

Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA

2 April 2008

Dear Sarah Evans, Ref: BT "Payment processing fee"

Thank you for your letter (from Kirby Sharpe) of 11 March and enclosures relating to the above in reply to my letter of 21 February. I hope my previous letter will be considered as part of the consultation.

I object most strongly to this charge.

I have great difficulty in expressing, almost to the point of exasperation, how illogical it is that such a charge can be levied.

BT is a business. It provides a service in return for a payment. (It does not collect the payment). It is fundamental to the business to receive a payment. It is a sophists dream to argue that it should receive a payment for receiving a payment.

Sadly, it appears that Ofcom has overlooked this fallacy and suggests that the fee can be justified if it is advertised fairly. If this is upheld, every business will be able to advertise a 'payment processing fee'.

What other aspects that are fundamental to the business should I have to pay for ? Should I pay for the heating and lighting of the offices if these are advertised fairly ? Partitioning separate functions to be paid for leads to the kind of fallacy whereby activities such as eating, sleeping, reading etc. are added up leaving no time for work.

What is the justification for this fee ? BT has, presumably, a bank to which cheques are presented for 'processing'. That is what banks are for ! It is beyond belief that every cheque costs £4.50 to process. I have been drawing and cashing cheques for over 50 years and it has never been suggested that I should pay for 'processing'. I occasionally write cheques for less than £1 which would be irrational if the 'processing fee' was £4.50.

This fee has been thought up as an additional charge where no charge is justified. Payment by cash or by cheque pre-dates any 'direct debit' arrangements and was the accepted method inherent in business finance. Suddenly, last May, it became an additional item on the bill. I can understand that it may be more efficient to have electronic transfer and this could be a reason for a *reduced* charge for that method but it cannot be justified to charge extra for the status quo.

It is irrelevant to consider call charges or line rental. These are separately specified charges which should be justified on their own. If they include operational overhead costs it is surely disproportionate to charge £4.50 for 'fee processing' compared to the cost of salaries, offices, vehicles, heating, etc. In attempting to justify the fee, BT have said that they have reduced the line rental charge, but the cost of processing still outweighs the reduction. This emphasises that the charge is additional, not previously levied.

BT have stated to me that 'following up when customers forget to pay on time does involve spending time and money'. I have no objection to being charged for extra time and effort expended if I fail to pay my bill on time. Such a charge should be easy to administer and should not penalise customers who pay on time. Ofcom have stated that they do not accept that bad debts should be lumped in with the cost.

BT have stated that they allow ten days from the time of receiving a bill before processing a direct debit. Payment by cheque (up to 5 days to clear) and second class post (up to 3 days) is still quicker than direct debit.

There are many aspects, as outlined above, that can be brought into the discussion about the 'payment processing fee'. Fundamentally, the additional charge that appeared suddenly on the bill last May is a solecism that has not been justified.

Yours sincerely,

C.W.Pile

P.S. It now appears that BT have set up a subsidiary organisation, 'BT Payment Services Limited' to collect and process payments.

I am greatly frustrated that I should be expected to fund an organisation to deal with such a fundamental business aspect as receiving payments. Is BT really so inefficient?

Ofcom (Scotland)
149 St. Vincent Street
Glasgow G2 5NW

2 April 2008

Dear Vicki Nash, Ref: BT "Payment processing fee"

I have received details from Ofcom regarding the above and have made my comments to London.

You have invited comments on the consultation.

In my opinion, the consultation should not have been necessary. To itemise a "payment processing fee" on a bill is an absurdity.

Every business supplies goods or services in return for payment. To receive the payment is fundamental to the business. BT are asking for a payment to receive a payment ! This fallacy should have been recognised at the outset and the fee disallowed. Once this is given credence it opens up the debate. If it is upheld then every business will be able to claim a 'Payment processing fee'.

Imagine that every time you make a payment by cash or cheque, the recipient asks for an additional payment !

BT does not 'process payments'. The payments are made through the bank. I have been paying bills by cheque for over 50 years and have never been asked for a fee when drawing or cashing a cheque. The bank *may* charge BT. That is an overhead of the business. Will our itemised bill soon include employees salaries, office costs, vehicle maintainance, heating, etc. I do not need to know these details on my bill.

The amount of the fee is irrelevant, but does it not seem disproportionate if the line rental charge of approx £28 includes all other overheads ?

The way in which this charge has been administered is very bad for public relations. The charge could have been absorbed, as hitherto, in overhead costs without any major controversy.

Thank you for your consideration.

Yours sincerely,

G.W. Pile