Reference: 02247511

Information Requests
information.requests@ofcom.org.uk

6 August 2026

Freedom of Information request: Right to know request

Thank you for your follow-up request concerning fixed annual telecom price increases.

We received this follow-up request on 22 July 2026 and we have considered your request under the Freedom of Information Act 2000.

Your request & our response

I would like to challenge the reasoning set out in paragraphs 5.67 to 5.69 of the 19 July statement addressing the impact of fixed price increase on lower tariff customers.

Under the previous framework, annual in-contract price rises were linked to inflation (CPI or RPI) plus a fixed percentage margin. My understanding is that this formula, both the CPI / RPI and fixed percentage margin (3.9%) were based on factual data and were universally adopted by all the network providers. They formed part of Ofcom's regulatory framework. Under the current rules, however, Ofcom has replaced that approach with one that allows providers to determine the amount of any fixed annual increase themselves, provided it is disclosed clearly before the customer enters the contract.

Could you therefore please confirm:

1. Whether Ofcom considered imposing any limits or guidance on the level of fixed annual increases when developing the new framework.

2. Whether Ofcom carried out any analysis comparing the proportional impact of fixed monetary increases with the previous CPI-linked formula, particularly for customers on lower-priced tariffs.

3. Whether Ofcom has reviewed its assumption that market competition would constrain the level of fixed annual increases in light of increased market concentration.

Paragraph 4.26 of our July 2024 statement (highlighted in our previous response) explains our assessment that introducing a cap on price rises would not give customers sufficient clarity and certainty about the cost of a service. We also noted that it would constitute pricing regulation of the retail market and that the regulatory framework in which we work does not generally permit retail pricing regulation where the market is competitive.

In our Pricing and Consumer Engagement 2025 report, we set out our initial assessment of the impact of the new rules (see p.30-33). We found that the new rules are providing greater clarity to consumers, making it easier for them to compare deals. We also noted that there was not yet enough evidence to draw conclusions about the impact on overall bills.

As set out in both Ofcom's plan of work 2026/27 (see p.10) and the Pricing and Consumer Engagement 2025 report, we will publish a full review of the impact of the new price-rise rules in 2027. This review is an ex-post evaluation - part of our ongoing programme of such reviews.

Yours sincerely,

Information Requests

Request an internal review
If you are unhappy with the response you have received to your request for information or think that your request was refused without a reason valid under the law, you may ask for an internal review. If you do, it will be subject to an independent review within Ofcom. We will either uphold the original decision, or reverse or modify it.

If you would like to ask us to carry out an internal review, you should get in touch within two months of the date of this letter. There is no statutory deadline for us to complete our internal review, and the time it takes will depend on the complexity of the request. But we will try to complete the review within 20 working days (or no more than 40 working days in exceptional cases) and keep you informed of our progress. Please email the Information Requests team (information.requests@ofcom.org.uk) to request an internal review.

Taking it further
If you are unhappy with the outcome of our internal review, then you have the right to complain to the Information Commissioner's Office.