

21 April 2008

Sarah Evans
Ofcom
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Dear Ms Evans

Ofcom industry wide review of additional charges made by communications providers

I am writing regarding the above consultation that Ofcom are currently undertaking regarding additional charges made by communications providers.

The comments that I wish Ofcom to take into account as part of their review are as follows. My telecommunications provider is British Telecom, so my comments relate to their particular charging methods which may differ from those of other providers.

- BT imposes a fee on those customers who wish to pay their bills by methods other than direct debit. In imposing this on their customers, they are actually financially discriminating, as all methods of payment are equally legal. Whilst legislation does not exist that prevents companies from financially discriminating in this way, as a lot of older people prefer to manage their finances by methods other than using direct debits, this could be seen as a form of age discrimination which is illegal. It also discriminates against those people who do not have bank accounts.
- The amount that BT is charging for processing payment by cheque or cash is way in excess of the additional cost involved. For comparison, the Royal Bank of Scotland charges 75 pence for processing a cheque, a charge fairly typical in the banking sector. I therefore cannot see how BT can justify an amount of £4.50 for the processing of a cheque through the same banking system. The difference is so great that it cannot be a fair cost.
- BT deducts their processing fee of £4.50 from any money paid before any payment is allocated against charges for services. This is quite

unsatisfactory as it potentially puts customers in default of payment to British Telecommunications because of non-payment of an excessive and unreasonable fee, and therefore at risk of disconnection. The way this has been included in the final paragraph of their small print does seem quite underhand.

- BT requires me to enter into a contract with a third party company (named BT Payment Services Ltd) for processing my payment, from which I do not require a service, and I question the legality of this? As British Telecoms have issued their notice under the "Financial Services (Distance Marketing) Regulations 2004" I have written to the Financial Services Authority asking them if these regulations permit the forcing of third party contracts in this way? At the time of writing I have not heard back from the FSA.
- BT also charges a fee of fifty pence for posting bills. No other companies I know make a charge for sending their bill in this way, and I fail to see why British Telecommunications should be any different. If I'm prepared to meet the cost of posting payment, then BT should be prepared to meet the cost of postal billing and treat it as an on cost as all other companies do. And it is discrimination on those who cannot receive their bills electronically, principally the elderly and those on low incomes who do not have computers or are not connected to the Internet.
- I very much disagree with one particular aspect of Ofcom's view of non-direct charges. It appears that Ofcom takes the view that extra charges must relate to direct costs only, and not the costs of chasing bad debts. This would seem a reasonable view, but then it goes on to say that normal competition, and not Ofcom, will decide how much the charges will be. In my view this is not reasonable and is potentially unfair, as there is nothing stopping all the telecommunications providers getting together and pricing the charges way above the actual costs involved? Surely any charges must reflect only genuine extra costs if the consumer is to be properly protected?

I would appreciate your acknowledgement of this letter with confirmation that my response will be taken into account as part of Ofcom's review.

Yours sincerely
