



Consultation on end-of-contract and annual best tariff notifications

Virgin Media's response

1st February 2019

Non-Confidential response

EXECUTIVE SUMMARY

Virgin Media welcomes the opportunity to respond to Ofcom's "Consultation on end-of-contract and annual best tariff notifications" ("**the Consultation**").

Virgin Media welcomes certain adjustments made by Ofcom in this consultation.

However, we continue to hold a number of concerns about elements of Ofcom's proposals. Although many of our concerns were described in our previous response, we provide further detail alongside proposed changes that, in our view, would make any notifications both more proportionate for communication providers ("CPs") and more useful for consumers.

As we have previously highlighted, we believe that Ofcom's programme of work on consumer engagement should avoid a requirement for CPs to make large scale back-end system overhauls. This would be counter-productive: providers would incur unnecessary costs and the complexity involved would delay implementation timescales. We believe that, in their current form, Ofcom's proposals would require a minimum twelve-month implementation period.

Ofcom should also be alert to the fact that over-burdening consumers with too much information can be counter-productive and we urge Ofcom to consider something more likely to result in greater consumer engagement.

The main focus of this response addresses the changes made by Ofcom since the previous consultation. This response should therefore be read in conjunction with our previous submission.

1. INTRODUCTION

Virgin Media takes the need to communicate with its customers seriously. We strive to ensure that our customers are aware of important information, by communicating in a way that they can understand and is consistent with their individual preferences, without over-burdening them with non-critical detail. We believe that it is vital to maintain this balance in any requirement to send End of Contract ("ECNs") or Annual Best Tariff ("ABTNs") notifications to customers.

We believe that significant elements of Ofcom's updated proposals – and indeed those contained in the original consultation – do not suitably meet its stated objectives and, therefore, should be modified. In particular, they risk confusing customers and would require CPs to undertake complex and costly system and process changes. Throughout this response, we refer to the concerns we hold regarding the proposed content of these notifications, specifically the amount of information that Ofcom is looking to include and the potential confusion that may be caused by some of this information. We believe that by including such a vast amount of detailed information, these notifications may in fact have an adverse effect and actively disengage customers. As we suggest within the main body of this response, too much information can have negative impacts on customer engagement and Virgin Media believe that these notifications would be better served containing shorter, high level detail that will be clearer and easier to understand for our customers.

The system and process changes required by the proposals in their current form are not only disproportionate, but are also unachievable in the specified timeframes. The complex nature of the development required in order for Ofcom's full proposals to be met means that any implementation

timeline would sit outside the six months currently suggested. However, if the level of personalisation and detail proposed is reduced, the timeframes for implementation would reduce significantly.

We also note that certain of the outcomes desired by Ofcom, Virgin Media has already undertaken on its own initiative. For example, our 'Freestyle' tariffs separate a customer's airtime and handset costs. Not only does this give customers flexibility during their contract (they can change the airtime tariff each month if desired); it also means that at the end of the handset contract period the customer has peace of mind that they will only pay for their airtime costs. (3<). Ofcom must be careful, therefore, not to duplicate, or disrupt, existing measures that deliver beneficial outcomes for consumers.

We have set out in this response a number of alternative suggestions that we consider to be more proportionate, more efficient and which would lead to better overall outcomes for consumers.

The remainder of our response is structured as follows:

- In **Section 2** we provide our comments on the proposed content of the ECNs/ABTNs;
- In **Section 3** we discuss our concerns with Ofcom's proposed implementation timeframes;
- In **Section 4** we comment on the scope of customers that Ofcom proposes to include in these proposals;
- In **Section 5** we provide feedback on the proposed General Conditions provisions: and
- In **Section 6** we provide our responses to Ofcom's consultation questions.

2. NOTIFICATION CONTENT

Ofcom's proposals

Ofcom proposes that ECNs include the following (paraphrased) information:

- Contract end-date, details of any applicable notice periods and confirmation that no Early Termination Charge (ETC) would apply;
- Services currently provided under the contract as well as any other benefits or other services received as a result of the contract;
- Current monthly price and future subscription price after the contract end-date;
- A list of other contracts taken by the customer from the provider, with a financial or service-based link to, but not included in, the contract that is the subject of the ECN;
- The contract end dates of any of those linked contracts, as mentioned above;
- Options available to the customer after the minimum contract period, included that they may achieve savings by exploring other options. In the case of mobile, the option for SIM-only services must be referenced; and
- At least one and up to three of the CPs best available tariffs. Ofcom has provided a number of guidance points that will be discussed further.

Concerns regarding Ofcom's proposed notification content

We welcome a number of the changes and clarifications made by Ofcom since the initial proposal in an attempt to make clearer what the proposed notifications would include for our customers.

Virgin Media believes that the removal of the proposal to require CPs to include any historical discounts relating to subscription price is a positive step as, in isolation, is the proposal to no longer require any details of other, unrelated contracts held by the customer.

However, we remain of the view that it is inappropriate, and disproportionate, to require any reference to other contracts held by the customer.

Although Ofcom has reduced the scope of the notification regarding other contracts held by the customer, namely no longer requiring the details of such contracts, there still remains the significant difficulty that will be encountered when attempting to identify if a customer has a separate contract in another area of Virgin Media. The proposal in its revised form would still require CPs to (X). This level of complexity would have disproportionate associated costs and would severely impact the implementation timetable (and would rule out a more automated solution that could allow the proposed shorter implementation timeframes to be met). In light of this, Virgin Media believes that notifications should inform customers that other contracts they hold with the relevant CP may be affected and they should check those other contracts and/or seek clarification from their provider. This would ensure that the customer is aware of a potential issue and is encouraged to check the nature and end dates of these other contracts, but without the imposition of a disproportionate development and cost burden on CPs. (We note that Ofcom's proposal does not advocate including the specific impact that would be felt by the customer, so contact would need to be made with the CP in any event).

We also continue to disagree with the proposed inclusion of the current and future price paid by the customer and believe that it would be more appropriate for CPs to communicate that a customer's monthly cost may rise at the end of their fixed commitment period. As highlighted in our previous response, there are a number of reasons why we hold concerns with Ofcom's proposed approach and therefore why we feel our proposal is more appropriate. Without replicating the detail of our previous response, the main concerns we hold focus on the ability for both CPs and customers to make changes to subscriptions at any time, which may mean the prices provided via ECNs are inaccurate, and also providing a customer with an exact figure may not be one they recognise. This may be due to additional services and discounts unrelated to the core subscription price appearing on a customer's bill meaning the amount supplied within an ECN may cause confusion or concern. The approach provided by Virgin Media gives the customer awareness that their monthly subscription price may be changing, but also helps CPs to meet Ofcom's implementation timeframes.

Inclusion of best tariff offers

Virgin Media appreciates the level of clarity provided by Ofcom in relation to the inclusion of best tariff offers from CPs within both ECNs and ABTNs. However, we have concerns regarding the type of offers outlined by Ofcom and believe that the potential level of information required is disproportionate and adds a level of unnecessary complexity.

The options proposed by Ofcom are designed to be individual to each customer and require CPs to conduct detailed analysis of each individual customer's usage in order to list offers that would meet Ofcom's criteria. (X).

Notwithstanding these concerns about proportionality, the proposals in their current form would not be achievable in the timescales set out by Ofcom.

(X)

Virgin Media does not believe that it would be useful for a customer to be presented with the amount of information proposed by Ofcom. The level of detail proposed would very likely lead to customer confusion and, in our experience, "information overload" results in customer *disengagement*. (X). We are also concerned about inaccuracies resulting from the limited "shelf-life" of such information. Offers can often change very quickly, providers may often offer things such as flash sales, time limited deals and promotions around specific points in the year, (X). As such, there may be a better deal available than appears in the notification.

It is essential that any information included within notifications is effective in enabling the customer to engage with both their current CP and others. Virgin Media believes that it would be more effective to provide customers with examples of tariffs available and direct them towards relevant communication channels with their current CP which would allow them to explore the full range of tariff options available. These tariffs may include such things as the providers 'best sellers' and we believe that this would be more effective as it would provide the customer with a high level view of the tariffs available to them, as they would find on other providers' and comparison sites, allowing them to gain an initial view of how they compare within the market. They would then have the ability to talk direct to their CP in order to establish if there were more tailored and suitable packages available to them.

3. IMPLEMENTATION TIMEFRAMES

Implications of Ofcom's proposals

Whilst we acknowledge that Ofcom has made a number of changes, Virgin Media believes that, even with such adjustments, the timeframe of six months for implementation for both ECNs and ABTNs remains too short. As it stands, the proposals remain highly complex and require CPs to deliver notifications containing levels of personalisation that are not currently possible for Virgin Media.

Ofcom explains that, despite several CPs responding that the timeframe of six months for implementation was impractical, its timescales would remain unchanged. After reviewing Ofcom's reasons, we believe that Ofcom has not fully appreciated the justifications put forward by CPs for a longer timeframe. Ofcom continues to point to the fact that CPs regularly communicate service and marketing messages with customers on a regular and ad hoc basis and that this, therefore, means that CPs can use the same systems and processes to implement ECNs and ABTNs.

As previously stated, this is not an accurate understanding of either the systems that CPs such as Virgin Media have in place or the current marketing and service messages that we send out to our customers. The level of personalisation and detail required within the notifications proposed by Ofcom is significantly more detailed than what is currently used for the marketing and service

messages we send and therefore we would not be able to rely upon an existing system to send such notifications. As Ofcom states, and Virgin Media acknowledges, there has been a reduction in some of the elements of the previous proposal. However, these reductions do not completely remove the personalised element of the ECNs and are more than counterbalanced by the new proposal to introduce the “best tariff” element of the notification.

We welcome Ofcom’s proposal to allow CPs to use their own language when composing these notifications for their customers. However, although this is a positive step and will support the notifications’ effectiveness, it would not in itself have any impact on reducing the implementation period. This is because the fact that the language used within such notifications can often be a static element of any notification and so does not present the same difficulties and development required as the other, more personalised elements, which form a key part of the proposals. Put simply, this amendment does not deliver any system or process development “savings” – after all, it is simply language.

(3<)

4. NOTIFICATION SCOPE

Ofcom’s proposals

Ofcom has now extended the scope of the proposal to include all business customers alongside residential and mobile customers.

Inclusion of all business customers

Virgin Media previously raised a number of concerns about the inclusion of small business customers within the scope of these notifications. Whilst Ofcom’s expansion of the proposal to cover all businesses removes one concern about correct identification of small business customers, if this proposal was scaled back to only include businesses of a certain size Virgin Media, (3<) we believe that our concerns both continue to exist and are potentially exacerbated by this broadening of scope.

As stated in our previous response, it is not clear to us that Ofcom has demonstrated that the features of the market or attitudes of consumers are consistent or comparable in the small business market and we feel that this remains the same within the business market as a whole.

One of the main purposes of Ofcom’s proposals is to ensure that customers are suitably informed and able to engage with ‘the market’ through evaluation of their options. However, there are important differences between business and residential customers that mean notifications can be of little use for the former. The way in which our business customers expect to interact with Virgin Media often entails a high degree of personalisation that may include dedicated account management. Larger businesses often have personnel who manage their telecommunications needs for whom these types of notification will be irrelevant.

To aid efficiency and effectiveness, and to facilitate a timely implementation, we therefore believe that all business customers should be out of scope.

5. GENERAL CONDITIONS ADDITIONS/MODIFICATIONS

Virgin Media's comments on proposed GC changes

Below we provide comments on Ofcom's proposed GC changes.

C1.11 An **End-of-Contract Notification** shall include the following information in respect of a **Subscriber's** contract, in a clear and comprehensive form:

(e) details of other contracts for **Public Electronic Communications Services** between the **Regulated Provider** and the **Subscriber**;

(j) subject to **Condition C1.12**, the dates on which the **Fixed Commitment Periods** end for the other contracts referred to in (e);

As noted previously, for example in Section 2, although there have been some alterations in relation to this particular part of the proposal, the requirement to still include details of other contracts held by the subscriber and their relevant end dates remains problematic.

The fact that these contracts may exist on (~~3~~), and may also include any potential cross over between business and residential customers, (~~3~~) if these were to remain in scope.

(l) the **Regulated Provider's** best tariffs.

Within the main body of this response, particularly Section 2, there are a number of concerns that accompany the inclusion of what would be deemed as a provider's best tariff information. In our view, the level of personalisation and detail involved in providing such information is not only disproportionate (~~3~~) but would not be possible to deliver in the proposed timeframe.

C1.17 An **Annual Best Tariff Notification** shall include the following information in respect of a **Subscriber's** contract, in a clear and comprehensive form:

e) details of other contracts for **Public Electronic Communications Services** between the **Regulated Provider** and the **Subscriber**;

(f) subject to **Condition C1.18**, the dates on which the **Fixed Commitment Periods** end for the other contracts referred to in (e);

(h) the **Regulated Provider's** best tariffs

As stated above in relation to ECNs, Virgin Media holds the same concerns regarding ABTNs and believes that the same issues of proportionality and challenges around implementation would present themselves.

6. CONSULTATION QUESTION RESPONSES

Please see below for our response to the specific questions in the Consultation.

Question 1: Do you agree with the way we propose to implement the requirement to provide end-of-contract notifications in terms of the services they should cover?

Please see our main response above.

Question 2: Do you agree with the way we plan to implement the requirement to send end-of-contract notifications and annual best tariff notifications to residential consumers and businesses?

As set out above, we do not believe that business customers should be included within the scope of the notifications.

Question 3: Do you agree that end-of-contract notifications should be sent to end-users before the expiry of a fixed commitment period, if the contract will be automatically prolonged after that point?

Virgin Media agrees that it is appropriate for ECN to be provided to customers prior to the end of their fixed commitment period.

Question 4: Do you agree with our proposal not to specify in a prescriptive way the words and language used in end-of-contract notifications?

Allowing CPs to use their own language in notifications, language that customers will be familiar with, is a positive development of the proposal. However, as we set out above, this change will not reduce the complexity or development requirements in any way (and will not, therefore, have a reducing effect on the implementation timelines in the way suggested by Ofcom).

Question 5: Do you agree with our implementation proposal for the end-of-contract notification to include the date on which the fixed commitment period will end?

Virgin Media has no initial objection to the inclusion of this information.

Question 6: Do you agree with our implementation proposal for the end-of-contract notification to include details of the services which the provider currently provides to the end-user under the relevant contract?

Although we believe that it is appropriate for the notification to include summary or “high level” information regarding the services provided under the relevant contract, please see our comments above and in our previous response regarding the level of personalisation, the proportionality of it and its implications for the timeframes proposed.

Question 7: Do you agree with our implementation proposal that the end-of-contract notification must include information regarding notice periods?

Virgin Media has no objection to the inclusion of information advising customers of the relevant notice period where appropriate.

Question 8: Do you agree with our implementation proposal that the end-of-contract notification must include information regarding early termination charges?

Virgin Media has no initial objection to the inclusion of this information.

Question 9: Do you agree with our implementation proposal that the end-of-contract notification must include information regarding other contracts which the provider currently provides to the end-user?

As set out above, Virgin Media do not believe that this level of detailed information is either relevant or achievable in the timeframes Ofcom proposes. In order to meet the timeframes laid out, and to still give customers the relevant awareness, we believe that ensuring that any ECN and ABTN advises customers that any other contracts they hold with their provider may be impacted is sufficient.

Question 10: Do you agree with our implementation proposal that the end-of-contract notification must include information regarding how to terminate the contract?

Virgin Media has no objections to the inclusion of the suggested information.

Question 11: Do you agree with our implementation proposal that best tariff advice should include the monthly price currently paid, and any changes after the end of the fixed commitment period?

As explained above, we do not agree that that best tariff advice should include the monthly price currently paid, and any changes after the end of the fixed commitment period. We believe that it would instead be more appropriate to advise customers that their monthly subscription price may increase following the end of their fixed commitment period.

Question 12: Do you agree with our implementation proposal that best tariff advice should include changes to the service provided because the fixed commitment period is ending?

As with reference to the changes in a customers' core subscription price, the inclusion of potential service changes holds concerns. The customer may have additional 'bolt on' services that would not be impacted by their core contract but where the dates may or may not align due to a number of reasons. The level of complexity involved, alongside the potential confusion caused for customers, mean that Virgin Media does not agree with this inclusion but suggests that reference be made to potential changes that would be better explored by talking directly to the provider.

Question 13: Do you agree with our implementation proposal that best tariff advice should include the date on which the fixed commitment period ends for financially linked or otherwise dependent contracts taken with the same provider, for subscribers on residential contracts?

Virgin Media disagrees with this inclusion due to the reasons stated above regarding the timeframes involved balanced against the relevance of such information. Virgin Media once again reiterates our belief that in order to achieve the timeframes proposed, ensuring that reference is made to other contracts the customer may have with their provider is sufficient.

Question 14: Do you agree with our implementation proposal that best tariff advice should include the options available to the subscriber after the fixed commitment period has ended?

Virgin Media has no objections to the inclusion of this information but, as we set out above, it should be limited to the options presented by Ofcom, those being; remain on a current contract, move to a new tariff with existing provider or move to a new provider.

Question 15: Do you agree with our implementation proposal that best tariff advice should include the provider's best tariff and with our draft guidance for subscribers on residential contracts?

As set out above, we do not agree with Ofcom's proposal that best tariff advice should include the provider's best tariff and with the draft guidance for subscribers on residential contracts. We believe that there is a material risk that this type of information is out of date by the time the customer wishes to use it to make decisions. This may confuse customers and mean that they could have made a better choice. It is also very dependent upon each customer's individual circumstances and requirements. A more effective approach would be to provide customers with information about the types of alternative deals available as a 'nudge' to provoke them to evaluate their purchase decision.

In any case, CPs need clarity on which offers should be included within the notification. (X)

Question 16: Do you agree with our proposed implementation on the timing of the end-of-contract notification?

Virgin Media has no objections to this change in timing of the notification.

Question 17: Do you agree with our proposed implementation regarding the form of the end-of-contract notification?

Virgin Media agrees with the proposal to allow CPs to send out ECNs via any form of durable media.

Question 18: Do you agree with our proposals to ensure accessibility of the end-of contract notification?

Virgin Media agrees that any notifications of this kind must be equally accessible to all customers.

Question 19: Do you agree with our implementation proposal for annual best tariff notifications to be sent only to end-users who are outside of their fixed commitment period?

Virgin Media agrees that ABTNs should only be sent to those customers who are outside of their fixed commitment period.

Question 20: Do you agree with our proposed implementation of the requirement to send annual best tariff notifications by specifying that providers must inform end-users of;

- a. the fact that they are not within a fixed commitment period for the relevant contract or contracts;**
- b. the services which the provider currently provides under that contract or contracts;**
- c. any applicable notice period(s);**
- d. details of other contracts the end-user has with the provider;**
- e. the monthly subscription price(s); and**
- f. the options available.**

Virgin Media disagrees with the proposed content of the ABTNs, as clearly set out in the main body of this response.

Question 21: Do you agree with our proposed implementation of the requirement to send annual best tariff notifications by specifying that providers must inform end-users of the provider's best tariffs and with our draft guidance for subscribers on residential contracts?

Virgin Media does not agree with Ofcom's proposal that best tariff advice should include the provider's best tariff and with the draft guidance for subscribers on residential contracts. As with its inclusion within ECNs, we believe that there is a material risk that this type of information is out of date by the time the customer wishes to use it to make decisions; it may confuse customers and is dependent upon each customer's individual circumstances and requirements. A more effective approach would be to provide customers with information about the types of alternative deals available as a 'nudge' to provoke them to evaluate their purchase decision.

As stated above, CPs require clarity on which offers should be included within the notification. (X)

Question 22: Do you agree with our proposed implementation on the timing of the annual best tariff notification?

Virgin Media has no objections to these notifications being sent on an annual basis. However, this view is contingent upon the concerns about the scope and content of the notifications set out in this response being addressed.

Question 23: Do you agree with our proposal to implement the annual best tariff requirements by specifying that providers should combine the best tariff information in a single notification for those end-users who have two or more contracts outside of their fixed commitment period?

Virgin Media believe that the option to group such information should not be a mandatory obligation placed upon CPs. If a CP has the ability to pull this information together then that should be open to them but, due to the necessary complexities, if this is not possible we believe CPs should be allowed to produce these notifications separately.

Question 24: Do you agree with our implementation proposals regarding the form of the annual best tariff notification?

As with our response to Q17, Virgin Media agrees with the proposal to allow CPs to send out ABTNs via any form of durable media.

Question 25: Do you agree with our implementation proposals for the timescale within which providers must comply with the end-of-contract and annual best tariff notification requirements?

As stated in both this and our previous response, Virgin Media does not agree with the implementation periods set out within this consultation. We also have significant concerns about the complexity of Ofcom's proposals and the corresponding resource and cost implications. Notwithstanding these concerns, we believe that the proposals in their current form would require an implementation period of a minimum (X).

Question 26: Do you agree with the way we plan to monitor the effectiveness and impact of end-of-contract and annual best tariff notifications?

Virgin Media has no objections to the plan laid out within this proposal.

Question 27: Do you agree with the impacts from the introduction of end-of-contract notifications we identify in our assessment?

Virgin Media has no comments on this question at this time.

Question 28: Do you agree with the impacts from the introduction of annual best tariff notifications we identify in our assessment?

Virgin Media has no comments on this question at this time.

Question 29: Do you have any comments on the draft general conditions, set out in Annex A6 to this document?

Please see comments provided in Section 5 of our response