Additional comments:

I put up with the increase from Three. However the latest behaviour by o2 with respect to my daughter (a student) encouraged me to write this response. o2 announced a price rise on 11th or 12th of December 2012 to apply from end February. My daughter took out a contract on 31st December and no mention of the price rise was made. The first she knew of the price rise was when the new, higher bill arrived. So, retrospective RPI applied to a contract taken out after the RPI increase was relevant while the company failed to mention the new price that would apply anywhere on the contract or in any discussion or welcome letter. I don't believe any aspect of that contract should be enforceable as one party sought to deceive the other party by not supplying relevant information affecting the cost or services contracted for.

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. Furthermore the terms appear to have very few restrictions that impose any duty of resonableness on the suppliers.

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?:

I can think of no other industry where I am required to share their risk without any expectation of sharing in their reward. When I buy a service contract for my car with Vauxhall for example, they define how much I pay each month and carry out a service each year for that cost. Over the three years they guarantee my car will go to them for servicing and in exchange they carry the risk their costs will rise by more than they have allowed.

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?:

No. It is clearly unfair to allow an organisation both to decide the rules and then decide if their application of them is fair to everyone else.

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?:

The companies concerned have shown just how effective guidance is. There need to be rules that are clear, that protect the consumer and which are enforced. Had the companies been acting in a reasonable manner they might deserve some trust - but they haven't, and don't.

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

I wrote this because my daughter entered into a contract with o2 on 31st December. It seems o2 had advised they would be increasing prices but she bought the contract believing she was getting a better deal and no-one told her otherwise. o2 seem to think it is Carphone Warehouse's fault. I don't really care whose fault it is, but only o2 are in a position to do anything about it. She, a student, gets a price increase based on inflation from last year for a company that sold her the contract on 31st December knowing full well that they would be increasing the price at the end of February.

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. I don't care what their costs are, nor should I need to. They should plan ahead and if necessary insure themselves against changes in trhe market. However, since a large proportion of the cost of a new contract is the cost of the phone and the purchase of the spectrum, both of which happen at the time of the contract it is hard to understand how they could be affected by inflation at the full value of the RPI for a year?!

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. At the very least the alternative would be telling them how much of their contract is for services that are subject to inflation. i.e. If you pay £45 per month for an iPhone over 18 months, the first 10 months pay for the phone, the next 4 months pay for the spectrum and the remaining 4 months might be subject to a marginal rise if inflation exceeds 3% by 2% or more (but the 3% is built in to the quoted price as an assumption.... (This would make any rise minimal and transparent...)

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?:

anything provided in the contract price should be affected in the same way else it becomes even more confusing.

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. Every company should be able to expect a provide to abide by the pricing in their contract. IF they want an RPI increase each year they should build it into the contract and explicitly have it agreed with a pricing schedule for the larger companies - but why should they be allowed to? Large companies include pricing schedules in contracts and they are not "Fixed Price" they are annual contracts with a provision for increases and termination.

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 - Wherever there is a reasonable expectation the price is "Fixed" by a fixed length contract then the right to terminate if there is a change on one side should exist no matter whom is on the other side.

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?:

Not sure this is relevant. I don't think they should be allowed to vary any organisation's Fixed Price contract without a right to terminate without penalty at the time.

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. I remember some years ago the MOD did catalogue pricing for IT following a tender process. The sensible suppliers bought insurance against major changes in memory prices (which happened) and those that were not sensible went out of business. The following year prices moved in the other direction and the MOD took the impact - but both sides carried their own risks.

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?:

No. If this does happen then it should only apply to the percentage of the price that is declared, up front, as being variable - i.e not the phone or the spectrum or the profit margin.

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

No, Their should be clear obligations around how it is communicated to ensure rights to cancel are clear and prominent.

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. The providers have shown they are working against consumer interests. I thought it was just some, now I note all have followed suit.

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?:

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? :

At any point in the notice period and 4 weeks after their first new bill.

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?:

Not guidance - rules. Providers may exceed the minimum but not go below it.

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?:

YES

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

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

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?:

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?:

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

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?:

I don't see why they need three months to push the inevitable last minute changes through. From the date of announcement it should not be possible to flout the new regulations and any existing plans for price rises should be cancelled. If it is unfair it is already unfair - I actually think, like PPI, they should be made to undo what they have done and refund all price increases made to Fixed Price contracts!

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

It is either necessary and makes things fair, or unnecessary and things are already fair. Existing contracts are unfair and this should apply to existing contracts too.