

## **Response to Service Charge Caps for 09 and 118 Services Consultation**

### **Introduction**

Action4 welcomes this opportunity to respond to this Ofcom consultation on Service Charge Caps for 09 and 118 Services. In particular we welcome the proposal to increase the SC for PRS this is something as an industry we have been asking for, for a good period of time.

Action4 would urge that Ofcom seeks to close disparity in the operation of all PRS. PpP is well established and has a long history of working with the industry to limit harm and risk.

We note that 118 and 09 are being treated differently how can, 118 be classed as an important service yet 09 not?

***Question 4.1: Do you agree with the assessment criteria we are proposing to use for our analysis, and in particular the three additional criteria we have identified as relevant?***

Mobiles operate on tariffs up to £10 per SMS: if your argument is one of fraud or bad debt can the industry analyse the figures and incidents of fraud on mobile at the tariffs £3, £5 and £10 before a cap of £3pm and £5 per call are put in place.

***Question 4.2: Do you agree that a maximum SC should apply to 09 numbers for the reasons set out above?***

We believe it is erroneous to argue that any particular tariff or service is likely to cause more harm than any other.

SPs currently offer a variety of services on these number ranges and they choose the price structure that better suits them. For example, the top ten most used tariffs in the 09 range (representing 78% of total termination traffic on this range) are made up of 7ppm and 3ppc (i.e. drop charge) tariffs. Therefore demonstrating it is not necessarily price that is the determining factor in harm. Multi party chat which operated on 10ppm and under bankrupted a compensation fund and lead to the Monopolies and Mergers commission's report.

However we do agree with the rationale of clarity for the consumer, so that they are aware of calling costs but fail to see how this will be achieved when there are no absolute costs in relation to dialling a PRS number via a mobile.



***Question 4.3: Do you agree that a maximum SC should apply to 118 numbers for the reasons set out above?***

We understand the reasoning behind setting a maximum SC.

***Question 4.4: Do you agree that a different maximum SC for calls charged on a per call basis and calls charged on a per minute basis is appropriate?***

We believe that simplicity and clarity must be what is strived for; whilst we understand the rationale for the difference we can't clearly see what purpose the differential will serve to consumers.

***Question 4.5: Do you agree that we should use the RPI measure of inflation to uplift the BT's current maximum retail price for 09 calls to derive the maximum SC under Option 1?***

This would seem an adequate way to measure the inflation but would say that the ONC's and TNC's are best placed to accurately access this.

***Question 4.6: Do you agree that we should not uplift the SC caps by inflation on an annual basis?***

Whilst we can see the rationale here surely changes should be in line with VAT and inflation changes to make this a fair and even ground for the industry.

***Question 4.7: Do you agree that the maximum SC cap should be set exclusive of VAT?***

Yes we agree although this will mean price changes to the consumer but better for the industry. As all changes will lead to changes in copy could it then be put to PpP that all displayed call charges state exclusive of VAT?

***Question 4.8: Do you agree that Option 2 (a £3 per minute and £5 per call cap) is the most appropriate maximum service charge limit for 09 and 118 numbers? If not, please explain why.***

We see no reason that fixed line PRS should not be allowed to charge the same costs as mobile and therefore would argue that the maximum charge should be £5pm and £10 per call.

PpP would obviously have to make sure prior permissions were in place for the £5pm services. However due to the period of time since there has been an increase in the fixed line industry cost pm, we would on balance say that £3pm is sensible initially with a monitoring period linked to complaints. However we would urge Ofcom to release the £5pm tariff after this consultation. Though these should not be allowed to be operational until the £3pm services review via PpP has taken place in 24 months time. We say this due to the length of time it has taken for there to be a review on whether price points should increase. Fixed line contracts relate to a fixed subscriber

address and early warnings can be given in relation to spending. Contract pay as you go phones do not allow for this.

*Question 5.1: Are there any other consumer protection measures we should consider for the 09 and 118 ranges? Please explain why you consider any additional measures you identify might be appropriate.*

Services charged at £3pm and above and £5 and £10 per call should have to get prior permission from PpP. All normal costing warnings and ideally per call announcements should be made where possible. Opt in has been tried in various countries and failed miserably therefore we would not support this.

*Question 5.2: Do you have any comments on our assessment of the costs and benefits of a pre-call announcement on the 09 and 118 range? Please provide reasons for your view.*

Pre-call announcements would certainly be our preferred option; announced at network level although many debates have happened on this, cost as often been cited as prohibitive by the networks. Therefore whilst those debates continue we would recommend that along side of prior permissions that pre call announcements are a requisite at SP level.

*Question 5.3: If relevant, please provide an estimate of the likely costs that you would incur if a pre-call announcement were implemented on these ranges, taking account of any benefits it may bring.*

There should be no extra cost at SP level, for Networks this would be costed on an individual basis based on their infrastructure and network size.

*Question 5.4: Do you have any comments on our assessment of the costs and benefits of a consumer opt-in for 09 and 118 numbers? Please provide reasons for your view.*

The essence of a PRS is spontaneity Opt in would, in our minds, seriously affect the industry; it has been used in other countries than Spain. The UK has one of the biggest and most successful PRS industries.

*Question 5.5: Do you have any comments on our assessment of the costs and benefits of time-related notifications on the 09 and 118 range? Please provide reasons for your view.*

Whilst cost warnings serve a purpose they can also disturb the caller's experience. Forced disconnect with a pre announced warning may be a better along side the initial pre call warning with costs. The networks also, alongside of this, have their early warning systems to protect themselves from bad debt and the consumer from "over spending".

*Question 5.6: If relevant, please provide an estimate of the likely costs that you would incur if time-related notifications were implemented on these ranges, taking account of any benefits it may bring.*

Since the industry already does this we see no more intricate cost however such warnings may affect the callers experience say if they were seeking legal advice over the phone and the warning interrupted critical advice. As said before prior permissions with sensible service requisites would seem appropriate.

*Question 5.7: Do you have any comments on our assessment of the costs and benefits of dedicated number ranges on the 09 and 118 range? Please provide reasons for your view.*

We can see the merit for a range dedicated to these higher tariffs so that selected call barring can occur although not this would be immediately possible for 118 due to the lack of free tariffs. These we believe would be an effective option if it was truly available and would allow consumers choice, to selective rather than blanket bar PRS.

*Question 5.8: Do you have any comments on our assessment of the costs and benefits of an extension of the 30 day withhold period on the 09 and 118 range? Please provide reasons for your view.*

We see no real rationale for extending the withhold period, indeed this would adversely affect the SP's business, fraud patterns should be able to spotted by networks in a short period of time and certainly less than 30 days.

*Question 5.9: Do you agree with our assessment that additional consumer protection measures would only be justified if SPs are able to set SCs for services on 09 and 118 with the ranges proposed under Option 3? Please provide reasons for your view, including, if relevant, the measures that you consider would be appropriate.*

We would propose the additional obligatory measures as above in relation to prior permission, cost is not in our opinion the creator of fraud it is poor warning systems and poor education, alongside poor monitoring of services and their promotion. As also stated above we would suggest that the tariffs are created and then released in stages dependent on the harm or relevance of application for prior permission. This was exactly how live MPC was reintroduced to the industry, in a staggered and measured way.

*Question 6.1 – Do you agree that the level of the SC should be set at £5 per call and £3 per minute and that no additional consumer protection measures will be required? If not, please provide alternative options and evidence to support your preferred option.*

As stated above although the mobile industry does not have obligatory prior permissions we believe that £5pm and up to £10 per call could be staggered and rolled out with the protection measures we have stated.

*Question 6.2 – Do you agree with our proposals in relation to the timing of our proposals for a maximum SC charge for 09 and 118 numbers taking effect?*

We would like to see this implementation period speeded up and to be in place within a year but understand the process must take due course.

We thank you for the opportunity for responding to this document.