

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?:

Yes.

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

In part. But please see additional comments.

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?:

No. Please see additional comments.

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

You are dealing with the main issue I am concerned about, namely excessive charge for non-direct debit payments. I cannot comment on any other issues, because they are not my main concern. But see additional comments.

Additional comments:

BT claims that £4.50 is the actual cost of processing non-DD payments, but how does it arrive at this figure? There are many forms of payment, including cash at a Post Office counter or by mailed-in cheque. I believe it is also possible to pay the BT bill online using a credit card. Not all of these methods can cost the same to process, surely? Several payment methods will largely (Post Office) or wholly (online payment) be automated electronic transactions that will cost BT a minimal amount to process, probably in the region of thousandths of a penny for the electricity needed to power their computer that receives notification of each such payment from the Post Office, MasterCard or Visa. To charge £4.50 for this type of transaction is ludicrously exorbitant.

Is, then, £4.50 not simply a ball-park figure that has been chosen by BT management to be large enough to cover every eventuality, and therefore by definition too large for some payment methods? Has Ofcom enquired of BT whether this figure is in any way justified, by requesting a breakdown of human and electronic processing costs? Is in fact the actual cost to BT minimal and the £4.50 simply a way of generating excessive profits unfairly?

I have studied your "Ofcom Review of Additional Charges" document (addcharges.pdf). In Figure 1.1 on page 8 under "Non-direct debit charge" it is stated in the "Fairness" column:

"Where non-direct debit charges are obvious (and so are part of the headline price) it is competition, not regulation, which should determine the level of the charges and

ensure that they are fair."

But there is actually VERY little competition with regard to comparative landline telephone provision, especially when no cable service is laid in one's region, and therefore I do not think you have addressed this issue adequately. Whether a price or fee is fair should be adjudged to be so solely on the basis of the cost to the supplier who provides the good or service when there are very few competitive alternatives available.