



Response to Ofcom consultation on non-geographic numbers

June 2012

Introduction

Citizens Advice welcomes the opportunity to respond to Ofcom's consultation on simplifying non-geographic numbers.

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. It values diversity, promotes equality and challenges discrimination.

The service aims:

- to provide the advice people need for the problems they face
- to improve the policies and practices that affect people's lives.

The Citizens Advice service is a network of nearly 400 independent advice centres that provide free, impartial advice from more than 3,500 locations in England and Wales, including GPs' surgeries, hospitals, community centres, county courts and magistrates courts, and mobile services both in rural areas and to serve particular dispersed groups.

In 2011/12 the Citizens Advice service in England and Wales advised 2 million people on nearly 7 million problems. Debt and welfare benefits were the two largest topics on which advice was given.

Citizens Advice has consistently sought to draw attention to these issues, particularly the detriment caused to people on low incomes who have to rely on mobile phones to make calls to non-geographic numbers. In particular, we supported Leeds Citizens Advice Bureau's 2009 publication *Hung Up?* which drew attention to the financial costs imposed on CAB clients who have only a mobile phone when attempting to contact government departments or delivery agencies.¹

In 2010 Citizens Advice also carried out its own survey of CAB clients from England and Wales about this issue, as discussed in detail in our previous consultation response. In total, 3,850 responses were received from 80 bureaux that took part. As was noted in our response to Ofcom's previous consultation on non-geographic numbers, our survey found:

- 40 per cent of respondents had only a mobile phone
- Of the 92 per cent of respondents who had a mobile phone, 59 per cent had pay-as-you-go phones
- 51 per cent of respondents had called a government helpline in the previous six months whereas 63 per cent of people who had only a mobile phone had done so
- Of those who had only a mobile phone, 74 per cent had been put off calling either a government or other helpline because of the high call costs
- 20 per cent of respondents who had a mobile phone had asked their local CAB to call a helpline on their behalf because they could not afford to make the call themselves.

¹ <http://www.leedscab.org.uk/forms/hungupreport.pdf>

Response to consultation

We have restricted our answers to those questions on which we have expertise and evidence to inform our views.

Proposals for the unbundled tariff

Question 4.1: Do you agree that the analysis set out in Section 4 and the supporting annexes which draws on our initial assessment in the December 2010 review, stakeholder comments and the further research undertaken in 2011, appropriately characterises the market, the market failures and the effects on consumers? If not please set out your alternative views.

Yes, we agree with the analysis of the market, the market failures and the effects on consumers.

The proposal for an unbundled tariff is an improvement but it does not go far enough to address the issue of clarity about the cost of a call.

Question 10.3: Do you agree with our proposal not to impose a cap on the access charge in the first instance? If not please explain why.

On balance, we would prefer for a cap on the access charge to have been imposed from the outset. There are a number of reasons for this.

From the perspective of Citizens Advice, it seems unlikely that significant numbers of consumers will choose their communications provider (CP) on the basis of non-geographic call costs. There are other factors which would in general be more persuasive to customers choosing a provider or tariff.

If there were to be competition to attract consumers on the basis of access charges for calling non geographic numbers, this would keep the access charge down but in the absence of price competition, and in the absence of a cap, there is no particular incentive to keep it low. Nor is there an incentive to have a narrow range of price points operated by originating call providers (OCPs) which would at least allow consumers an accurate estimate of how much their access charge was likely to be.

In addition, the currently proposed format for providing call cost information may give the impression that calls are cheaper than they are, which could potentially lead to bill shock. For example, a non geographic number which would presently cost 6ppm to call from a BT landline and would be advertised as such, would instead be advertised as costing 2ppm plus an access charge. On the face of it, this may appear to some consumers to represent a price cut or interpret it as costing less than it actually does. As a service provider with two services accessible via non geographic numbers this is a concern for Citizens Advice.

Capping the access charge would resolve some of these issues. In the absence of competition (as seems reasonably likely), CPs' access charges would cluster around the level of the cap. This would effectively put Ofcom in control of setting the retail price of non-geographic calls via the level at which the cap is set.

If this were to become the case, it may be more straightforward for Ofcom to explicitly set the retail price of non-geographic calls for the various number ranges and hence provide complete clarity about call costs as a consequence.

If there was price competition and CPs competed to have lower access charges, then service providers (SPs) would find themselves effectively overstating the cost to call them as they would have to say “the access charge depends on your phone provider but will be no more than xppm” (where x is the cap) when it could be substantially lower than that. This would presumably be unpopular with service providers but would at least give consumers an idea of the maximum cost that their call would incur.

Question 11.1: Do you agree with Ofcom’s assessment that an unbundled tariff should also apply to the 0845 and 0870 ranges? If not please explain why.

Yes, for the sake of clarity and uniformity it is preferable that the unbundled tariff apply to all non-zero non geographic number ranges. While the unbundled tariff is not the ideal solution from our perspective, it does represent an improvement on the current situation.

Question 12.1: Do you agree with our proposal not to mandate the presentation of disaggregated AC and SC charges on customers’ bills? Do you agree with our view that it should be up to OCPs to decide the best way to present these charges to their customers on bills OCPs but that we require that at a minimum, the OCPs should include the customer’s AC on the bill they receive?

It would be desirable that disaggregated AC and SC charges be presented on customers’ bills. There are a number of reasons for this. Firstly, the point of the unbundled tariff is to help consumers understand how much it will cost to call a non-geographic number (although we do not feel that the unbundled tariff offers great clarity on this point) and it would seem incongruous to not then display that information in disaggregated form on customers’ bills.

If there is any desire to see increased competition between SPs in terms of the cost to call them, it makes no sense to require consumers to perform their own calculations to find out how much they are paying in service charges. Similarly, competition for customers on the basis of access charges would presumably not be harmed by the provision of disaggregated tariff charges on bills.

Finally, given that the published information about the unbundled tariff in material from service providers will only offer partial information about the cost to call, it would be better to have both the access and service charge displayed somewhere, even if it is not ex ante – although clearly that would not address our criticism of this aspect of the unbundled tariff.

Question 12.5: What steps / actions do you consider need to be undertaken to ensure changes to the structure and operations of non-geographic numbers are successfully communicated to consumers?

Given the risk that consumers will underestimate how much it would cost to call a given number due to the way that information about the unbundled tariff will be provided it is essential that a comprehensive publicity campaign is carried out. This should include but not be limited to media advertising, information on bills and in letters/emails from OCPs to consumers and leaflets and posters which can be placed in places such as GP waiting rooms, Citizens Advice Bureaux etc. It will

also be essential to ensure that people giving advice and information to consumers are fully aware of the changes.

Question 12.6: Do you agree with our proposal that existing price publication obligations (with some modifications) are sufficient to ensure that consumers are made aware of their ACs? Do you agree that we would need to specify the AC as a key charge?

For many consumers the issue about awareness of their access charges is not just about the provision of information when signing-up to a contract or on bills, but about being easily accessible and understood at the point they make a phone call. Many of the services accessible via non geographic numbers are used by consumers when something has gone wrong or they have a problem or question they need to resolve. As such, it is difficult for consumers to know what their likely use of non geographic number ranges will be and unlikely that they will pay much attention to the access charges until they actually come to make those phone calls. It will be difficult to ensure consumers are able to find information about access charges at the point of making a call, which is our key criticism of the unbundle tariff.

Question 12.11: Do you agree with our proposal that implementation should take place 18 months from the date of the final statement?

Given the logistical challenges that implementation will entail, we accept that a reasonable time period will be required. However, given the detriment to consumers identified by Ofcom, there is a certain urgency to implementing the final proposals. As such we would expect 18 months to be the absolute maximum implementation period.

080 numbers

Question 16.1: Do you agree with our assessment of the options for the 080 range? In particular, do you agree with our preferred option of making 080 genuinely free to caller? If not, please explain why.

We welcome the proposal to make the 080 range genuinely free to callers and agree with Ofcom's assessment of the options.

Since our response to Ofcom's previous consultation on this issue we have continued to receive evidence from bureaux of clients unable to afford to call essential services from their mobiles because of the cost.

A CAB in the South West saw a 55 year old client whose husband had died, and who was working through the list of agencies she should contact as provided by the registrar's office. She had been unable to contact TV Licensing and her water company as the numbers she had been provided for each were 080 numbers and she did not have a landline. As she was on a low income she did not want to risk building up a large bill.

A CAB in the South East reported a case in which a 65 year old client was attempting to speak to the DWP's Debt Management department about an alleged overpayment of pension credit but was required to contact an 080 number which was not free to call from mobiles. The client did not have a landline and the cost of calling the number was prohibitive due to the length of time he thought he would be on hold. The bureaux phoned the DWP on his behalf

and were kept on hold for nearly twenty minutes, a wait which would have seen the client incur significant charges had he made the call from his mobile.

A CAB in Yorkshire and the Humber reported a case where a 54 year old client was unable to contact one of her creditors as they operated an 080 number which was expensive to call from her mobile phone. The client did not have a land line so the bureaux called the creditor on her behalf, in a phone call which took 32 minutes and would have cost a significant amount from a mobile.

We are unconvinced by the argument promoted by some that because the Helpline Association (THA) has negotiated free-from-mobile 080 numbers and DWP has done the same that there is no need. We are concerned that this approach will not be future proof or across the board and requires each further organisation to separately negotiate with CPs. We have evidence from bureaux that the special arrangements create confusion in themselves since it is generally understood by consumers that 080 numbers are not free to call from mobiles.

A CAB in the East of England reported a case in which a 24 year old female client was deterred from calling the DWP because she perceived that their 080 numbers would be expensive to call from a mobile. The client, who was seeking evidence of her benefits in order to access help with child care costs, did not have a landline and came to the bureaux for help. The adviser found it very difficult to check whether the number she needed to call was free from a mobile – which it was – and noted that the client lacked access to the internet necessary to find this information out herself.

Question 16.3: Do you agree with our estimates of the level of migration and misdialling costs for service providers who may migrate as a result of our proposal to make the 080 range free to caller (taking into account the evidence and analysis in Annex 12)? If not please explain why and provide evidence.

We are conscious of the potential knock-on effects of making 080 numbers genuinely free as the cost to service providers will increase. If SPs migrate to other number ranges, it would be hoped that they would move to the 03 range as it is free for many landline customers and free to most mobile customers. We would expect most service providers who are providing essential services for consumers to ensure that any migration minimised resultant costs to consumers. While moving from 080 to 03 would see some people calling from landlines paying more than previously, the cost of calling from a pre-pay mobile would be significantly cheaper than calling an 080 number and for the vast majority of post-pay mobile customers it would be free. Although not ideal, on balance this scenario would be of overall net benefit to consumers.

The fact that the THA and DWP have been able to make arrangements with OCPs to provide 080 calls from mobiles for free without incurring insurmountable additional costs does show that there is a willingness from mobile OCPs to absorb some of the additional cost of making those 080 numbers free to call from mobiles. There is no reason why mobile OCPs could not continue to do this for socially important service providers.

Question 16.4: Do you agree with our proposal to treat the 116 ranges in the same way as the 080 range (i.e. designate all as free to caller) as set out in detail in Annex 27? If not please explain why.

Yes, this would seem appropriate.

Question 17.3: Do you have any other comments on our proposed implementation approach for making Freephone free to caller? For example, do you consider it necessary for Ofcom to impose a requirement on SPs to publicise that 080 calls are free and do you have any other suggestions for how SPs could be encourage to publish that at the point of call? Are there any other implementation issues which need to be taken into account?

We would consider it appropriate for Ofcom to require service providers to publicise that 080 calls are free. Otherwise some consumers will continue to refrain from calling those numbers for fear of the costs when the consequences of not calling may be significant or severe (e.g. if attempting to contact a creditor who operates an 080 number).