

Telefonica UK Limited

Your response Question 1: Do you agree with our assessment of harm?

Telefonica UK is customer-led. We therefore support initiatives aimed at protecting the best interests of consumers, and particularly those of the most vulnerable categories.

We note that the egregious consumer harm your analysis has uncovered is very specific and is particular to a very restricted set of circumstances.

Therefore, while we agree that immediate steps are required to address significant concerns related to consumer welfare, we would point out that strong regulatory intervention is not appropriate in all situations and there may be cases where other enforcement actions could be more effective than industry-wide price regulation.

Question 2: Do you agree with our view that the proposed cap on the service charge for a call to a 118 number of £2.58 (ex VAT) per 90 seconds of the call is an effective and proportionate to remedy the harms identified?

We believe that your assessment of harm reflects a special case where intervention may be needed to protect vulnerable categories of consumers from bill shock and excessive charges, as well as to mitigate an industry-wide reputational damage.

However, while setting a service charge cap may be an appropriate solution in this particular case, as a matter of principle we consider that a wide regulatory intervention related to retail prices is capable of adversely impacting innovation and, ultimately, consumer welfare.

Question 3: Do you agree with our view that an overall implementation period of four months following Statement will be a sufficient time for providers to introduce the proposed cap?

Question 4: Do you have any comments on the notifications at Annex 10 and the draft modification set out within them? Where you disagree with the proposed modification, please explain why.

Please see our comments under Questions no. 1 and 2 above.