

To make sure this happens, we believe that we should:

- work more closely with consumer organisations such as Consumer Direct, the National Consumer Council (NCC) and Which?, so that we have as much information as we can get on your priorities in different markets; and
- set up some procedures to make sure that we take your interests into account when we do competition policy projects. The Ofcom Consumer Panel has recently done a report on this, which we plan to build on.

# Protecting consumers

Those who use communications services face some particular problems because modern communications systems allow dishonest providers to contact many people at once, and because new technology can give rise to new forms of harm.

In the last year or so, we have put a lot of effort into tackling consumer protection problems. Among other things, we have:

- introduced tough new rules to tackle misleading and unfair sales practices, including 'slamming', which happens when you are switched from one provider to another without knowing or giving your permission;
- taken action to reduce the potential for silent calls (where an automated calling system calls more numbers than there are agents available to deal with them, so your phone will ring but there will be nobody at the end of the line) and the distress they cause; and
- worked with the Independent Committee for the Supervision of Standards of the Telephone Information Services (ICSTIS), the regulator of premium rate services (PRS), to toughen up the PRS regulatory framework, so that we can take more effective action against those responsible for scams such as 'rogue internet diallers'. These rogue diallers can affect dial-up internet customers, and use bits of software downloaded from the internet without their knowledge to make expensive, premium-rate calls.

We are also developing a lot of new policies which will help to protect your interests in relation to issues such as the accuracy of bills, the pricing of 0845 and 0870 calls, and voice services provided over the internet (VoIP).



Although a great deal of work is already under way, we believe that more needs to be done, especially to:

- raise your awareness of your rights, and help you to protect yourself against harm;
- improve how effective existing arrangements are for handling customer complaints;
- target regulation more directly at those few service providers who cause the problems, while reducing the paperwork and administration involved for the majority who keep to the rules;
- spot new problems more quickly, so that we can take action before they become too serious; and
- assess the types of situation in which self-regulation by organisations in the industry are likely to be effective, and those where backing from organisations such as Ofcom is likely to be needed.

To achieve these aims, we are planning to do the following:

- We will provide more information on the consumer advice section of our website, including advice on your rights, scam alerts and updates on 'hot topics' which have been picked up by our Contact Centre;
- We will press ahead and put the recommendations from our recent review of dispute resolution processes run by Otelio and CISAS into practice. We identified a number of areas where improvements could be made, both in arrangements for sorting out disputes and in the way communications providers handle complaints in the first place. We aim to work with all those who have an interest to try to make sure that all aspects of the complaints-handling process give you the protection you need;
- We will do a review of the way we use self-regulation, to assess when different models of regulation are likely to be effective. We

can then make better use of them in future. One of the main things will be to look at better ways of giving providers an incentive to keep to the regulations;

- We will carry out a detailed review of the General Conditions, which we use to set the rules that communications providers have to follow. These rules have become more complicated over the past year or so and we are concerned that, if this continues, the whole process may become too complicated. We want to make sure that regulation is targeted towards those who break the rules, and is not too costly for the majority of providers who provide a good service to their customers; and
- We will take action more quickly against offenders, by setting up an 'early warning system' that will allow us to spot new problems before they become too serious. We will also look for ways to speed up how we investigate cases where the regulations may have been broken. This will involve working closely with other regulatory and consumer organisations, such as ICSTIS, Otelo, CISAS, the Advertising Standards Authority and Consumer Direct.

## Getting the right information

You need to be confident when making choices about how you use communications products and services. This can be difficult when the market is changing quickly, many of the products and services are technically complicated, and you may not have heard of the providers. If you are to feel confident, you not only need to believe that you are protected against harmful behaviour by dishonest providers, you also need access to accurate and reliable information about products, services and providers. Then you will be able to make informed decisions.

We do not believe that we have a major role in providing this sort of information. This is generally best left to the communications providers themselves, and to independent organisations like Which?, who supply information you can use to compare products. But in some cases, if a shortage of information is clearly preventing consumers from making informed decisions, we may need to get involved. In these cases, we will try to encourage the communications providers to meet the need themselves, or to get independent organisations to fill the gap. Only in exceptional cases will we provide the information ourselves.

Market research suggests that most consumers are aware of other providers of communications services, and we think that this situation is likely to improve in future as competition grows. The research also shows that you are generally aware of new services and technology, although this is not always true for older consumers. The Ofcom Consumer Panel is carrying out more research into awareness levels among older consumers and we will look at the results before deciding whether we need to take any regulatory action.

### Information on prices and the quality of a service

Up to now, the main problem facing consumers has been that it is not always easy to compare the prices of different services, or to get accurate and reliable information on the quality of services. We have two initiatives under way that are aimed at tackling this problem.

Firstly, we run the 'Ofcom PASS' scheme for independent websites who provide information so you can compare prices. To belong to the PASS scheme, a provider has to show that they supply fair and accurate information, which you can trust. At present, one provider – uSwitch – has qualified to be a member of the scheme, for the comparisons it provides on the fixed line services offered by around 30 communications providers.

We have some concerns about the fact that most consumers are not aware of the PASS scheme, and that this may have made it less effective. We think the time is right to review the scheme, and would be interested in your views on the following options.

- Option 1 – close the scheme down, and rely on the market to meet your needs.
- Option 2 – keep the scheme as it stands.
- Option 3 – relaunch the scheme, to expand the range of services covered and the number of members, and to raise consumer awareness of it.
- Option 4 – create closer links with one provider of price comparison information, who could provide reliable information on fixed, mobile, broadband and digital television services, and use our website more actively to provide access to the service.

We could also think about paying for an independent organisation to produce a report each year, setting out price comparisons for a range of communications services.

Secondly, we have encouraged network operators and service providers to work together to produce information comparing the quality of services, which will help you to make informed decisions when buying services. This initiative has two parts. For providers of fixed voice services, we have told them that they must publish figures on the quality of service they provide. For mobile service providers, the initiative is a voluntary one, and will again involve publishing information on the quality of service which you will be able to compare with that from other providers.

The first set of this information about quality, for both fixed and mobile operators, is due to be published in July 2006. The figures will be available on websites, and you will be able to comment on whether you find the figures useful. Once the figures have been published, we plan to review the schemes, to make sure they are meeting your needs.

### Awareness of switching processes

You also need to be aware that you can switch to another service provider if you want to, and how to go about doing so.

Research shows that most of us are not really interested in changing our provider – between six and seven out of every 10 people have never tried to work out the benefits of switching, and around half of us say that we are happy with the provider we have.

One reason why so many of us are not interested in shopping around seems to be that we don't think the gains we could make – in terms of financial savings or improved service – are big enough to make it worth our while. There is also research that shows that some of us are not sure about how much time and effort is involved in changing from one service provider to another.

We are currently doing more research into the way consumers make decisions, and why levels of interest and involvement are so low. We are concerned that consumers who are not involved tend to be older (aged 65 and above), on lower incomes, and less likely to have internet access at home. These consumers also tend to:

- have a poorer understanding of new technology;
- be less aware of other suppliers; and
- have less knowledge of their consumer rights.

The consumers in these categories would be an obvious target for an initiative designed to raise awareness. The problem is that they are also the most difficult to reach, precisely because their interest levels are low

and their access to sources of information is fairly poor. We plan to look further at these issues in the light of the research now under way, which is being carried out in close co-operation with the Ofcom Consumer Panel.

## Consultation questions

We'd like you to answer the following questions that relate to the information in this booklet. You can find a more detailed set of questions in the full consultation document, which you can see on our website.

### *Question A*

*Do you agree with our proposed aims for consumer policy?*

### *Question B*

*Do you agree that we should publish an annual report on consumer interests?*

### *Question C*

*Do you agree with our proposals for improving consumer protection? Is there anything else you think we should be doing?*

### *Question D*

*Do you agree with our approach to providing consumer information?*

### *Question E*

*What do you think of the 'Ofcom PASS' scheme for comparing information on price information? Do you have any comments on the four options referred to on page 11?*

### *Question F*

*Do you have any comments on our approach to providing information on comparing the quality of services?*

### *Question G*

*Do you think we need to take action to improve consumer awareness of how to switch to a new service provider? If so, how should we do it?*

# Glossary

Below is an explanation of some terms we have used in this document.

Advertising Standards Authority (ASA)	The independent organisation set up by the advertising industry to enforce the rules laid down in the advertising codes.
Communication and Internet Services Adjudication Scheme (CISAS)	One of the two approved alternative dispute resolution schemes.
Consumer Direct	A telephone and online consumer advice service, supported by the Department of Trade and Industry
The Independent Committee for the Supervision of Standards of the Telephone Information Services (ICSTIS)	The organisation funded by the industry which regulates all premium-rate charged telecommunications services.
National Consumer Council (NCC)	A non-departmental public organisation set up to protect the interests of consumers and to make sure that these interests are represented to, and are taken account of, by the people who make decisions.
Ofcom Contact Centre (OCC)	Part of Ofcom dealing with complaints and enquiries about communications services.
Ofcom Consumer Panel (OCP)	Organisation set up to advise us and other interested organisations about consumer issues and concerns in communications markets.



Office of the Telecommunications Ombudsman (Otelo)	One of the two alternative dispute resolution schemes we have approved.
Price Assurance Standard scheme (PASS-scheme)	Our seal of approval for websites which compare the prices of different suppliers and provide fair and accurate information.
Premium Rate Services (PRS)	Premium-rate services ('PRS') are services commonly providing information or entertainment over the phone, by fax, by PC (for example, the internet), mobile or interactive digital TV services which are charged at above 10 pence a minute.
Rogue internet diallers	A type of software which may be accidentally downloaded by internet subscribers, and which then generates calls to premium-rate numbers.
uSwitch	A provider who has met the conditions of Ofcom's PASS which compares prices for fixed telephone services.
VoIP	Voice over internet protocol
Which?	An independent organisation that deals with consumer issues.

# Responding to this consultation

## How to respond

We want your written views and comments on the issues raised in this document by **5pm on 19 April 2006**.

We strongly prefer to receive responses as e-mail attachments, in Microsoft Word format, as this helps us to process the responses quickly and efficiently. We would also be grateful if you could help us by filling in a response cover sheet (see Annex 2 of the main consultation document), among other things, to show whether or not you need us to keep information confidential. You can download the cover sheet from the 'Consultations' section of our website:

[www.ofcom.org.uk/consult/condocs/](http://www.ofcom.org.uk/consult/condocs/)

Please send your response to [conpolconsult@ofcom.org.uk](mailto:conpolconsult@ofcom.org.uk).

Or, you can post or fax your response to the address below, marked with the title of the consultation.

Claudio Pollack  
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We do not need a hard copy as well as an electronic version. We will not routinely acknowledge that we have received your response.

It would be helpful if your response could include direct answers to the questions asked in this document. It would also help if you can explain your views, and how our proposals would affect you.

## **Further information**

If you want to discuss the issues and questions raised in this consultation, or need advice on the appropriate form of response, please contact Claudio Pollack on 020 7783 4139.

## **Confidentiality**

We believe it is important for everyone interested in an issue to see the views expressed by those who respond to our consultation. As a result, we will usually publish all responses on our website, [www.ofcom.org.uk](http://www.ofcom.org.uk), ideally when we receive them (if you confirm on your response cover sheet that this is acceptable).

We will treat all comments as non-confidential unless you say that part or all of the response is confidential and should not be released. Please put any confidential parts of a response in a separate annex, so that we may publish non-confidential parts along with your identity.

We can release any information we receive if we have to do this to carry out our legal requirements. We will take account of the confidentiality of any information we receive.

## **Next Steps**

Following the end of the consultation period, we are going to publish a statement around the end of June 2006.

You can register to get an automatic notice of when we publish our documents, at [http://www.ofcom.org.uk/static/subscribe/select\\_list.htm](http://www.ofcom.org.uk/static/subscribe/select_list.htm).

## **Our consultation process**

We are keen to make responding to consultations easy, and have published some consultation principles (including on the length of consultations) which we aim to follow.

If you have any comments or suggestions on how we carry out our consultations, please call our consultation helpdesk on 020 7981 3003 or e-mail us at [consult@ofcom.org.uk](mailto:consult@ofcom.org.uk). We would particularly welcome thoughts on how we could more effectively gather the views of those groups or individuals, such as small businesses or particular types of residential consumers, whose views we are less likely to gather in a formal consultation.

If you would like to discuss these issues, or our consultation processes more generally, you can contact Vicki Nash, Director for Scotland, who is our 'consultation champion'. Her address is:

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