

As a long-standing BT customer who always pays their bill on time, I am protesting against BT's proposed "non-direct debit" penalty surcharge.

### 1. Unilateral change in terms of contract not agreed by both parties

I am a long-standing customer of BT. I have been with them for over 12 years. I always pay my bills on time.

Back in spring 2007, BT proposed a change in the terms of our contract (i.e. the contract between myself and BT) with regards to a "non-direct debate" surcharge.

I immediately contacted BT to advise them that I did not agree with this change in our contract. As a two party contract, any such change requires the consent of both parties. I do not consent. One party cannot unilaterally alter the terms of the contract.

I have consistently maintained this position and have advised BT accordingly and repeatedly, via telephone and recorded mail. BT cannot charge anything it wants whenever it feels like it. My consent is required to any changes in the terms and conditions.

BT can *propose* such new terms to existing customers, but it cannot abuse its position and try to *dictate* them.

The Office of Fair Trading believes customers who were with BT before it implemented its £4.50 quarterly fee for not paying by direct debit have strong case against paying this newly proposed surcharge.

Much of the rest of these comments therefore do not relate to me personally – BT has no unilateral right to change the terms of my contract with them – but primarily to any new customers who wish to join BT under their new proposed initial terms.

### 2. Surcharge is not the same as Discount (incentive)

I do not accept Ofcom's suggestion that a surcharge and a discount is the same thing. It may be so in strict economic terms but in contractual and invoicing terms it is not.

I, the customer, have the choice whether I chose to take advantage of a supplier's incentive of an offer of discount. I do not have a choice if the charge simply appears on the bill and I am forced to pay it.

By paying by DD the customer is doing BT a favour, not the other way around.

BT needs to build such costs into their own cost structure. How BT internally accounts for it's costs within its departments is not my concern. When I buy a pint of milk from the shop, I do not expect the shopkeeper to charge me extra for her costs incurred for the delivery of the milk to the shop. Nor to charge me an extra 16% for paying is cash.

### 3. Disproportionate and Unfair

Trading Standards considers the non-direct debit charge "outrageous" and "unjustified" (source: BBC).

The proposed non-direct debit penalty surcharge is disproportionate because the fee represents a circa 16% surcharge on the basic line rental. There is no way in the world that it costs 16% to clear cash or cheque as payment. Banks, for example, charge corporate clients in the region of 25p to handle a cheque or no more than 75p for handling coins and notes. (I would still argue against these charges - see previous paragraph - however it gives an indication of how disproportionate BT's proposed surcharge is.

The proposed non-direct debit penalty surcharge is especially unfair to those on low-incomes. In a city the size of London, and for a company the size of BT, it is unbelievable that there is not a single BT shop or counter anywhere where one can walk in with one's bill and pay it off in cash with no penalty.

Moreover, line rental is paid for in advance. What about all the interest BT makes from holding our money for three months?

There have even been cases where annual payment customers have been in credit, but still charged the £4.50 charge. Good customers of 50 years standing are being penalised. This makes no sense.

Surely a company cannot charge whatever it likes to customers who refuse to pay by direct debit

#### 4. Late Payers already penalised

BT already has a charge late payment at £7.50.

BT says that the proposed new non-DD charges are for administration and chasing those who fail to pay their bills on time. However, it already charges a penalty for those who miss their payments.

BT cannot prove how costs are incurred, or explain why the cost it incurred for administering payments rose so dramatically last May.

If late payment is the problem, why not increase the late payment fee by £4.50? If anyone should be penalised this way, it's those who pay late, not those like me who pay on time.

(aside: £7.50 late payment penalty is also unfair and disproportionate, but that's another issue)

#### 5. Why would electronic payments still be subject to proposed surcharge

If BT claims that it is the cost of processing cash and cheques, why does it still charge non-DD surcharge for customers who would pay their bill electronically e.g. via internet banking?

What portion of the surcharge is to do with the cost of clearing payments by cash or cheque? What portion of it is to do with chasing debtors?

#### 6. Discriminatory

Why should I, the individual customer who has an impeccable payment history be classed together with others who are not? This is discriminatory. I should be treated as an individual with my own credit history.

What proof is there that direct vs non-direct debit payment is the best indicator of late payments? What about other factors such as age, race, post code, gender etc? None of these should matter. The only thing that matters is an individual's credit worthiness.

According to the Daily Telegraph, 5.5 million BT customers continue not to pay by direct debit.

## 7. Less transparent to consumers

All these different surcharges make it much more difficult for consumers to compare like for like. The price quoted such be inclusive (as it is for VAT).

Instead, there are different rates quoted, then different surcharges, making it all very confusing for the consumer.

The telephony companies appear to be working in collusion.

It is a well known fact in marketing that direct debit makes it more difficult for consumers to switch suppliers, and therefore making it less likely that they will do so. This is one of the underlying true reasons why all the telephony companies want force customers onto direct debit payments.

## 8. Other major companies do not surcharge cash payments

BT is a big company. Other big companies like British Rail and the major supermarkets do not surcharge for paying in cash.

Why is this industry allowed to get away with it?

## 9. Misrepresentation re: "BT Payment Services (BTPS)"

This is very sneaky of BT. They have tried to suggest that they have out-sourced to payment processing fee to a BT wholly owned subsidiary, "BT Payment Services (BTPS)".

I have consistently and repeatedly told BT plc that I do not recognise "BT Payment Services", I do not have a contract with them, nor do I not wish to have any dealings with them.

## 10. Flaws with Direct Debit

Many people such as myself have been the victims of fraud or the incompetence of companies taking more money out of their accounts than the agreed amount. As a result, we no longer wish to use direct debit.

A main flaw in the direct debit system is that, although originators (the organisations requesting the money) are required to give customers a period of notice before any change in the amount of a direct debit, there is no way for a bank to verify that this notification has

taken place before allowing a direct debit to be paid from a customer's account. Customers are usually unaware that a mistake has been made until after an erroneous amount has already left their account. The burden is then on the customer to try to retrieve the misappropriated funds, meanwhile possibly going into the red on their bank accounts and suffering penalties there as well.