

**Re: Landline Phones -Ofcom Review of Additional Charges (including non-direct debit charges and early termination charges)**

Dear Sir/ Madame

I would specifically like to address to you a number of areas of unfairness with respect to domestic landline phone charges.

I have been in communication with BT with no real explanations of substance just a parroting of their policy from multiple members of staff (no one point of contact for my complaint).

I am dissatisfied with their responses after a number of recent emails and a letter last year to which I got no response (see appendix for email timeline).

**Late payment charges**

Their late payment charge is a typical addition that is unwelcome and not proportionate since they now only give the customer a few days to settle the bill from receipt of the paper copy. In fact this is now such a short period of time you could go away on a fortnight's holiday and come back to a bill on the door step that had already accrued a late payment charge which would appear on the next bill. This is a somewhat arrogant stance on BT's part as it forces their argument for direct debit. In fact everything they do appears to force THEIR argument for direct debit. They appear to be structuring everything about their dealing with the customer to bully the customer into direct debit or pay more.

Example: The bill is due paid 10 days from bill date.

The time line looks like this:-2 days to arrive by post (possible a weekend in the way so can be 3) assume it takes three days to get back to them in the post that leaves 4 days for the customer to pay. What happens if the customer works away from home each week. The bill arrives Monday and by the time a cheque is put in the post on return on the Friday its already to late to meet the payment term. This attitude does not take into account the likely normal life of the customer. It is unfair.

**NON Direct Debit charges**

BT charge a £4.50 additional charge per quarter for not paying by direct debit = £18 per year. Some 8.8% increase to what is now my annual bill.

They say that there are many ways to pay your bill but in fact they will always charge the above fee unless you pay by monthly payment plan (on direct debit) or quarterly from bill by direct debit.

From Emails from BT see appendix

"At BT, we are committed to offering our customers a wide choice of ways to pay their bills. Whilst we encourage choice of payment, it is worth pointing out that Direct Debit has benefits for customers. It saves time and is convenient. It means that your BT bill is one less thing to worry about. "

"You can avoid the payment processing fees by following four ways

? Setting up direct debit quarterly

? Setting up direct debit monthly

? Setting up Monthly payment plan

? And also by buying the BT credit card if do any purchase by using our BT credit card then you will be getting the discount of £4.50"

I do not believe that the charge fairly represents the cost of processing a cheque. In the attached emails they say it is related to chasing unpaid bills etc. This is clearly against the Ofcom view on this matter (your table 1.1) as would be suggested by the attached emails quoted below:-

From Emails from BT see appendix

"By calculating the cost we apply a general policy for all payment methods that are not automated, ie: other than Direct Debit or Monthly Payment Plan to reflect the higher risk of non-payment as well as the higher costs involved. "

"The fee reflects the fact that some methods of payment are more costly to process than others and is therefore based on the average cost of all our non-automated payment methods as well as the follow up costs if customers pay late or forget to pay."

"The payment processing fee has been introduced because some methods of payment are costly to process. But it's not just about the cost of taking the payments; following up when customers forget to pay on time does involve spending time and money."

I pay my BT bill by online banking an option they do offer. This is electronic transfer (not dissimilar to direct debit) but one I control. The costs of this must be tiny yet they still charge me £4.50 a quarter to do this. I consider that this is disproportionate and again targeted to force direct debit. This is patently UNFAIR. To make the matter worse the transfer I do is between two Barclays Bank accounts as we both have the same bank. This as far as I know is free or else very cheap and instantaneous. The question is therefore why they have made an apparently similar electronic payment method chargeable. They do not appear to be offering choices to the customers that are cheap for them to handle (like electronic bank transfer or internet payment on debit card) because they only want direct debit payments where they control the amount and when.

In today's technology age this is not a technical problem but an attitude one from BT. It appears to reflect poor respect for the customer and arrogance on the substantial monopoly situation that they still hold for landline and exchange service provision.

### **Assumptions on the benefit of Direct Debit are blinkered.**

Their assumption that direct debit is easy is assuming that you have a regular monthly wage paid into your bank account and wish to always keep a float of funds in place to ensure you do not go overdrawn by direct debits being taken from the account. BT should not be cataloguing their customer base in this way. It unfairly discriminates against those customers who do not have such a conformal life/employment arrangement. I for example get paid quarterly and do not wish to keep large amounts of money in a current account on low interest just because BT insists on direct debit. I am happy to pay a bill on time but with me having control over the flow of monies out of my account NOT BT (and any other supplier that wants to force this method on me).

In the case of other suppliers I have a choice in this matter. With BT I do not as I cannot buy landline services freely from other suppliers. Their position of almost total monopoly therefore makes this practise all the more unfair.

### **The monopoly situation**

Even if there were another supplier of landlines it would not be possible to have say telephone with that supplier while keeping my ADSL connection with an independent

ISP (Zen not BT). If the cost of unbundling local exchanges was not so high to third parties coming in then would likely offer a service on my exchange and I would move away from BT completely as I do not like the complexity of their offerings in regards to costs. I also do not like dealing with them as they are a nightmare to contact (in terms of finding someone who can actually sort out the problem). It is rare that solving a problem with BT is easy. They always appear to want to start the conversation by blaming the customer. A smaller more lean company generally gives much higher value to customer care.

#### **Businesses get even worse treatment from BT**

I would also note that I have had dealings with BT on several occasions for business and in each instance the BT way has cost the business in question money and reputation from lack of a good telecoms provision.

#### **The damage that BT are doing to themselves**

BT do themselves no favours in their approach to charging as my anger with them for forcing this additional charge on me has lost them most of the calls revenue they had from me as I have transferred by calls to VOIP. This appears to be the only way I can make a statement against BT on this matter because they will not listen to the customer or act in a fair manner. I can only remove as much revenue as possible from them. It is only unfortunate that I have to leave my line charges and a few calls with them. I would estimate by taking the steps they have that over the last year they have lost £450 of call charges from me.

#### **What OFCOM needs to do to protect the public**

This all suggests that there is a need for further measures by OFCOM both in respect of the local loop unbundling costs charged by BT for exchange and network access and the apparent ease by which BT can put apparently unfair pricing structures and penalties in place while the customer has little choice of supplier.

I trust that OFCOM will take a dim view of this type of behaviour by what is still a substantial monopoly and act to level the playing field for the customer in favour of a fairer arrangement for the customer.

Yours sincerely