

## Consumer Futures response to Ofcom consultation on accreditation scheme for price calculators

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## Introduction

Consumer Futures represents the interests of consumers across essential, regulated markets. We use compelling evidence, expert analysis and strong argument to put consumer interests at the heart of policy-making and market behaviour.

Consumer Futures is the statutory representative for consumers of postal services across the United Kingdom, for energy consumers across Great Britain and for water consumers in Scotland. It maintains the powers, responsibilities and duties of Consumer Focus.

In April 2014 Consumer Futures will, subject to Parliamentary approval, become part of the Citizens Advice service.

One of the workstreams of the Consumer Futures Work Plan aims to examine how consumers get better outcomes for less effort through the use of market intermediaries, such as price comparison websites.<sup>1</sup> The work involves establishing the use and limitations of currently available choice tools in order to be able to advise stakeholders on consumer concerns regarding the latter, and in particular websites covering the regulated markets, in order to help to set best practice for such sites.

The work is a continuation of policy theme of our predecessor organisation Consumer Focus that carried out research into reliability of information of price comparison websites,<sup>2</sup> and the potential of collective switching;<sup>3</sup> hence our interest in this consultation.

## Summary

Consumer Futures welcomes the opportunity to respond to Ofcom's consultation on the Accreditation Scheme for Price Calculators.

Price comparison websites (PCWs) have mushroomed over the past 10 years and are becoming increasingly popular with consumers. For example according to our recent research on consumer perceptions and experiences of PCWs, 56 per cent of consumers declared they have used one in the past two years, and of those 52 per cent declared they have used PCWs to switch provider or purchase products.<sup>4</sup>

The growing importance of the price comparison tools market was recognised in the Government's consumer empowerment strategy *Better Choices: Better Deals, Consumers powering growth*<sup>5</sup> where, for example, PCWs are seen as key tools to help consumers make better and more informed choices.

However, as the price comparison tools market grows rapidly, concerns have been raised about issues of impartiality, reliability and accuracy of information.

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<sup>1</sup> <http://www.consumerfutures.org.uk/our-work/project8>

<sup>2</sup> <http://bit.ly/14Wo1bQ>

<sup>3</sup> <http://bit.ly/12Juvwl>

<sup>4</sup> *Price comparison websites: consumer perceptions and experiences*, research commissioned by Consumer Futures with RS Consulting (2013), forthcoming

<sup>5</sup> <http://bit.ly/1aToJeF>

For example, Civic Consulting research<sup>6</sup> (2011) found that some price comparison websites lacked adequate information on delivery costs, delivery times, taxes, products' availability, as well as clear information about default rankings. The OFT websweep of 55 price comparison websites identified scope for improvements in terms of greater clarity about the way search results are presented, identification of the business which operates the websites, as well as privacy policies and their complaints and redress processes.<sup>7</sup> Consumer Futures' predecessor organisation, Consumer Focus, undertook mystery shopping research and found PCWs were a useful platform for a basic search and displayed a high proportion of relevant search details.<sup>8</sup> However, only 20 per cent of investigated sites guaranteed savings in real terms. Their standards varied regarding the reliability and transparency of the information provided.<sup>9</sup>

In response to some of the concerns various initiatives have been taking place in order to improve the functioning of the PCW market. Some of these led to the development of accreditation schemes to certify the quality of PCWs.

For example, Consumer Focus managed a voluntary accreditation scheme – the Confidence Code, for price comparison websites in the energy sector. The scheme was originally set up by (and has since returned to) the energy regulator Ofgem, and aimed to reassure energy consumers that information displayed by accredited PCWs is impartial, comprehensive and accurate.<sup>10</sup> It was similar to the accreditation scheme established by Ofcom for price comparison tools.

Research suggests that accredited comparison tools are likely to perform better on a number of criteria. For example, Consumer Focus mystery shopping found that the degree of good performance was higher on accredited sites in comparison to non-accredited ones. Similarly, preliminary findings from the European Commission's 2012 ISP study found that comparison websites accredited or run by regulators scored higher in five out of seven assessed criteria, including user-friendliness, market coverage of offers, clarity of information on offers and price.<sup>11</sup>

Nevertheless, evidence also shows that there is a scope for improvements in the areas of information clarity, usability, and accessibility, providing access to complaint mechanism and others discussed in more details below.<sup>12</sup>

In addition our recent research suggests that consumer awareness and understanding of accreditation schemes is low.<sup>13</sup>

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<sup>6</sup> Ibid

<sup>7</sup> <http://bit.ly/QekYZi>

<sup>8</sup> <http://bit.ly/13cEwUd>

<sup>9</sup> Ibid

<sup>10</sup> Due to changes to consumer landscape Ofgem, the energy regulator, took over responsibility for managing the Confidence Code in early 2013.

<sup>11</sup> <http://bit.ly/17o0EKD>

<sup>12</sup> <http://bit.ly/13cEwUd>

<sup>13</sup> *Price comparison websites: consumer perceptions and experiences*, research commissioned by Consumer Futures with RS Consulting (2013), forthcoming

For example, Consumer Futures research found that only 16 per cent of consumers who had used a price comparison website in the past two years were aware of these schemes.<sup>14</sup> The same research indicates that despite low awareness consumers would see value in accreditation as a mean to provide them with an extra level of reassurance and trust in the PCW market, and might also give some current non-users the confidence to use them.

Hence we support Ofcom's review of its accreditation scheme in order to improve performance of its accredited PCWs, drive consumer awareness in the scheme, and increase consumer take up accredited PCWs.

## Recommendations

Consumer Futures supports Ofcom's proposal to revise the operation of the Scheme around the following metrics:

- Improving how Ofcom identifies and addresses changes to accredited PCWs between audits.
- Providing guidance about past decisions on accreditations to PCWs in order to assist compliance.
- Providing greater clarity of the rules for the audit fees to be paid by smaller PCWs.
- Improving publicity around the Scheme to consumers.
- Clarifying PCWs' complaints handling processes.
- Improving information quality on broadband speeds.
- Introducing the requirement to provide comparisons on data usage criteria, information about traffic management policies, and information on the quality of customer service and complaints.

In addition to these proposals we recommend Ofcom addresses issues set out as below:

- Improve performance of Ofcom's accredited PCWs on information clarity, transparency, quality of experience, as well as usability and accessibility.
- Decrease information complexity in the telecom sector, and ensure telecom suppliers improve the quality of information on their offerings.
- Action solutions which will mitigate switching barriers that effect the functioning of the PCWs market.
- Ensure that its accredited PCWs comply with relevant data protection regulations, and provide clear and prominently displayed privacy policies on their websites which give consumers the opportunity to opt-out of third party data sharing.

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<sup>14</sup> Ibid

- Gives full consideration to how the government's midata initiative could improve the PCW proposition that is available to consumers in the telecoms sector.

## Specific questions

**Q1 Do you agree with Ofcom's conclusions that there is no need for a fundamental revision of the Scheme at this time?**

**Q2 Ofcom is proposing to revise the approval requirements with respect to the provision of information on Quality of Service metrics. Are there other aspects of the scope of the Scheme that we should revise?**

**Q3 Ofcom is proposing to revise five areas around the operation of the Scheme. Are there any other aspects that we should revise?**

We agree with Ofcom that there is no need for a fundamental review of the Scheme. However, we believe that a light revision is required to ensure that the scheme fits its purpose in the fast moving and changing digital market.

Since Ofcom's Accreditation Scheme was set up in 2006 significant developments have taken place, which in our view, impacted on the functioning of price comparison tools market, and merit the review.

Firstly, over the past few years PCWs established themselves as a key source of the information guiding consumers purchasing decisions, in addition to offering new services such as facilitating switching or purchasing. For example according to our recent research on consumer perceptions and experiences of PCWs 56 per cent of consumers declared they have used a PCW in the last two years.<sup>15</sup> Our research found that consumers use PCWs to:

- Bargain hunt to get the best deal (85 per cent)
- Compare prices (83 per cent)
- Save money (79 per cent)
- Switch/purchase (52 per cent declared they have used PCWs to switch provider or purchase products).

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<sup>15</sup> *Price comparison websites: consumer perceptions and experiences*, research commissioned by Consumer Futures with RS Consulting (2013), forthcoming

In addition, the latest UK Government's consumer empowerment strategy Better Choices: Better Deals, Consumers powering growth<sup>16</sup> sees price comparison tools as an important vehicle of consumer empowerment, and encourages consumers to make the use of the PCWs channel to help them make better and more informed choices. Furthermore the UK Government's midata initiative, which aims to give consumers access to core consumption and transaction data, is set to power a new breed of comparison tools that can offer bespoke comparisons to the consumer based on their specific requirements and their actual use of a service.

This puts a responsibility on regulators such as Ofcom, to ensure that services offered by price comparison tools are trustworthy and reliable; incentivise consumers to use accredited sites which provide quality assurances; create favorable market conditions for further development and innovation of price comparison tools to the benefit of enhance competition and the consumer.

Secondly, alongside the development of PCWs, technological innovations of recent years has led to the emergence of new online tools such as for example broadband speed checkers, traffic management trackers or mobile coverage checkers. These tools give consumers a benefit of a more accurate and up-to-date information about the quality of some telecom services. We believe that offering access to these tools by price comparison websites would offer an added value to consumers, and would be likely to enhance their understanding of the telecom products perceived by some consumers as complex.

Thirdly, the recent years have been marked by changes to regulatory framework which impacted on general information provisions in the telecommunication sector. For example the revised EU Electronic Framework Directive (2009), which amended the UK General Conditions and Universal Service Conditions (2011) introduced new transparency obligations for telecom providers to inform consumers about the nature of the service to which they are subscribing, including traffic management practices. We would expect that Ofcom's Accreditation Scheme is compliant with the revised legislation and its accredited sites fully adhere to the regulatory information remedy requirements.

We support Ofcom's proposal to revise the operation of the Scheme around five metrics such as:

- Improving the way Ofcom identifies and addresses changes to accredited PCWs between audits.
- Providing guidance about past decisions on accreditations to PCWs in order to assist compliance.
- Providing greater clarity of the rules for the audit fees to be paid by smaller PCWs.
- Improving publicity around the Scheme to consumers.
- Clarifying PCWs' complaints handling processes.

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<sup>16</sup> <http://bit.ly/1aToJeF>

However, in addition to these we also suggest Ofcom considers investigating issues set out as below.

## Information clarity and transparency

Our research into consumer perceptions and experiences of PCWs indicates that, despite a high level of consumer trust, some consumers rely on assumptions about the price they pay and the pricing details provided by PCWs, rather than accurate information when making their purchasing decisions.<sup>17</sup> For example, our research shows that consumers are often not sure about ranking criteria, and are not clear about how suppliers included in the ranking are selected.<sup>18</sup> Similarly some are confused by positioning of adverts and sponsored links next to research results which makes it difficult to determine whether the advertisement is part of the actual search, or not.<sup>19</sup> Our previous mystery shopping research which investigated accredited and non-accredited PCWs across six markets, including the telecoms sector, found that many lack clarity on information they display to their users.<sup>20</sup> For example our mystery shopping research into PCWs found Ofcom's accredited sites specialising in broadband to be more confusing or misleading in comparison to non-accredited ones.

Accredited sites were also less likely to be explicit about the type of broadband speed used to filter results than non-accredited ones. Similarly, Ofcom's accredited PCWs offering information on mobile phone deals were found to be less clear about how the list of search results have been ordered (15 per cent) in comparison to non-accredited sites (38 per cent).<sup>21</sup>

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<sup>17</sup> *Price comparison websites: consumer perceptions and experiences*, research commissioned by Consumer Futures with RS Consulting (2013), forthcoming

<sup>18</sup> Ibid

<sup>19</sup> Ibid

<sup>20</sup> <http://bit.ly/14Wo1bQ>

<sup>21</sup> <http://bit.ly/14Wo1bQ> p. 107



*Figure 1. Areas where accredited sites do not perform as well as non-accredited sites*

	Total (122) %	Accredited (45) %	Non- accredited (77) %
Base: All mystery shops			
The packages can be filtered by speed but it is not clear which type of speed is used	42	48	35
List included packages that did not match my criteria	7	14	3
There are additional restrictions/limitations not mentioned previously (supplier site)	31	38	26
Yes, the website contained information that was confusing	16	18	12
Yes, the website contained information that was misleading	15	18	13
	Total	Accredited	Non- accredited

We recommend Ofcom works with its accredited PCWs to improve their performance in areas highlighted above.

In addition, we would like to note that PCWs performance is also dependent on improving transparency and clarity of offerings by telecom suppliers. The telecommunication market is characterised by the proliferation of deals and complexity of products and services which makes it difficult to compare prices and quality of services for consumers and PCWs alike. For example PCW MoneySupermarket claims to compares some 494,954 mobile phone deals.<sup>22</sup> Whereas BroadbandChoices gives comparisons on hundreds of broadband deals.<sup>23</sup> Currently consumers and PCWs may encounter one of the following problems:

- Complexity of the information.
- Poor quality of the information provided often containing technical language and jargon.
- Poor accessibility of information.
- Consumers' lack of technical knowledge to interpret the information.
- Not providing information at all.

We believe that market complexity and confusion are likely to impact on the quality of information provided by PCWs. In other words, PCWs can only be as good as the information provided by suppliers in the market. Hence we recommend Ofcom proposes actions to mitigate the problem and improve the quality of information remedies in the telecommunication sector.

<sup>22</sup> <http://bit.ly/QzVaFX>, data from 17 July 2013

<sup>23</sup> <http://bit.ly/14gUqO9>



## Usability and accessibility

Our research which tested consumer perceptions and experiences of PCWs found that the key reason for negative consumer experiences with a PCW is the lack of opportunity to customise or tailor the search.<sup>24</sup> For example around a quarter of the consumers in the hall test place the ability to customise their search among their personal 'top three' factors influencing choice of PCW.<sup>25</sup> However, our previous mystery shopping research into PCWs found that Ofcom's accredited PCWs offering information on mobile phone market were less likely to offer the ability to customise search criteria, or to filter out the search to the same extent as non-accredited ones.<sup>26</sup> We recommend Ofcom works with accredited PCWs to address these issues.

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<sup>24</sup> *Price comparison websites: consumer perceptions and experiences*, research commissioned by Consumer Futures with RS Consulting (2013), forthcoming

<sup>25</sup> Ibid

<sup>26</sup> <http://bit.ly/10erCVM>

*Figure 2. Areas where accredited sites do not perform as well as non-accredited sites<sup>27</sup>*

	Total	Accredited	Non- accredited
Base: All mystery shops	(111) %	(46) %	(65) %
Can input details on...			
...network provider	65	56	71
...type of contract	58	50	63
...inclusive minutes/texts	45	39	49
...monthly cost	36	20	48
...contract length	30	11	43
...incentives	13	2	20
...additional features (eg insurance)	7	2	11
Can reorder on...			
...cheapest monthly cost	79	73	86
...handset price	38	33	43
...brand	31	17	46
Can filter the initial list	72	72	83
Can filter on...			
...inclusive minutes	59	45	68
...inclusive texts	51	42	57
...brand	33	18	43
...handset price	26	21	30
The site includes information about when the prices were last updated	3	0	5
Overall impression of the website was positive	68	63	71
	Total	Accredited	Non- accredited

We also recommend Ofcom ensures its accredited PCWs comply with the accessibility criteria of the scheme, such as web-based services offering consumers the option of getting advice offline. For example our mystery shopping survey found that Ofcom accredited PCWs offering information on mobile phone market, did not provide a contact number for consumers to apply by telephone despite Ofcom's accreditation guidelines.

<sup>27</sup> Ibid

## Privacy

We also recommend Ofcom ensures that its accredited PCWs comply with relevant data protection regulations, and provide clear and prominently displayed privacy policies on their websites which give consumers the opportunity to opt-out of third party data sharing. Our recent research which tested consumer perceptions and experiences of PCWs identified privacy concerns among consumers.<sup>28</sup> In particular consumers declared concern about giving their personal details such as telephone number and email address, as they fear these might be shared with third parties and may result in nuisance calls and other unsolicited marketing.<sup>29</sup> The research also found that privacy concerns were cited as a barrier to consumer take up of new generation of comparison services such as for example data analysers, or using PCWs for switching and purchasing.<sup>30</sup>

## Switching

Despite the fact that our recent research indicates that the use of PCW as a switching or purchasing portal is up, in comparison to previous years, as indicated by the Office of Fair Trading (OFT) data from the its *Advertising of Prices market study* (2010) we are concerned that switching telecom services via PCWs remains low when compared to other regulated sectors.<sup>31</sup> For example 77 per cent of PCW users used a PCW to switch car insurance, 37 per cent – energy supplier and home insurance, and only 7 per cent have bought landline or mobile telephone services via PCW, and only 3 per cent TV services. The low switching levels via PCWs for telecommunication utilities correspond to low consumer satisfaction with using PCWs for switching mobile or broadband via PCWs, in comparison to high levels scored for gas and electricity market. Consumers point out that the renewal notice present in the insurance sector serves as a trigger to look for more competitive offers and switch. This is unlike in the telecommunication sector, where there is no renewal notice, consumers tend to haggle with retaining providers in order to achieve savings rather than switch. In addition consumers cite contract terms, high costs of early termination rates, and limited choice of quality providers in their locations offering good mobile coverage or high broadband speeds as reasons which prevent them from switching. The switching barriers faced by consumers using PCWs correspond to the overall switching barriers which we addressed in our response to Ofcom's consultation on its switching review.

We are concerned that the switching barriers have a direct effect on the functioning and further innovation of the PCWs market and we urge Ofcom to address these in its switching review.

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<sup>28</sup> *Price comparison websites: consumer perceptions and experiences*, research commissioned by Consumer Futures with RS Consulting (2013), forthcoming

<sup>29</sup> Ibid

<sup>30</sup> Ibid

<sup>31</sup> The OFT study found that only 15 per cent of those surveyed purchased through a PCW <http://bit.ly/eRmeus>

**midata**

The UK Government's midata initiative launched in April 2011 as part of its consumer empowerment strategy, *Better Choices: Better Deals* aims to give new rights to consumers to access their personal transaction data in an electronic, portable and machine-readable format.<sup>32</sup> We believe that midata, or more accurately intermediary services working on their behalf, offers consumers the ability to understand their consumption behaviour and potentially to get a better deal as a result. For example our research, which tested consumer perceptions and experiences of PCWs, found that consumers often do not know the exact level of their consumption or usage, and when in doubt, they are more likely to look for a bigger and more inclusive package in order to avoid extra costs.<sup>33</sup> The research found anecdotal evidence that this is particularly common when considering mobile phone and internet packages where there are costs implications for exceeding defined volumes of minutes, text or internet downloads.<sup>34</sup> Consequently when looking for the best deal, consumers may be evaluating packages that overestimate their requirements.<sup>35</sup> A similar conclusion was found by Billmonitor which survey showed that three quarters of British consumers are on the wrong mobile tariff, and are overpaying nearly £200 a year as a result.<sup>36</sup>

It is envisaged PCWs will play a crucial role in helping consumers realise the benefits of the midata programme. However, its success will also depend on consumer trust and engagement, as well as the willingness of telecommunication operators to provide consumption data. Therefore, we recommend Ofcom to work with providers in the telecoms sector, to help them engage with midata

**Q4 Ofcom is proposing to include a requirement in the approval criteria that PCWs include in their results pages for broadband comparisons clear messaging on speeds, and provide information about Ofcom's comparative information and about online speed checkers. Do you agree with these proposals and our analysis of their impact? Please give reasons and if appropriate state alternatives.**

Our research indicates that speed is regarded as one of the key factors influencing consumer choice of the broadband package and service provider.<sup>37</sup> Hence we welcome Ofcom's proposals to require accredited PCWs to provide clear messaging on broadband speeds. In particular we welcome option 4 which would allow consumers to test the speed of their current broadband connection, in addition to giving an indication of speeds in their postcode areas. Findings from our research

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<sup>32</sup> <http://bit.ly/1aToJeF>

<sup>33</sup> *Price comparison websites: consumer perceptions and experiences*, research commissioned by Consumer Futures with RS Consulting (2013), forthcoming

<sup>34</sup> Ibid

<sup>35</sup> Ibid

<sup>36</sup> <http://bit.ly/15OteoN>

<sup>37</sup> Consumer experiences of broadband, research commissioned by Consumer Futures predecessor organisation Consumer Focus in 2012 (not published)

suggest that consumer knowledge of speed checkers is limited even amongst people who are otherwise confident about broadband.<sup>38</sup> Therefore providing links to speed test tools is likely to increase consumer awareness of the latter, and help to make more informed purchasing decisions. We do not see this requirement to be burdensome to PCWs and our research indicates that 69 per cent of tested PCWs already provided a link to a broadband speed tester.<sup>39</sup>

With regard to option 2 we support Ofcom's intention to increase consumer understanding that 'up to' advertised speed and actual speeds may vary. Such approach is essential in order to provide consumers with accurate and relevant results. For example our mystery shopping survey of PCWs which included the broadband market found the lack of a consistent approach to the type of broadband speed shown, and it was not always clear what type of speed was used to filter the results.<sup>40</sup> As a result a quarter of mystery shoppers were unsure about whether the speed quoted was actually achievable at their location as there was no definition provided.<sup>41</sup> In fact, the research found that Ofcom's accredited sites were less likely to be explicit about the type of broadband speed used to filter results than non-accredited ones.<sup>42</sup>

In addition, we also propose Ofcom should go further and require PCWs to give consumers an indication of the effect of broadband speed on internet services they may use. Our research suggests that many consumers are already sceptical about the speed they are actually getting from their provider, and either know or assume that they are not receiving the 'up to' speed they were originally quoted.<sup>43</sup>

However, what consumers want to know is the impact of slower speeds on what they do on the internet.<sup>44</sup> This might mean, for example, whether they are able to watch BBC iPlayer and other TV catch-up services without buffering.

While we accept that providing this type of tailor-made information without prior knowledge of individual consumption data may be limited at present for some PCWs, we recommend that PCWs provide examples of the effect of speeds on the list of most popular services valued by consumers. We believe such approach would have a positive impact on raising consumer awareness and improve clarity of messaging on broadband speeds across the telecom market. We also believe that similar requirement should apply to internet service providers.

We understand the rationale for option 3 of providing links to Ofcom's work on broadband speeds. However, in order for this option to have a practical value to consumer Ofcom's information needs to be presented in a more user friendly format.

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<sup>38</sup> Ibid

<sup>39</sup> <http://bit.ly/14Wo1bQ>

<sup>40</sup> Ibid

<sup>41</sup> Ibid

<sup>42</sup> Ibid

<sup>43</sup> Consumer experiences of broadband, Research commissioned by Consumer Futures predecessor organisation Consumer Focus in 2012 (not published)

<sup>44</sup> Ibid

Otherwise, we are concerned that facilitating such links without addressing the issue of ease of use may be counteractive to the goal of decreasing information overload and consumer confusion.

**Q5 Ofcom is proposing to amend the approval criteria so that PCWs providing broadband comparisons give details of any data usage limits on the results page. Do you agree with these proposals and our analysis of their impact? Please give reasons and alternatives where appropriate.**

We support Ofcom's proposal to require accredited PCWs which offer information and advice on broadband comparisons to show the data usage limits on the results page. Data usage limits are becoming more important because they increasingly feature in ISP communications. However, our research indicates that consumers are not always certain about the limits they need, often only discovering that their limit is too low when their bill is higher than expected. Evidence from our qualitative research into consumer understanding of traffic management suggest that the lack of understanding of consumption patterns often results in consumers subscribing to high end packages to protect themselves against any extra charges, such as exceeding data limits, which is true in particular for light users, less tech-savvy or vulnerable consumers.<sup>45</sup> Similar findings were found by Billmonitor which we mentioned earlier in our response.<sup>46</sup> Evidence shows that at present it is not easy for consumers to compare deals according to data usage. For example, we found that only 10 per cent of PCWs we investigated (18 per cent accredited PCWs) provide data usage limits with regard to broadband packages and 32 per cent (35 per cent accredited PCWs) on mobile deals.<sup>47</sup>

In addition we also recommend Ofcom to encourage PCWs to provide links to data calculator tools which can explain typical usage volumes and therefore appropriate download limits and as such can be helpful in making a more informed decision.

**Q6 Ofcom is proposing that the approval criteria are amended to include a requirement on PCWs to provide information about traffic management policies. Do you agree with this proposal and our assessment of its impact? Please give reasons and alternatives, where appropriate.**

We support Ofcom's proposal to include in the approval criteria a requirement to provide traffic management information. As noted earlier the revised Telecommunication Framework Directive (2009) which amended the UK General Conditions and Universal Service Conditions made the provision of information on traffic management obligatory for telecommunication providers. We believe that this requirement should also apply to PCW operators which provide information and advice on broadband services. Traffic management practices applied by some internet service providers such as for example blocked access to certain content

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<sup>45</sup> <http://bit.ly/SJtHkJ>

<sup>46</sup> <http://bit.ly/15OteoN>

<sup>47</sup> <http://bit.ly/14Wo1bQ>



and services or downgraded quality have a direct effect on user experience and impact on what, when and how consumer access and use the internet. Hence failing to communicate this type of information may lead consumers to subscribe to services which do not meet their needs, or result in unexpected incremental costs. For example active Skype users subscribing to a mobile broadband package which blocks VoIP, or required to pay additional charge to access VoIP.

In our view providing traffic management information by PCWs is likely to have a positive impact on raising consumer awareness and understanding of traffic management practices. Our research *Lost on broadband super highway* which investigated consumer understanding of information on traffic management information found that consumers have very limited awareness of the term 'traffic management', do not understand it, find it difficult to access relevant information from ISPs websites, and when they do, struggle to understand it. However the same research revealed that some consumers consider traffic management to be a suitably important piece of information which can influence their choices and online behaviour, hence they would expect it to be made easily accessible and comparable. Since PCWs have become for many consumers the first port of access to information on market products and services they are best placed to assist consumers with this type of information. We also would like to note that some already provide information on traffic management such as for example Ofcom accredited Broadband Choices.<sup>48</sup>

However, we would be concerned if the requirement be limited to merely providing links to communications providers' web pages where their traffic management policies are set out, or providing general information. *Lost on broadband super highway* indicates that without explaining traffic management and its impact on the user experience, information provided in a form proposed by Ofcom is not meaningful to consumers and is therefore unlikely to be taken into consideration. Therefore we recommend Ofcom considers requiring accredited PCWs to include traffic management information as a search criterion. In parallel we propose PCWs draw consumers' attention to packages and service providers which apply extensive traffic management policies that are likely to impact user experience, or the service costs. In particular we recommend PCW to draw consumer attention to 'peak times', fair usage policies, services/content which is blocked or throttled, which were identified in our research as potential switching triggers.<sup>49</sup>

This would provide consumers with a value added service and allow meaningful comparisons. In our view such approach would have a positive effect on increasing transparency of information on traffic management, as well as competition across the broadband market.

These options could be then complemented by Ofcom's proposal of links to communications providers' information or general traffic management information.

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<sup>48</sup> <http://bit.ly/1aSFoSi>

<sup>49</sup> <http://bit.ly/SJtHkJ>



**Q7 Ofcom is proposing that the approval criteria are amended to include a requirement on PCWs to provide information and a link to Ofcom's comparative customer service and complaints information. Do you agree with this proposal and our assessment of its impact? Please give reasons and alternatives, where appropriate.**

We understand the motives for this proposal, and agree that the quality of customer services and knowledge of the level of complaints can influence consumer choice of telecommunication provider. However in order for this proposal to have a practical benefit to consumers we suggest Ofcom works with PCWs on ways to make Ofcom's existing provision of information on comparative customer service and complaints information more user friendly.

**Q8 Ofcom invites views on our proposals to publish guidance on past decisions and to carry out quarterly spot-checks. Please indicate whether you agree with the proposals, giving reasons and alternatives where appropriate.**

We welcome Ofcom's consideration for increasing transparency about audit and approval criteria by publishing high level guidance on the Scheme's approval criteria based on Ofcom's previous decisions. We would like to point to the example of the Financial Ombudsman Service which fosters a transparent approach and publishes cases of adjudicators' decisions in order to help to improve industry practice and compliance. We believe that similar approach would be beneficial to all existing members of the Scheme, as well as future applicants, and could raise PCWs performance standard. However, we recommend that such guidance should be made available to all Ofcom's stakeholders including PCWs, consumer groups, telecom operators and others, and be accessible through Ofcom's website.

We also agree with Ofcom's proposal to introduce quarterly spot-checks between audits, as in the case of the Ofgem Confidence Code scheme, previously run by our predecessor organisation Consumer Focus. Our experience of managing the Confidence Code for domestic energy suppliers suggest that the existing 18 months period between checks is too long to ensure compliance with the accreditation's criteria, especially in the fast changing communication market. The introduction of quarterly spot-checks would reassure consumers that their trust in Ofcom's accredited PCWs is well founded in terms of accuracy, and reliability of information.

**Q9 Ofcom is proposing to modify the charging schedule to the effect that companies or other entities with two full-time equivalent employees can benefit from the lower charges. Please indicate whether you agree with the proposals, giving reasons and alternatives where appropriate.**

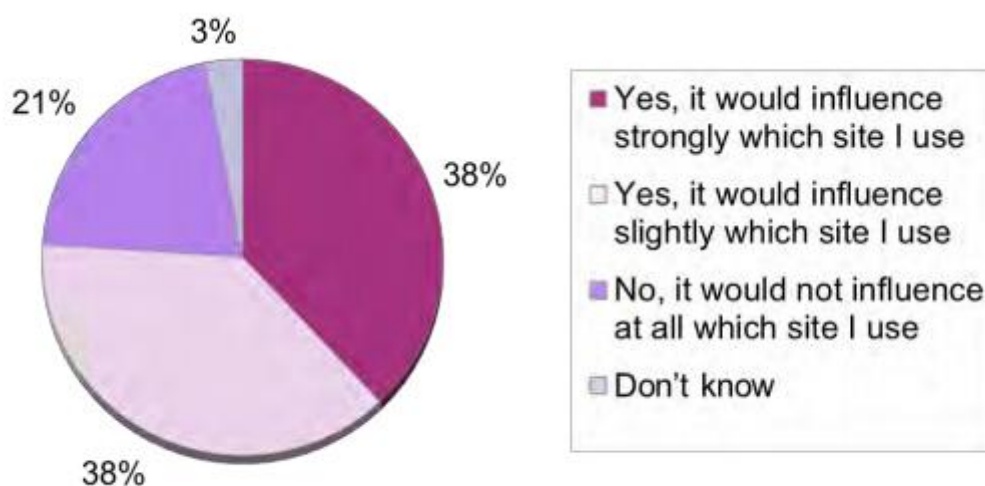
We support Ofcom's proposal to differentiate the charging schedule depending on the size of the PCW operator. Many of the new generation of intermediaries operating in the price comparison tool market are start-up businesses that would benefit from being part of Ofcom's accreditation scheme in order to gain consumer trust and increase consumer take up. However, the current audit costs may be a deterrent to entry for smaller providers. Hence in our view cost reduction for smaller

size providers is welcomed and could potentially contribute to drive take up in the scheme among price comparison tool providers.

**Q10 Ofcom invites views on any additional publicity that Ofcom should be giving to the Scheme and accredited PCWs and on any changes to the Scheme logo we should consider.**

We welcome Ofcom's consideration of increasing marketing of its accreditation scheme in order to raise consumer awareness. Our recent research into consumer experiences of PCWs found that consumer awareness of accreditation schemes run by regulators such as Ofcom and Ofgem is low, with only 16 per cent of PCW users declaring knowledge of these. However, the findings point out that many consumers would see the value in accreditation as a means of providing an extra level of reassurance and trust in the services provided by PCWs. For example our research indicates that three quarters (76 per cent) of consumers who are not aware of the accreditation schemes declared accreditation would influence their choice of PCWs if they were made aware of it.

*Figure 3. Whether accreditation schemes would influence choice of PCW in future<sup>50</sup>*



Base: 815 (All respondents who are not aware of accreditation schemes)

In our view accreditation is likely to increase in importance with the growing number of next generation intermediary services offering consumers more complex integrated services such as information and advice, switching services, personal data management, life management services (for example health or money management), or voice tools to express opinions and views. That is why it is vital that Ofcom investigates ways its existing accreditation scheme for price comparison tools can be more effective in helping consumers choose quality assured PCW

<sup>50</sup> Consumer experiences of broadband, research commissioned by Consumer Futures predecessor organisation Consumer Focus in 2012 (not published)

operators; and recognising through accreditation the operators who offer the best quality services.

One of the ideas to consider would be to work with Ofgem and other regulators on the development of a unified accreditation trustmark for price comparison services across the markets. We believe that the sector specific accreditation schemes work well for PCWs which focus their services on specific markets, for example telecoms or energy. However, sector specific accreditation, which applies to only one specific market, may be perceived as confusing, or in some cases even misleading when applied to generic PCWs offering information and advice across several markets. A unified accreditation trustmark would likely to reduce confusion, make it easier to publicise and allow the costs to be spread.

**Q11 Ofcom is proposing to require accredited PCWs to have a complaints handling process in place, which shall be clearly set out on their websites. Please indicate whether you agree with the proposals, giving reasons and alternatives where appropriate.**

We support Ofcom's proposal to require accredited PCWs to have a complaints handling process clearly displayed on their websites. Complaint handling mechanism is essential to consumers in case things go wrong, and is also an important component of consumer protection. It also helps to build consumer trust in PCWs, and in particular in services such as switch or purchase facilitation. We are concerned by the findings of our mystery shopping PCWs survey *Comparing Comparisons* which found that none of the investigated four Ofcom's accredited sites for broadband had a complaint policy on their websites.<sup>51</sup> The figure was better for non-accredited PCWs sites which displayed complaint policy in 50 per cent of cases.<sup>52</sup> Similarly none of the investigated four PCWs offering information on mobile phone deals, accredited either by Ofcom, Shopsafe and/or SafeBuy, had a complaint policy in place, as opposed to 36 per cent of non-accredited PCWs which had one.<sup>53</sup>

Therefore we welcome Ofcom's proposal to put things right and require PCWs to have a robust complaint system in place which is meaningful, easily accessible, fair, timely, concise and easy to understand.

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<sup>51</sup> <http://bit.ly/14Wo1bQ>

<sup>52</sup> Ibid

<sup>53</sup> Ibid