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Dear Sarah

This letter is our formal submission to your Consultation on Additional Charges.

Post Office Limited fully supports Ofcom's concerns around the requirement for transparency and fairness to the consumer in levying Additional Charges. We also fully support and endorse the submission made by the Federation of Communication Services.

In addition we would like to make the following comments with regard to the various points raised in the executive summary:

Non-direct debit charges: We are of the view that it is unfair and confusing to consumers to market a line rental at an attractive price with an additional charge to pay the bill by non DD which is not clearly detailed in the same literature. We believe that consumers are unable to quickly and easily compare prices if true costs are obscured by additional charges.

Late payment charge/Payment failure charge/Charge to restore service: Post Office Limited feels that it is acceptable to charge an amount for this which reflects the direct costs borne by the service provider.

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Initial minimum contract periods and Early Termination Charges:

Post Office Limited agrees with Ofcom that an ETC should never exceed the value of the rentals outstanding and should only reflect direct costs associated with the terminating service.

In the case of voice, we see no direct costs associated with a terminating customer and so see no requirement to make customers sign an initial minimum contract or charge them an ETC.

With regards to Broadband, we are of the view that where no connection fee is charged to cover the cost of the router, connection charge from the wholesaler, etc. , a supplier is justified in having an initial minimum contract period and charging for the remaining outstanding rentals so long as this is clearly stated from the outset.

Subsequent minimum contract period: Post Office Limited agrees this should only be applied where it is of benefit to the consumer. However, there may be circumstances where a cost has been incurred by the supplier and a new minimum contract is required i.e. moving house.

Minimum notice period: We believe these should only be used where there is a genuine operational reason to do so.

Itemised / paper billing: We agree with Ofcom that charges for itemisation and paper billing need to be clear and transparent. We do not feel it is fair and transparent to display prices for line rental which make paper billing an additional charge.

Cease charges: These should directly relate to any charges incurred by the supplier.

In response to the specific consultation questions set out:

Question 1: *Do you agree that it is helpful and appropriate for Ofcom to issue guidance on the application of the Regulations to consumer contracts for communications services?*

We agree that it is helpful to provide guidance, which will both assist consumers in making an informed choice and create a level playing field for service providers to compete on.

Question 2: *Do you agree with Ofcom's proposed guidance regarding core terms and transparency?*

We believe that Ofcom's definition of core terms is clear

Question 3: *Do you agree with Ofcom's proposed guidance (including any administrative thresholds we have set) on non-core terms to which we apply the test of fairness?*

We agree with the principles set out in Ofcom's guidance.

Question 4: *Are there any other issues that are covered by the Regulations which Ofcom should give guidance on?*

We feel that rolling contracts which lead to customers automatically entering a subsequent minimum contract period are not specifically addressed.

Question 5: *Do you agree that three months is an appropriate period during which suppliers can adjust their terms and marketing practices to ensure they are in line with Ofcom guidance?*

We agree that three months is an appropriate period for implementation.

In conclusion, Post Office Limited believes that consumers are being confused and misled by additional charges being levied by many of the major players in the telecoms arena of voice and broadband. As a result, the market has become distorted and competition is not as strong as it could be. We would welcome any actions which make these charges more transparent and fair and look forward to publication of your report.

Yours faithfully

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Stewart Fox-Mills

Product Strategy Manager, Post Office Ltd.