



# Accreditation Scheme for Price Calculators

Decision on changes to the scope and operation of  
the Scheme

Statement

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## Section 1

# Executive Summary

- 1.1 Consumer information plays a crucial part in maintaining healthy competitive markets whereby engaged consumers can compare communications services and switch between them.
- 1.2 Ofcom has a role in helping consumers make effective choices based on easily available, accessible and up to date information. Since 2006, we have run an accreditation Scheme for price comparison websites (PCWs) that aims to provide assurance that the price comparison calculations of relevant services (e.g. fixed-line, mobile, broadband, television services) offered by accredited providers are accessible, accurate, transparent and comprehensive.
- 1.3 At present six PCWs are accredited by Ofcom.
- 1.4 On 29 May 2013, Ofcom issued a consultation reviewing the Scheme to ensure it remains valuable and relevant to consumers and PCWs. The consultation suggested that the Scheme is generally working effectively without the need for fundamental revision, and proposed a number of changes to the scope and operation of the Scheme.
- 1.5 The consultation closed on 15 July 2013 and we received 14 responses, most of which were generally supportive of the changes proposed. This statement summarises the responses and sets out our final decision in regard to modifying the Scheme.
- 1.6 Based on our previous assessment as set out in the consultation document, careful analysis of consultation responses, and additional discussions with PCWs, Ofcom has decided to implement the following requirements for accredited PCWs in relation to the scope of the Scheme. Accredited PCWs must:
  - provide information about any limits on data usage that apply to services identified in comparison searches;
  - explain that traffic management policies may apply and provide links to communications providers' policies where available;
  - provide 'up to' broadband speeds for fixed broadband packages and explain that actual broadband speeds experienced may vary;
  - provide general information on, and a link to, Ofcom's work on broadband speeds;
  - provide tools, or links to tools, for consumers to test the speed of their line;
  - alert consumers that their provider may increase the cost of their monthly deal and that they should be allowed to exit their contract without penalty if this happens;

- link to Ofcom's comparative information on customer service and complaints handling, including regular information on the complaints received by Ofcom;<sup>1, 2</sup> and
- update data used to calculate price comparisons at least every two weeks.

1.7 In respect of the operation of the Scheme, Ofcom has decided to implement the following:

- publish guidance on the audit process and on past audit decisions to help PCWs meet the approval criteria as they consider developments to their websites;
- introduce quarterly "spot-checks" to monitor accredited PCWs' compliance between audits;
- an amendment to the cost schedule to reduce fees for PCWs with a relevant turnover of less than £200,000, ensuring that the costs of accreditation are not a barrier to entry and that smaller PCWs are not deterred; and
- a requirement to ensure that accredited PCWs have fair and timely processes for complaints handling.

1.8 We expect accredited PCWs to implement changes as soon as is practically possible, and will monitor compliance via our normal process of audits and spot checks. Applicants will be expected to be able to meet all the criteria, including the changes to the Scheme set out in this statement.

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<sup>1</sup> Ofcom's latest annual report comparing consumers' experience of customer service is available at: <http://consumers.ofcom.org.uk/2012/12/latest-customer-service-satisfaction-levels-revealed/>. Subsequent annual reports will appear here: <http://stakeholders.ofcom.org.uk/market-data-research/market-research/>

<sup>2</sup> Ofcom's quarterly reports of complaints about CPs are available at: <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/complaints/?a=0>

## Section 2

# Introduction

## Regulatory and legal background

- 2.1 Ofcom's principal duty under the Communications Act 2003 (the "Act") in carrying out its functions is to further the interests of UK citizens and consumers, where appropriate by promoting competition.<sup>3</sup> In doing so we are required to secure a number of things, in particular the availability of a wide range of electronic communications services.<sup>4</sup> We must also have regard, among other things, to the interests of consumers in respect to price, quality of service and value for money, as well as the desirability of encouraging investment and innovation in the relevant markets and the availability and use of high-speed data services throughout the UK.<sup>5, 6</sup>
- 2.2 A key factor in maintaining a healthy competitive market is the ability of consumers to make effective choices, for instance by searching out offers and comparing them in terms of price and quality, switching between communications providers (CPs) or negotiating a better deal with an existing CP.
- 2.3 Ofcom has an obligation under Article 21(2) of the European Universal Service Directive (USD) to encourage the provision of comparable information to enable end-users to make an independent evaluation of the cost of alternative usage patterns.<sup>7</sup> This requirement is reflected in General Condition 10.1 which, among other things, requires CPs to publish clear and up-to-date information on prices and tariffs.<sup>8</sup> Under section 26 of the Act, Ofcom may also arrange for the publication of information and advice on communications services as it appears appropriate to us.

## The Ofcom Price Accreditation Scheme

- 2.4 The Ofcom Price Accreditation Scheme ('the Scheme') helps consumers make informed choices about the services they buy by providing consumers with assurance that the price comparisons of relevant services (fixed-line, mobile, broadband and television) offered by accredited price comparison websites (PCWs) are accessible, accurate, up to date, transparent and comprehensive.<sup>9, 10</sup> The Scheme aims to give consumers a level of confidence and reassurance in markets where finding the best price for communications services can be a difficult experience.

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<sup>3</sup> Section 3(1) of the Act.

<sup>4</sup> Section 3(2)(b) of the Act.

<sup>5</sup> Section 3(5) of the Act.

<sup>6</sup> Section 3(4)(a) and (e) of the Act.

<sup>7</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:108:0051:0077:EN:PDF#page=15>

<sup>8</sup> We have the power under section 45 of the Act to set "General Conditions" and these apply to anyone who provides an electronic communication service or an electronic communications network. General Condition 10 on transparency and publication of information is available at:

<http://stakeholders.ofcom.org.uk/binaries/telecoms/ga/general-conditions22nov12.pdf#page=22>

<sup>9</sup> When referring to PCWs' discussions with us on the Scheme, PCWs' compliance, or Scheme criteria for PCWs, we specifically refer to accredited PCWs.

<sup>10</sup> Accredited PCWs must additionally provide a free service or impose only a reasonable charge on consumers accessing their services. This is reflected by the *Charging* criterion in our updated guidelines on how to apply to the Scheme (Annex 1).

- 2.5 The Scheme, launched in December 2006, replaced the legacy regulator Oftel's Price Assurance Standard scheme.<sup>11, 12</sup> Objectives of the new Scheme included:
- Extending the **scope** of the scheme and accrediting calculators offering price comparisons on a wide range of communications services;
  - Ensuring the **application process** for accreditation is fair and transparent;
  - Ensuring the **approval criteria** on which applicants are judged leads to accurate and easy to use information for consumers; and
  - Promoting consumer **awareness** of accredited calculators to boost the value of accreditation.
- 2.6 PCWs can apply to Ofcom for accreditation of their price comparison calculator. The accreditation process involves i) an independent technical audit of the company's price calculator and ii) a 'soft' operational audit by Ofcom which looks to ensure that the applicant's website meets certain accessibility, charging and transparency requirements set by Ofcom. A PCW may be accredited if it passes these audits. Once accredited, PCWs can display the Scheme's logo on their websites and in publicity campaigns.
- 2.7 Further details of the Scheme as launched in 2006, including the original approval criteria of accessibility, accuracy, charging, transparency and comprehensiveness, are provided in the 2006 Scheme specification document.<sup>13</sup>

## Reviewing the Scheme and consulting on proposed changes

- 2.8 Our May review of the Scheme did not propose a need for fundamental revision of the Scheme. It noted that the importance of price comparison and the value of accreditation schemes in providing confidence to consumers have been confirmed by various reports produced by the Office of Fair Trading, Consumer Futures (previously Consumer Focus) and the European Commission.
- 2.9 The reports also confirmed that core aspects of Ofcom's Scheme are important elements of effective accreditation schemes, including: impartial comparisons; accurate, up to date and comprehensive searches; rankings of results based on full price; compliance with data protection rules; transparent business models in relation to funding; and searches based on a broad range of offers.
- 2.10 Nevertheless, the reports and additional discussions with accredited PCWs also supported the view that some elements of the Scheme's scope and operation could be improved.
- 2.11 Specifically, in respect of the scope of the Scheme, Ofcom proposed requiring accredited PCWs offering fixed broadband and mobile comparisons to:

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<sup>11</sup> *The Oftel Price Assurance Standard: The new accreditation scheme giving consumers confidence in websites providing price comparisons of telecoms services – statement, 2002:*

<http://www.ofcom.org.uk/static/archive/oftel/publications/consumer/2002/pass0902.pdf>

<sup>12</sup> *Ofcom, Accreditation scheme for price comparison calculators: Launch of new scheme and invitation for applications – specification, 2006:*

<http://stakeholders.ofcom.org.uk/binaries/consultations/ocp/statement/pricescheme.pdf>

<sup>13</sup> The 2006 specification document is accessible via the above footnote.

- provide information about any limits on data usage that apply to services identified in comparison searches;
- explain that traffic management policies may apply and provide links to communications providers' policies;
- explain that actual broadband speeds experienced may vary from the speed provided by a package and provide general information on, and a link to, Ofcom's work on broadband speeds;
- provide tools, or links to tools, for consumers to test the speed of their line; and
- provide a link to Ofcom's comparative customer service and complaints handling information.<sup>14</sup>

2.12 With regards to the operation of the Scheme, we proposed to:

- provide guidance on past audit decisions to help PCWs meet the approval criteria as they consider developments to their websites;
- introduce quarterly spot-checks to ensure that accredited PCWs maintain compliance between audits;
- clarify the charges accredited PCWs pay for accreditation; and
- introduce a requirement to ensure that accredited PCWs have clearly explained, fair and timely processes for complaints handling.

2.13 This statement sets out our decision in relation to implementing a number of changes to the scope and operation of the Scheme.

## Impact Assessment

2.14 Section 7 of the Act requires Ofcom to carry out impact assessments where its proposals would be likely to have a significant effect on businesses or the general public, or when there is a major change in Ofcom's activities. Impact assessments form part of best practice policy-making as they provide a valuable way of assessing different options for regulation and showing why the preferred option was chosen. Ofcom is committed to carrying out and publishing impact assessments in relation to the majority of its policy decisions.<sup>15</sup>

2.15 The analysis presented in the May Consultation and this document represents an impact assessment. It sets out how the performance of our general duties (within the meaning of section 3 of the Act) is secured or furthered by the proposals that we make, as required under section 7(4) of the Act.

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<sup>14</sup> This includes both Ofcom's annual reports on consumers' experience of customer service and quarterly reports of complaints received by Ofcom – see section 3 for more detail.

<sup>15</sup> For further information about Ofcom's approach to impact assessments, see the guidelines *Better policy-making: Ofcom's approach to impact assessment* available at: <http://www.ofcom.org.uk/about/policies-and-guidelines/better-policy-making-ofcoms-approach-to-impact-assessment/>



## Equality Impact Assessment

- 2.16 Ofcom is also required to assess the potential impact of all our functions, policies, projects and practices on the equality of individuals to whom those policies will apply. Equality impact assessments ('EIAs') assist us in making sure that we are meeting our principal duty of furthering the interests of citizens and consumers regardless of their background or identity.
- 2.17 We have given careful consideration to whether or not our decisions set out in sections 3 and 4 will have a particular impact on race, age, disability, gender, pregnancy and maternity, religion or sex equality. We do not envisage that the decisions in this statement will have a detrimental impact on any particular group of people.

## Structure of this statement

- 2.18 The remainder of the document is structured as follows:
- Section 3, *Decision on changes to the scope of the Scheme*, considers stakeholder responses to our proposals to modify the scope of the Scheme and our final assessment and decision; and
  - Section 4, *Decision on changes to the operation of the Scheme*, considers stakeholder responses to our proposals to modify the operation of the Scheme and our final assessment and decision.

## Section 3

# Decision on changes to the scope of the Scheme

## Introduction

- 3.1 Our May review and consultation highlighted the growing importance to consumers of broadband speeds and quality of service information. It also noted the closure in 2009 of two industry websites, Topcomm and Topnet, which had been providing comparative quality of service information previously required to be used by PCWs.
- 3.2 Accredited PCWs already provide, in a variety of ways, information on the range of broadband speeds available, the availability of packages with different data limits and the use of traffic management policies by CPs.<sup>16</sup> Our consultation therefore proposed changing the scope of the Scheme to require PCWs to provide standardised information on broadband speeds, data usage limits, CPs' traffic management policies, customer service and complaints handling.
- 3.3 Overall, respondents to the consultation agreed with our proposals on changes to the scope of the Scheme. Below we summarise responses and set out our final decision regarding these proposals in detail.

## Information on broadband speeds

### Ofcom proposal

- 3.4 In order to reflect consumers' evolving experiences of the internet, including increased demand for higher broadband speeds to support a number of everyday activities (e.g. TV, film and music streaming/downloading), our consultation proposed implementing the following requirements on PCWs:
  - Option 2: provide clear messaging on 'up to' broadband speeds, explaining that actual speeds may vary;
  - Option 3: provide information about Ofcom's broadband speeds comparisons; and
  - Option 4: require PCWs to allow users to test the speed of their broadband connection via an online speed testing tool (by providing links to an online testing tool or providing a testing tool themselves).
- 3.5 We did not consider Option 1 – to make no changes to the approval criteria – to be appropriate due to the increased importance of broadband speeds to the consumer experience.

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<sup>16</sup> For background information on what is traffic management, please see our consumer information pages available at: <http://consumers.ofcom.org.uk/2013/09/internet-traffic-management/>

## Stakeholder responses

- 3.6 Most respondents (Simplify Digital, Broadbandchoices.co.uk, uSwitch.com, The Phone Co-Op, BT, Three UK, Consumer Futures, the Consumer Panel, Ombudsman Services and two individual respondents), except EE, agreed with our proposals to implement options 2, 3 and 4 in relation to broadband speeds.
- 3.7 The majority of comments focused on the issue of explaining broadband speeds clearly to consumers, for instance using 'up to' to indicate the maximum possible speed and actual broadband speeds.
- 3.8 BT specifically recommended that in addition to 'up to'/actual speeds, more information should be provided by PCWs on broadband speeds and the total broadband experience, including download speed, upload speed (peak and 24 hour for both), latency, jitter, packet loss and DNS resolution. BT also noted that any broadband speed requirement should extend to mobile broadband speeds.<sup>17</sup>
- 3.9 Consumer Futures proposed that Ofcom require PCWs to give consumers an indication of the effect of broadband speed on the most popular internet services they may use (e.g. BBC iPlayer).
- 3.10 The Consumer Panel argued that broadband speed information should be in the form of an average or range (and preferably for a specific geographic area).
- 3.11 Broadbandchoices.co.uk noted that Ofcom's broadband speeds information needs to be clearly explained and in a consumer friendly format.
- 3.12 EE questioned the need to include any information on broadband speeds on PCWs when this type of information is available elsewhere (e.g. CP websites).

## Ofcom decision

- 3.13 Following careful consideration of respondents' comments, we have decided to implement all three broadband information options as proposed in the consultation. Broadband speed is likely to be an important aspect of the marketing of, and consumers' transactional decisions in relation to, broadband services. Being able to access impartial information on a variety of broadband speed issues via one platform (i.e. a PCW) is a key facilitator in informing consumer choice.
- 3.14 This is on the basis that whilst potential benefits for consumers could be significant, the changes should only require modifications to accredited PCWs that are not unduly burdensome or costly. As noted in our consultation, PCWs would not need to acquire or analyse any additional information in order to meet this criterion; they simply would need to add explanatory text and provide links to external sources as appropriate. We noted in this regard that during our consultation, no accredited PCW raised any objection that this would be unduly burdensome. In addition, the two accredited PCWs that responded to our consultation agreed with this proposal, provided that Ofcom's broadband speeds information is accessible to consumers, and that this information, and the speed tester tool, can be provided on general background pages. We also noted that all four of Ofcom's accredited PCWs that provide broadband comparisons already offer 'up to' or estimated speeds information and speed testing tools. In our judgment, the costs and benefits of implementing the

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<sup>17</sup> In this document, mobile broadband refers to both mobile internet accessed via a smartphone, and mobile broadband accessed, for instance, via a dongle or data card.

changes are likely outweighed by the benefits to consumers of having clear information on broadband speeds.

- 3.15 We also consider that any limited costs on PCWs would be outweighed by the strong benefits for PCWs of being Ofcom-accredited and providing useful comparison tools to their users, thereby increasing consumer confidence and generating more traffic.
- 3.16 With regards the type of broadband speed information PCWs are required to provide under Option 2, we recognise that various forms can be used (e.g. 'up to' speeds, estimated speeds, upload/download speeds etc). However, we are of the view that limiting the requirement on PCWs to provide 'up to' speeds information for each broadband package, along with clarification that this speed may vary, limits the risk of consumer confusion. It is important to clarify that 'up to' is indicative of the very best performance consumers may expect, depending on their location and a number of other factors such as distance from the exchange which may affect the actual speed received.
- 3.17 We have looked at whether to require the provision of estimated/average broadband speeds for each broadband package. However, this would add complexity for consumers as there are currently differences in how these estimates are calculated and presented for different types of broadband (e.g. ADSL, cable, FTTC/VDSL) and we consider that at the moment providing this information would be more likely to confuse consumers than assist them in making informed choices.<sup>18, 19</sup>
- 3.18 PCWs are nevertheless welcome to include this extra level of information in addition to our requirement for clearer messaging on 'up to' broadband speeds. We will keep this requirement under review and, if measurement of broadband speeds evolves, will be happy to discuss with accredited PCWs whether changes to this requirement may be desirable.
- 3.19 Our proposal to require PCWs to provide information about the ability to check line speeds (Option 4) received very few comments from respondents and we anticipate no impact on accredited PCWs as they already have these testing tools in place.
- 3.20 However, some concerns were raised in relation to requiring PCWs to provide information about Ofcom's broadband speeds research (Option 3) and the perceived complexity of this information to consumers. We note in this respect that the consumer section of Ofcom's website aims to set out our research in a way that is meaningful to consumers, and maintain that this information can potentially help consumers make an informed choice.<sup>20</sup>
- 3.21 Finally, we confirm that the Scheme's broadband information requirements will at present only apply to fixed broadband. This will be kept under review as tools and methodologies for mobile broadband speed research develop further.

<sup>18</sup> Definitions of ADSL, FTTC and VDSL are provided by Ofcom's *Infrastructure Report – 2013 Update*, Annex 3, available at: [http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/infrastructure-report/IRU\\_2013.pdf#page=102](http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/infrastructure-report/IRU_2013.pdf#page=102)

<sup>19</sup> Ofcom's voluntary broadband speed Code of Practice provides for signatories to give estimates of speeds: <http://stakeholders.ofcom.org.uk/telecoms/codes-of-practice/broadband-speeds-cop-2010/>

<sup>20</sup> Example of broadband speed consumer news story available at: <http://consumers.ofcom.org.uk/2013/08/average-uk-broadband-speed-continues-to-rise/>

## Information on data usage limits

### Ofcom proposal

- 3.22 Our May consultation considered whether it was appropriate, given the ongoing evolution of the broadband and mobile markets to keep up with consumer demand, to introduce a requirement on PCWs to provide information about any applicable data usage limits. We set out the following two options:
- Option 1: no change; or
  - Option 2: PCWs should show any data usage limits on the results page.
- 3.23 Taking into account the positive impact this type of information would have in assisting consumers to make an informed decision in choosing a particular service or product, we proposed implementing Option 2.

### Stakeholder responses

- 3.24 Most of those who responded to this proposal (Simplify Digital, Broadbandchoices.co.uk, uSwitch.com, The Phone Co-Op, BT, Three UK, Consumer Futures, the Consumer Panel, Ombudsman Services and two individual respondents), except EE, agreed with implementing Option 2, i.e. requiring PCWs to display information relating to data usage limits.
- 3.25 Consumer Futures and the Consumer Panel recommended that PCWs link through to a means of assessing likely consumption of data. Consumer Futures specifically noted the potential use of data calculator tools as these can be helpful in avoiding consumers overpaying for high end packages for fear of going over their data allowance.
- 3.26 uSwitch.com recommended that if information on data limits is displayed, the difference between truly unlimited and plans with a fair usage policy must be made clear.
- 3.27 BT argued that a requirement on PCWs in relation to data usage limits should extend to mobile broadband, particularly 4G.
- 3.28 EE were against PCWs displaying data usage limits as internet service providers (ISPs) are already under an obligation to be transparent about usage caps under the Broadband Stakeholder Group's (BSG) Traffic Management Transparency Code and display the relevant information on their websites.<sup>21</sup>

### Ofcom decision

- 3.29 Having carefully considered all responses, we have decided to implement our proposal for PCWs to include data usage limit information on their results pages. This requirement applies to both fixed and mobile broadband products, where mobile broadband includes internet accessed via a mobile phone, as well as through dongles or data cards. Mobile broadband is covered by this requirement as

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<sup>21</sup> BSG Code available at: <http://www.broadbanduk.org/wp-content/uploads/2013/08/Voluntary-industry-code-of-practice-on-traffic-management-transparency-on-broadband-services-updated-version-May-2013.pdf>

consumers are increasingly dependent on accessing data-hungry services on their mobile devices, including tablets.

- 3.30 For instance, Ofcom research published in 2013 indicates that:
- In total, 56% of tablet owners use their device for viewing audio-visual content such as video clips and TV programmes; and
  - For both tablets and smartphones, short video clips are most commonly cited as the type of content consumers are watching at least weekly (62% and 70% respectively), while music videos are the second most popular response (39% and 44% respectively).<sup>22</sup>
- 3.31 PCWs may also choose to include links to data usage calculators on their websites. However, this will not be a requirement of the Scheme as these calculators are a useful tool for consumers to estimate their data consumption but do not relate to specific products.
- 3.32 With regards to EE's comments, PCWs provide a valuable service to consumers by pulling together information from various sources (e.g. CP websites) and allowing them to compare data usage limits at a glance.
- 3.33 As noted in our consultation, whilst potential benefits for consumers could be significant (e.g. data usage limit information could help in making a choice between services), we consider that any changes to PCWs would only require minor modifications to their websites and not lead to significant costs for PCWs. We note in this respect that, during our consultation, no accredited PCW raised any objection that this would be unduly burdensome, and that the two accredited PCWs to respond to our consultation agreed with this proposal. We also note that the two accredited websites that provide information on mobile services, Mobilife and Billmonitor, already include information on data usage limits in the case of smartphones. In our judgment therefore, the benefits of this requirement are likely to outweigh the costs.
- 3.34 As we mentioned previously, we are also of the view that any limited costs on PCWs would likely be outweighed by the strong benefits of being Ofcom-accredited and of providing helpful comparison tools to users, thereby increasing consumer confidence and generating more traffic.

## Information on traffic management policies

### Ofcom proposal

- 3.35 Separate research published by Consumer Futures and Ofcom has indicated that consumer awareness of traffic management policies is low.<sup>23, 24</sup> In order to increase awareness of these policies for consumers, our consultation considered whether the

<sup>22</sup> Ofcom, *Communications Market Report 2013*:

[http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr13/2013\\_UK\\_CMV.pdf](http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr13/2013_UK_CMV.pdf)

<sup>23</sup> Consumer Futures, *Feedback on the implementation of the voluntary industry code of practice on traffic management transparency for broadband services*, 2011:

<http://www.consumerfocus.org.uk/files/2009/06/Consumer-Focus-feedback-to-BSG-regarding-traffic-management-code-December2011.pdf>

<sup>24</sup> Ofcom, *Consumer research into the transparency of traffic management information provided by ISPs*, 2013: <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/traffic/>

Scheme's approval criteria should include requirements on PCWs in relation to providing information on traffic management.

3.36 Specifically, we outlined the following options:

- Option 1: No change to the approval criteria; or
- Option 2: Require accredited PCWs to provide general information on traffic management and links to CPs' webpages where their policies are set out.

3.37 We proposed implementing Option 2 in order to raise consumer awareness of traffic management policies and enable consumers to make informed choices about the service they want to buy.

### **Stakeholder responses**

3.38 Most respondents to this issue (Simplify Digital, Broadbandchoices.co.uk, uSwitch.com, The Phone Co-Op, BT, Three UK, Consumer Futures, the Consumer Panel, ITSPA, Ombudsman Services and one individual respondent), except EE, agreed with our proposed Option 2 to require PCWs to display information relating to traffic management policies.

3.39 Simplify Digital, Broadbandchoices.co.uk and uSwitch.com would prefer this information to be provided in background pages on PCWs or via product detail pop-ups so as to not detract from the consumer experience or leak revenue when consumers click through to CPs' websites.

3.40 BT noted that this information should apply to both fixed and mobile broadband comparisons.

3.41 Consumer Futures argued that the current obligation in Ofcom's General Conditions requiring CPs to provide information on traffic management should also apply to PCWs. In addition, it recommended that Ofcom consider requiring PCWs to include traffic management information as a search criterion, with PCWs drawing consumer attention to 'peak times', fair usage policies and services or content that are blocked or throttled by certain CPs' packages. Similarly, ITSPA suggested that PCWs include whether or not any particular services (e.g. Skype, iPlayer) are blocked or subject to any shaping remedies.

3.42 EE argued against PCWs displaying information on CPs' traffic management policies. In particular it highlighted the difficulties in explaining traffic management policies to consumers in any meaningful way without misinterpreting and misrepresenting the information and, echoing their comments on data usage limits, it highlighted that this type of information is available on the websites of CPs that have signed up to the BSG Code.

3.43 Three UK considered that any traffic management information on PCWs should be explained in a meaningful and comparable way for consumers, whilst BT recommended that PCWs link through to third party comparison sites which interpret traffic management features in a consumer friendly way.

### **Ofcom decision**

3.44 Overall, responses support the provision of information on traffic management by PCWs. We have decided to implement our proposal to require PCWs to provide

general information relating to traffic management policies and to provide links to CPs' web pages where their policies are set out. This information can be included on the results page or background pages for all mobile and fixed broadband packages. PCWs are free to decide the most appropriate method of implementation, for instance product detail pop-ups or links.

- 3.45 We agree with ITSPA that it is important to know whether certain services are blocked over a broadband service, but this more detailed information is likely to be available as part of CPs' traffic management policies for those consumers who want to access it and therefore we do not consider there should be an additional requirement on PCWs to provide this specific information.
- 3.46 With regards to Consumer Futures' comments on requiring PCWs to provide information on Traffic Management under Ofcom's General Conditions of Entitlement, Ofcom notes that the General Conditions only apply to CPs hence could not be extended to PCWs. In relation to Consumer Futures' suggestion that PCWs sort results by traffic management policy, we note that PCWs are welcome to introduce this as a further sorting metric if wanted by consumers; however, the default sorting metric under our Scheme remains cost.<sup>25</sup>
- 3.47 In relation to EE's comments, we would like to reiterate that PCWs provide a valuable service to consumers by pulling together information from various sources (e.g. CP websites) and allowing them to compare information at a glance (in this case on traffic management policies).
- 3.48 We recognise that there is a need to ensure that sufficient information is provided and that this information is readily accessible and understandable to consumers. We have addressed, and will continue to address, some of these concerns.
- 3.49 For example, in relation to traffic management policies Ofcom recently published a simplified consumer guide on the issue, as well as consumer research showing that the information provided by ISPs on traffic management is reasonably transparent but that there is a significant awareness gap on traffic management in general.<sup>26</sup> We will continue to work with industry towards clarifying these issues for consumers.
- 3.50 We consider that requiring the provision of information on traffic management by PCWs is likely to contribute towards greater awareness of traffic management policies and has the potential to help consumers make an informed choice by providing an additional source of information that they may or may not choose to use.
- 3.51 The particular basis for our decision, taking into account a judgment on likely benefits and costs as set out in the consultation, is that whilst potential benefits for consumers could be significant (e.g. traffic management information could help in making a choice between services), any changes to PCWs providing mobile and fixed broadband comparisons would only require minor modifications and not lead to significant costs for PCWs. We note in this respect that, during our consultation, no accredited PCW raised any objection that this would be unduly burdensome, and that the two accredited PCWs to respond to our consultation agreed with this proposal.

<sup>25</sup> See audit guidance document, available via Annex 3, for further detail on sorting metrics.

<sup>26</sup> For instance, 3 in 4 of all internet users have not heard of the term 'traffic management' and are not aware of the concept. The full research can be found here: <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/traffic/>. The consumer guide is available at <http://consumers.ofcom.org.uk/2013/09/internet-traffic-management/>



- 3.52 As mentioned previously, we also consider that any limited costs on PCWs would likely be outweighed by the strong benefits of being Ofcom-accredited and of providing helpful comparison tools to users, thereby increasing consumer confidence and generating more traffic.

## Customer Service and Complaints Handling

### Ofcom proposal

- 3.53 Ofcom research suggests that around two thirds of customers would bear in mind impartial information about different companies' customer service ratings when choosing a CP, while around a fifth in each sector (fixed-line, broadband, mobile and pay-TV) said it would be an important factor in their decision. Dissatisfied customers in each sector were more likely to agree that impartial rating information would be important.<sup>27</sup>
- 3.54 The Scheme's approval criteria used to require PCWs to provide information on and links to the Topcomm and Topnet websites which presented comparative information on complaints handled by CPs. Following their closure, Ofcom now provides similar information in this area in two ways: annual reports comparing consumers' experience of customer service and quarterly reports of the complaints about CPs received by our consumer contact team (CCT).
- 3.55 Our consultation therefore considered the following two options in relation to changing the approval criteria:
- Option 1: No change; or
  - Option 2: Require PCWs to provide links to Ofcom's comparative information on customer service and complaints handling, in its annual report comparing consumers' experience of customer service and the quarterly reports of the complaints received by Ofcom.
- 3.56 Having taken into account the potential benefits to consumers of having access to this type of information through PCWs once more, we proposed to implement Option 2.

### Stakeholder responses

- 3.57 Respondents had mixed views about our proposal to require PCWs to provide links to Ofcom's comparative information on customer service and complaints handling.
- 3.58 In principle, Simplify Digital, uSwitch.com, the Phone Co-Op, Consumer Futures, the Consumer Panel, Ombudsman Services and two individual respondents agreed with this proposal, with a few caveats:
- Rather than providing the information using separate links to Ofcom's site, Simplify Digital and the Consumer Panel would prefer the information to be included on the PCW itself, either on background pages or in product detail pops up (Simplify Digital), or on the results page itself (Consumer Panel).

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<sup>27</sup> Ofcom, *Customer Service Satisfaction Report*, 2012:  
<http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/customer-satisfaction.pdf>  
(Figure 1.7)

- uSwitch.com recommended that along with highlighting Ofcom's figures, PCWs should also be able to use their own customer service findings. Similarly, the Consumer Panel suggested the consideration of sites which compare the consumer experience in relation to the accredited sites and the reinstatement of comparable information across providers. It also suggested that Alternative Dispute Resolution schemes publish complaint data that consumers can use when considering options.

3.59 EE and Three UK expressed a number of reservations about the proposals:

- EE questioned how many consumers would use this type of information, especially when included on a PCW's general / background webpages. It also noted that Ofcom's complaints data only focuses on the largest CPs, excluding many of the smaller providers. Both EE and Three UK emphasised that data should be contextualised. For instance, the numbers are relatively low and only include complaints from customers who are aware of Ofcom (EE); and the data is derived from subjective experiences of consumers and should be explained in the context of the full customer base (Three UK).

- Three UK also noted that there is no right of reply for the operators who are the subject of such complaints.

3.60 Finally, Broadbandchoices.co.uk and BT both disagreed outright with Ofcom's proposal. Broadbandchoices.co.uk in particular noted that it has its own "star rating" for comparison results which it believe provides a more comprehensive indication of customer satisfaction with CPs. It also argued that external links to Ofcom's website would have an adverse impact on the overall consumer experience.

3.61 BT argued that that this level of consumer information (i.e. comparative customer service and complaints information) had not been identified in Ofcom's May consultation as an area requiring improvement, and that it is vital to differentiate between objective criteria such as price and speed, and more subjective elements such as complaints and service.

## Ofcom decision

3.62 We have decided to implement our proposal to require PCWs to provide links to Ofcom's comparative information on customer service and complaints handling on their general information pages (i.e. not necessarily their results pages), or alternatively reproduce relevant information on their sites appropriately.<sup>28, 29</sup> We acknowledge concerns raised by respondents, including CPs, e.g. that other forms of complaint information are available, that it is important to contextualise this data, and that Ofcom data tends to focus on the larger CPs. We have considered these carefully.

3.63 However, this requirement does not preclude PCWs from including additional relevant information on customer service and complaints handling in order to improve the consumer experience (e.g. their own customer service rating system), or from

<sup>28</sup> Ofcom's latest annual report comparing consumers' experience of customer service is available at: <http://consumers.ofcom.org.uk/2012/12/latest-customer-service-satisfaction-levels-revealed/>.

Subsequent annual reports will appear here: <http://stakeholders.ofcom.org.uk/market-data-research/market-research/>

<sup>29</sup> Ofcom's quarterly reports of complaints about CPs received by the CCT are available at: <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/complaints/?a=0>

contextualising the information further. In addition, many consumers use PCWs for information gathering, and other quality of service websites and applications can complement their search. For instance, there are a number of platforms that allow consumers to compare information and voice their opinions on goods and services (e.g. social media outlets, dedicated message boards etc).

- 3.64 Finally, information on complaints and customer service does not need to be displayed alongside price and speed, but can be easily distinguished from these indicators by being part of the PCW's background information pages.
- 3.65 We therefore consider that the inclusion on PCWs of links to Ofcom's comparative information on customer service and complaints handling, or reproducing relevant information, is a useful supplementary tool in assisting consumers to make an informed choice when choosing a new communications service or provider.
- 3.66 In particular, the grounds for our decision, taking into account a judgment on likely benefits and costs as set out in the consultation, are that whilst potential benefits for consumers could be significant (e.g. this particular information could help in making a choice between services), any changes to PCWs would only require minor modifications and not lead to significant costs for PCWs. We also note that we are not requiring this information to be displayed in a way that would send consumers away from the PCWs, or replace any existing information – it is up to the accredited PCWs to implement this requirement appropriately. In our judgment therefore, the benefits of this requirement are likely to outweigh the costs.
- 3.67 As we mentioned previously, we also consider that any limited costs on PCWs would likely be outweighed by the strong benefits of being Ofcom-accredited and of providing helpful comparison tools to users, thereby increasing consumer confidence and generating more traffic.

## Other issues raised by respondents

### Mid-contract price increases

- 3.68 BT noted that transparency is needed on PCWs regarding in-contract price increases so that the policy is clear, whilst uSwitch.com argued more generally that Ofcom needs to ensure that mobile providers cannot implement price rises within contracts.

### Ofcom decision

- 3.69 Ofcom recently published guidance designed to address the consumer harm arising from price rises in fixed-term contracts for communications services.
- 3.70 The guidance applies to contracts entered on or after 23 January 2014 and sets out that:
- we are likely to regard as materially detrimental (or likely to be materially detrimental), for the purposes of General Condition 9.6 (GC9.6), any increase during the fixed term of the contract to the core subscription price charged to consumers and small business customers by CPs to whom GC9.6 applies;<sup>30</sup> and

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<sup>30</sup> Ofcom's General Conditions of Entitlement available at:  
<http://stakeholders.ofcom.org.uk/binaries/telecoms/ga/general-conditions22nov12.pdf>

- in respect of such price rises CPs should give consumers and small business customers notice of the price rise and the right to terminate their contract without penalty in accordance with GC9.6.
- 3.71 We consider that the benefits to consumers outweigh the costs to the accredited PCWs in displaying this information. We discussed this issue with accredited PCWs and, as a result, we have decided to require accredited PCWs to signpost on their websites that certain contracts entered on or after 23 January 2014 may be subject to price increases, that consumers should refer to the relevant CP terms and conditions, and that under Ofcom rules, certain price increases may be regarded as detrimental and give rise to a right to terminate their contract without penalties.
- 3.72 PCWs should clarify that prices that are not core subscription prices may vary without giving rise to a right to terminate without penalty.<sup>31</sup>
- 3.73 Accredited PCWs are free to decide on the best way to display this information, e.g. whether to include a disclaimer at the top of the results page, or whether to highlight the issue and Ofcom's work in the area as part of their background information pages.<sup>32</sup>

### Frequency of updating PCW data

- 3.74 The Scheme's original approval criteria on accuracy include the requirement that information provided on PCWs must be updated at least every eight weeks. Two respondents (the Consumer Panel and uSwitch.com) noted that this time period is too long and should be shortened.
- 3.75 uSwitch.com in particular argued that providers change deals much more frequently than this, and not updating comparison tables could lead to consumers being misled and frustrated. It believes data should be updated on a daily basis.

### Ofcom decision

- 3.76 Having discussed this issue with accredited PCWs and our independent auditor, we have decided to reduce the timeframe for updating information on PCWs from eight weeks to two weeks. Most accredited PCWs already update their data on a weekly, if not daily, basis due to commercial incentives. However, we are aware that by amending the Scheme to require PCWs to provide general information on the results page (e.g. broadband speeds) or on the background pages (e.g. Ofcom's comparative customer service and complaints information), it may not be as easy or automatic to update their websites. We also consider that a ceiling of two weeks gives PCWs sufficient scope to address any issues that might arise in obtaining the relevant updates.
- 3.77 This decision reflects our judgment as to the importance and value of PCWs in consumers' transactional decisions. They can provide information that greatly benefits consumers by assisting them in making such decisions. However, in order to do so, the information must be accurate and, by extension, up to date. As noted

<sup>31</sup> Non-subscription prices fall outside of the relevant core monthly subscription, and are billed incrementally when such services are used by the customer. E.g. for mobile customers they typically include: charges incurred when they exceed their monthly inclusive allowance, charges for premium rate services, non-geographic calls, directory enquiries, making calls and sending texts internationally and roaming services.

<sup>32</sup> Available here: <http://consumers.ofcom.org.uk/2013/10/protection-for-consumers-against-mid-contract-price-rises/>

previously, PCWs already update their websites frequently and therefore would not face any additional costs as a result of our decision to reduce the timeframe for updating their information.

## **Data Protection**

- 3.78 Both Consumer Futures and the Consumer Panel raised concerns about data protection and PCWs. Consumer Futures in particular noted that in its consumer perceptions and experiences research on PCWs, data privacy was a concern for some consumers and a potential barrier to using PCWs.<sup>33</sup>
- 3.79 The Consumer Panel said that PCWs should provide clear information about how they utilise people's data; ensure that people's consent to the use of their personal data is truly informed; and have transparent privacy and data protection policies.

### Ofcom decision

- 3.80 Ofcom recognises the significance of this issue for consumers. The Scheme's approval criteria currently require accredited PCWs to comply with the Data Protection Act and any other relevant legislation.
- 3.81 We would expect accredited PCWs to be transparent about their use of personal data and to allow consumers to opt out of third party and/or marketing communications. This is an issue that we will continue to monitor through the Scheme's audit process.

## **Information on IPv6 connectivity / IPv4 address exhaustion**

- 3.82 Two individual respondents noted that the imminent exhaustion of IPv4 address space and whether a broadband service offers IPv6 connectivity could be major factors in a typical consumer's choice of broadband provider. They therefore suggested requiring PCWs to inform consumers of this type of information.

### Ofcom decision

- 3.83 We consider that this level of information is likely to be too specific and technical for the majority of consumers, and therefore we are not proposing to require accredited PCWs to display it. However, accredited PCWs are welcome to include this type of information if they believe this is important to their customers, without it being a requirement of the Scheme.

## **Transparency in how PCWs are funded**

- 3.84 Consumer Futures raised concerns about consumer confusion with regards to sponsored links above ranked products/services, while the Consumer Panel noted that PCWs should make clear how they are funded.
- 3.85 An individual respondent argued that where an ISP does make payment to a comparison site (e.g. via advertising or an affiliate scheme), this must not affect the order in which search results are displayed.

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<sup>33</sup> Consumer Futures, *Price comparison websites: consumer perceptions and experiences*, 2013, available at: <http://www.consumerfutures.org.uk/files/2013/07/Price-Comparison-Websites-Consumer-perceptions-and-experiences.pdf>

### Ofcom decision

- 3.86 The Scheme's transparency criteria currently require that accredited PCWs:
- must be transparent about any commercial agreements or links they have in place with one or more CPs,<sup>34</sup> and
  - must make it clear to consumers how they make money or fund their activities.
- 3.87 Consumer Futures' PCW mystery shopping research indicated that across various markets accredited PCWs were clearer about how they were funded than non-accredited PCWs.<sup>35</sup>
- 3.88 Our independent audits verify that services on PCWs are ranked on the results page using mathematical algorithms, thereby excluding the risk of commercial bias. With regards to sponsored links, any sponsored results should be clearly identifiable as separate from search-driven results.<sup>36</sup>
- 3.89 We agree that it is clearly important that the search results are independent of commercial agreements, to ensure accurate and transparent price comparisons. We will continue to monitor compliance with the Scheme's transparency and accuracy criteria through our audit process.

### **Offline price comparisons**

- 3.90 Two respondents, Simplify Digital and Consumer Futures, raised concerns regarding Ofcom's existing accessibility requirement that PCWs should provide a phone number on their websites for offline comparisons.
- 3.91 Simplify Digital noted that at the time of their response half of accredited PCWs did not appear to provide this service, with some simply providing phone numbers for various CPs instead. It also raised concerns about the varying degrees of quality in the offline comparison market.
- 3.92 Consumer Futures mentioned that its 2013 mystery shopping research on PCWs found that some Ofcom-accredited PCWs did not provide a contact number for consumers to apply by telephone despite our Scheme's approval criteria on accessibility.

### Ofcom decision

- 3.93 Ofcom supports the principle that as many consumers as possible should be able to access price comparison services, and that therefore an offline number should be

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<sup>34</sup> In Ofcom's 2006 *Accreditation scheme for price comparison calculators* specification document, we argued that we do not believe it is always necessary for PCWs to remain completely independent from CPs. For example: a PCW which enables a consumer to switch CP could earn a commission from the gaining provider; a PCW could enter into an exclusive deal with a CP and offer extra savings/'cash back' incentives to consumers who switch to that provider (always provided that price comparisons are accurate and do not unfairly promote one CP over another); a PCW could comment publicly on the performance or price changes of an individual CP; or a CP could provide a price comparison service itself to show how its services compare to its competitors.

<sup>35</sup> Consumer Futures, *Comparing comparison sites – Price comparison website mystery shopping report*, 2013: <http://www.consumerfocus.org.uk/files/2013/01/Comparing-comparison-sites.pdf>

<sup>36</sup> For an example of this issue, see section 3 of the past audit decisions document, available via Annex 4.

provided. We take seriously any issues of compliance with the Scheme's approval criteria and are discussing this particular matter with the relevant accredited PCWs.

### **Line rental and additional charges**

- 3.94 The Phone Co-Op argued broadband comparisons on PCWs are misleading as the 'full price' only lists the price of broadband when in fact the customer must also buy line rental and calls to access the broadband deal.
- 3.95 BT argued that additional charges such as charges for paper billing and late payment charges should be factored into price comparisons, or that customers should at least have the option to include/exclude these features.

### **Ofcom decision**

- 3.96 The cost of line rental is clearly a very important factor and should be transparent and made clear to consumers. The audit guidance published alongside this consultation clarifies that:
- line rental does not necessarily need to be included in headline pricing metrics but must be prominently displayed and consistently calculated; and
  - line rental charges should be included in the monthly recurring charges, although it may be possible for price comparison services to provide first-year costs with and without line rental, since it is often possible to purchase this from a separate provider<sup>37</sup>.
- 3.97 CPs are already required to make charges clear and transparent under General Condition 10.1, and we are concerned that requiring additional charges to be included on the results page may result in inconsistencies in the results and so be confusing to consumers. CPs should make this information available to consumers and PCWs can include even more sorting methods or information in relation to such additional charges as paper billing or late payment charges if they believe this is helpful to their customers.

### **Comprehensiveness of PCWs in including CPs in their results**

- 3.98 In its response, the Phone Co-Op noted that smaller CPs are sometimes excluded from PCWs and therefore cannot have their products ranked. It argued that smaller CPs are therefore driven to mirror the pricing policy of their competitors, thus defeating the purpose of PCWs. This issue has also been raised directly with PCWs by a few small providers.

### **Ofcom decision**

- 3.99 Ofcom's criteria in relation to PCWs being comprehensive set out that "data should include a comprehensive number of providers to reflect the level of choice available to consumers in the relevant market, including key players".
- 3.100 Given the vast number of small CPs in some markets, it may not be practical for PCWs to list all providers and options in their comparisons.

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<sup>37</sup> Audit guidance document available via Annex 3.

- 3.101 Our independent auditor will consider a number of criteria when assessing comprehensiveness, including but not limited to:
- whether the service includes CPs of a certain size;
  - the percentage of the market covered by the PCW's coverage of CPs (i.e. 90% and over); and
  - whether the PCW includes the main provider in all regions of the UK.
- 3.102 Further details of how a PCW's approach to including or excluding CPs is assessed during the independent audit process can be found in the Scheme's audit guidance document.<sup>38</sup>

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<sup>38</sup> Audit guidance document available via Annex 3.



## Section 4

# Decision on changes to the operation of the Scheme Introduction

## Introduction

- 4.1 The consultation identified five aspects of the operation of the Scheme with the potential for improvement:
- providing guidance based on past audit decisions;
  - introducing quarterly checks between audits;
  - clarifying the charges smaller PCWs pay for accreditation;
  - increasing publicity for accreditation; and
  - introducing a complaints handling process.
- 4.2 Overall, respondents agreed with our proposals on changes to the operation of the Scheme. Response summaries and our final decisions with regards to our proposals are set out in detail below.

## Guidance on the Scheme's approval criteria and past audit decisions

### Ofcom proposal

- 4.3 As noted in our consultation, during the initial stage of our review accredited PCWs indicated that they would value details of the approach taken by Ofcom and the Scheme's independent auditor in relation to each approval criterion so that they can take this into account when considering changes to their sites. The PCWs also considered that having information about past audit decisions would assist them in preparing for audits.
- 4.4 Ofcom agreed that this level of information could be helpful and we therefore proposed to produce general, high-level guidance on the Scheme's approval criteria based on our previous decisions, to be made available to all existing members of the Scheme and future applicants.

### Stakeholder responses

- 4.5 All those who responded to our proposal to provide guidance on the Scheme's approval criteria agreed with the suggestion. Respondents included uSwitch.com, Broadbandchoices.co.uk, Simplify Digital, the Consumer Panel, Consumer Futures, Ombudsman Services, BT, The Phone Co-Op, Three UK and two individual respondents.
- 4.6 However, Simplify Digital noted that PCWs would additionally benefit from guidance as the industry changes and not only historical guidance. It also argued that any

information on past audits included in the guidance should not be able to be attributed to the relevant PCW.

### **Ofcom decision**

- 4.7 In our consultation, we proposed making available guidance, including examples of past audit decisions, to accredited PCWs and new applicants. As noted above and in the consultation document, this will be helpful to PCWs as they consider any changes to their websites and prepare for audits. We have therefore decided to proceed with this and, in addition, to publish these documents on our website alongside this statement. The guidance and examples do not contain confidential information and full publication is more transparent and accessible, in particular because it will give more information to interested PCWs to consider whether they would like to apply to the Scheme, and if so how best to fulfil the criteria, and to consumers as to what is expected of Scheme members.
- 4.8 Ofcom will consult directly with accredited PCWs on any minor future changes that need to be made to the audit guidance as a result of new services and products entering the market or certain Scheme requirements becoming redundant as technology continues to evolve.
- 4.9 We are keen to discuss any new issues with accredited PCWs and provide guidance when required, but also for accredited PCWs to have flexibility to respond to market changes. This is more likely to be achieved first through discussions, which will then help us consider whether the issue needs to be addressed in the actual guidance.
- 4.10 We also note that current members of the Scheme have only been accredited for a handful of relevant services (e.g. mobile telephony, fixed telephony, fixed broadband and TV). We are receptive to considering any other services which consumers compare for accreditation that fall within our remit, as long as the service fulfils our approval criteria. For instance, mobile broadband and mobile pay-as-you-go comparisons would both qualify for consideration.

### **Quarterly spot-checks between audits**

#### **Ofcom proposal**

- 4.11 Our May consultation set out that some accredited PCWs have suggested that checks of their service between audits could help them ensure that developments to their sites are consistent with the Scheme's requirements. These PCWs considered that additional checks could simplify the audit process and eventually reduce audit costs.
- 4.12 Ofcom therefore proposed introducing quarterly spot-checks to be carried out by us (in consultation with the auditor where appropriate).

#### **Stakeholder responses**

- 4.13 Respondents generally agreed with our proposal to introduce quarterly spot-checks, in addition to the full-scale audits conducted by Ofcom and our auditors every 12 or 18 months. However:
- uSwitch.com noted that Ofcom needs to clarify that there will be no additional costs to PCWs for these extra checks; and

- Broadbandchoices.co.uk proposed semi-annual spot-checks rather than quarterly ones – it argued that this frequency is adequate to ensure that the high standards of the accreditation scheme are maintained without becoming overly burdensome from an administrative point of view.

## Ofcom decision

- 4.14 Following positive responses to this particular proposal and further discussions with accredited PCWs, we have decided to implement quarterly spot-checks in between audits. This is on the basis, as set out in the consultation, that 18 months can be a long time between audits given the level of change in the communications market, and that there is a risk of accredited PCWs straying unintentionally from the requirements of the Scheme.
- 4.15 The checks will take the form of desk-based research carried out by Ofcom at no extra cost to PCWs. PCWs will generally be given a week’s notice before the check begins, and any issues identified during the spot-check will be discussed directly with the PCW.
- 4.16 We consider that the spot checks should be quarterly rather than semi-annual. This will allow us to keep pace with changes in the communications market. In addition, it will not result in additional administrative burden to accredited PCWs, as spot checks are a desk-based exercise carried by Ofcom, for which accredited PCWs are not expected to prepare or submit any prior information. Accredited PCWs would only be contacted if we have any further queries.
- 4.17 A checklist of what the quarterly spot-check will entail is included at Figure 1 below. This checklist is not rigid and is likely to evolve as the quarterly spot-checks are introduced and developed over time.

**Figure 1: Quarterly spot-check compliance checklist**

What do we test?	Which criterion is tested?
1. Ensure a complaints procedure is available and easy to find.	Accessible
2. Test PCWs’ results to ensure that comparisons shown are initially ranked by first-year costs.	Accurate
3. Test a sample of offers to ensure that the same offers are also available from CPs.	Accurate
4. Is there a sufficient level of information on the PCW on each tariff such as download limits, out of bundle charges and whether or not line rental is included?	Accurate
5. Check to ensure that all accredited PCWs show headline broadband speeds and access to a speed test tool/link is provided.	Accurate / Transparent

6. Test to ensure that users are able to sort results.	Transparent
7. View accredited PCWs' websites to ensure they are all correctly using the Ofcom accreditation logo and terminology.	Transparent
8. Is the Ofcom logo used appropriately on a sample of affiliate websites?	Transparent
9. Ensure there is a contact telephone number is available for comparisons to be made offline and it is easy for consumers to find.	Transparent
10. Are there any presentational issues, i.e. incorrect use of sponsored links?	Transparent
11. Do the CP links work and go to the correct page?	Transparent
12. Ensure PCWs provide information / link for users to view a CP's Traffic Management policy.	Transparent
13. Test a sample of offers shown by the PCW to ensure that they are available at the user's telephone exchange.	Comprehensive
14. Compare a sample set of results of all PCWs against each other to ensure comprehensiveness (for main CPs).	Comprehensive
15. Does the PCW include all CPs it claims to cover?	Comprehensive

## Modifying the cost schedule to reduce fees for smaller PCWs

### Ofcom proposal

- 4.18 Ofcom recovers some of the costs of the audit fee from PCWs as part of the accreditation process. The consultation noted that in addition to the £11,500 (initial audit) and £7,000 (review audits) charges, we have a reduced charge of £500 for two or fewer employees.<sup>39</sup>
- 4.19 In order to ensure that the costs of accreditation do not become a barrier to entry and that we do not deter smaller providers, in our consultation we proposed amending

<sup>39</sup> This had not been previously reflected in the guideline's cost schedule on our website. The consultation inadvertently noted that Ofcom had already amended the charging schedule to the effect of applying the reduced fees to this category of companies.

our audit charging schedule to clarify that the reduced fees apply to PCWs with two or fewer **full-time equivalent** employees (FTEs).

### Stakeholder responses

- 4.20 In response to Ofcom's proposal to reduce audit costs for PCWs with two or fewer FTEs, Simplify Digital noted that revenue generated by PCWs is a much better indicator of a website's ability to pay fees than FTEs.
- 4.21 Broadbandchoices.co.uk believed that flat pricing is a fairer approach for the accreditation process and that the fee levels and number of staff chosen by Ofcom appear fairly arbitrary.
- 4.22 Consumer Futures and The Phone Co-Op agreed that Ofcom should differentiate the charging schedule depending on the size of the PCW operator. Consumer Futures in particular noted that current audit costs may be a deterrent to entry for smaller PCWs.

### Ofcom decision

- 4.23 We have decided to reduce audit fees for certain PCWs to ensure that the costs of accreditation do not deter smaller PCWs from applying to the Scheme. It is our view that consumers will benefit from the presence of smaller PWCs that may be otherwise deterred if we charged them the full cost of accreditation.
- 4.24 Specifically, we consider that it is important to ensure that smaller PCWs are able to contribute to the price comparison market as this promotes a choice of comparison services for consumers by potentially encouraging more comprehensive information and innovation in the way consumers can access price comparison information.
- 4.25 Following further discussions with all accredited PCWs, we have decided to set the reduced audit costs on the basis of a PCW's relevant turnover rather than the number of full-time employees working for the websites.
- 4.26 We consider that relevant turnover is a fairer indicator of a PCW's ability to pay the audit fees. Compared to FTEs it also does not entitle PWCs to the discount if they have few full-time employees but a substantial investment in IT systems. Relevant turnover relates to turnover derived from activities that are covered by Ofcom's price accreditation Scheme. This would include, but would not necessarily be limited to, advertising and commission fees from CPs.
- 4.27 We have balanced the desirability of not having barriers to accreditation for smaller PCWs with the financial impact for Ofcom to subsidise the audit, taking into account our previous practice. On balance, we consider that the importance of promoting better informed choices for consumers outweighs the costs to Ofcom.
- 4.28 On this basis, we have decided to reduce the Scheme's standard application and reaccreditation fees for PCWs with a relevant turnover of less than £200,000. While in this case the margin of discretion to decide on the appropriate threshold is relatively wide, to determine this threshold we took into account relevant turnover figures provided by five of the six accredited websites and Ofcom's previous practice, and this threshold appears reasonable as it falls within the range of the median average turnover of small businesses.<sup>40</sup>

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<sup>40</sup> BIS, *Small Business Survey 2012: SME Employers*, 2013: <https://www.gov.uk/government/publications/small-business-survey-2012-sme-employers>, see

- 4.29 We will monitor on an ongoing basis the appropriateness of this threshold and discuss any issues or possible changes with the accredited PCWs. The discounted fees for those PCWs will be the same as currently, i.e. £1,000 instead of £11,500 for initial accreditation, and £500 instead of £7,000 for subsequent reaccreditation.
- 4.30 The onus is on the applicant and accredited PCWs to justify to Ofcom and the independent auditor that they are eligible for qualifying for the reduced fee, if we think it is necessary for the PCW to provide further evidence in this regard.
- 4.31 For avoidance of doubt, this reduction in fees for smaller PCWs does not involve having two separate tiers of accreditation; PCWs will continue to be independently audited against the same criteria, with Ofcom bearing the costs of any discounts.
- 4.32 Please see paragraphs A1.7 and A1.11 in Annex 1 for a complete breakdown of the amended cost schedule in terms of applying to the Scheme or being considered for reaccreditation.

## Increased publicity for accreditation and Scheme logo

### Ofcom proposal

- 4.33 In our consultation we noted that while we consider accredited PCWs to be best placed to publicise their accreditation and the Scheme to consumers, we use the mechanisms available to us to promote awareness of the Scheme, for example, writing press releases and making social media announcements when a PCW is reaccredited.
- 4.34 We also noted that we will continue to look for opportunities within our remit and resources to promote the Scheme and the accredited PCWs.
- 4.35 In addition, we proposed to review the Scheme logo in due course, considering in particular whether improvements should be made to reflect the proposed changes to the Scheme and to ensure its meaningfulness to consumers.

### Stakeholder responses

#### Scheme publicity

- 4.36 Both Simplify Digital and Broadbandchoices.co.uk argued that Ofcom needs to carry out research into awareness of the Scheme to help identify and implement initiatives to raise publicity.
- 4.37 Three UK noted that the Scheme should be extended to cover a larger number of PCWs if it is to offer significant value to consumers. It suggested that any monies reserved for publicity should be directed at signing up a large number of PCWs outside the Scheme rather than to provide more general publicity for the Scheme.
- 4.38 The Consumer Panel argued that while accredited PCWs are best placed to publicise their accreditation and the Scheme to consumers, Ofcom must continue to use the mechanisms available to it to promote awareness of the Scheme.

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responses to question P1: 53% of micro businesses have a median average turnover below £249,999, and 24% have a turnover of £100,000-£249,999, and our proposed threshold falls within that band. Micro businesses are defined as one to nine employees.

- 4.39 Consumer Futures noted that its mystery shopping research indicated low awareness of accreditation but that consumers would see value in accreditation: 76% of consumers who are not aware of accreditation schemes declared accreditation would influence their choice of PCWs if they were made aware of it.<sup>41</sup>
- 4.40 Ombudsman Services welcomed Ofcom's efforts to continue to look for opportunities to promote the scheme.

### Scheme logo

- 4.41 Consumer Futures noted that Ofcom should consider working with other regulators to develop a unified accreditation Trustmark for price comparison services as this would likely reduce confusion, make it easier to publicise and allow costs to be spread.
- 4.42 Simplify Digital would like to see 'levels' of accreditation (potentially gold, silver, bronze logo) depending on how many services a PCW is accredited for, whether they have a true offline service and the level of information provided.
- 4.43 The Consumer Panel were less convinced of the merits of different logos for different industries within the communications sector e.g. mobile, broadband etc, unless they remain part of an umbrella brand.
- 4.44 Prior to consultation, some accredited PCWs noted in discussions with Ofcom that they no longer see the merit in including 'calculator' in the logo, particularly as they now tend to provide a more detailed service than a pure calculation and consumers are not necessarily aware of what the "calculator" does in the context of PCWs.

### **Ofcom decision**

- 4.45 Our judgment is that, currently, the Ofcom logo is more likely to be recognisable by consumers than a generic, third party logo, and is therefore more likely to enhance consumer confidence.<sup>42</sup> We remain receptive to considering a unified accreditation Trustmark in future should discussions develop with other bodies about consistent criteria across sectors.
- 4.46 "Levels" of accreditation and variation of Ofcom's logo depending on the number of accredited communications services would be complex and impractical, particularly if it involves adding too much information to the logo. Notably, several logos or different colours (e.g. gold, silver or bronze) may increase consumer confusion.
- 4.47 We agree that the inclusion of 'calculator' in the logo is no longer necessary, particularly as the proposed changes to the Scheme will require PCWs to include a variety of information around quality of service (e.g. broadband speeds, data usage limits, traffic management policies), in addition to a straightforward price calculation.
- 4.48 We have therefore decided to make a small amendment to the wording of the logo, as well as refreshing its visual appearance, to coincide with changes to the scheme. The new logo is shown at Figure 2 below.

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<sup>41</sup> Consumer Futures, *Comparing comparison sites – Price comparison website mystery shopping report*, 2013: <http://www.consumerfocus.org.uk/files/2013/01/Comparing-comparison-sites.pdf>

<sup>42</sup> In 2011, we found that 70% of adults aged over 16 had heard of Ofcom (wave 2 of the technology tracker, May-July 2011, available at: <http://stakeholders.ofcom.org.uk/market-data-research/statistics/stats11/>).

**Figure 2: New Ofcom accreditation Scheme logo**

- 4.49 Accredited PCWs are asked to link through to Ofcom’s consumer information webpages which include an explanation of the accreditation Scheme and a list of accredited organisations.<sup>43</sup>
- 4.50 With regards to publicity of the Scheme, as noted in the May consultation, we continue to consider that accredited PCWs are best placed to publicise their accreditation and the Scheme to consumers. We will continue to use the mechanisms available to us to promote the Scheme, including our consumer webpages on accreditation, various press releases and our social media platforms (e.g. Twitter and Facebook).
- 4.51 During the course of this consultation, some accredited PCWs have raised with us the issue of providing a white labelled service, i.e. selling their calculator for use by another price comparison site. We would like to clarify that, while we may currently allow the use of the Ofcom price comparison logo where the service is in effect the same as the one provided by the accredited PCWs, they are responsible for ensuring their white labelled services are being operated correctly by non-accredited affiliate websites. For instance, the Ofcom accreditation logo can appear on the non-accredited website but only in relation to the accredited calculator. We have included sample checks of how the logo is displayed on affiliate websites in our regular spot-checks.

## Customer complaints to PCWs

### Ofcom proposal

- 4.52 The May consultation noted that a number of bodies, including Consumer Futures, the OFT and the European Commission, recommended that PCWs should provide complaint handling processes.
- 4.53 Some accredited PCWs already set out their complaints handling process online, while all the other accredited PCWs offer a way for users to give feedback, including complaints.
- 4.54 We therefore set out the following two options in our consultation:
- Option 1: no change; or
  - Option 2: PCWs should provide for clearly explained, fair and timely processes for handling complaints.

<sup>43</sup> The relevant webpage is available at: <http://consumers.ofcom.org.uk/price-comparison/>



4.55 We considered that having an accessible contact method for making complaints and a fair and timely process for handling complaints is a basic requirement that should be applied to accredited PCWs. We therefore proposed implementing Option 2.

### **Stakeholder responses**

4.56 All those who responded to Ofcom's proposal to require accredited PCWs to have a complaints handling process in place agreed with the proposal. In particular:

- Simplify Digital noted that PCWs should have to prove compliance with their own complaints handling process in order to remain accredited.
- BT argued that there should also be a mechanism in place for CPs to complain to PCWs about inaccuracies.
- Ombudsman Services noted that such a process should be independent in order to ensure consumer confidence and that the process could operate similarly to the process in the communications sector where companies are given up to eight weeks to resolve a complaint. Ombudsman Services also suggested that if the PCW were unable to resolve the matter or the complainant was still not satisfied with the answer, they could then have their complaint considered by an ombudsman.

### **Ofcom decision**

4.57 Following a largely positive response, we have decided to implement our proposal requiring PCWs to include on their websites:

- a process for handling complaints that is fair and timely;
- a concise and easy to understand description of that process on their websites; and
- a process for submitting complaints that does not deter customers.

4.58 We balanced the benefits and costs of this proposal and have decided to introduce it on the grounds that although introducing and managing a complaints process could incur some costs for PCWs that do not have any such process in place, providing for such processes could benefit PCWs by increasing consumer confidence to their services and generating more traffic. We also consider that consumers would greatly benefit from being able to make complaints against PCWs, understand the process that the PCW will follow if a complaint is made and have that complaint considered in a fair and timely manner. In our judgment, the benefits are likely to outweigh the costs.

4.59 This process can apply to both consumers and CPs. We will monitor the progress of this new requirement via our spot checks, consumer complaints we receive, and our regular audits.

## **Other issues raised by respondents**

### **Research into PCWs**

4.60 Two respondents (EE and Three UK) questioned Ofcom's evidence base in reviewing the Scheme. In particular, Three UK argued that we did not provide data

relating to the scope, scale and reach of PCWs, while EE noted that the consultation did not address whether there still is a need for accredited PCWs or whether consumers are satisfied with current non-accredited websites, and the quality they offer.

### Ofcom decision

- 4.61 Research into the scope, scale and reach of PCWs has been carried out by a number of bodies, including Consumer Futures, the European Commission, the OFT and Firebrand Insight for the *Customers in Britain* reports.
- 4.62 Further to the research noted in our May consultation, the European Commission recently published a study looking at the availability and usage of PCWs for fixed-broadband comparisons across the European Union. The study indicated that, overall, PCWs run or accredited by regulatory authorities were more favourably assessed by mystery shoppers than non-regulator PCWs.<sup>44</sup>
- 4.63 In addition, the *Customers in Britain* survey 2013 from Firebrand Insight, shows that 63% of consumers tended to agree or strongly agree that they would be more likely to use a PCW or service if it signed up to a code of practice approved by the relevant industry regulator.<sup>45</sup>
- 4.64 There is therefore already an evidence base on the value of accreditation, and to complement this, we are proposing to include some questions on PCW usage in our yearly Switching Tracker for consumers.<sup>46</sup>

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<sup>44</sup> [http://ec.europa.eu/consumers/consumer\\_research/market\\_studies/docs/internet-service-study-full\\_en.pdf](http://ec.europa.eu/consumers/consumer_research/market_studies/docs/internet-service-study-full_en.pdf)

<sup>45</sup> <http://www.firebrandinsight.co.uk/sector-experience/our-life-in-britain-series>

<sup>46</sup> Relevant data tables would be included on our Statistical Release Calendar webpage, available at: <http://stakeholders.ofcom.org.uk/market-data-research/statistics/>

## Annex 1

# Updated guidelines on how to apply to the Scheme

## Scope of accreditation scheme

A1.1 Ofcom will consider accrediting price comparison calculators for all relevant services. These include, but are not limited to:

- Fixed telephone
- Mobile telephone
- International roaming
- Narrowband internet
- Broadband (fixed and/or mobile)
- Voice over IP
- Television
- Bundled services

## Application process for accreditation

A1.2 There are five steps in the application process for accreditation.

### Step 1

A1.3 Applicants should contact Ofcom at [price.accreditation@ofcom.org.uk](mailto:price.accreditation@ofcom.org.uk). Applicants will be asked to submit a short description of the price comparison they provide, which should include the following information:

- When the service was launched
- The relevant service(s) for which price comparison information is provided
- How prices are calculated
- How consumers can access the information e.g. via a website or a customer helpline
- How many consumers have used the calculator to compare services and/or switch
- How the business model works (including whether the organisation receives commission payments from communications providers, whether the organisation is run or owned by a communications provider and whether consumers are charged to access the service)

A1.4 Applicants may be asked to submit further information by Ofcom.

**Step 2**

A1.5 If Ofcom is satisfied that the service has the potential to meet the approval criteria, it will then invite the applicant to meet with Ofcom to give a demonstration of its service and answer any questions.

**Step 3**

A1.6 Ofcom remains satisfied that the service has the potential to meet the approval criteria, it will ask an independent analyst to undertake a technical audit of the applicant's price comparison calculator and its processes for ensuring price and tariff information is kept up to date.

A1.7 Applicants will be asked to contribute to the cost of this independent audit. Charges will be determined on the following basis:

In the case of an applicant with a relevant turnover of more than £200,000 which receives commission payments from the communications providers it features; charges persons to access its services; and/or is a communications provider itself.	£11,500
In the case of an applicant with a relevant turnover of less than £200,000 which receives commission payments from the communications providers it features; charges persons to access its services; and/or is a communications provider itself;  or  In the case of an applicant which does not receive commission payments from the communications providers it features; does not charge persons to access its services; and is not a communications provider itself.	£1,000

A1.8 Relevant turnover relates to turnover derived from activities that are covered by Ofcom's price accreditation Scheme. This would include, but would not necessarily be limited to, advertising and commission fees from communications providers.

**Step 4**

A1.9 Successful applicants will then enter into a contract with Ofcom. Ofcom will issue successful applicants with a certificate of accreditation. Where an organisation's service is accredited, the organisation can display the following Ofcom logo:



A1.10 The logo must link through to our consumer information webpage which includes an explanation of the accreditation scheme and a list of accredited organisations.<sup>47</sup>

## Step 5

A1.11 Accreditation will be renewed, subject to an independent audit, on a periodic basis. Applicants will be asked to contribute to the cost of the independent audit. A website awarded accreditation is currently reviewed initially 12 months following initial accreditation and then every 18 months subsequently. Charges will be determined on the following basis:

In the case of an applicant with a relevant turnover of more than £200,000 which receives commission payments from the communications providers it features; charges persons to access its services; and/or is a communications provider itself.	£7,000
In the case of an applicant with a relevant turnover of less than £200,000 which receives commission payments from the communications providers it features; charges persons to access its services; and/or is a communications provider itself;  or  In the case of an applicant which does not receive commission payments from the communications providers it features; does not charge persons to access its services; and is not a communications provider itself.	£500

A1.12 To monitor PCWs' compliance with the Scheme's criteria between audits, Ofcom will carry out quarterly spot-checks at no extra cost to PCWs.

## Approval criteria

A1.13 Accredited price comparison calculators must be accessible, accurate, transparent and comprehensive:

### Accessible

1. Services must be accessible by all consumers including disabled users.
2. Web-based services should offer consumers the option of getting advice offline.
3. PCWs must comply with existing relevant legislation, including the Data Protection Act and Equality Act and any other applicable legislation.
4. PCWs should have in place clearly explained, fair and timely processes for handling complaints.

### Charging

5. PCWs must provide a free service or impose only a reasonable charge on consumers accessing their services.<sup>48</sup>

<sup>47</sup> The webpage is available at: <http://consumers.ofcom.org.uk/price-comparison/>

## Accurate

6. Data used to calculate price comparisons should be updated no later than every two weeks. Web based calculators should indicate when they were last updated.
7. Data on prices and tariffs should reflect the availability of special offers and any upfront costs, for example installation and equipment.
8. PCWs should provide, on their result pages, information about any limits on data usage that apply to services identified in comparison searches
9. The price comparison service must display 'up to' broadband speeds on its results page.

## Transparent

10. The price comparison calculator must enable consumers to sort the results of any price calculation by price.
11. The PCW must make it clear to consumers how it makes money or funds its activity.
12. PCWs should alert consumers that their provider may increase the cost of their monthly deal and that they should be allowed to exit their contract without penalty if this happens.
13. The price comparison service must explain that traffic management policies may apply and provide links to communications providers' policies where available.
14. PCWs should explain that actual broadband speeds experienced may vary from the 'up to' speed provided by a package and provide a link to Ofcom's work on broadband speeds.
15. Services must provide tools, or links to tools, for consumers to test the speed of their line.
16. PCWs should provide links to Ofcom's comparative information on customer service and complaints handling, including regular information on the complaints received by Ofcom.

## Comprehensive

17. Price comparison information must be full and comprehensive. Data should include a comprehensive number of providers to reflect the level of choice available to consumers in the relevant market, including key players.
  18. PCWs should take into account the consumers' location when presenting information on what services are available.
- A1.14 In addition to the approval criteria set out above, PCWs are responsible for ensuring their white labelled services are being operated correctly by non-accredited affiliate

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<sup>48,49</sup> As set out in Ofcom's 2006 specification document, *Accreditation scheme for price comparison calculators: Launch of new scheme and invitation for applications*. See page 10 onwards, available at: <http://stakeholders.ofcom.org.uk/binaries/consultations/ocp/statement/pricescheme.pdf#page=13>

websites. For instance, the Ofcom accreditation logo can only appear on the non-accredited website in relation to the accredited calculator.

A1.15 Specific guidance and past decisions in relation to the independent audit process are available on our website at:

<http://stakeholders.ofcom.org.uk/consultations/price-calculator-accreditation/>

## Annex 2

# List of respondents

A2.1 There were 14 respondents to our consultation:

- Broadbandchoices.co.uk
- BT
- The Communications Consumer Panel (the Consumer Panel)
- Consumer Futures (previously Consumer Focus)
- EE
- Internet Telephony Services Providers' Association (ITSPA)
- Ombudsman Services
- The Phone Co-Op
- Simplify Digital
- Three UK
- uSwitch.com; and
- three individual respondents.

A2.2 All non-confidential responses can be seen on our website<sup>49</sup>.

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<sup>49</sup> <http://stakeholders.ofcom.org.uk/consultations/price-calculator-accreditation/?showResponses=true>.



### Annex 3

# Audit guidance for price comparison services

- A3.1 Please see the PDF document published alongside this document entitled *Accreditation scheme for price comparison services: audit guidance document*. This is available on the landing page of the review and statement via the following link:

[http://stakeholders.ofcom.org.uk/binaries/consultations/price-calculator-accreditation/statement/Audit\\_guidance\\_document.pdf](http://stakeholders.ofcom.org.uk/binaries/consultations/price-calculator-accreditation/statement/Audit_guidance_document.pdf)

## Annex 4

# Past audit decisions document

- A4.1 Please see the PDF document published alongside this document entitled *Accreditation scheme for price comparison services: past audit decisions*. This is available on the landing page of the review and statement via the following link:

[http://stakeholders.ofcom.org.uk/binaries/consultations/price-calculator-accreditation/statement/Past audit decisions document.pdf](http://stakeholders.ofcom.org.uk/binaries/consultations/price-calculator-accreditation/statement/Past%20audit%20decisions%20document.pdf)