



Consumer Focus Scotland's response to the Ofcom Draft Annual Plan 2012/13

February 2012

About Consumer Focus Scotland

Consumer Focus Scotland is the independent consumer champion for Scotland. We are rooted in over 30 years of work promoting the interests of consumers, particularly those who experience disadvantage in society.

Part of Consumer Focus, our structure reflects the devolved nature of the UK. Consumer Focus Scotland works on issues that affect consumers in Scotland, while at the same time feeding into and drawing on work done at a GB, UK and European level.

We work to secure a fair deal for consumers in different aspects of their lives by promoting fairer markets, greater value for money, improved customer service and more responsive public services. We represent consumers of all kinds: tenants, householders, patients, parents, energy users, solicitors' clients, postal service users or shoppers.

We aim to influence change and shape policy to reflect the needs of consumers. We do this in an informed way based on the evidence we gather through research and our unique knowledge of consumer issues.

Introduction

We support the response submitted by Consumer Focus, which we have had input into. This is a supplementary response setting out our thoughts and questions on some issues of particular relevance to Scotland. We continue to have a very positive working relationship with Ofcom's office in Scotland. Ofcom's representatives in Scotland keep us well informed about its activities and ensure that we are consulted on its work where appropriate. Ofcom's office in Scotland brings significant benefits for consumers here, given the devolved context and the different way in which communications markets can operate in Scotland.

Consumer complaints data

Since April 2011, Ofcom has published complaints data on the number of complaints it receives about fixed-broadband, fixed-telephone, and mobile phone providers. We welcome the publication of this data, which provides a vital insight into telecoms providers customer service and complaints handling processes.

It is essential that consumers have access to this type of information, so that they can make informed decisions about which telecoms provider they wish to use. Using a simple format, Consumer Focus has developed a five star rating system to display energy supplier performance. Ofcom could consider developing a similar proxy for the complaints data it publishes as part of its work programme for 2012/13. This would also complement your proposed work to develop effective consumer information remedies.

While we welcome the strides taken by Ofcom in publishing its complaints data and its commitment to develop this work, we firmly believe that all telecoms providers should publish their own complaints data. This could act as a spur for providers to improve their own complaints handling processes and enable consumers to make a more effective comparison between telecoms providers.

We know from our experience in the energy market that price is not the only factor considered when choosing a supplier. Customer service is valued by consumers and plays an important part in the decision to switch. Therefore, as part of the continued development of the consumer complaint programme and consumer information remedies, we would urge Ofcom to investigate the options for requiring telecoms providers to publish their own complaints data.

Review of switching processes

Switching rates in the telecoms market remain low, and in Scotland there are specific issues which make these even lower; consumers are more likely to remain loyal to established brands; many consumers think switching isn't worth the hassle; and many believe they will only make minor savings¹.

Ofcom's own research has shown that more than 4 in 10 broadband consumers remain on packages with speeds of 10Mbit/s or less even though many of them would be able to get a higher speed at little or no extra cost if they switched package or provider.

¹ Making markets work; Scottish Consumer Council; 2008

We support the work proposed by Ofcom to make the switching process easier and simpler for consumers. Specifically, we agree that the switching process should be led by the provider the consumer is switching to, as opposed to the company losing the consumer. Consumers also need to have clear independent information about providers to help inform their decision, and have the opportunity to receive the best deal from their current provider, without excessive retention activity. Overall, this will promote healthy competition in the telecoms market and lead to the better deals for consumers.

In addition to the work highlighted in the Ofcom annual plan for 2012/13, we would like to see further work to simplify the process for consumers when switching bundles of services (broadband, mobile, phone, landline and digital TV services) to reduce delays. Bundled services are becoming increasingly popular with consumers. In Scotland, 49 percent of households had bundled telecoms packages last year²; this increasing trend is likely to continue.

Ofcom should also promote the price accreditation scheme more widely among consumers, telecom providers and comparison sites. The scheme provides an assurance that telecom comparison sites are providing accurate, unbiased information on telecom charges. Consumer Focus Scotland would also like Ofcom to consider widening the scheme to incorporate network performance; consumer complaint data and customer service information; as well as the information it provides on price. This could enhance the scheme and provide consumers with a valuable source of information to enable them to make better switching decisions.

Assess the provision of communications services across the nations

Differences exist among the nations in digital infrastructure, mobile coverage, and digital participation. Variation also exists in the way consumers in different areas rely on postal services. The annual communications market report is a vital source of data in the communications market. It highlights areas for further research and development, for example, highlighting the low broadband take-up rates in Scotland and low mobile coverage, particularly in rural areas of Scotland.

We recommend that in the future, the communications market report cover postal issues to provide a truly comprehensive overview of the communications market in Scotland. Postal services remain an integral part of the communication infrastructure, particularly for rural and remote rural parts of Scotland.

Work to promote widespread superfast broadband and reduce mobile not-spots

The Scottish Government has recently provided further detail of its digital ambition for Scotland. The Digital Infrastructure Action Plan commits to building a world-class infrastructure for Scotland by 2020.

The upcoming auction of the 800 MHz and 2.6 GHz spectrum bands will be critical in helping the Scottish Government achieve its broadband ambition. The spectrum sale has the potential to bridge the digital divide between urban and rural parts of Scotland. It must proceed in a way that maximises coverage for

² The Communications Market Report –Scotland; Ofcom; 2011

consumers in rural parts of Scotland, so that they do not miss out on the benefits of digital technology.

Ofcom are currently consulting on the way in which the sale should proceed. One option is to require at least one operator to have a 98 percent indoor UK population coverage obligation. However, Ofcom's preferred option is to link a 4G coverage obligation to the UK Government's Mobile Infrastructure Project, which aims to improve 2G mobile coverage throughout the UK. We will respond directly to this consultation to ensure that consumers in Scotland remain central to the spectrum auction.

As highlighted above, the UK Government has announced funding of £150 million to develop new infrastructure to improve 2G mobile coverage in areas where coverage is poor. As Scotland has the highest proportion of not-spots in the UK – at 15.5 percent³ – it is vital that it receives an appropriate share of the funding to tackle this problem and make a tangible improvement in mobile coverage in rural areas. We welcome Ofcom's proposals to work with Government, providing advice about issues that affect UK consumers. The needs and preferences of consumers in rural areas of Scotland should be a priority for the regulator, to bridge the digital divide.

Overall, we are happy with the priorities identified in Ofcom's draft annual plan for 2012-13. We look forward to working together with Ofcom, sharing our knowledge and expertise wherever possible, to improve the communications market for consumers in Scotland.

³ The Communications Market Report –Scotland; Ofcom; 2011

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