

Response to Simplifying Non-geographic numbers

Campaign Against Rip-off Telecoms

May 2013

In our opinion Ofcom has completely misrepresented the problems with 084/7 numbers and the reasons why consumers are reluctant to dial them. Ofcom has devoted a great deal of space in this consultation to analysing consumer demand for these numbers and considering how consumers can be encouraged to call them more frequently. Ofcom has concluded that the main reasons consumers tend to avoid 084/7 numbers and the “market” is declining is primarily because consumers are not fully aware of the cost of calling, lack of transparency of charges and consumer “confusion”.

Ofcom propose to remedy its stated problems by making the charges simpler, reducing and simplifying the charge bands that phone service companies may use and by partially revealing to consumers the structure of the cost of calls by introducing a split charge regime which requires OPCs to declare an access charge and SPs to declare a service charge. The proposed regime will require access charges and services charges to be prominently displayed in marketing and advertising material.

Ofcom are hopelessly wrong in the analysis and conclusions and misguided in the remedial action that is proposed.

Ofcom refers frequently to consumer demand in this consultation without recognising at any stage that there is NO consumer demand for 084 and 087 numbers. The demand comes entirely from the phone service companies and the large companies and organisations that want to use these numbers. When consumers call a 084/7 number they are just making a normal or regular contact call, in the vast majority of cases (say 99.9%) and they are NOT buying a service. Consumers call 084/7 numbers because they usually have no choice of number.

The proposed access charge will be roughly equivalent to the current premium on 084/7 numbers and the service charge will approximate to the micro-payment which is passed to the SP. Ofcom clearly believe that by revealing and admitting the payments that are made to SPs the public will gain an understanding of what has been going on for decades and will thereby suddenly see some value in using these numbers and the market will be “re-invigorated”. This expectation is likely to be proved hopelessly wrong. Whilst a few interested and unusually knowledgeable consumers have become aware of the micro-payments system over recent years the vast majority are still unaware and this revelation will come as quite a shock and they are likely to react adversely to the concept and to the proposals. The proposals will be seen as a complication and NOT a simplification by the majority of consumers.

Consumers do not see any value in 084/7 numbers because in the overwhelming majority of calls the consumer is not gaining any added value. Consumers simply see a need to make a

necessary phone call and are not buying a service. There is plenty of evidence of this perception such as these recent examples :---

The BBC carried a report on the proposed scheme on "Your Money" and BBC "Breakfast" on 18 May 2013 and the item was published on the BBC Website with readers comments allowed. Within hours hundreds of consumers felt strongly enough about this matter to take the time and trouble to access the story and post a comment. This is one of the few ways in which a consumer can give their opinion on this topic. A selection of comments indicates opinions such as :---

113.WatchdogSucks

3 Hours ago

For the consumer there is zero advantage in these '08' numbers. Many people today only have a mobile number and as such have to pay way above the odds to make a call which more often than not is actually a helpline anyway. For Ofcom to sit by and have silently condoned this situation to prosper is a scandal itself. Minor lip-service from them now does nothing to redress their inaction.

" 133.itsdavehere

26 Minutes ago

Ofcom should be looking companies that have these automated queues/options menus etc... as these are a real money spinner for the phone companies and the companies that use them. They are open to abuse as an easy way to rip off the consumer.

132.spam spam spam spam 27 Minutes ago Some people are "put off" making important calls because of confusion over the amount they will be charged, CORRECTION - Some people are "put off" making important calls because they know so many "customer service lines" are blatant extortionate rip-offs, designed to maximise profit & even if you were the 1st to phone 1st thing in morning "sorry we are experiencing high call volumes", 131

*16.rememberdurruti 4 Hours ago "The service charge, quoted in pence per minute, goes to the company that you are calling" Make this illegal, pass a law and fine companies that charge you. **Why should you have to pay these companies when you ring them to complain about their lousy service.**"*

162.voice of reason

42 Minutes ago

You have reached the Government Destiny Helpline.

To abandon the current Government press 1

To reduce the involvement of politics in every detail of your life press 2

To introduce online instant referenda on critical issues press 3

To introduce lie detection in politics press 4

To divide the country into more self governing territories press 5

To prosecute corporate/banking criminals press 6

On 22 May 2013 BBC TV One Show sent a reporter on to the streets to ask people at random what would be their idea of Hell. One lady replied without hesitation “08 numbers”.

The Daily Mail and Mail On-line website carried a story titled “Is this the end of premium rate lines to call your GP?”

<http://www.dailymail.co.uk/news/article-2315541/Is-end-premium-rate-lines-GP-NHS-orders-doctors-drop-40p-minute-charges.html>

One of the readers comments said:---

"0845 and 0844 should be outlawed across every business. Why do you have to pay to ring your insurance company, your broadband/network provider, your electricity/gas/water provider when you are already paying for a service? Its disgusting how we are treated by services we already pay for!- whyohwhy, Horley, United Kingdom, 28/4/2013 13:20"

We could continue with providing thousands of examples of consumers opinions on 084/7 numbers which are similar to this in readers comments on newspaper and broadcaster's websites over recent years, but it is almost impossible to find one comment from the public arguing in favour of 084/7 numbers and preferring them to geographic numbers. We say “almost” but in fact we have never seen a single genuine one.

The well known website Saynoto0870.com has a thread in its Discussion Forum titled “Ofcom consultation: Simplifying NGNs April 2013”

<http://www.saynoto0870.com/cgi-bin/forum/YaBB.cgi?num=1366033132/0>

The thread contains this telling comment about the Ofcom proposals to improve the transparency of costs:---

“Barbara :Reply #4 - Apr 30th, 2013 at 2:29pm I don't care how transparently I am being "ripped off", the point is I object to being ripped off at all by organisations using these numbers or any number not included in my call plan. As for the idea that it pays for the telephone system, well, when I enter a shop or any other business premises to buy items or obtain a service, I don't expect to have to contribute towards their business rates or building maintenance costs!”

John Healey MP has called for a probe into the scale of use of rip-off numbers across government.

<http://www.johnhealeympp.co.uk/news/May/john-calls-for-probe-into-telephone-tax-/>

He has provided a dossier of evidence to the National Audit Office (NAO) and the Public Accounts Committee (PAC). In John Healey's view the government is imposing a telephone tax on callers by using 084 numbers. An unavoidable charge is being levied on callers, the difference being that this “tax” is collected by the phone service industry for its own benefit and not for the public good.

Which? The consumer organisation often dispenses advice to its members on how to avoid 084/7 numbers.

The “ThisisMoney.co.uk” website carried a story on 21 June 2012 “Companies use “baffling” charges to make loyal customers pay for calls while new customers get them for free” :

<http://www.thisismoney.co.uk/money/bills/article-2162169/Rip-phone-scam-big-companies-charging-customers-calls.html#comments>

This article described how leading banks, insurers, energy and other companies are ripping off existing customers by operating a two-tier system using 084/7 numbers. This may be prevented in future by legislation implementing the EU Consumer Rights Directive. Disappointingly Ofcom seems more concerned about preserving the opportunity for SPs to continue scamming consumers, rather than protecting the consumers, stating in Part B Annexes A19 para 116

“Therefore this may not necessarily mean that SPs which have numbers that do not meet the ‘basic rate’ requirement have to migrate away from that number range,”

The evidence is overwhelming that the public see no value in 084/7 and are very unhappy with the charging and regard them as a “rip-off”. This evidence clearly indicates that Ofcom have failed to analyse the problems correctly and have misunderstood or misrepresented the consumer view of 084/7 numbers. Stated simply; there is no consumer demand for these numbers at a premium call price. The demand for 084/7 arises only from call providers that wish to apply a premium and large organisations that want to charge “micro-payments” to their callers.

Consumers may have only vague knowledge about the exact cost of calls to 084/7 numbers, however they are acutely aware that they cost more than a normal geographic number, or become painfully aware when they see the phone bill, and they resent being forced to pay when they are not buying a service, merely making contact. This particular issue may be reduced to some extent by the proposals for advertising the cost of charges. This improvement in transparency is welcomed although the Campaign feels it is a poor substitute for proper regulation.

It is the view of the Campaign Against Rip-off Telecoms that Organisations, which Ofcom chooses to call SPs, that desire the supposed advantages of 084 and 087 numbers should be the ones to pay for any excess charges over and above the cost of a normal geographic call and the consumer should be able to make contact with the organisations by making calls at normal prices. This means that these calls should be included in the consumers package in exactly the same way that 03 numbers are included. Any additional costs that the industry incurs for handling 084/7 numbers should be charged to their customers in the normal way of business; i.e. the phone companies should charge the organisations that want these numbers.

The Ofcom approach appears to treat the 084/7 sector as part of the chargeable phone services market which includes 09 and 118 numbers which are very different in concept and

operation to 084/7 numbers. 084/7 are much closer in purpose to normal geographic numbers and cannot be seen as a discrete market separate from the geographic numbers market. Consumers main consideration when selecting and purchasing a phone calls service, often a calls inclusive package, is the cost of the vast majority of calls that are to be made, and these are usually calls to geographic numbers and mobiles. 084/7 are entirely subsidiary and the calling costs are rarely mentioned by suppliers or even considered at the crucial time of purchase. This means that normal market forces cannot apply to 084/7 numbers as was pointed out by Magrathea Telecom which said in its response to the April 2012 consultation “

“ ... we do not believe that consumers will select a fixed or mobile telephone service based on the cost of calling non-geographic numbers if there are more significant factors to consider ”

And Magrathea also say “ we believe that the particular structure of NGC services does not lend itself to effective competitive pressures.”

Antelope Consulting expressed similar views in its response to the earlier Ofcom consultations and Windsor Telecom says that it sees 03 numbers as the fair range, implying that the 084/7 numbers are unfair to consumers

<http://www.youtube.com/watch?v=vwcgMRCxGBo> “Published on 11 Oct 2012. We like to think of 0330 numbers and 0333 numbers as being **'fair for all'**,

The proposals contain nothing to address the anomalies of special numbers which are often excluded from “packages” even though they look like numbers which should be included such as 070, 075, 079 . (Ofcom state that the issue of 070 numbers will be looked at later). For example, O2 lists its exclusions in a 68 page document
; http://broadband.o2.co.uk/downloads/O2_Number_Ranges.pdf

Pages 5 to 13 of that document list 070 to 079 numbers that have different charge rates compared to mobile numbers and are excluded from packages even though they look like mobile numbers. This is unfair to consumers.

There are other anomalies which need to be eradicated in order to achieve simplification such as the Channel Island number which commence with 01 but are separately charged and are excluded from call packages. For example, Jersey has the area code 01534 but is not charged as a normal geographic number therefore it should be in a different number range (not 01 or 02) so that consumers are not misled.

Ofcom should take action to ensure that there are no exceptions within number ranges such as 070 and Channel Islands numbers in order to avoid customer confusion and to achieve true simplification.

The Campaign Against Rip-off Telecoms urges Ofcom to reconsider its analysis of 084/7 problems and to revise its proposals. It takes the view that IF the proposals for 084/7 numbers are not radically changed then it is likely that consumers will continue to distrust 084/7 numbers, increase their campaigns against these numbers, and CART will play its part

to enlighten the public about the rip-off nature of these numbers and continue to fight for further change in the regulations.