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NON-CONFIDENTIAL

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Dear Graham

Hutchison 3G UK Limited (Three) response to Ofcom's Consultation on its Accreditation Scheme for Price Comparison Websites

This is Three's response to the Ofcom's consultation on the Ofcom accreditation scheme for price comparison websites PCWs. This response consists of some general comments on the proposals overall as well as specific answers to the questions posed.

Three firmly believes that informed consumers are an integral part of a competitive and well-functioning market and that good PCWs presenting meaningful and truly comparable information are a useful tool for consumers when making choices about products and services,

Three supports proportionate and evidenced steps to put better information around products and services effectively into the public domain. Three believes that informed consumers are best placed to make better purchasing decisions. This can only be good for competition and good for the UK communications market.

General Comments

Three cautiously welcomes the proposals to extend the scope of their current accreditation schemes for price comparison websites. If managed properly expansion of the scheme will help enable consumers to make better decisions in relation to broadband speed, data limits as well as complaints data in relation to individual operators. Much of this information is already in the public domain, published by the operators themselves as well as by PCWs outside of the current Ofcom scheme. These changes will bring those websites who participate in the Ofcom scheme in to line with practice elsewhere and that is to be welcomed.

Three notes that although Ofcom has made a number of references to consumer satisfaction at the price comparison websites it currently accredits, as well as to the satisfaction with existing arrangements of those sites that are part of the scheme, it has not provided data to the scope scale and reach of these sites. Nor has Ofcom provided compelling information around a lack of trust or problems with those often larger sites that are not part of the scheme. Absent this detail then it is difficult to make

informed responses to some of the questions set out by Ofcom in the consultation. This does not detract from the principle of taking steps to ensure that consumers are better informed but does ask questions of the evidence base that underpins this stream of work. Three suggests that dissatisfaction and the need for more or different information is not the same thing and should not be conflated.

Three also notes that, Ofcom has not provided any evidence either for the success of PCWs in determining consumer choices, (although Three does not doubt that some are well used by consumers), and, second, makes no attempt to link such information with consumer purchasing decisions. Nor has Ofcom presented any evidence to suggest that had those consumers had access to different information that they would have chosen a different network. Without such evidence, Three is not convinced that publishing a great deal of additional information, to say nothing of the burdens that may impose, meets any clear consumer need.

Three also notes that currently only six PCWs are included in the accreditation scheme. Although the consultation sets out an intention to increase publicity around accreditation, it does not set out concrete proposals for increasing the number of PCWs participating in the scheme. Without a clear plan of action to ensure greater participation in the scheme, its overall point and purpose remains open to question,

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

Three agrees with Ofcom's conclusion that there is no need for any fundamental revisions to the accreditation scheme. Three is not convinced that any such revision would be justified by either consumer need or the evidence presented by Ofcom. Three notes that the scheme accreditation appears to work reasonably well, even if it applies only to six websites, and is well regarded both by those consumers who use the PCWs in the scheme and the PCWs who are signatory to it. Three believes that there is probably merit in growing the scheme and that Ofcom should set out measures to encourage membership, but does not believe that those PCWs outside of the scheme are in any way deficient for it.

2. 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?

No. It is the view of Three that revising the approval requirements to take account of Information on Quality of Service Metrics is reasonable subject to the publication to the details of this change. However, Three cautions against providing consumers with too much information without proper context or the ability to make meaningful comparison. As Three has noted in previous consultation responses and has also been acknowledged by Ofcom, too much information can cause confusion and prove meaningless.

Three also asks that Ofcom properly take account of the information that operators already provide to consumers. Three suggests that Ofcom must remain mindful of the set of data requirements based around most consumers needs that inform the purchase of most mobile bundles. Lastly, Ofcom should look to ensure that this does not place any undue burdens on the industry as much of this information is already in the public domain.

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

No. The proposals seem sensible and proportionate.

- 4. 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.**

Three believes that including meaningful comparative data on speed is sensible and will help customers to make real and effective choices about the broadband services they choose. Three's investment in ultrafast technology means that it is able to offer consumers in most parts of the UK exceptional mobile broadband both in terms of coverage and speed. However, Three believes that it is important that such messaging helps consumers understand the differences between fixed and mobile broadband and that consumer expectations around speeds that might be realistically achieved on networks are appropriately managed.

- 5. 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.**

Three agrees with proposals to detail data limits. Three's All You Can Eat Data packages are the only uncapped data packages available to mobile customers. These have proved hugely popular with both existing and new customers and provide consumers with protection from bill shock. Three's customers now consume on average in excess of 2 gigabytes of data each month, much more than would be possible on capped tariffs without incurring any significant additional costs.

Three's All You Can Eat packages are available from as little as £12 p/m. They not only provide market beating value but also enable some of the most vulnerable members of society to access the internet in an affordable way.

Three is now the largest carrier of mobile data in the UK. Data traffic on Three accounts for in excess of 40% of all UK mobile data. Three believes that our All You Can Eat packages have helped drive the exceptional growth in both Three's and the wider market's data traffic and have provided excellent a bedrock for the development of innovative new products and services..

- 6. 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.**

Three is a signatory to the voluntary industry code on transparency and accordingly publishes the Key Facts Indicator in relation to traffic management practices on its website together with other information for consumers about the way we manage our network and optimise the internetting experience for our customers. Three is also the only mobile operator to have signed up to the BSG sponsored code on traffic management.

Three believes that traffic management practices are necessary to make best use of our network and manage growing demand appropriately. All networks are ultimately constrained by the laws of physics and forms of traffic management are necessary if network collapse and other outages are to be avoided. As an outcome this is far less desirable than the sensible and proportionate management of services during peak hours to the benefit of the overwhelming majority of our customers. It is vitally important that consumers understand that traffic management if their expectations about services and products are to be managed appropriately and if the individual consumer is to make optimal purchasing decision.

Three believes that greater transparency in relation to traffic management practices will help improve consumer understandings of what is a complicated and highly technical issue and facilitate better decision making by consumers. However, it is important that traffic management practices are explained in terms that are meaningful to consumers and comparable. The KFI developed with the Broadband Stakeholder Group provides should form the basis of this work.

7. Ofcom is proposing that the approval criteria are amended to include a requirement on PCWs to provide information about 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.

Three fully recognises the importance and value of ensuring that consumers are well informed about the products and services they use and we work hard to ensure that we provide our customers with the information and services they want. We recognise that this also extends to complaints about services and networks.

Three takes the complaints that are made by our customers about our products, network and services very seriously. At Three customer complaints, as well as insight and positive feedback, are a key driver of improvements to our service. We also recognise that including a requirement on PCWs to include complaints data will bring those PCWs signatory to the Ofcom accreditation scheme into line with practice elsewhere.

However, Three believes that it is important that information on complaints data is properly contextualised. Unlike proposals in relation to traffic management or, indeed, broadband speeds, complaints data is derived from the subjective experience of products and services and are not, as such, grounded in objective fact. As significantly, there is no right of reply for the operators who are the subject of such complaints. It is also important that the volume of complaints is explained in the context of the full customer base if the complaints data is to have real value for customers.

8. 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.

Proper systems of monitoring and compliance are necessary function of any accreditation system. It is also important that PCWs are supported by appropriate and timely guidance. Three believes that the proposals set out by Ofcom in this regard are sensible and proportionate and will help to ensure that complex data is presented sensibly and comparably in a form that is meaningful to consumers.

9. 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

Three has no view on this proposal.

10. 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.

Three believes that it is important that the accreditation scheme should be extended to cover a larger number of PCWs if it is to offer significant value to consumers beyond the users of the very small number of PCWs currently signatory to the scheme. Three suggests that any monies made available for

publicity should be directed at signing up the large number of PCWs outside the scheme rather than to provide more general publicity for the scheme.

11. 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 and giving reasons and alternatives where appropriate.

Three believes that it is appropriate for accredited PCWs to operate a complaints handling process, in line with practice elsewhere, and that the details of such processes should be clearly set out on their websites. This will help to reinforce the credibility and integrity of the schemes of the PCWs who are signatory to the scheme. Complaints data is an important source of customer insight and should be a driver of improvements to the services offered. For further comments, please see our response to question seven.

Switching

Whilst we welcome efforts to provide better information to consumers, Three questions what likely impact this information will have, particularly if consumers are unable to act on it. The Ofcom consultation records comments made by the Office of Fair Trading around the value of improved information provision around products and services to consumers. Three endorses that view. However, Three is concerned that any value derived as a consequence of changes to Ofcom's accreditation of PCWs will be at best marginal if consumers are not able to take action on the basis of that information.

Currently, real competition across the communications market is hampered by the delay and hassle that characterise the porting system. Until this is changed, consumers will still face unnecessary barriers and delay when trying to move between providers. This does little to help consumers act on information around networks and will do nothing to improve competition or the all round consumer experience.

We would be very happy to discuss any issues raised in this consultation response, if that would be of assistance.

Simon Miller
Regulatory and Consumer Policy Manager