

BY E-MAIL

Consumer Policy
Ofcom
Riverside House
2A Southwark Bridge Road
SE1 9HA.

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Dear Ofcom

Additional charges consultation

I should like to comment on the additional charges imposed by BT on customers who choose not to receive their telephone bills online or to pay by direct debit.

Direct debit charges

1) I believe BT is wrong to impose extra charges on those customers who pay their bills by means other than direct debit for four reasons:

a) BT's public position is that its policy is to reward customers paying by means which minimise the cost. In practice, however, the company levies an extra charge to penalise not only customers paying by cheque or cash but also those paying electronically with a debit card, a system which is as cheap for BT to administer as direct debit. I conclude therefore that BT's policy is in fact to drive customers to paying by direct debit for BT's own convenience.

b) BT's charging structure for non-direct debit payments is to levy a fee of £1.50 per monthly bill or £4.50 per quarterly bill. Since the charge is a flat fee rather than a percentage of the total bill amount (as with a credit card interest charge, for instance), I believe that it bears no relation to the actual costs of processing non-direct debit payments (processing one quarterly transaction should not be any more expensive than processing one monthly transaction if the fee is a flat rate). I believe these are in fact penalty charges and, as such, legally indefensible.

c) BT has recently notified customers that payment charges are now levied under a separate contract by a subsidiary company, BT Payment Services Ltd (BTPS). While customers have the right to terminate this contract, doing so will cause BT to cut off their phone service. I believe this contract breaches the Unfair Terms in Consumer Contracts Regulations 1999, under Schedule 1, Clause 5 (1), and also the interpretation of Regulation 5.5 given in clause 1 (c) of Schedule 2. I believe the former is breached because this provision of the BTPS contract "causes a significant imbalance in the parties' rights and obligations arising under the contract, to the detriment of the consumer" and the latter because it "[makes] an agreement binding on the consumer whereas provision of services by the seller or supplier is subject to a condition whose realisation depends on his own will alone".

d) I believe BT is wrong to impose charges on customers for payment of their bills in addition to provision of services. BT's charging policy is the equivalent of a retailer making a charge at a check-out for a customer to pay for goods which have been supplied, a policy which is fundamentally unfair: in effect, a BT customer is expected to pay twice, once for the service received and once for handing over their payment. Additionally, by varying the charge (from zero to £4.50) depending on the type of payment, BT is discriminating against certain groups of customer.

Paperless bill charges

BT has introduced an extra charge for customers who receive conventional paper bills and I believe this charge is also a penalty charge designed to bully customers into receiving bills online. More importantly, it discriminates against those unable to receive bills in this way, since many customers – especially elderly people – do not have access to a computer for personal use at work or home. BT is wrong to maintain that all its customers have the option to receive bills electronically and is thus imposing an involuntary extra charge on those who have no alternative to conventional billing.

I look forward to hearing of the outcome of the Ofcom enquiry.

Yours faithfully

Don Keller