

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title: **New Voice Services**

To (Ofcom contact): **Justin Moore**

Name of respondent: **Nicola O'Reilly**

Representing (self or organisation/s): **National Consumer Council**

Address (if not received by email):

CONFIDENTIALITY

What do you want Ofcom to keep confidential?

Nothing

Name/contact details/

job title

Whole response

Organisation

Part of the response

If there is no separate annex, which parts?

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Yes

No

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once the consultation ends

Name

Nic Reilly

Signed (if hard copy)

New voice services

NCC's response to an Ofcom consultation

By Nicola O'Reilly

About the National Consumer Council

The National Consumer Council (NCC) makes a practical difference to the lives of consumers around the UK.

With changes in provision of services by government and companies, there is apparently more choice, and more talk about meeting consumers' needs. Yet, the rhetoric does not always match people's experience: markets can operate in ways that act against consumer interests; and consumers who are disadvantaged or inarticulate can be ignored.

The NCC uses its insight into consumer needs to advocate change. We conduct rigorous research and policy analysis to investigate key consumer issues, and use this to influence organisations and people that make change happen. We don't just respond to policy discussions, but shape future debate through our groundbreaking thinking.

An open and collaborative organisation, we seek to work with public service providers, businesses and regulators. We hold regular policy forums which provide us with a unique opportunity to exchange views and test our thinking.

Our relationship with the Department of Trade and Industry – our main funder – gives us a strong connection within government. But we are ready to challenge any organisation, public or private, that does not give consumers a fair deal.

We have linked organisations in Scotland and Wales, and a close relationship with colleagues in Northern Ireland. We play a leading role within European and worldwide consumer groups, ensuring that cross-border consumer issues are tackled and the consumer voice is heard within global institutions.

Please check our website at www.ncc.org.uk for our latest news.

We can often make our publications available in braille or large print, on audio tape or computer disk. Please contact us for details.

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New voice services

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Introduction

The National Consumer Council welcomes the opportunity to take part in this consultation. We do not have specialist expertise in the area of new voice services, therefore we have restricted our comments mainly to issues of access, consumer protection and information. As this is a new, and potentially very confusing market for consumers, it is essential that clear consumer information and effective consumer protection measures are quickly established.

Section 4

Q2. What are the main policy challenges raised by the introduction of new voice services for consumer protection and regulation?

Striking the correct balance between regulating for consumer protection and promoting innovation and competition in new voice services is a major policy challenge posed by new voice services. While the NCC is keen to see technical innovation that will benefit consumers, we are also concerned to ensure that consumers' interests are protected and that vulnerable consumers can access these services and have their needs met. It is important that consumers do not suffer detriment in the long term by a reluctance to regulate adequately for consumer protection while new voice services develop.

Q3. Do you agree with the initial top level aims identified by Ofcom?

We agree entirely with the aim of ensuring that consumers are properly informed and protected in relation to the products and services that they are using. The NCC also agrees with the aim of ensuring the successful development of new technologies in the market. We are more cautious about the third aim of limiting the extent to which regulation distorts the

market. If the market in new voice services is failing to serve all consumers, including people who are in vulnerable circumstances or on low incomes, Ofcom should take whatever regulatory action is necessary to correct that market failure. Otherwise the burden of that failure will be borne by consumers.

Q4. Are there other aims and criteria that Ofcom should consider?

Ofcom should set out a longer term aim to ensure that the market in new voice services is universally accessible and provides appropriate services for all consumers.

Q6. Do you agree with Ofcom's initial view that it is not necessary for all voice services to provide the same standard features as traditional telephone services, and that we should instead focus on enabling consumers to make informed decisions.

The NCC is keen to see lower prices and innovative voice services delivered to all consumers, and it is vital that those consumers are armed with the right information to assist them in making appropriate choices. We do not expect new voice services to provide all standard telephone features. However, we have strong reservations about 999 services not being provided as it may result in restricted access for low income and vulnerable consumers. It would be difficult for consumers with limited incomes to afford new voice services in addition to paying for traditional voice services with 999 access, forcing them to choose between the two. Ensuring the availability of the most basic features of standard voice services would make new voice services more accessible.

Q7. Do you agree with Ofcom's initial view that it is not desirable to draw a distinction between the regulation of services that look like traditional services and those that do not?

We agree with Ofcom that new voice services should be regulated in the same way regardless of their appearance. This will be effective regulation for the long term, avoiding any problems that future changes in hardware may create. This is likely to increase the choice of service providers using hardware that

looks and feels like a traditional telephone. This will make new voice services more accessible as consumers without computers and computer skills would feel more able to use the services.

Q8. Do you agree with Ofcom's initial view that a distinction should not be drawn between the regulation of second line services and primary services?

Given the difficulty in determining if a line is a secondary or primary service, we agree that a distinction should not be drawn between them.

Q9. Do you think that a threshold should be set at which new voice services should be required to offer the same features as traditional voice services? If so how should this threshold be set?

Setting a threshold at which all standard traditional voice service features should be provided would help to ensure that current providers continue to provide those services to existing consumers. Supply of these features would also be a positive marketing tool for those offering new voice services. We recommend that, if Ofcom decided on this approach, the threshold should be set using the provider's market share of that service as a measure.

Q10. Do you agree that most providers would want to offer at least a basic form of access to 999?

We would hope that most if not all providers would want to offer this service to consumers, as it is a positive marketing tool.

Q11. Do you agree with Ofcom's initial view that consumers sufficiently value having access to 999 in order for them to wish to retain at least one means of "high quality" (very reliable) access to 999 at home?

We would agree that all consumers are likely to want very reliable access to 999 services. However, as debt and disconnection figures indicate, telephone services are unaffordable for many people. Therefore the reality for many vulnerable and low income consumers is that they may be forced to choose cost savings over reliable 999 access.

Q12. Do you agree with Ofcom's initial view that not all voice services should be required to offer access to 999 but that decisions about subscribing to and using such services must be properly informed?

The NCC always advocates appropriate information provision and education to enable consumers to make informed choices. However, 999 services should be a consumer right, not a choice, and therefore all voice services should offer access to emergency calls.

Q13. Do you agree with Ofcom's initial view that given some new services may not be able to offer the same degree of reliability for emergency calls as traditional voice services, it is better that these services are able to provide less reliable access to 999 rather than preventing them offering any access at all?

In principle we agree, as it is preferable to have some access to emergency calls rather than none at all. However, "less reliable access" would need to be defined and the consumer would need to be informed about the level of reliability they could expect. The NCC does not want to see the development of a two-tier system of provision in new voice services, where some providers offer emergency services calls and some do not. We understand that the rules on the provision of 999 access are very strict and that this may act as a disincentive to service providers to offer this service at all. This is not something that we want to see happening as it makes matters confusing for consumers, who may mistakenly assume that they are receiving services that they are not.

Section 5

Q18. Although Ofcom is not consulting on its interim position, it would welcome your views on its interim policy to forbear from enforcing PATS obligations against new voice services which offer access to 999.

The NCC agrees that this interim position is a sensible solution to ensuring that service providers are not discouraged from providing 999 access. We also agree with the proviso that information provision to the consumer about the type and level of service provided is essential. It is important that Ofcom specify what information has to be provided as soon as possible and that this is strictly monitored and enforced.

Section 6

Q19. Is it reasonable to have different network integrity requirements for nomadic services compared to services at a fixed location, and how should consumers be made aware of the difference?

Different network integrity requirements for nomadic services appear to be a practical solution to allow service innovation. As many consumers experience different levels of network coverage with mobile phones we do not think that communicating the practical implications of lower network integrity will be too difficult. It is important that this information is given to the consumer at the point of sale. If it is technically possible, there should also be a point of use indication of level of service provision for nomadic services, similar to how signal strength is displayed on a mobile phone.

Q21. Do you think that there are reasonably practicable measures that providers at a fixed location can take even if they do not directly control the underlying network?

Providers of fixed location new voice services can ensure the level of reliability of their underlying network by selecting a network provider with a proven track record and by agreeing service contracts which include certain levels of network integrity.

Q22. What in practice should the roles of the network provider versus the service provider be for network integrity when the network provider has no control over services offered over their network?

The network provider should require the service provider to set out in their contract what services they intend to offer over that network. It would then be clear if the network integrity would meet PATS requirements if they were relevant. The network and service providers could then make joint arrangements

over funding of any network integrity upgrades that may be necessary.

Q23. Do you agree that it is likely to be reasonably practicable for analogue telephone and ISDN2 services to provide line powering, but not other services?

Line powering should be maintained where possible. However, where this will not be possible, or where this will not enable the consumer to make an emergency call in the event of a power cut, the consumer should be clearly informed.

Section 7

Q26. Do you agree that consumer information is required where services look and feels like a traditional telephone service but not where services are clearly different (e.g. PC based services)?

Consumer information is required for all products and services to ensure that the individual can purchase the most appropriate service to meet his or her needs. Drawing a distinction between different types of hardware would make a consumer information strategy unnecessarily complicated and may result in longer term confusion as hardware changes.

Q27. Do you agree with a two stage approach to consumer information, first to ensure that the purchaser is aware of the nature of the service at the point of purchase, and second to ensure all potential users are aware the service does not provide access to 999 at the point of use?

The NCC advocates a three stage information process. Information has to be provided both at the point of sale and at the point of use for it to be effective. The NCC also advocates information provision at the time of use.

Point of sale information should take the form of written information in hard copy, in addition to an electronic format where appropriate. This should be displayed using an honesty box, similar to that used in credit agreements, which contains standardised information presented in a format that can be easily digested and understood by the consumer. It is important that the honesty box information should tell the consumer what quality of service they can expect, for example if the voice calls would be available on average 50 per cent or 90 per cent, etc reliability rate. Ofcom should establish a standard method to establish reliability rates for new voice services. Information should also be given stating whether the following services are provided:

- Access to 999 calls and the extent of the reliability of accessing this service in percentage terms
- Services for users with disabilities
- Itemised billing
- Calls in the event of power failure

Point of use information should be displayed on the hardware so that the consumer has the best chance of seeing it. We have concluded that a sticker would be

the most practical solution for this information provision. Permanently marking equipment is also an option. However, it could cause confusion if new hardware was interchangeable with existing telephones, and there would also be cost implications for consumers.

Time of use information is important in itself and also to provide back up to point of use information for people with visual impairment, and people with basic skills difficulties. It can also overcome problems where point of use information is absent, for example if hardware markings have been removed, or are no longer legible. Time of use information should take the form of an industry standard recorded message, which highlights service limitations in respect of emergency calls.

Q28. If consumer information is required to ensure that consumer interests are protected, which of the above regulatory frameworks, if any, is appropriate to ensure it is successful?

With nine out of ten consumers expecting to have access to emergency calls, it is reasonable to expect that many consumers will automatically assume they will be provided with this feature with any voice service that they buy. Service providers that do not offer emergency calls may be reluctant to highlight this information as it may act as a disincentive to buyers. In many instances the consumer will not see a difference in the appearance of new voice services and traditional telephone services, yet there are potentially fundamental differences. Therefore getting the information strategy right first time and enforcing it quickly before the market expands further is vital.

The NCC advocates a formal regulatory approach (Option 3) to consumer information to ensure clarity for

industry and certainty for the consumer. This will protect the consumer against mis-selling of these services, helping individuals to make appropriate choices and ensuring that service users are uniformly made aware of service limitations, so that they become familiar with the idea of different levels of service provision. This approach will also help protect the market from negative publicity, therefore building and maintaining consumer confidence in new voice services. Formal regulation will ensure a level playing field among service providers and should result in a comprehensive, consumer focused information strategy being put into effect quickly.

Ofcom must put in place strict and effective monitoring and enforcement procedures to ensure that any breach of these regulations is dealt with swiftly. This will send out a strong message to service providers about the importance of consumer information and protection in the sales and marketing of new voice services. This will be advantageous to responsible companies who would have provided adequate information in any case.

Conclusion

The NCC hopes that Ofcom takes on board the concerns and suggestions that we have highlighted regarding the regulation of new voice services, and that effective information and consumer protection measures are adopted in order to help the market develop to benefit all consumers.