Additional comments:

This is the third time our household has been impacted by rising charges in mobile telephony contracts in the past 13 months. Last year both my Husband and I were contract customers of Orange and T-Mobile respectively. This increase came at a period outside of the cooling off period of the contract, and was allowed due to a vauge clause in the monthly contract we had signed with the providers many months earlier.

At no time during the sale, cooling off period or following 12 months of usage of the devices had any attention been draw to the clause allowing the provider to increase the monthly charge. Indeed I would say further that we had been led to believe that the 24 month term of the contract, with no break out clause essentially meant that we could expect our monthly costs to be fixed.

The lack of transparency, and options to exit the contract in the event of price changes, is incredible, and extremely unfair, and extremely difficult to justify, and I would be strongly in favour of break clause being inserted in any contract, should the provider wish to increase the monthly charge. I feel that provides are taking advantage of the fact that customers are locked into incredibly long contracts, where an annual increase is a simple way for them to improve their profit margins with no recourse for the customer.

Question 1: Do you agree with the consumer harm identified from Communications Providers? ability to raise prices in fixed term contracts without the automatic right to terminate without penalty on the part of consumers?:

Yes, the contracts were quite opaque, and very unclear on how much increase a provider could impose on what was sold as a fixed 2 year contract. The ability to arbitrarily increase the monthly costs, without any break clause is disgraceful.

Question 2: Should consumers share the risk of Communications Providers? costs increasing or should Communications Providers bear that risk because they are better placed to assess the risks and take steps to mitigate them?:

The provider should carry the risk of cost increases for the duration of a fixed term contract. If the contracts can be broken, then consumers should be at risk. Essentially if a provider is stating a fixed term of contract then I believe it is reasonable for the consumer to expect a fixed price for that term.

If the provider reserves the right to increase the charges, then the consumer should be given the right to cancel in response.

Question 3: Do you agree with the consumer harm identified from Communications Providers? inconsistent application of the ?material detriment? test in GC9.6 and the uncertainties associated with the UTCCRs?:

Yes

Question 4: Should Communications Providers be allowed (in the first instance) to unilaterally determine what constitutes material detriment or should Ofcom provide guidance?:

Ofcom should provide guidance

Question 5: What are your views on whether guidance would provide an adequate remedy for the consumer harm identified? Do you have a view as to how guidance could remedy the harm?:

Guidance should be just that guidance, but in the event of dispute consumers should have an appeals process to an independent third party.

Question 6: Do you agree with the consumer harm identified from the lack of transparency of price variation terms?:

Very strongly, Having signed new mobile contracts on average every 18 months for both myself and my husband, on no occasion has any Provider made clear the posibility of mid term increases in price.

Question 7: Do you agree that transparency alone would not provide adequate protection for consumers against the harm caused by price rises in fixed term contracts?:

Yes. Price rises must accompanied by a right to cancel. For example our energy provider has an early exit fee fixed at 30 pounds should we unilaterally terminate the contract after a price increase. A similar system could be made possible.

The argumentation that handsets are subsidised is diminished by an argument that allowing customers to move to another provider mid term, means subsidies transfer around and inccentivises the providers to offer the best deals at all times, in order to ensure that the subsidies are not leaving their network.

Question 8: Do you agree that any regulatory intervention should protect consumers in respect of any increase in the price for services provided under a contract applicable at the time that contract is entered into by the consumer?:

Yes. Fixed term contract should imply fixed cost for the duration.

Question 9: Do you agree that any regulatory intervention should apply to price increases in relation to all services or do you think that there are particular services which should be treated differently, for example, increases to the service charge for calls to non-geographical numbers?:

Regulatory intervention should apply to the fixed part of the contract only. i.e. a fixed contract consisting of minutes, text messages, and data allowance for set price should be fixed for the duration, calls and charges outside of the fixed allowance should not be regulated.

Question 10: Do you agree that the harm identified from price rises in fixed term contracts applies to small business customers (as well as residential customers) but not larger businesses?:

No. All consumers and businesses may suffer from the same impacts, although the purchasing power of large companies means they have more leverage in negotiation.

Question 11: Do you agree that any regulatory intervention that we may take to protect customers from price rises in fixed term contracts should apply to residential and small business customers alike?:

Yes

Question 12: Do you agree that our definition of small business customers in the context of this consultation and any subsequent regulatory intervention should be consistent with the definition in section 52(6) of the Communications Act and in other parts of the General Conditions?:

Yes

Question 13: Do you agree that price rises due to the reasons referred to in paragraph 5.29 are outside a Communications Provider?s control or ability to manage and therefore they should not be required to let consumers withdraw from the contract without penalty where price rises are as a result of one of these factors?:

No. The communications provider should offer contracts that the estimate to be profitable, shoudl market circumstances, or running costs change that is unfortunate, but points to poor business planning. For example how do you distinguish between providers who offer loss making contracts with the intent to raise charges after 3 months to make them profitable. The customer could not be certain at contract inception that the offer is loss making for the provider, and so should not be put at disadvantage by such a practice.

Question 14: Except for the reasons referred to in paragraph 5.29, are there any other reasons for price increases that you would consider to be fully outside the control of Communications Providers or their ability to manage and therefore should not trigger the obligation on providers to allow consumers to exit the contract without penalty?:

None. Fixed term should be Fixed Price. If Providers want flexible pricing, then Contract terms should be flexible also.

Question 15: Do you agree that Communications Providers are best placed to decide how they can communicate contract variations effectively with its consumers?:

Yes.

Question 16: Do you agree with Ofcom?s approach to liaise with providers informally at this stage, where appropriate, with suggestions for better practice where we identify that notifications could be improved?:

No, Ofcom should push for legislation. Having been impacted by such price rises 3 times in the past year Ofcom should take action now.

Question 17: What are your views on Ofcom?s additional suggestions for best practice in relation to the notification of contractual variations as set out above? Do you have any further suggestions for best practice in relation to contract variation notifications to consumers?:

None other than mentioned already

Question 18: What are your views on the length of time that consumers should be given to cancel a contract without penalty in order to avoid a price rise? For consistency, should there be a set timescale to apply to all Communications Providers? :

In the event of a price rise during a fixed term contract, the consumer should have the right to cancel, return any subsidised handset, and port their number to a new provider of their choice.

Question 19: What are your views on whether there should be guidance which sets out the length of time that Communications Providers should allow consumers to exit the contract without penalty to avoid a price rise?:

28 Days notice to rise and the right to quit should be enforced.

Question 20: Do you agree that this option to make no changes to the current regulatory framework is not a suitable option in light of the consumer harm identified in section 4 above?:

Absolutely. Legislation is required to prevent the abusive position that consumers are being placed in.

Question 21: Do you agree with Ofcom?s analysis of option 2? If not, please explain your reasons.:

Yes

Question 22: Do you agree with Ofcom?s analysis of option 3? If not, please explain your reasons.:

Yes

Question 23: What are your views on option 4 to modify the General Condition to require Communications Providers to notify consumers of their ability to withdraw from the contract without penalty for any price increases?:

This would be my preferred option. However since contracts can run to 24 months in duration, the rules should be retrospectively applicable to contracts already in force, where consumers have suffered a price rise.

Question 24: Do you agree with Ofcom?s assessment that option 4 is the most suitable option to address the consumer harm from price rises in fixed term contracts?:

Yes

Question 25: Do you agree that Ofcom?s proposed modifications of GC9.6 would give the intended effect to option 4?:

Yes

Question 26: What are your views on the material detriment test in GC9.6 still applying to any non-price variations in the contract?:

Question 27: For our preferred option 4, do you agree that a three month implementation period for Communications Providers would be appropriate to comply with any new arrangements?:

Yes, but the implementation should reflect all current consumer contracts impacted by a price rise.

Question 28: What are your views on any new regulatory requirement only applying to new contracts?:

The implementaiton should apply to any contract in force, that has enforced a rise. Providers should be offered the choice to allow break, or reinstate the contracted price agreed at inception date.