

Utility Warehouse response to Ofcom's Review of ADR in the telecoms sector

Introduction:

Utility Warehouse ('UW') welcomes the opportunity to respond to Ofcom's consultation 'Review of ADR in the telecoms sector'. Utility Warehouse is a multi-service provider, selling energy, financial and fixed and mobile telecommunications services to consumers and small business customers. We are a reseller of fixed and mobile telecoms services and have wholesale agreements in place with telecommunications providers whose networks we use for offering telecoms services to our customers.

Ofcom's findings and proposal:

We agree with the importance of timely complaints resolution by communications providers and are encouraged by Ofcom's findings:

- 79% of complaints are resolved within the first week; and
- 94% of complaints within six weeks.

This demonstrates that the complaints handling process in the industry is working well.

Ofcom's analysis shows that the percentage of complaints resolved from week 6 to week 8 is around 20%. Based on that, it concludes that when a customer's complaint has reached the 6-week mark, the likelihood of getting it resolved or referred to ADR before the 8-week threshold is low. We consider that this lower percentage shows that more complex complaints take longer to resolve. Ofcom's analysis did not take into account the types of complaints at the different stages of resolution, which may have given an indication about their complexity. In addition, Ofcom's analysis does not suggest that shortening the ADR referral time will mean that those complaints will be resolved any more quickly than they are today. We consider that shortening the ADR referral time could result in complaints not being fully investigated by the communication provider based on the evidence available to them. It will then be the responsibility of the ADR provider to adjudicate based on imperfect information. This could lead to additional time pressure on the ADR provider to reach a decision in these cases or even to incorrect decisions which consumers may consider to be unfair or unreasonable.

Ofcom's analysis does not provide insight into the types of resolutions proposed by communication providers and ADR providers. It would be helpful to see if there is a difference between the two. In our experience, ADR providers typically award credits, apologies or allow customers to leave their contract without paying any early termination fees. Communications providers may be able to provide resolutions which are more relevant to the issue experienced by the customer.

Cost and complexity:

Ofcom's proposal should be seen against a background of ever-increasing regulation. The past five years have seen the introduction of detailed and costly interventions, including

End of Contract / Annual Best tariff notifications, billing notifications, video access to emergency services, One Touch Switching, and broadband labelling.

All these interventions have imposed cost on communications providers, and resulted in opportunity costs. There have been years where UW's roadmap could only cater for the required regulatory changes because of the number and complexity of them.

Ofcom estimates that the change in ADR referral time would cost the six main providers £3.5m in additional cost and admits that the costs are likely to be higher. We consider that Ofcom should have done more to develop a more accurate estimate of the costs. We note that there has been no engagement with smaller providers on the subject, who will have lower complaints volumes, but could be disproportionately impacted because of differences in processes and systems.

In this context, Ofcom should consider how it balances its interventions with its 'Growth Duty' and how it ensures that any regulatory action it takes is necessary and proportionate. We question whether it is proportionate to impose an inaccurate estimate of cost on an industry for a process that, according to Ofcom's findings, works well.

Ofcom's proposal would result in a discrepancy between telecoms and other regulated services

As a multi-service provider, UW is also subject to energy and financial services regulation. Both sectors have complaints resolution and escalation rules that are similar to the ones in telecoms. When a complaint has not been resolved after eight weeks, customers need to be notified of their right to refer their complaint to their ADR provider.

We are concerned about a potential difference in complaints escalation rules between regulators. We would need to accommodate for different processes internally, which will result in additional cost and complexity for advisors and most importantly, confusion for consumers. Confusion could undermine trust in the complaints process more generally, and in the ADR process in particular.

From an operational point of view, notification letters would have to be sent out at different times, which would be problematic for complaints about multiple services, or account related complaints. By way of example, providers selling both airtime and handsets under a consumer credit agreement would need to notify customers about airtime complaints after six weeks, and handset related complaints would need to be sent two weeks later. We consider that this would lead to bad outcomes and we encourage Ofcom to look at the wider regulatory landscape before proposing changes in isolation.