

Dear Sarah Evans

I am writing to you in response to the consultation launched on 28 February 2008 concerning additional charges levied by providers of communication services. In particular my response deals with the lack of flexibility by a number of providers who accept payment by direct debit only and not by any other means and "non-direct debit charges" imposed by some providers.

In my opinion, communication providers should be more flexible in accepting payment by a variety of means. A number of such providers accept payment by direct debit only thus depriving customers of choice and depriving low income customers who may have no bank account of the right to choose between different communication providers. The industry as a whole is therefore operating unfair terms of trade when choice is restricted in such a manner. One provider only supplies those with one telephone line only and those who have two lines cannot be supplied.

Some providers advertise prices **exclusive** of VAT and others advertise prices **inclusive** of VAT. I suggest that Ofcom should insist on uniformity.

Ofcom should require communication providers to offer customers the option to choose from different payment systems. Correspondingly communication providers should have sufficient administration systems in place to accept payment by different means including legal tender. The cost of such administration systems cannot be significant set against the operating cost of providing communications. Thus those providers who impose additional charges claiming additional costs are in effect admitting that their administration systems are inefficient and seek to recover their additional costs by levying additional charges.

Turning next to the additional charge for non-direct payments, I have principled objections to signing direct debits with any organisation on the following grounds. First, I wish to retain the right of absolute control of when amounts are debited to my bank account. **Secondly, I wish to retain the right to withhold payment to a provider if I am dissatisfied with the product or service supplied. This is a sanction all consumers should cherish as much as I do, and it is a source of puzzlement to me that so many abandon such a valuable sanction.**

Ofcom's review discusses non-direct debit charges and the additional costs incurred by communication providers in dealing with payment by cash and by cheque, which is understandable. However it is disappointing that the review does not mention payment by internet bank transfer and the consequent savings to communication providers. These savings arise because additional costs are incurred by communication providers in applying direct debits. These costs are those relating to the cost of setting up and maintaining a database of customer bank account details and the bank charges levied by banks for implementing direct debit arrangements. These costs do not apply to customers who pay by internet bank transfer. It is my contention that these savings should be recognised by an appropriate price reduction.

BT for example requires customers to pay line rentals for a period of three months in advance. One wonders whether credit for this is taken fully into account in establishing prices.

Yours sincerely

John Barrie

