



# uSwitch response to Ofcom's 2015/16 Annual Plan: Invitation to Comment

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**Contact**

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## 1 Executive summary

uSwitch is comfortable with Ofcom's overall strategic approaches and purposes. We will be interested to review and comment on the specific initiatives Ofcom proposes under each of the strategic areas as part of the upcoming Annual Plan consultation. Our primary interest is how Ofcom looks to ensure as many consumers see the benefits of a competitive market as possible, whilst still being protected from harm.

We have focused our comments by considering what we see as the consumer engagement journey with communications services, and what we believe Ofcom's objectives in this area should be:

- Ensure consumers receive a **prompt** to engage with the market at the optimum time
- Enable better ways for consumers to **compare** products in the market, making it easier and more meaningful to individual circumstances
- Establish processes that allow consumers to easily **switch** in a way that is consistent across all communications bundle elements
- Protect consumers throughout their **contract**

In relation to each of these suggested objectives our response sets out some areas where we feel Ofcom should launch specific projects in 2015/16. We hope Ofcom will seriously consider including our proposals as part upcoming Annual Plan.

We would welcome the chance to discuss these issues with Ofcom as it goes through its planning process.

## 2 About uSwitch

uSwitch is a free online and telephone-based comparison and switching service, helping consumers compare prices on gas, electricity, water, heating cover, home telephone, broadband, digital television, mobile phones and personal finance products including mortgages, credit cards, current accounts and insurance. We are the largest broadband and mobile switching service in the UK, by online traffic. In 2015 uSwitch will celebrate fifteen years of saving customers money.

uSwitch is backed by LDC, the leading UK mid-market private equity house, and Forward Internet Group Limited, a privately funded collection of internet-based businesses focused on consumer engagement and innovation.

### **3 Holistic approach to competition and consumer engagement**

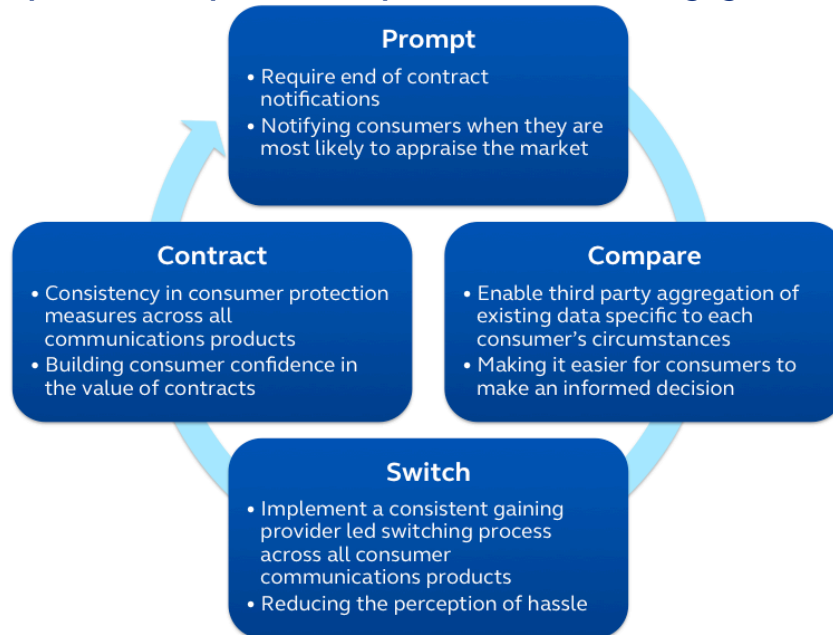
#### **3.1 Framework**

To promote effective competition and informed choice Ofcom clearly has a very important role considering the appropriate level of upstream economic regulation to enable downstream competition. However, without enabling downstream consumer engagement, the true competitive effects will not be fully realised. Ultimately for there to be competition, there has to be a healthy level of switching in the market.

We think it should be easy for consumers to appraise the alternatives to ensure their current package remains suitable for them when they reach the end of a contract and switch if they want to. While uSwitch accepts Ofcom has made genuine progress in this area, we feel Ofcom should be more holistic and ambitious in how it seeks to improve consumer engagement going forward.

Ofcom and industry cannot take consumer engagement for granted. We think it is entirely understandable some consumers will make a decision on whether to engage in the wider market by weighing up the perception of additional benefit, against the perception of time and hassle involved. Ofcom has to change the balance of this equation in the mind of more consumers if it really wants to promote competition. To do this we believe adopting a more comprehensive regulatory approach to promoting downstream competition is necessary. We urge Ofcom to consult in 2015/16 on targeted measures to improve each of the elements of the consumer engagement journey as we suggest below.

### 3.1.1 Proposals to improve each part of consumer engagement journey



### 3.2 Prompt: Require end of contract notifications

Following Ofcom's decision to issue guidance on General Condition 9.6, fixed and mobile telecoms consumers can expect to be notified by durable medium whenever their headline price unexpectedly rises. Separately, we are seeing an increasing tendency in the market for acquisition pricing that runs for the duration of the initial contract period. These deals are often very competitive but do run on to providers' standard pricing once the deal comes to an end, a price change where the provisions of General Condition 9.6 do not apply. Our view is consumers in this situation should not be expected to remember the exact month their deal comes to an end and check the first bill or bank statement after the change to see how much they are now paying.

We believe Ofcom should consult on amending General Condition 9 to include a requirement to notify customers by durable medium when their initial contract period has ended. Furthermore we propose that any such amendment should be supplemented by guidance on the content in letters ensuring providers make clear there are now no early termination fees payable should the customer want to switch.

We believe the notification requirement would have the impact of raising awareness of the contract end date and to begin to break down some of the misconceptions that exist around switching processes. But more than just switching, we think such a measure would also create an incentive on

providers to directly offer customers coming to the end of their contract better deals than their standard prices to encourage retention.

We think an amendment to the General Conditions requiring end of contract notifications would have an immediate positive impact on competition, but we also believe Ofcom should extend such a requirement to communications services not covered by the General Conditions, as we discuss later in section 3.5 of our response.

### **3.3 Compare: Enable third party aggregation of existing data specific to each consumer's circumstances**

We are sure Ofcom would agree with us that consumers need access to the right information in order to make an informed buying decision on communications services. We think it is also possible that consumers can be faced with too much information presented in an overly legalistic or untailored way, creating the potential to overload consumers resulting in disengagement.

To aid consumer engagement with the right information, we would like to see Ofcom produce a Call for Inputs in 2015/16 asking stakeholders for views on making more data accessible to trusted third parties. We believe if intermediaries had more access to industry data there would be an opportunity and incentive on these third parties to display consumer information in more engaging and personalised ways.

We think that now is a potentially pivotal moment for the UK communications market. As superfast fixed broadband and 4G rollout continues, we believe it is both in the interests of consumers and industry to ensure consumers are able to access and engage with information that can show the real benefits of new technology specific to the customer's own circumstances. That said, when it comes to providing wider data access to trusted third party intermediaries, we would expect that any one provider would be reluctant to be the first mover if their competitors do not also do the same, at the same time. We therefore believe Ofcom could play a really useful role in coordinating moves to improve this across industry.

#### **3.3.1 Fixed broadband speeds**

We have some initial views on where this approach may be particularly useful, for example on access to broadband line speed estimates. The Voluntary Code of Practice on Broadband Speeds requires that participating broadband providers give a line speed estimate specific to each customer's line at point of sale. This data will be calculated not just on the basis of geographic factors

such as distance from the exchange, but also based on information specific to providers network. We believe it would be beneficial if consumers could easily compare these estimates across many providers, without having to start an individual provider's buying journey or by going to each individual provider website. We think simple side-by-side speed estimate comparison would make it easier to make an informed decision based on tailored data, and as certainly preferable to comparing on the basis of 'up to' speeds alone.

We would like to see Ofcom facilitate discussions on whether the Code can be amended to require API access to this data, allowing third party intermediaries to aggregate it and use it as part of a comparison journey.

### **3.3.2 Mobile coverage information**

Another area we feel Ofcom could consider as part of a third party data access Call for Inputs is mobile phone and mobile broadband network coverage information. Mobile network operators all make available coverage maps on their own website. We believe independent third party services are well placed to aggregate information on how different networks coverage compares if able to access the underlying data. In essence we would like to get a point where consumers can enter their postcode in one place to get a quick idea of coverage across all networks and technologies. We think this sort of service would be especially useful for consumers in rural areas, where not all networks are available, as well as for consumers who are interested in newer technologies that have not yet been fully rolled out, such as LTE.

We see the impact of measures such as these as enabling innovation in the comparison space, which will ultimately make it easier for consumers to compare more factors than just price.

## **3.4 Switch: Implement a consistent gaining provider led switching process across all consumer communications products**

We have set out our views on where Ofcom should go next in its switching programme as part of the recent Consumer Switching Call for Inputs. In terms of the Annual Plan, we believe this should be an absolute priority in 2015/16.

As we set out in our Call for Inputs response, uSwitch believes that Ofcom should consult and issue a statement that starts implementation of processes that offer consistent-to-the-consumer, gaining provider led switching across all consumer communications products.

### **3.5 Contract: Consistency in consumer protection measures across all communications products**

As part of the 2015/16 Annual Plan we will be interested to see the measures Ofcom proposes to protect communications consumers. We believe the appropriate level of consumer protection is vital to avoid consumer harm and to build confidence in the value of communications services contracts.

We are seeing an increased take-up of bundles across the retail communications market. In particular, TV and broadband bundles are becoming commonplace. In light of this we believe the regulatory mechanisms Ofcom uses for consumer protection needs to be reviewed, especially given its primary consumer rulebook, the General Conditions of Entitlement do not cover the majority of pay TV services.

For example in relation to the guidance Ofcom has issued under General Condition 9.6, we are concerned Ofcom may have created an incentive on providers with bundles that include some elements not covered by the General Conditions, to push mid contract price increases onto products where Ofcom has less of an ability to intervene.

We believe Ofcom should make greater use of its enforcement powers under the Unfair Terms in Consumer Contracts Regulations to ensure greater consistency across communications products. However we consider any consultation on doing this should also assess the case for specific general conditions for TV services that would align with the consumer protection measures in the General Conditions of Entitlement.