

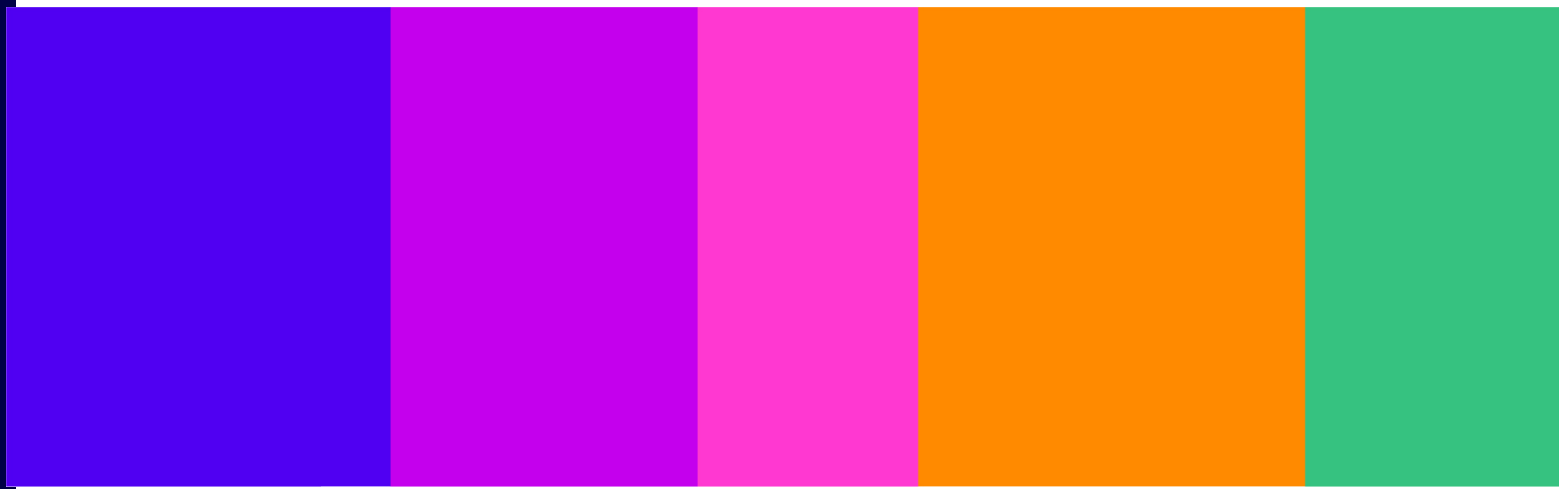
# AI in telecoms markets: the impact on consumers' experiences so far and how it may develop

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# 1. Overview

## AI is now part of how people participate and engage in markets, including telecoms

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- 1.1 For decades, the global telecoms sector has adopted artificial intelligence (AI) systems to automate and improve how it manages telecoms networks. However, in the last five years, telecoms companies and other intermediaries in retail telecoms markets have taken advantage of rapid advances in generative AI (GenAI) to support more of their interactions with consumers.
- 1.2 People and businesses are also increasingly using AI applications in their lives and work. Our research shows that, in 2026, just under half of adult UK internet users (48%) said they had used GenAI tools such as ChatGPT and Google Gemini in the past 12 months. Just under a quarter (23%) said they had interacted with customer service AI chatbots in the same period.<sup>1</sup> This picture is likely to change rapidly if AI adoption continues apace.
- 1.3 A small proportion of people and small businesses have also started to use AI applications, such as GenAI-augmented chatbots and AI-augmented search and advice, to help them navigate broadband, mobile, landline, satellite broadband and pay TV services - rather than solely reading static information on webpages or speaking to human customer service agents:
- Eight per cent of adult UK internet users had used an AI service in relation to their telecoms services.
  - Six per cent had used one to resolve a telecoms issue.
  - Three per cent had used one to make a telecoms price, product or service comparison.<sup>2</sup>
- 1.4 Our research<sup>3</sup> for this document also found that many participants recognised and valued the potential benefits of using AI in their everyday lives. For example, participants saw the benefits of using AI to save time when navigating telecoms markets, make better decisions and access more personalised services, support and advice.
- 1.5 However, people's trust, confidence and enthusiasm for AI varies. Many participants were hesitant about using AI and those people who are least exposed to AI are more likely to be sceptical of its benefits.
- 1.6 Despite mixed attitudes to AI, we think the proportion of customers who use AI applications to navigate telecoms markets could grow quickly. We will continue to track this over time.

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<sup>1</sup> Between 6 March and 30 June 2026, Ipsos conducted face-to-face interviews among 4,033 UK adults (16+) for Ofcom's Technology Tracker 2026. The Technology Tracker included questions on the use of and attitudes towards AI-driven chatbots and virtual assistants. See QX1-6 ([here](#)) for more information.

<sup>2</sup> Ofcom. Technology Tracker 2026.

<sup>3</sup> Between 16 March and 17 April 2026, Jigsaw Research conducted 35 one-hour depth interviews and 13 1hr 30 minute focus groups with a range of small and medium enterprises and consumers, including people with additional needs or requirements, to explore their use and perception of AI and views towards current and potential future use cases across the telecoms customer journey. These interviews involved participants with different levels of exposure and attitudes towards AI. See [Annex 2: Exploring the impact of AI on the telecoms customer journey report](#) for more information.

## Deployment of customer-facing AI is proceeding cautiously in telecoms, but this could change rapidly and transform the consumer experience

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- 1.7 The speed at which AI models' capabilities may develop in future, and whether strong regulation and international coordination is needed to manage the risks they could pose, is the subject of much international debate.
- 1.8 In the context of how industry is deploying AI in the telecoms customer journey, we have found that the UK telecoms sector is keeping pace with its international counterparts in deploying customer-facing AI. We have also found that there are different technological, commercial and behavioural factors that are shaping how far and how fast firms are integrating AI in the telecoms customer journey, alongside the wider societal debate about AI:
- The reliability of AI outputs, including the risk of hallucination.
  - Customer trust.
  - Cross-platform identity verification and authentication.
  - The challenge of unifying customer data.
  - Commercial considerations and return on investment.
- 1.9 This means that, today at least, telecoms companies are generally taking a cautious approach, applying guardrails to AI applications and restricting the functions they perform. However, looking ahead, we also consider that AI innovation and new applications have the potential to transform the customer experience in telecoms and change competitive dynamics, by:
- Creating new ways for customers to have dynamic interactions with firms.
  - Automating firms' decisions about the information they present to customers and the services they offer them, using complex data.
  - Changing how telecoms companies compete for customers.
- 1.10 Each of these potential changes to the customer experience could benefit consumers: for example, by offering them instantaneous support that is more convenient and accessible, and aligning the services that telecoms companies offer more closely to customers' needs and preferences.
- 1.11 However, each of these changes could also pose a variety of risks, not least because people also feel that it will be hard to avoid interacting with AI in future and they are concerned by the possibility of not being able to speak to a human. Some consumer groups have proposed that intervention is needed now to ensure telecoms companies are transparent about where they use AI and people can speak to human agents.

## This document sets out our review of the impact of AI on the experience of telecoms customers so far and our initial conclusions

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- 1.12 We have examined three key questions about the experience of residential customers, small and medium enterprises (SMEs) and microenterprises in telecoms markets.

## Key questions

- How are AI applications being deployed and adopted across the telecoms customer journey and how are they affecting the experience of business and residential customers, throughout the customer journey, both today and in the future?
- What are the opportunities and risks for telecoms customers presented by the widespread adoption of AI applications, particularly for customers in vulnerable circumstances?
- What are the regulatory considerations that the deployment and adoption of AI raises, in both the short and longer-term, for supporting responsible innovation and protecting customers?

- 1.13 We have reached initial conclusions about the impact of AI in telecoms markets, specifically on consumers' experiences so far and how they may develop, as well as the continuing applicability of our rules. These conclusions represent our views at this moment in time. Given the pace of AI development, it is important that we continue to understand AI innovation, so that we can react and intervene as appropriate.
- 1.14 The **outcomes we work to achieve for consumers in telecoms markets are still relevant in the era of AI**, arguably even more so.

|                                                                   |                           |                                                                     |                          |                                                        |
|-------------------------------------------------------------------|---------------------------|---------------------------------------------------------------------|--------------------------|--------------------------------------------------------|
| Consumers are informed and empowered to choose the right services | People are treated fairly | People less able to engage with the market are adequately protected | Competition is effective | Companies protect consumers from fraud and cyber risks |
|-------------------------------------------------------------------|---------------------------|---------------------------------------------------------------------|--------------------------|--------------------------------------------------------|

- 1.15 So far, **our rules are also giving firms the certainty they need to invest and innovate responsibly with customer-facing AI in the telecoms sector**. However, if our rules appear to hinder firms from innovating responsibly, we want to hear this and will act quickly to review the issues and respond appropriately.
- 1.16 **To date, there is limited evidence to suggest that AI applications have been a systemic cause of harm to telecoms customers**. At present, we consider that our existing rules and framework enable us to protect consumers effectively, including users of AI applications such as AI-augmented search and advice and AI-assisted comparison services where they may engage in commercial practices such as advertising or enabling the sale of telecoms products. We do not think that we need to intervene at this time with new rules or guidance.
- 1.17 However, in this document, we have further clarified existing rules and expectations of telecoms companies and others involved in developing AI applications for the telecoms sector. While these already apply, for example, in relation to transparency, we think it is useful to set out our expectations in relation to the use of AI. In particular:
- It should be very clear to telecoms customers when they are interacting with a GenAI application. For example, it should be transparent to customers using GenAI-augmented chatbots that the application is powered by AI from how it describes itself.

- We would be concerned if communications providers' AI applications were to act as 'gatekeepers' that create barriers to accessing support over the channels that providers are required to make available to customers.

**1.18 We also expect AI innovation to pose new regulatory challenges in the near future, on:**

- The appropriate level of transparency about how firms are using AI, the data AI uses to make decisions and how commercial interests could affect how applications like AI agents operate.
- Accountability for AI's decisions and access to appropriate routes to redress.
- How firms seek customers' meaningful consent to AI-made decisions and responsibilities where those decisions do not align with users' interests.
- Whether AI-enabled decisions have the potential to reinforce existing inequalities or lead to discriminatory outcomes.
- How AI deployment affects customers in vulnerable circumstances.

## **Our door is open to firms deploying AI in the telecoms customer journey – we will stay across its development so we can support responsible and safe AI adoption**

- 1.19** We will continue to engage proactively with industry, consumer groups and others about AI innovation and changing consumer attitudes and behaviour. We will review evidence of harm promptly, to ensure that we act quickly should we have concerns that this is a possibility.
- 1.20** We will help firms understand how our rules apply to AI applications. Our door is open to telecoms companies and intermediaries to talk to us about how they are implementing AI.
- 1.21** We will also continue to collaborate with other regulators, including through the Digital Regulation Cooperation Forum (DRCF), to ensure we coordinate our approaches where we anticipate this helping with specific regulatory challenges.

### **Actions we are taking now**

**We will continue to engage on AI developments in the customer journey. We will also continue to build our understanding of the opportunities, challenges and emerging issues associated with AI deployment in telecoms networks and security, with research into:**

- How AI could support network planning, operations and management ('AI for Networks').
- How telecoms networks may need to evolve to enable wider AI adoption ('Networks for AI').
- Whether there are potential barriers to AI adoption for cyber defence under the Telecoms Security Act (TSA) and Network and Information Systems (NIS) regimes due to trust and assurance questions and how this can be addressed ('Trust and assurance in AI for Cyber Defence').

**We will convene a further roundtable event on AI in the telecoms customer journey** with AI developers, telecoms companies, consumer groups, regulators and others in Q1 2027/8.

We will **publish additional research into trust and AI chatbots** (part of our media literacy work) in full in spring 2027.

## 2. Background

### AI adoption is enhancing products and services, changing how people engage with the economy

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- 2.1 Around the world, most sectors of the economy are adopting AI capabilities, reshaping how firms create value for customers and how consumers engage with markets. For example, firms have integrated AI into products and services from search engines and online messaging apps to professional advisory services and healthcare. General-purpose AI assistants such as ChatGPT and Claude AI have emerged, which use conversational interfaces to help users with questions and tasks in ways not previously possible.
- 2.2 Businesses are also adopting AI to support their interactions with customers, as part of sales and customer support channels on websites, apps and voice channels.
- 2.3 The use of AI in telecoms is not new. For decades, the sector has used AI and related analytical techniques in network infrastructure (over which companies deliver telecoms services) to increase its efficiency, security and resilience, including for aspects of network management and optimisation.
- 2.4 And as in other sectors, telecoms companies and intermediaries such as price comparison websites and apps are also adopting AI to support their interactions with customers. General-purpose AI assistants and search engines augmented with GenAI operate as further sources of information and advice to customers.
- 2.5 Mobile platform providers have integrated AI applications, such as Apple's Siri and Google Gemini, into smartphones and tablets, which telecoms companies sell to customers. In some limited cases, telecoms companies like Vodafone UK are offering smartphones with on-device AI capabilities designed to identify and filter explicit content.<sup>4</sup> Some telecoms companies have also partnered with AI firms to offer access to third-party AI applications as part of their wider customer benefits and rewards propositions.<sup>5</sup>

### Some customers now interact with AI to engage with the telecoms market

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- 2.6 UK consumers are increasingly using AI applications in their daily lives and small businesses are using them for work. A small proportion of consumers use AI applications to help them engage with telecoms markets or resolve telecoms customer service issues.

#### What people have told us

Our quantitative market research,<sup>6</sup> conducted between March and June 2026, found that a large proportion of adult UK internet users were using AI tools:

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<sup>4</sup> In 2025, Vodafone UK began exclusively offering the HMD Fuse device in the UK. The device, developed by HMD, incorporates HarmBlock AI, which processes content locally on the device to help prevent explicit content from being displayed, captured, shared or stored. [HMD Fuse with HarmBlock+ available exclusively on Vodafone](#). Accessed on 21 September 2026.

<sup>5</sup> [Virgin Media O2 offers customers a helping hand for everyday tasks with free access to AI search engine Perplexity Pro - Virgin Media O2](#). Accessed on 21 September 2026.

<sup>6</sup> Ofcom Technology Tracker 2026. See QX1-6 ([here](#)) for more information.

- Just under half of adult UK internet users (48%) said they had used GenAI tools in the past 12 months (such as ChatGPT, Meta AI, Google Gemini and Microsoft Copilot).
- Around one-in-four (23%) said they had interacted with AI chatbots<sup>7</sup> in the same period. They were most likely to have used AI chatbots from retail businesses (11%), financial services and utilities (both 8%) and telecoms (6%).

Our research found that a small proportion of telecoms customers were using AI services to help them navigate the market:

- Eight per cent of adult UK internet users said they had interacted with an AI service<sup>8</sup> in relation to telecoms services in the past twelve months.
- Six per cent had used an AI service to resolve a telecoms issue.
- Three per cent had used an AI service to make a telecoms price, product or service comparison.
- Two per cent had used an AI service to make a telecoms-related complaint.

Our research also found that just under half (46%) of adult UK internet users said they had not interacted with AI at all in the past 12 months. This figure is likely to fall if AI adoption continues apace. We will continue to monitor AI adoption as part of our regular programme of research.

## AI capabilities are advancing quickly, enabling new models and tools that sectors like telecoms build on

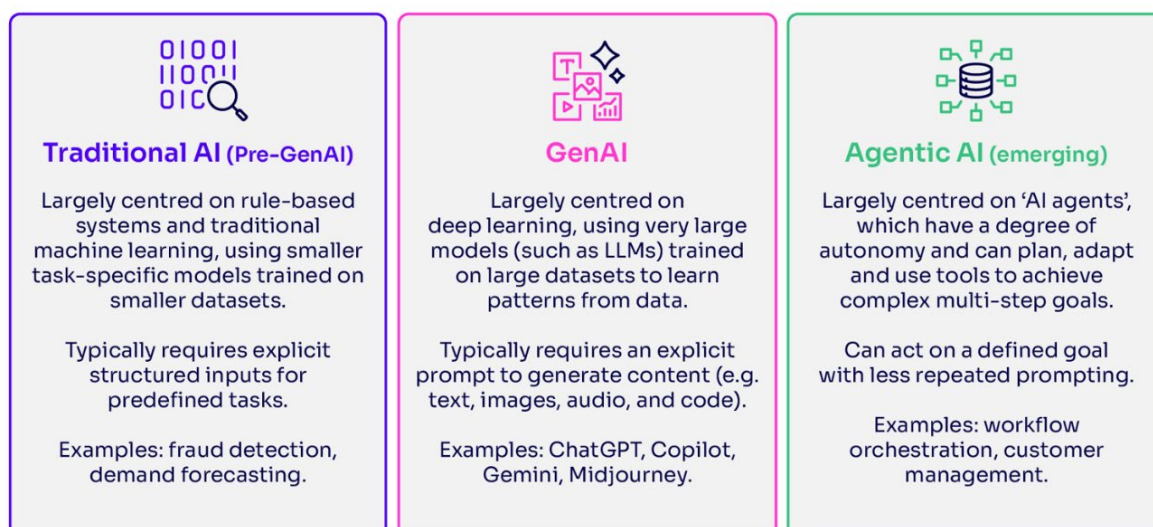
- 2.7 AI capabilities have advanced rapidly in recent years and enabled a boom in customer-facing AI applications from AI labs and technology companies such as Anthropic, Google and OpenAI. Figure 2.1 illustrates the evolution of AI's capabilities, from 'traditional' AI and GenAI capabilities to agentic AI, which many expect will power commonplace applications in the future.

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<sup>7</sup> A chatbot was defined in the research as a service "used by an organisation or business for customer service queries, issue troubleshooting and appointment booking (NOTE: A chatbot is an AI service that is designed to understand normal human language, simulate human conversation and run simple automated tasks. Chatbots are often used by organisations and businesses as a way of engaging and supporting customers online)."

<sup>8</sup> The interaction could be via a GenAI tool such as ChatGPT and/or an AI chatbot used by a telecoms company when the respondent contacted them.

**Figure 2.1: The evolution of AI's capabilities**

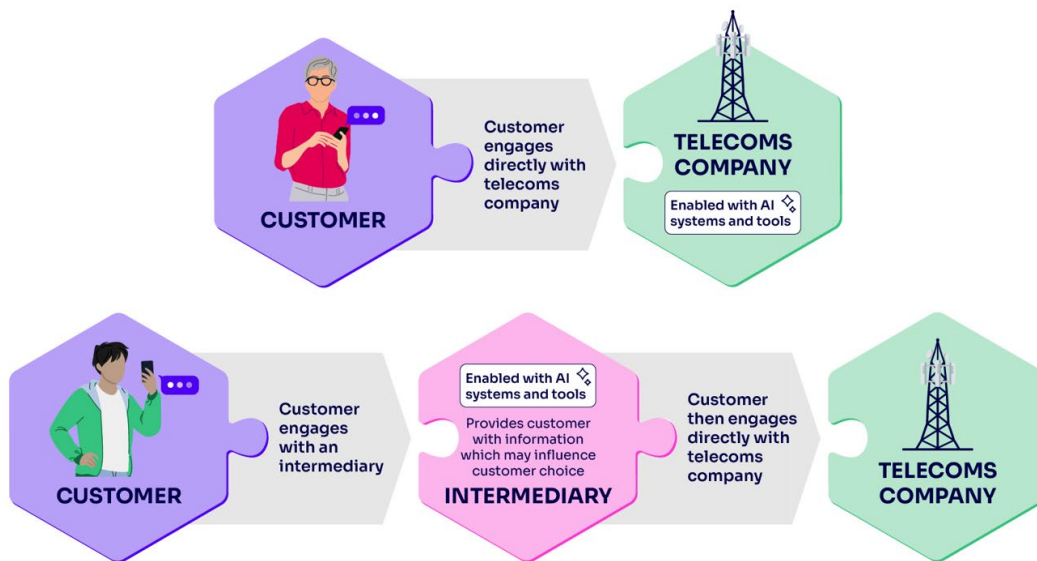


- 2.8 These distinctions reflect how AI systems are evolving, from using smaller task-specific models designed to perform narrower, predefined tasks (traditional AI), to systems using very large AI models that can generate content (GenAI), to more autonomous systems that can help plan, coordinate and carry out parts of a multi-step task (agentic AI).
- 2.9 Companies deploying AI applications, including telecoms companies and intermediaries in telecoms markets, are building on AI models and tools developed by AI labs and technology companies. They may work with third-party systems integrators to adapt these models and tools to their own systems, data and workflows.

## **AI applications can benefit telecoms customers, but people have concerns about their impact**

- 2.10 As set out above, a small proportion of consumers have used AI to help them navigate telecoms markets. They are interacting with AI deployed by telecoms companies or intermediaries in telecoms markets. These intermediaries include price comparison websites and general-purpose AI assistants like ChatGPT and Google Gemini (see Figure 2.2).

**Figure 2.2: Typical AI-enabled customer interactions in telecoms today**



**2.11 Examples of AI-enabled customer interactions include:**

- Messaging with a telecoms company’s chatbot for instantaneous answers to queries (‘When does my contract end?’) or to initiate simple actions (‘Help me cancel my add-on service’).
- Using a general-purpose AI assistant to receive a step-by-step guide to resolving an issue (‘Show me how to fix my router’; ‘Tell me how to set up my new set-top box’).

**2.12 AI-enabled customer interactions can also include interactions between human customers and human agents, where AI-enabled systems or tools support one or both (for example, human agents equipped with AI-enabled tools to help them respond to questions).**

**2.13 It is already clear that AI has the potential to improve consumers’ experience of telecoms markets: for example, by offering instantaneous support that is more convenient and accessible for many customers and aligning the services that companies offer more closely to their needs and preferences.**

**2.14 However, our research suggests that people’s trust, confidence and enthusiasm for AI varies considerably. For example:**

- We found that many people are uncertain about whether to trust AI results.
- Those people who use it less are generally more wary and sceptical of the benefits AI could provide and less likely to use it.
- Many people are concerned by the possibility of being ‘forced’ to interact with AI and not being able to speak to a human.

**2.15 Our research found that SMEs had very similar attitudes and behaviours to residential consumers on these issues. We explore these research findings in more detail in sections 3 and 4.**

## We have reviewed the experience of consumers and small businesses

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- 2.16 We take a pro-innovation approach to our role, which means we welcome AI adoption for its potential to deliver positive outcomes for sectors we regulate. At the same time, we are committed to mitigating the risks that technology might create or amplify. Where markets are unable to mitigate these risks, to the extent that we can, we will apply our existing powers to prevent harm.
- 2.17 Therefore, it is important that we understand and stay across AI innovation in sectors we regulate, so that we can react and intervene as appropriate. In January 2026 we published an invitation to contribute on how AI adoption could impact the experience of consumers and businesses in telecoms.<sup>9</sup> This document sets out the findings of our review of the impact of AI on the experience of telecoms customers so far, whether it is helping or hindering them and how we can enable safe and secure AI adoption today and in the future.
- 2.18 We have examined three key questions about the experience of residential customers, SMEs and microenterprises in telecoms markets:
1. **How AI applications are being deployed and adopted** across the telecoms customer journey and how they are affecting the experience of business and residential customers, throughout the customer journey, both today and in the future.
  2. The **opportunities and risks** for telecoms customers presented by the widespread adoption of AI applications, particularly for customers in vulnerable circumstances.
  3. What **regulatory considerations** the deployment and adoption of AI raises, in both the short and longer-term, for supporting responsible innovation and protecting customers. We have considered whether our rules could prevent telecoms companies from realising opportunities for innovation and greater efficiency and whether there are gaps in protections for customers.
- 2.19 We refer to the ‘telecoms customer journey’ to mean the interactions a customer has with telecoms companies, directly or via intermediaries. Typically, it comprises four stages (see Figure 2.3):
- Consideration.
  - Setting up a new service.
  - In-contract.
  - End of contract.

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<sup>9</sup> Ofcom. 27 January 2026. [Understanding how people and businesses can benefit from AI in telecoms markets: Invitation to contribute](#).

**Figure 2.3: The telecoms customer journey**



- 2.20 As part of our review, we have engaged with a range of stakeholders, including major telecoms companies in the UK, Europe, the Americas, Asia-Pacific and Australasia, plus AI labs, intermediaries, industry associations, consumer groups, charities and academic institutions. We received 27 responses to our invitation to contribute and held multiple roundtable events with stakeholders.
- 2.21 We have engaged with telecoms regulators around the world to understand how other jurisdictions are approaching the impact of AI on consumers' experiences. We have also engaged with other regulators, including through the DRCF, on their work to establish how AI is impacting UK people and businesses and its regulatory implications.<sup>10</sup>
- 2.22 In the UK, AI applications are regulated under multiple frameworks, including those of the Information Commissioner's Office and, where relevant, the Financial Conduct Authority and Ofcom (we set out how Ofcom's regulation applies to AI applications in telecoms in section 6).<sup>11</sup> Globally, some jurisdictions have introduced, or are in the process of implementing, legislation to establish dedicated AI regulation, such as the EU's AI Act. Others continue to rely on sectoral regulation and existing legal regimes, as well as voluntary principles, governance and testing frameworks.
- 2.23 Policymakers around the world are increasingly examining whether AI presents challenges that warrant changes to existing legal frameworks for consumer protection: for example, Australia has found that the principles-based protections underpinning its consumer law are generally well suited to addressing potential harms arising from AI-enabled goods and

<sup>10</sup> For example, in 2026, the Information Commissioner's Office published its [Tech Futures: Agentic AI report](#), which examines the data protection risks and opportunities of autonomous AI systems. The DRCF's Annual Plan 2026/27 sets out more information about its plans in relation to AI, including the Thematic Innovation Hub's work on authentication and trust. The [Mills Review](#) has also concluded that AI is likely to have a significant impact on retail financial services, reshaping both consumer decision-making and market dynamics.

<sup>11</sup> The King's Speech 2024 committed to placing requirements on "the most powerful artificial intelligence models".

services.<sup>12</sup> However, there has been limited consideration internationally of how AI is being deployed in telecoms markets and the implications this might have for consumers.

## Our approach to AI adoption and our work on AI in telecoms networks

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- 2.24 Our review forms part of our response to the Government’s AI Opportunities Action Plan,<sup>13</sup> which asked regulators to demonstrate how they are supporting the UK’s growth agenda. Ofcom’s Strategic Approach to AI 2026/27 sets out our wider approach to enabling safe and secure AI adoption across all the sectors we regulate and in our own work.<sup>14</sup> It explains how we apply our technology-neutral, outcomes-based regulatory principles to AI and support responsible innovation in our sectors.
- 2.25 Our Strategic Approach to AI 2026/27 also highlights a programme of work we are conducting to build our understanding of the opportunities, challenges and emerging issues associated with AI deployment in telecoms networks and security. This includes considering:
- How AI could support network planning, operations and management (‘AI for Networks’).
  - How telecoms networks may need to evolve to enable wider AI adoption (‘Networks for AI’).
  - Whether there are potential barriers to AI adoption for cyber defence under the TSA and NIS regimes due to trust and assurance questions and how this can be addressed (‘Trust and assurance in AI for Cyber Defence’).
- 2.26 We will continue to examine these developments, including how they may support innovation and growth, and will use the evidence gathered to inform our future work.

## Structure of this document

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- 2.27 In the remainder of this document we set out:
- How AI is being deployed in the telecoms customer journey (section 3).
  - People and businesses’ use of and perceptions of AI applications in the telecoms customer journey (section 4).
  - How AI applications in the telecoms customer journey may evolve in future (section 5).
  - How we will ensure our rules support responsible innovation and protect consumers effectively (section 6).

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<sup>12</sup> Australian Government, The Treasury. 3 October 2025. [Final report: Review of AI and the Australian Consumer Law](#).

<sup>13</sup> Department for Science, Innovation & Technology. 13 January 2025. [AI Opportunities Action Plan](#).

<sup>14</sup> Ofcom. 4 June 2026. [Ofcom’s strategic approach to AI 2026/27](#).

# 3. AI in the telecoms customer journey

- 3.1 AI deployment in the telecoms customer journey is still nascent, but to assess how it is affecting the experience of consumers and businesses, it is important that we understand how companies have started to use it so far.
- 3.2 Below, we set out:
  - How firms are deploying AI in the telecoms customer journey today.
  - The benefits of these AI applications and the potential risks they could pose.<sup>15</sup>
  - Initial evidence from our research about people and businesses’ use of and attitudes towards AI in the telecoms customer journey today (section 4 sets out our further findings).

## AI-enabled customer interactions take place at all stages of the customer journey

- 3.3 Telecoms companies and intermediaries in telecoms markets<sup>16</sup> are increasingly embedding AI capabilities at different stages of the customer journey.
- 3.4 Figure 3.1 sets out examples of the capabilities of AI applications that telecoms companies and intermediaries have deployed.

Figure 3.1: Examples of the capabilities of AI applications in the telecoms customer journey today

| Organisation type  |  Consideration |  Setting up a new service |  In-contract |  End of contract |
|--------------------|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Telecoms companies | GenAI-augmented chatbots answer simple customer queries                                           | On-device AI apps guide activation or installation step by step                                              | AI supports human agents with real-time advice for routine service cases and troubleshooting     | AI-driven insights help human agents tailor renewal offers                                            |

<sup>15</sup> In this publication we have not generally sought to discuss wider debates about AI-related risks, but to focus on those risks that are relevant primarily to the customer experience of telecoms. These risks may not be unique to AI applications: many of the same issues can arise from human behaviour or non-AI systems and technologies.

<sup>16</sup> These intermediaries include price comparison websites and apps, general-purpose AI assistants and AI-enabled search engines.

| Organisation type |  Consideration        |  Setting up a new service |  In-contract                   |  End of contract |
|-------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Intermediaries    | General-purpose AI assistants and AI-assisted comparison services summarise deals and make comparisons | General-purpose AI assistants help customers understand how to set up a new service                        | General-purpose AI assistants provide basic information and direct customers to relevant sources of further help | AI-augmented search and advice applications set out switching options                               |

3.5 Our engagement with major telecoms companies in Europe, the Americas, Asia-Pacific and Australasia suggests that UK companies are adopting AI in broadly similar areas to their international peers, particularly in customer service and support.

## Different technological and commercial factors influence the pace and scale of AI adoption

3.6 Different technological, commercial and behavioural factors are shaping how far and how quickly firms are integrating AI into customer interactions. Below, we set out different factors that we have been told are shaping the pace and scale of AI deployment in the telecoms customer journey:

- **The reliability of AI outputs, including the risk of hallucination:** firms face the risk that GenAI will offer users incorrect, incomplete or misleading outputs, known as hallucinations. In telecoms, AI reliability may be particularly important where AI provides information about, for example, bills and contracts. To ensure that integration of GenAI into customer interactions does not affect users adversely, many telecoms companies apply guardrails such as ongoing human oversight and limits on the use of sensitive data.
- **Customer trust:** research in 2025 found that over a third of UK adults felt less confident going online since the rise of AI tools such as ChatGPT and Google Gemini and almost 70% said that AI made it harder to know what is real.<sup>17</sup> Our research<sup>18</sup> shows that consumers' trust in the results of using AI varies considerably and many are uncertain about it. From our engagement with industry, we understand that low customer trust in AI applications can be a barrier to further integration of AI into the telecoms customer journey.
- **Cross-platform identity verification and authentication:** many advanced AI applications depend on firms being better able to verify the identity of customers and of third parties across different digital environments. Identity verification and authentication protocols are not commonly available that could enable telecoms customers to initiate transactions in third-party environments that telecoms companies could trust to be

<sup>17</sup> [Good Things Foundation](#). Accessed on 21 September 2026.

<sup>18</sup> See Technology Tracker 2026: question QX6 ([here](#)) for more information.

authorised and legitimate (e.g. switching to a new mobile provider on a price comparison website or app). For such protocols to emerge, advances may be needed in areas such as interoperable digital identity, secure authentication, consent management, authorisation standards and other mechanisms that would give firms confidence to trust transactions made in third-party environments.

- **Unifying customer data:** information that firms hold about customers is often fragmented and siloed into separate systems. Across sectors, advanced AI applications depend on access to accurate and consistent customer data. Telecoms companies may hold relevant customer information across separate network management systems, billing systems and customer relationship management systems.
- **Commercial considerations and return on investment:** it can be challenging for businesses to value the benefits of the significant investments in data, systems integration, operational changes and governance needed to deploy AI capabilities. The cost of operating advanced GenAI and agentic AI capabilities at scale may also be difficult to forecast, particularly where services are priced according to usage. Some AI services are priced, at least in part, according to usage<sup>19</sup> and more complex AI applications may involve longer prompts, multi-step interactions, repeated model and tool calls and agentic workflows. Telecoms companies must weigh potential efficiencies and improvements in customer experience against the costs of integrating AI with existing systems, preparing data and providing appropriate oversight and routes to human support.

### What people have told us

Our quantitative market research<sup>20</sup> found that **just over half (56%) of those who had used any AI service in the past 12 months agreed that they trusted the results** the last time they used a GenAI tool or interacted with an AI customer service chatbot, for any purpose.

However, just **over one-in-five (22%) neither agreed nor disagreed with this statement, while 21% disagreed**. This suggests uncertainty around whether to trust AI results among some AI users.

In the telecoms customer journey, our qualitative market research<sup>21</sup> identified five criteria that inform participants' trust in AI when it is deployed:

**Data use:** is AI using my data safely and responsibly?

**Profit motives:** is profit being prioritised over my interests?

**Human control:** am I in control and/or am I relinquishing too much control?

**Information accuracy:** is the information accurate and reliable?

**Quality of the technology:** how 'good' will AI be at responding to my needs?

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<sup>19</sup> Some AI services are priced, at least in part, according to usage, for example by the number and type of tokens they process. For example, LLMs process text as tokens, which are commonly used to measure usage and may inform pricing.

<sup>20</sup> See Technology Tracker 2026: question QX6 ([here](#)) for more information.

<sup>21</sup> See [Annex 2](#) for more information.

- 3.7 Many telecoms companies and intermediaries have told us that deploying more sophisticated AI use cases in the customer journey is a priority. However, innovation with AI is resource-intensive and time-consuming for firms, with uncertain commercial implications. So far, the capabilities of AI applications in the telecoms customer journey are restricted to supporting a fairly narrow range of potential requests or instructions from customers and to automating or enhancing pre-existing systems and processes.

## Telecoms companies and intermediaries regularly use GenAI to support customer interaction

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- 3.8 Below, we detail some of the AI applications that telecoms companies and intermediaries have already deployed in the customer journey:
- GenAI-augmented chatbots.
  - AI-augmented search and advice.
  - AI-assisted comparison services.
  - On-device AI capabilities and AI-enabled mobile apps.
  - AI support for human customer service agents.
  - AI-driven customer insight.
- 3.9 Most of these current applications use GenAI to offer accessible and relevant information and support to customers.
- 3.10 We also set out initial evidence from our research about people and businesses' use of, and attitudes towards, existing AI applications.

### GenAI-augmented chatbots

- 3.11 Many telecoms companies offer AI-powered chatbots, often augmented with GenAI capabilities.<sup>22</sup> They interpret information they receive about customers' needs, preferences and intent to perform basic reasoning and can respond to open-ended customer queries in a way that takes account of conversational context.
- 3.12 GenAI-augmented chatbots can also support multi-step customer queries: for instance, to help customers access information about services ('What roaming options are available for someone who frequently travels abroad?'; 'Do these plans include international roaming or would I need separate add-ons?') and to deliver user-specific recommendations ('What is the best mobile deal for me based on what I use?').
- 3.13 Examples of existing GenAI-augmented chatbots are:
- Vodafone's SuperTOBi: in July 2024, Vodafone replaced its legacy chatbot TOBi with SuperTOBi, which uses Microsoft GenAI technology to handle more complex, open-ended customer enquiries and to provide responses in a more conversational format.<sup>23</sup>

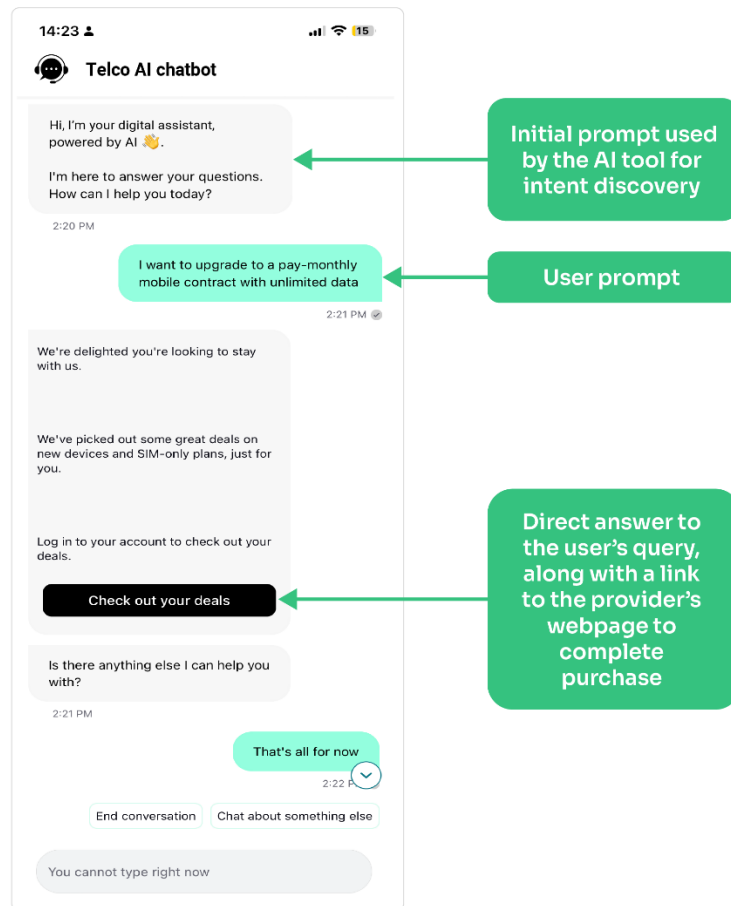
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<sup>22</sup> Some chatbots predate GenAI. These pre-GenAI chatbots typically operate using a rule-based logic and heavily scripted responses and can support customers with simple, structured queries, such as billing enquiries or basic account support.

<sup>23</sup> [Meet SuperTOBi - Vodafone's new Generative AI virtual assistant now serving customers in multiple countries](#). Accessed on 21 September 2026.

- EE's Aimee: in 2024, Aimee's functionality was enhanced with GenAI. The addition of rich media, such as product cards and carousels, also expanded the chatbot's interface from a text-only chat service.<sup>24</sup>

**Figure 3.2: GenAI-augmented chatbot from a telecoms company (illustrative only)**



- 3.14 Today, telecoms companies typically apply guardrails to GenAI-augmented chatbots that restrict them to answering relatively simple questions and do not address sensitive or higher-stakes queries ('I am struggling to pay my bills, what low-cost options do you offer?'). We discuss this and other guardrails that telecoms companies apply to AI applications today in section 6.
- 3.15 Where they are integrated with relevant systems, GenAI customer chatbots can potentially take account of up-to-date information from across systems to, for example, provide updates about local service issues.

**Example:** a customer experiences a broadband outage in their area. Where it is integrated with the provider's network status and customer service systems, a provider's chatbot could identify a known local broadband outage, tell the customer that it is being investigated, provide an estimated repair time and explain

<sup>24</sup> Aimee is only available to logged-in users. [BT Group leans on AI to transform customer service experience](#). Accessed on 21 September 2026.

whether they need to take any action. If the issue is not resolved as expected, the chatbot could transfer the customer to a human agent and provide a summary of the interaction.

3.16 With GenAI customer chatbots available around the clock, they can offer customers help with simple questions and issues more quickly and at a time that suits them. They may also free up human agents to deal with more complex or sensitive issues.

3.17 However, alongside benefits for customers, using GenAI-augmented chatbots can potentially pose risks to some users. For example, chatbots can generate inaccurate or incomplete information. This can potentially waste customers' time or cause other harm if customers make decisions on the basis of incorrect advice.<sup>25</sup>

**Example:** a customer receives a bill that is significantly higher than expected. They log in to their account and raise the issue with their provider's AI chatbot, which incorrectly advises that the bill has been issued in error and should be ignored. The higher amount is then taken from the customer's account, and they must contact a human agent to resolve the error.

3.18 Poorly functioning tools that provide circular or inaccurate information, or ineffective prompts that fail to identify suitable products or services, could have a greater impact on customers in vulnerable circumstances.

3.19 Some customers, especially those with lower digital literacy, may not realise they are interacting with AI when using GenAI-augmented chatbots. This could be a barrier to customers getting necessary support from human agents. Our research into adults' broader experience of AI found that, in some customer service interactions, people were unsure whether they were interacting with AI, a less sophisticated automated system or a real person (we discuss the implications for customers further in section 6).<sup>26</sup>

3.20 There is also a risk that telecoms companies could substitute human support with GenAI-augmented chatbots in circumstances where human support is preferred. We set out in section 4 that telecoms customers have concerns about the prospect of finding it harder in future to be able to speak to a human agent about their needs. In particular, people with low digital literacy could be affected adversely if providers rely heavily on using AI and digital channels to support them.

**Example:** a customer with low digital confidence struggling with the cost of their service relies on their provider's AI chatbot to find them a better deal, because alternative support channels are difficult to access. The chatbot provides generic answers, does not identify that the customer may need additional support and fails to identify a cheaper tariff that may be more suitable, for example a social tariff. As a result, the customer remains on a higher-cost service.

3.21 Given that a small but significant proportion of customers are using AI-powered chatbots for customer services, and that this is likely to increase, these risks could well become more

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<sup>25</sup> For example, in 2024, Air Canada was ordered to pay compensation after its chatbot gave a customer inaccurate information. See Civil Resolution Tribunal, 2024. [Small Claims Decisions Moffat v. Air Canada](#). Accessed on 21 September 2026.

<sup>26</sup> Adults' Media Lives is a qualitative longitudinal research study following the same 20 people over time. Source: Ofcom. April 2026. [Adults' Media Lives](#).

acute. For now, people appear to have mixed views about the benefits and potential risks of AI-powered chatbots.

### What people have told us

Our qualitative market research<sup>27</sup> revealed a range of views about chatbot interactions among telecoms customers.

Many participants described chatbot interactions as rigid and robotic, poor at understanding their needs and frustrating to navigate. Some also mentioned that they would often try to bypass chatbots in order to reach a person.

**The ability to speak to a human, not to a chatbot, was felt to be particularly important in relation to complex or sensitive issues** such as debt management or bereavement. Access to human support was also seen as important for customers who may be unable or unwilling to engage with AI tools.

Some participants reported positive experiences, especially those who had used chatbots for basic queries or for those with additional needs. Some people valued avoiding queues and hold times, preferred typing to speaking on the phone and were not always convinced a human adviser would do a better job than a chatbot in supporting them.

A small number of participants had used GenAI chatbots that they described as more conversational, colloquial and genuinely helpful when answering their requests, while they were also able to engage with a human agent when needed.

## AI-augmented search and advice

- 3.22 Today, many customers use AI-augmented search and advice as part of how they engage with the market, in particular at the consideration stage.<sup>28</sup> These tools can be divided into:
- General-purpose AI assistants, such as ChatGPT, Microsoft Copilot and Google Gemini, which can help consumers work through more detailed or multi-step decisions, including comparing options and clarifying trade-offs.
  - Search engines augmented with GenAI, such as Google Search with AI Mode and Microsoft Bing with Copilot Search, which can help consumers explore options by answering natural-language queries, summarising information from multiple sources and signposting links for further research.<sup>29</sup>
- 3.23 These tools can identify providers and deals, compare services, understand product information and locate relevant switching information from across multiple sources.

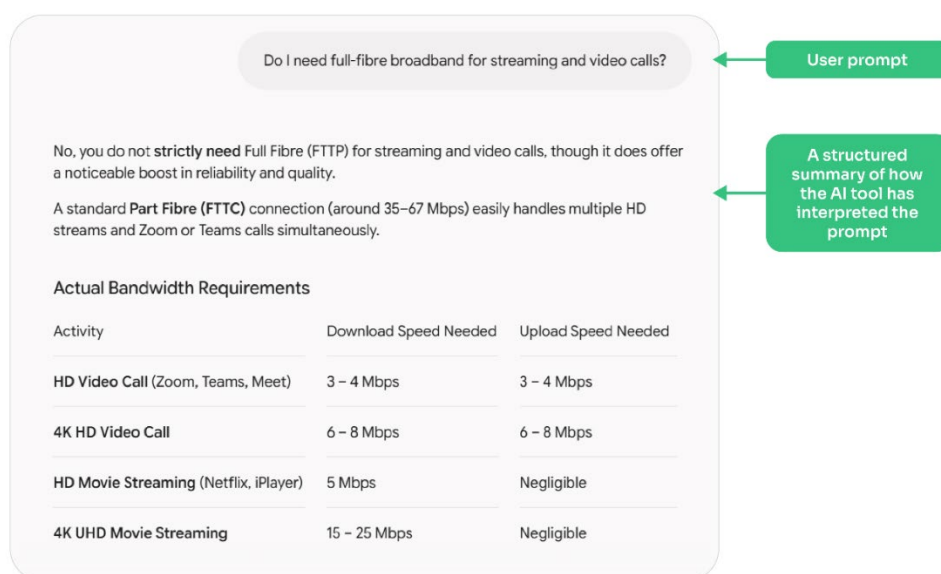
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<sup>27</sup> See [Annex 2](#) for more information.

<sup>28</sup> Ofcom's Technology Tracker 2026, see [QX1-6](#). Just under half (48%) of adult UK internet users reported using AI tools such as ChatGPT, Copilot, or Gemini.

<sup>29</sup> Unlike search engines which integrate AI into an existing search index, other specialist AI search engines are also available, such as Perplexity or Andi, which are designed as AI-driven retrieval services that generate summarised and synthesised answers to user queries using cloud-hosted AI models and external information sources.

**Figure 3.3: Search engine augmented with GenAI (illustrative only)**



- 3.24 As AI-augmented search and advice evolves to include a higher volume of commercial communications and advertising propositions, users’ awareness of how and where these appear will be important in enabling them to make informed decisions.

### What people have told us

Our qualitative market research<sup>30</sup> found that some participants had greater trust in using general-purpose AI assistants such as ChatGPT when engaging with the market because they currently perceived them to be more ‘neutral’ and independent by comparison with providers’ AI tools.

However, there was a sense that the profit motives of intermediaries might change in future and some participants questioned whether these tools would disclose their market coverage, how they make recommendations and whether commercial relationships influence results. Some also raised concerns about data security and privacy when using intermediaries’ tools and that the information may not be as up-to-date or accurate as providers’ tools.

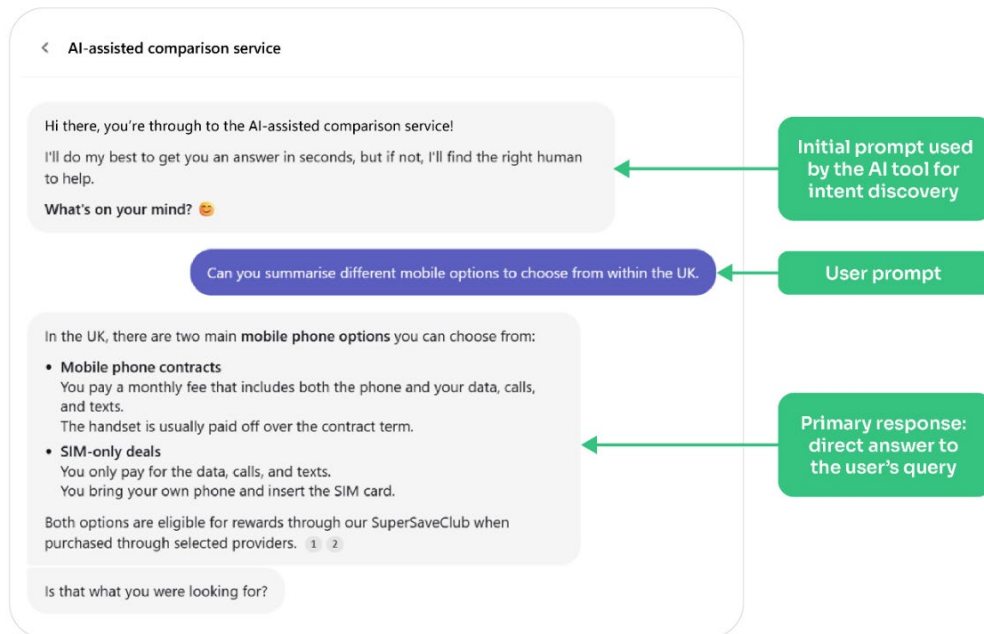
## AI-assisted comparison services

- 3.25 Some price comparison websites and apps offer AI-assisted comparison services for telecoms and in other sectors. These tools offer tailored responses to requests (‘Which providers offer broadband deals for under £35 per month?’). In the back end, AI can also inform filtering and deal ranking.
- 3.26 For example, MoneySuperMarket provides comparison services through its chatbot, Fin. In this case, Fin responds to user queries through a GenAI-enabled conversational interface.<sup>31</sup>

<sup>30</sup> See [Annex 2](#) for more information.

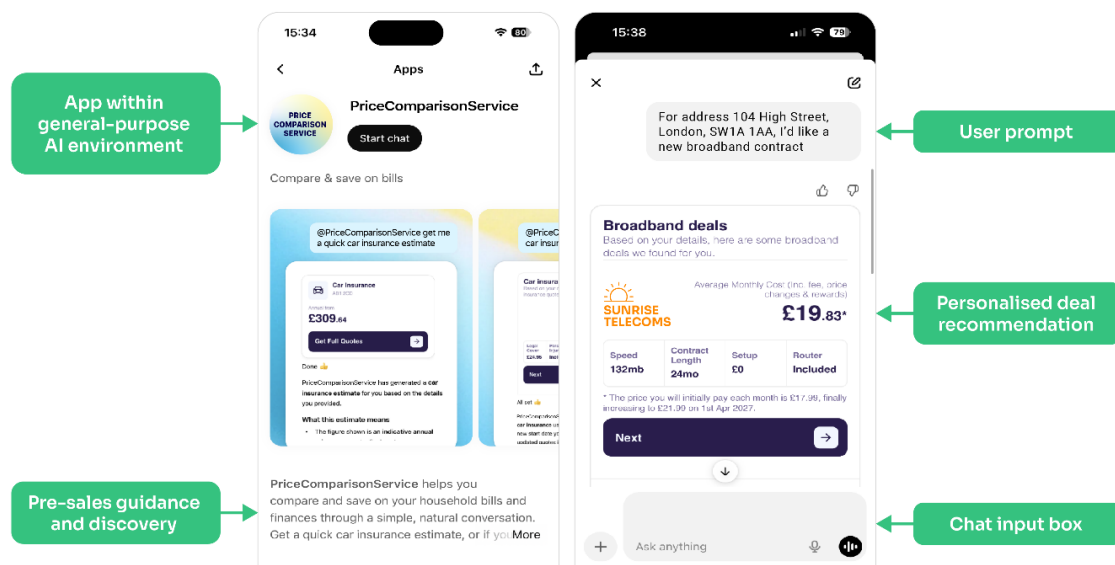
<sup>31</sup> [Meet Fin: Your MoneySuperMarket AI Support Agent! | MoneySuperMarket Help Centre](#). Accessed on 21 September 2026.

**Figure 3.4: Chatbot from an AI-assisted comparison service (illustrative only)**



3.27 Price comparison websites and apps are also changing how they use AI capabilities by looking to tap into people's use of general-purpose AI assistants. For example, MoneySuperMarket also uses ChatGPT as a shopfront for its deal comparisons. Introduced in 2026, the MoneySuperMarket ChatGPT app allows users to search for and compare deals within the ChatGPT environment, while it pulls search results, deals and other information from MoneySuperMarket's back-end systems.<sup>32</sup>

**Figure 3.5: Price comparison app within a general-purpose AI environment (illustrative only)**

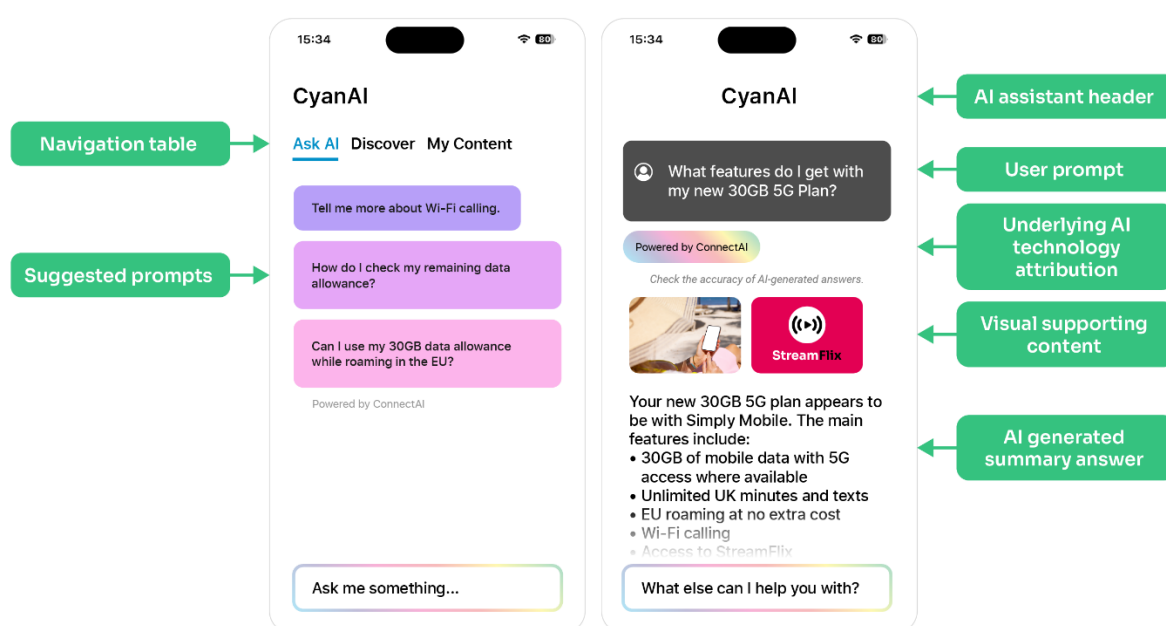


<sup>32</sup> [The MoneySuperMarket ChatGPT App | MoneySuperMarket](#). Accessed on 21 September 2026.

## On-device AI capabilities and AI-enabled mobile apps

- 3.28 Some providers (although not yet UK providers) have started to offer on-device AI<sup>33</sup> on branded smartphones and tablets, as well as AI-enabled mobile apps, that support how customers engage with their telecoms provider.
- 3.29 For example, in Germany Deutsche Telekom has rolled out branded ‘AI phones’, ‘AI tablets’ and the MeinMagenta app. They integrate Magenta AI, a customer-facing AI application.<sup>34</sup> Magenta AI incorporates Perplexity to provide general-purpose AI assistant functions with tools that support customers to manage aspects of their telecoms services, while the MeinMagenta app functions as a customer self-service tool.<sup>35</sup>

**Figure 3.6 On-device AI app from a telecoms company (illustrative only)**



## AI support for human customer service agents

- 3.30 Telecoms companies provide human agents with AI applications that give them real-time guidance, prompts and identify insights that may inform staff coaching and training. For example:
- BT Group has integrated a customer experience platform to enhance customer service for customers. This enables its chatbot Aimee to generate real-time guidance and

<sup>33</sup> In this context, on-device AI describes the ability of an end-user device (such as a smartphone or a wearable) to execute AI workloads (such as inferencing) locally, rather than depending on cloud-based processing. Whereas on-device AI apps are applications that run directly on end-user devices (such as smartphones) and leverage on-device AI capabilities, either independently or in combination with cloud-based AI services, to provide intelligent assistance and functionality to consumers.

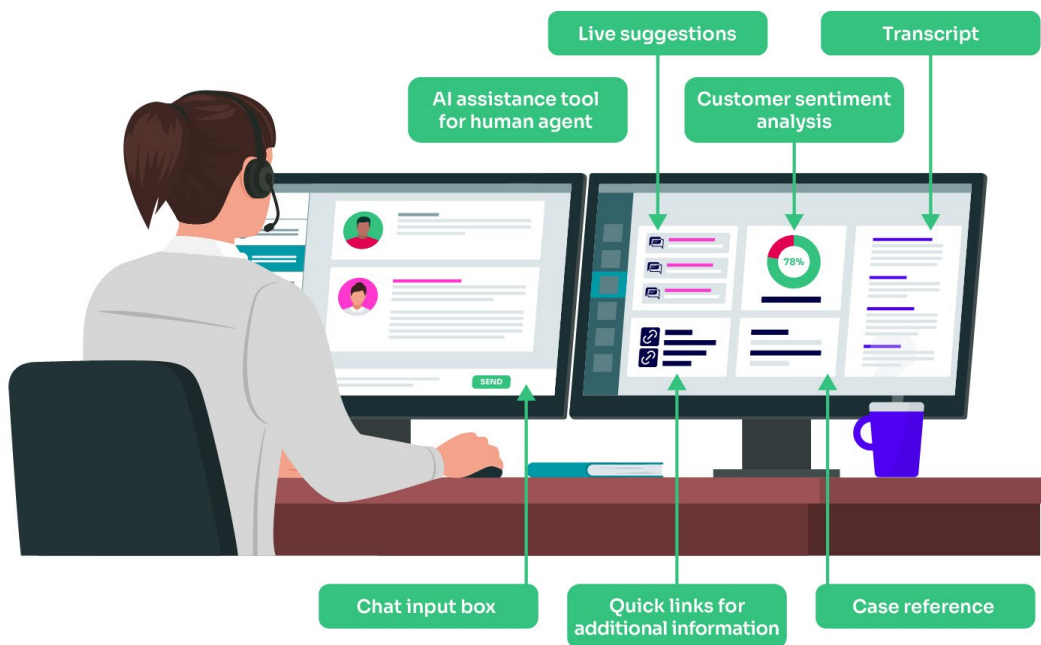
<sup>34</sup> See [“Our” AI-phone brings AI for everyone | Deutsche Telekom](#). Accessed on 21 September 2026. And [From the vision to “our AI Phone”: the next chapter](#). Accessed on 21 September 2026.

<sup>35</sup> See [AI for everyone – Perplexity now under “Magenta AI” in the MeinMagenta app | Deutsche Telekom](#). Accessed on 21 September 2026. And [MeinMagenta: Handy & Festnetz - Apps on Google Play](#). Accessed on 21 September 2026.

decision support for human agents and produce summaries of previous customer interactions.<sup>36</sup>

- Virgin Media O2 has rolled out Lumi AI, a tool that assists human agents by analysing conversations in real time, suggesting response prompts and summarising calls. Virgin Media O2 has stated that the tool has helped it to address customer queries faster and reduce complaints in the round.<sup>37</sup>
- VodafoneThree's SuperAgent helps human customer service agents to quickly search and locate answers to complex customer queries.<sup>38</sup>

**Figure 3.7: AI support for human customer service agents (illustrative only)**



## AI-driven customer insight

- 3.31 Some telecoms companies have deployed AI to analyse customer data, predict behaviour patterns and customer needs, to inform product recommendations (e.g. personalised offers of upgrades), customer retention strategies and other marketing and sales activities.
- 3.32 For example, Virgin Media O2 has described using AI-enabled, data-driven marketing capabilities that draw on real-time and historical data to support targeted customer engagement and personalised offers.<sup>39</sup>
- 3.33 Our engagement with industry suggests that firms are aware that AI-led predictions about customers' needs can be unreliable. They appear to be cautious, at least for now, about

<sup>36</sup> BT's platform is provided by software provider Sprinklr. [BT Group leans on AI to transform customer service experience](#). Accessed on 21 September 2026.

<sup>37</sup> [Virgin Media O2 launches new AI tools to supercharge customer services and better help most vulnerable customers - Virgin Media O2](#). Accessed on 21 September 2026.

<sup>38</sup> VodafoneThree's SuperAgent is based on Microsoft Azure OpenAI's Agent Copilot solution. [Meet SuperTOBI - Vodafone's new Generative AI virtual assistant now serving customers in multiple countries – Vodafone](#). Accessed on 21 September 2026.

<sup>39</sup> [Virgin Media O2's Customer Engagement Success with Amdocs Data & GenAI Studio](#). Accessed on 21 September 2026.

relying heavily on AI-generated predictive insights to make decisions about their offers to customers.

- 3.34 We discuss in section 5 the further potential benefits and risks where, in future, telecoms companies might further personalise the products and services they offer customers.

## 4. People and businesses' use of and attitudes towards AI in the telecoms customer journey

- 4.1 Sections 3 sets out initial evidence from our qualitative market research into people and small businesses' use of and attitudes towards existing AI applications.<sup>40</sup> This section summarises the further findings of our qualitative and quantitative market research.

### Use of AI tools is widespread, although younger and more affluent consumers use them more

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- 4.2 The majority of people have now used AI applications in their personal lives or for work: our 2026 research found that just over half (53%) of adult UK internet users had interacted with a GenAI tool such as ChatGPT and Google Gemini and/or an AI customer service chatbot in the past 12 months.<sup>41</sup>
- 4.3 Our research found differences in the use of GenAI tools between different consumers. For example:
- Younger people aged between 16 and 44 were more likely to use GenAI tools by comparison with those over 45 years old, as were more affluent consumers from ABC1 socio-economic groups<sup>42</sup> compared to those from C2DE groups.
  - Those aged over 65 and people from C2DE socio-economic groups were less likely to say they have interacted with an AI chatbot by comparison with to younger and/or ABC1 socio-economic group consumers.
- 4.4 Our research also found that just under half (46%) of adult UK internet users said they had not interacted with AI in the past 12 months.

### Finding information is the top reason people use GenAI tools, most commonly in retail and finance

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- 4.5 People used GenAI tools to interact with: retailers (47%); financial services such as banks and insurance companies (37%); utilities such as gas, water and electricity suppliers (35%); and about telecoms (25%).<sup>43</sup>

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<sup>40</sup> See [Annex 2](#) for more information.

<sup>41</sup> Between 6 March and 30 June 2026, Ipsos conducted face-to-face interviews among 4,033 UK adults (16+) for Ofcom's Technology Tracker. The Technology Tracker included questions on their use and attitudes towards AI-driven chatbots and virtual assistants. See QX1-6 ([here](#)) for more information.

<sup>42</sup> Social groups, often called 'socio-economic groups' (SEG), are a way of classifying the population, widely used in the UK by market and audience researchers. There are [six groups](#), as defined by the Market Research Society.

<sup>43</sup> Based on all those who used a chatbot in the past 12 months (n=756). Ofcom Technology Tracker 2026. See QX3 ([here](#)) for more information.

- 4.6 While our research found that people used GenAI tools and AI chatbots for a variety of different things, the most common uses were for:
- Finding information (50%).
  - Work (40%).
  - Seeking advice (32%).
  - Summarising, proofreading or editing existing text (31%).
  - For resolving an issue (27%).<sup>44</sup>
- 4.7 The majority said they found the relevant tools easy to use (85%) and that they met their needs (81%).<sup>45</sup>

## In the telecoms customer journey, people's trust, confidence and enthusiasm for AI varies

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- 4.8 Some participants<sup>46</sup> in our qualitative market research were already using AI (mainly general-purpose AI assistants) in relation to telecoms, primarily to compare tariffs and deals, explore options from other telecoms companies and understand terminology.
- 4.9 However, many compared interactions with chatbots or virtual assistants unfavourably with human customer service agents. Some participants said they tried to bypass chatbots to reach a person. Several also felt humans were better able to understand other humans, communicate nuance and respond with empathy.
- 4.10 Many participants also raised principled and wider societal concerns regarding AI generally, such as the risk of job losses, how personal data would be used and the spread of misinformation.
- 4.11 However, participants recognised the practical benefits of using AI. A small number of participants said they had used AI to address basic issues in a similar way to how they would have used search engines in the past. They saw the benefits as:
- Saving time.
  - Being able to make better decisions.
  - Getting personalised support and advice.
  - In some cases, saving them money.
- 4.12 Still, even participants who recognised the benefits of AI also questioned the accuracy and trustworthiness of some AI-generated outputs. Some said they checked provider websites or contacted providers directly before acting on AI's recommendations.

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<sup>44</sup> Based on all those who used a GenAI tool and/or an AI chatbot in the past 12 months (n=1,812). Ofcom Technology Tracker 2026. See QX4 ([here](#)) for more information.

<sup>45</sup> Based on all those who used a GenAI tool and/or an AI chatbot in the past 12 months (n=1,812) that either slightly or strongly agreed with the statements "It gave me what I needed" and "I found it easy to use".

<sup>46</sup> Note: one of the recruitment criteria for the qualitative market research was for some participants to already use AI for telecoms purposes. Around 1 in 3 of those recruited in our qualitative sample used AI for telecoms, which is not representative of UK population as a whole.

## Heavier users of AI are more likely to value its benefits, although even they are aware of its limitations

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- 4.13 Across the sample, participants who used AI more frequently were more likely to be confident in using AI in their life and work and see its practical benefits. However, the heaviest users in our sample were also more likely to say they were aware of AI's limitations, such as hallucination.
- 4.14 Those people who used AI less were generally more wary and sceptical of the benefits AI could provide. Therefore they tended not to use it.
- 4.15 Views about AI in the telecoms customer journey were often shaped by past poor 'chatbot' experiences across a range of sectors (not only in telecoms). Many participants described interactions with chatbots as rigid and robotic, that chatbots are poor at understanding needs and frustrating to navigate. Although these experiences may have been with pre-GenAI chatbots or not AI-enabled at all, they still shaped wider views of AI among the majority of participants.

## People are more comfortable with using AI for basic telecoms-related tasks but are concerned about losing access to human contact

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- 4.16 Views on the usefulness of AI at different stages of the telecoms customer journey varied depending on what was perceived to be at stake and, in some cases, the specific needs of different participant groups. They valued human interactions at certain points of the customer journey, particularly where stakes were higher.
- 4.17 Overall, participants saw AI as more acceptable and useful as a means to conduct initial research and basic tasks such as account administration and routine problem-solving. They had greater concerns about using AI to negotiate with a telecoms company (we examine this further in section 5), to make decisions on their behalf or about using it to help to resolve complex problems, such as outages or billing issues.
- 4.18 We found there was spectrum of attitudes towards the usefulness and acceptability of using AI across different groups, but all groups expressed concerns about the possibility of being forced to interact with AI and not being able to speak to a human agent.
- 4.19 In our sample,<sup>47</sup> SMEs were more likely to be heavy AI users with more complex, costly and business-critical communications needs, so they expected higher service levels, which they associated with human support. While participants accepted AI as a useful first line of response, they expected quick escalation to a person where needed, given the potential disruption that would be caused by any service failure.
- 4.20 Views among those participants with additional needs varied widely, reflecting different kinds of needs across the sample. In some cases, participants saw AI as potentially helpful: for example, where it could explain things to them in a way they could understand clearly or interact with them using text rather than voice, or vice versa, depending on their needs. In other cases, it increased the perceived need for access to human contact. While

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<sup>47</sup> In our qualitative market research, Jigsaw research interviewed 15 1 hour online depth interviews and 3 90 minute online groups among a range of businesses with less than 250 employees (6 participants per group). See [Annex 2](#) for details on the SMEs interviewed.

responses were often driven by personal preference, participants emphasised the importance of having a choice about which channel to use.

## 5. Future AI applications in the telecoms customer journey

- 5.1 Drawing from engagement with industry about its priorities for AI innovation, below we explore four ways in which innovation could permit wholly new applications or enhance existing ones. We examine how AI innovation could enable:
- More accessible and tailored communication with customers.
  - Hyper-personalisation of products and services.<sup>48</sup>
  - The emergence of ‘one-stop’ AI intermediaries.
  - The deployment of agentic AI.
- 5.2 Potential developments such as more accessible and tailored communication with customers could unlock significant improvements in how telecoms companies interact with consumers, establish their needs and help them understand and act on information about their services. Other potential developments, such as hyper-personalisation or the deployment of agentic AI, could benefit customers but could also prompt significant changes to how customers navigate telecoms markets, affecting market structures, competitive dynamics and posing risks of harm. We discuss these potential benefits and risks below.

### More accessible and tailored communication with customers

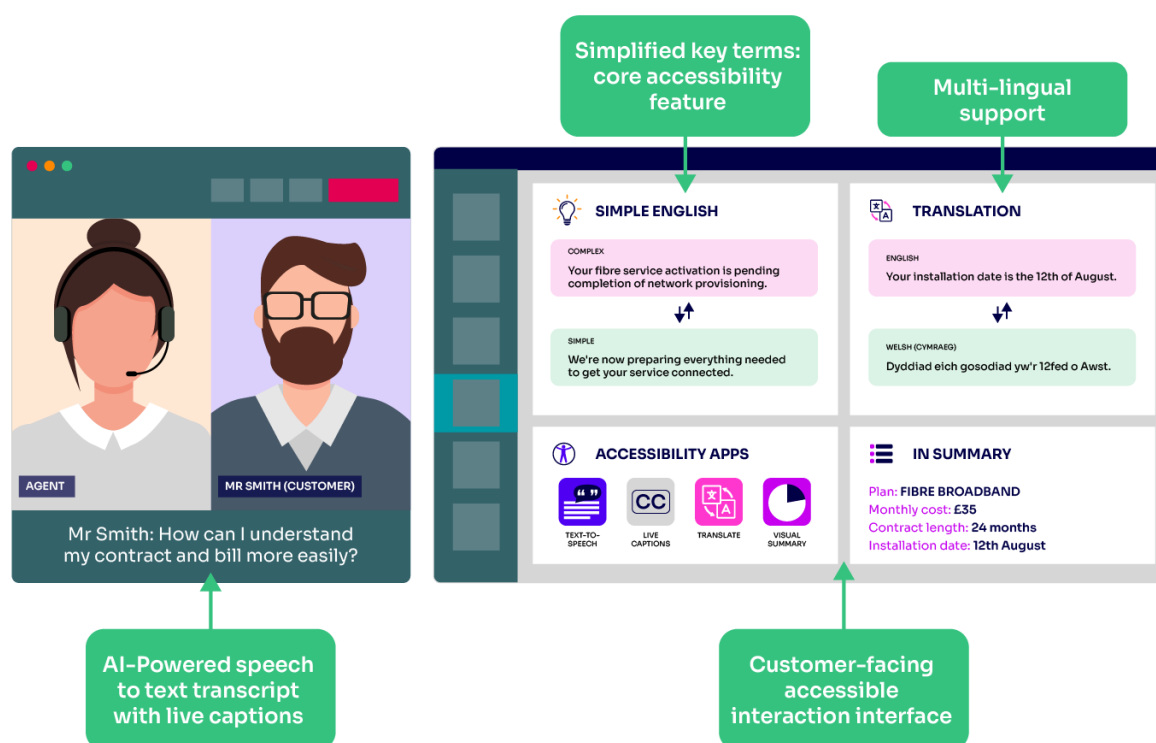
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- 5.3 As the capabilities of telecoms companies’ GenAI-augmented chatbots evolve, they may be able to present information in clearer, more accessible and more tailored ways and engage in complex dialogue with customers. As such they could make it continually easier for customers with different communication needs, language preferences or accessibility requirements to understand and take informed decisions about their services.
- 5.4 GenAI can simplify, summarise and translate information and convert it into alternative formats, including speech, video and structured text summaries. GenAI can support multilingual communication and adapt its language, tone and the level of detail it offers to the needs of users. Telecoms companies are also exploring how to use AI to analyse customer sentiment on calls or text chats.
- 5.5 As firms integrate more of these capabilities into the interfaces of AI applications, they can make engaging with the market and getting support easier, quicker and more accessible to a wider range of consumers.

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<sup>48</sup> ‘Hyper-personalisation’ is a strategy of using advanced AI technologies such as GenAI, along with real-time data analytics, to create highly individualised customer experiences and service offerings.

**Figure 5.1: AI-enabled accessible and tailored customer communication (illustrative only)**



- 5.6 More accessible communication could create a range of benefits for customers. For example, it could help customers who are less technologically confident to understand unfamiliar terms and what they mean for them. It could be also valuable for customers with additional needs, including those with English as a second language, accessibility requirements, physical disabilities or learning disabilities.
- 5.7 More sophisticated AI-enabled tools may be able to respond more naturally, remember customers' needs and preferences over time, explain complex terms more accessibly and allow customers to ask follow-up questions at their own pace.

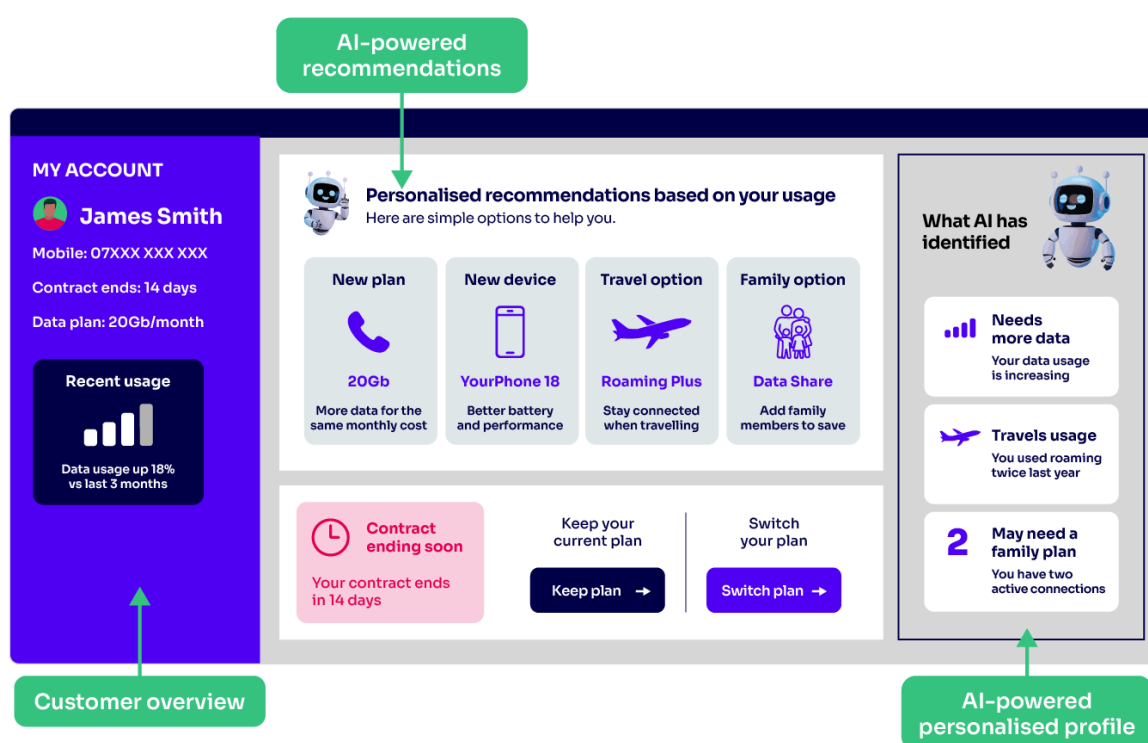
**Future example:** a customer whose first language is Greek contacts their telecoms company's AI chatbot about poor connectivity in their home. The chatbot is able to respond in Greek and, responding to the nature of the customer's follow-up questions, explain complex terms in simple language. Because the customer is logged in, the chatbot is also able to retain these preferences for future interactions.

- 5.8 More capable AI-enabled tools could also help telecoms companies make their communications more accessible and responsive to customers affected by changes in personal circumstances, such as bereavement or job loss, or by mental health conditions. These tools may help telecoms companies identify potential vulnerabilities in more sophisticated ways than they do now (for example, from the kind of queries users are making) and offer tailored support, including referral to a human agent where appropriate.
- 5.9 However, customers may need sufficient awareness, confidence and AI literacy to engage with AI-enabled services. To deliver more accessible and tailored communication in practice, both the AI tools and the communications they provide would need to be accessible and inclusive by design.

## Hyper-personalisation of products and services

- 5.10 Using GenAI alongside real-time analytics and different kinds of data about customers could enable telecoms companies and intermediaries to generate hyper-personalised recommendations, product and service characteristics, prices or support.
- 5.11 Telecoms companies could enable hyper-personalisation by, for example, combining customer's usage data or billing history with customer service transcripts and other relevant contextual information, such as their property type or household characteristics. GenAI could help interpret this information, summarise customer needs and generate tailored options for customers, with explanations about how they reflect the customer's circumstances.

**Figure 5.2: Hyper-personalised product and service offers (illustrative only)**



- 5.12 Hyper-personalisation could enable telecoms companies to offer services better tailored to customers' needs and circumstances. It could also potentially respond dynamically as a customer's usage, preferences or circumstances change with time. Potential benefits could include some customers paying lower prices (which could include those with lower ability to pay), or customers paying lower average prices, if hyper-personalisation were to lead to intensified competition. It could also lead to the market serving more customers with services they want.
- 5.13 However, hyper-personalisation also poses a range of potential risks for customers:
- Highly targeted offers could make it harder for consumers to assess whether they are getting good value for money or the most appropriate services for their needs. This could result in inertia and diminished competition, as consumers may find it more difficult to make meaningful comparisons between competitors' services, negotiate

with their provider or switch to a new provider. As a result, they could potentially pay more or remain on services that are poorly matched to their circumstances.

- Some stakeholders have raised concerns that AI could be an important technological enabler of hyper-personalised pricing based on factors such as a customer's inferred willingness to pay. Consumer trust that pricing is transparent may be eroded.
- The use of pricing algorithms could also pose risks such as coordinated outcomes, resulting in weaker competition and higher prices ('algorithmic collusion').
- AI-enabled decisions have the potential to reinforce existing inequalities or lead to discriminatory outcomes: for example, where they rest on biased data or decision-making processes that are difficult to understand or challenge.

**Future example:** a disengaged customer who is not motivated to search and compare the market applies for a new pay-monthly mobile contract online. The telecom company's system uses AI-enabled risk and pricing tools to assess the application and determine the terms offered. Based on the customer's profile and inferred willingness to pay, they are offered a hyper-personalised tariff price 'tailored to you'. The customer may not understand on what basis the provider has calculated the price or be able to know whether it offers comparable value for money versus what other re-contracting customers have been offered. They may also be deterred from negotiating a better price because they struggle to get through to a human agent to discuss it.

- 5.14 These factors could have implications for competition and consumer protection. The ability for people to compare prices effectively and transparently is important for a well-functioning market. We have previously found that, while personalised pricing techniques need not in all cases be harmful to customers, people have concerns about its fairness that could affect trust in telecoms markets overall.<sup>49</sup>

## One-stop AI intermediaries

- 5.15 In section 3, we discussed how identity verification and authentication protocols are not yet commonly available in a way that could enable telecoms customers to sign up to or switch services in third-party environments. However, if such protocols emerge in future, this could help enable intermediaries such as general-purpose AI assistants and AI-assisted comparison services to evolve and expand their functionality.
- 5.16 We note that some general-purpose AI assistants are already trialling in-app checkout functionality with partner retailers.<sup>50</sup> and it is possible that these could include telecoms services in future. This could allow users to complete transactions with telecoms companies or manage their services through the interface of a one-stop AI intermediary.
- 5.17 With strong identity verification and authentication protocols, it might be possible for one-stop AI intermediaries to sign their users up to deals from telecoms companies and switch their provider for them. However, this would likely require changes to existing switching processes.

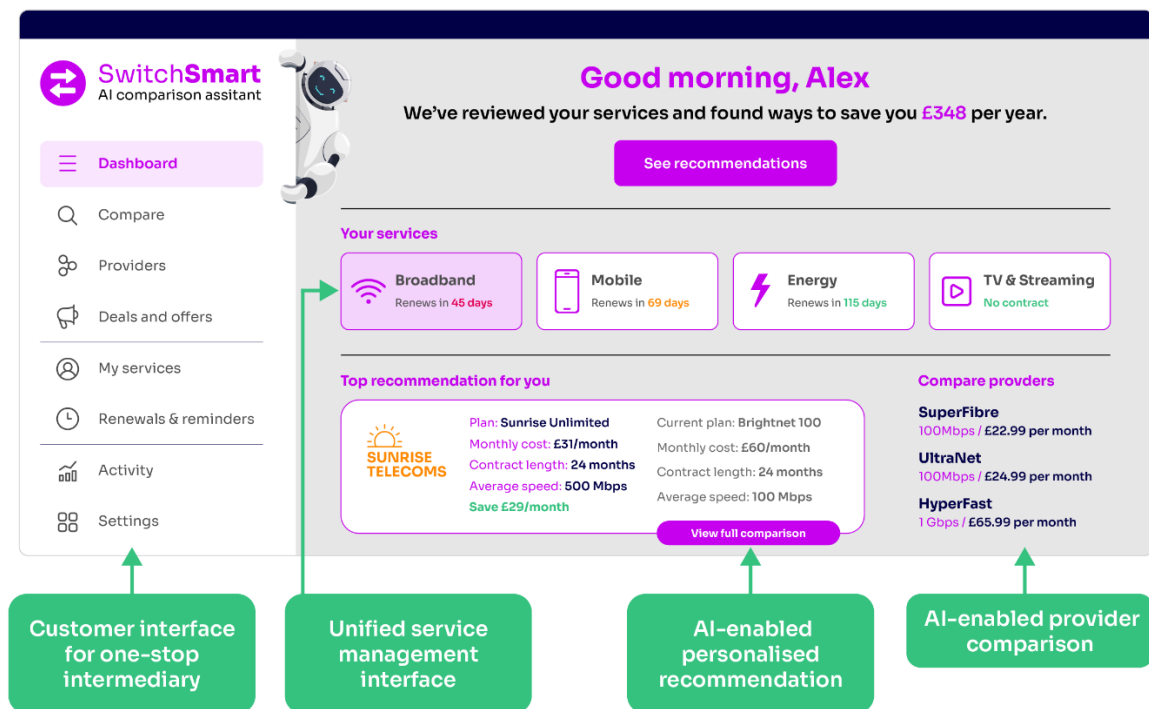
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<sup>49</sup> Ofcom. 4 August 2020. [Personalised pricing for communications: Making data work for consumers](#).

<sup>50</sup> See for example [Stripe powers Instant Checkout in ChatGPT and releases Agentic Commerce Protocol co-developed with OpenAI](#). Accessed on 21 September 2026.

- 5.18 One-stop AI intermediaries could also potentially automate some parts of the customer journey for users and, with users' consent, make decisions on their behalf. For example, they could monitor users' telecoms accounts and sign them up to better deals when possible. One-stop AI intermediaries could do this through systems integration with telecoms companies or could potentially deploy AI agents to make decisions on behalf of customers (we discuss the deployment of agentic AI further below).

**Figure 5.3: One-stop AI intermediary (illustrative only)**



- 5.19 Their emergence could have implications for the structures and competitive dynamics of telecoms markets. For example, telecoms companies might need to compete differently to serve customers that interact with telecoms markets through one-stop AI intermediaries. New forms of commercial negotiation could take place between intermediaries and telecoms companies, the net outcome of which is unknown today.
- 5.20 Depending on how one-stop AI intermediaries may emerge and the role they play, it is possible that they could start to hold additional legal and contractual responsibilities towards customers as providers of telecoms services.
- 5.21 Telecoms customers could find that one-stop AI intermediaries would help them engage with telecoms markets in more convenient ways and to find the best deal for their needs. However, the availability of one-stop AI intermediaries could potentially pose risks to customers. For example:
- Consumers could potentially lose agency or understanding of how to assess the information that AI presents.
  - They may not be not confident to look around for the best deal for their needs (in particular if intermediaries enter into commercial agreements that shape how they present choices to their users and that affect users' understanding of their options).
  - Consumers may not understand the potential outcomes of enabling an AI application to make decisions on their behalf, such that they cannot give meaningful consent.

**Future example:** a customer authorises a one-stop AI intermediary to monitor their broadband service, compare offers and recommend when to switch. The intermediary identifies and initiates a move to a cheaper, faster service but gives insufficient weight to contract flexibility. The customer accepts the recommendation without thinking about their specific needs, e.g. about an upcoming change of address. When the customer's household needs change, they find that the new contract terms were poorly suited to their circumstances.

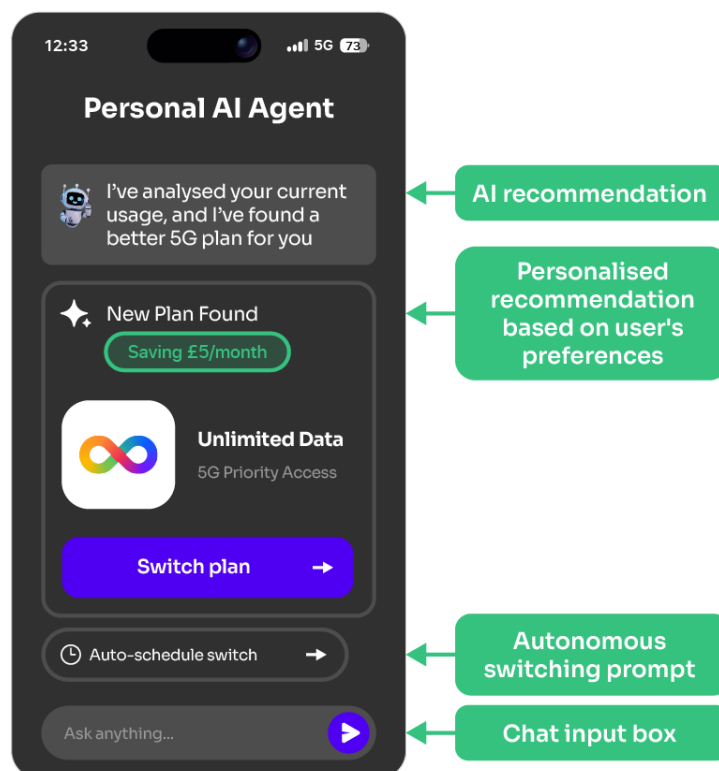
## Deployment of agentic AI

- 5.22 Widespread deployment of agentic AI is likely to enable new and different AI applications in the telecoms customer journey. AI agents have the potential to plan, coordinate and execute tasks with a high degree of autonomy, use contextual awareness and achieve complex multi-step goals.
- 5.23 AI agents could potentially automate some parts of the telecoms customer journey. For example, telecoms companies could deploy customer-facing AI agents to proactively identify events such as customers' contract milestones or changes in usage patterns, provide timely prompts or guidance and take actions such as signing the customer up to a new contract, with minimal input from the customer.
- 5.24 We note above that one-stop AI intermediaries could deploy AI agents to automate tasks for their users. A further potential benefit of the emergence of strong identity verification and authentication protocols could be to make consumers' own personal AI agents more useful and effective. These protocols could enable consumers to use personal AI agents in different third-party environments (for example, to interact with telecoms companies and other online services online), in a trusted and secure manner.<sup>51</sup>
- 5.25 Other improvements may be necessary for both customers and firms to trust personal AI agents' decisions. They may require better mechanisms for recording and managing the consent customers give to AI agents to make decisions, to give both the user and firms confidence that the AI agent is taking action the user has authorised. They may also need mechanisms that give the user confidence that their AI agent has not been manipulated (for example, by criminals posing as legitimate retailers) or that the agent will not share sensitive information with bad actors.
- 5.26 If these challenges are overcome, customers could have confidence to enable personal AI agents to initiate higher-stakes actions on their behalf, such as selecting the best telecoms deal for them and preparing the transaction for their approval. Personal AI agents could thus reduce the effort required of customers to engage with the market and potentially lead to better outcomes for some consumers.

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<sup>51</sup> Personal AI agents act on a customer's behalf across multiple telecoms companies and services, rather than within a single telecom company's environment.

**Figure 5.4: Personal AI agent from an intermediary (illustrative only)**



**Future example:** a customer authorises their personal AI agent to review their broadband service before their contract ends. The agent checks their usage, service quality, accessibility needs and budget, then compares suitable offers and explains the key trade-offs, such as price, speed, contract length and switching steps. The customer allows the agent to shortlist options and prepare the necessary forms, before the customer confirms their consent.

Once the customer provides consent, the agent uses verified identity and consent credentials to pass their details to the chosen provider, arrange installation, check any equipment return requirements and monitor progress.

- 5.27 The prospect of telecoms companies, intermediaries and customers using agentic AI raises important considerations around AI transparency and how customers give meaningful consent to AI agents' actions.
- 5.28 For example, even with better consent management processes for personal AI agents, firms would need to consider how they obtain a customer's informed consent to a transaction where they may have no direct interaction with the customer. Our rules require telecoms companies to obtain a customer's informed consent before setting up or changing a contract.<sup>52</sup> Telecoms companies may therefore need to consider how to comply with these

<sup>52</sup> For example, GC C1.6 requires that "The contract shall only become effective once the Relevant Customer has given their Express Consent to enter into the contract after receiving the Contract Summary". GC.12 requires that "Regulated Providers shall not extend the duration of a contract for the provision of a Relevant Communications Service where a Relevant Customer subsequently purchases an additional service or Terminal

rules where a customer has authorised an AI agent to prepare a deal for them or to purchase a service on their behalf (we discuss the regulatory implications of future AI applications further in section 6).

- 5.29 The emergence of personal AI agents could also have implications for competitive dynamics in markets, affecting customers. While it is too early to know how agentic AI could affect market dynamics, in telecoms or across other sectors of the economy, it is possible that if customers rely on personal AI agents to engage with markets on their behalf, telecoms companies may increasingly adapt the design and presentation of their offers to make them more readily identifiable and comparable by AI systems. This could support better matching between customers and offers. However, it could also pose risks, such as if:
- Personal AI agents' recommendations or actions are shaped by commercial arrangements such that they prioritise remuneration for the providers of AI agents, counter to users' interests.
  - Personal AI agents narrow the range of offers that customers consider by giving undue weight to comparable characteristics of telecoms services (e.g. speed or contract length), which do not reflect customers' priorities.
- 5.30 The deployment of AI agents could also increase the risk to telecoms customers that they experience harm from fraud or cyber threats. While the security of AI agents may improve, we can also expect criminals to continue to seek to manipulate AI agents to take over telecoms customers' accounts, take control of their numbers or initiate device thefts.

#### What people have told us

Our qualitative market research<sup>53</sup> asked participants to reflect on the potential of personal AI agents from intermediaries that would act on a customer's behalf.

A minority, who tended to be heavier users of AI,<sup>54</sup> saw several potential benefits in using personal AI agents (from intermediaries). They considered that personal AI agents could save them time and effort while they remain in control (particularly if AI agents could complete complex tasks set by the user) and give them a more impartial view of their options.

However, many participants also identified significant risks. They felt that a personal AI agent from an intermediary would need access to extensive personal data to work effectively, raising privacy and security concerns. They also worried about: commercial incentives that could influence an agent's actions; that their actions as customers could be manipulated; about loss of control; and the prospect of the agent becoming an autonomous decision-maker.

Participants had concerns about using AI to negotiate with a telecoms company on their behalf. They said it was important to be able to speak to a human because prices are not fixed and they felt that negotiating with a human enables customers to leverage factors such as customer loyalty to get the best deal.

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Equipment, unless that Regulated Provider obtains the Relevant Customer's Express Consent when they enter into the contract for the provision of the additional service or Terminal Equipment".

<sup>53</sup> See [Annex 2](#) for more information on the use cases explored with participants.

<sup>54</sup> These were self-defined 'heavy' users who used AI on a daily basis.

However, a minority (who were often heavy AI users) thought that using AI to negotiate could save them time by taking what they perceived to be a 'mundane' task off their plate.

## 6. Ensuring our rules support responsible innovation and protect customers effectively

- 6.1 Consumers need access to communications services that meet their needs to support how they live and work, from their jobs to education, public services and healthcare. It is therefore crucial that we ensure that consumers can continue to engage effectively with the market, including through their interactions with AI applications, now and as AI deployment changes over time.
- 6.2 In this section we set out:
- How telecoms companies and intermediaries in telecoms markets have put in place guardrails to protect users of AI applications and how these might evolve.
  - What stakeholders have told us about innovation and consumer protection.
  - Our initial conclusions about the regulatory implications of AI deployment in the telecoms customer journey so far.
  - How we will continue to engage with industry, consumer groups and others and the actions we are taking now.

### Many companies are putting in place guardrails to protect users of AI applications

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- 6.3 As set out in section 3, a number of different technological, commercial and behavioural factors are shaping how far and how quickly firms are integrating AI into customer interactions. These include the guardrails industry applies to prevent harm to users and to preserve trust.
- 6.4 The telecoms companies and intermediaries with which we have engaged have put various guardrails in place to mitigate AI-related risks:
- **Restricting GenAI-enhanced chatbots' output to approved content:** companies are training chatbots on approved first-party data, to help ensure the accuracy of their outputs. Companies are also improving the structure and content of their websites and internal data, so that chatbots can retrieve relevant information more reliably.
  - **Log-in walls:** some companies require customers to log in before accessing chatbots. This allows them to block bad actors that attempt 'prompt injection', the practice of feeding AI systems malicious inputs that cause the underlying large language model (LLM) to execute unintended behaviours.
  - **Escalation routes:** providers recognise that some customers prefer to speak to human agents. Many have told us they intend to ensure that customers can continue to access human agents through AI-enabled channels. For instance, one telecoms company told us that, after three failed attempts to address a query through a chatbot, their customers are routed to a human customer service agent automatically. Telecoms companies also appear to take a human-first approach to complex or sensitive customer interactions, such as bereavements or debt management queries.

- **Data privacy and security measures:** some companies are taking measures to mitigate privacy and security risks in relation to data that customers share with AI applications. For example, some host AI capabilities in private cloud environments and remove personally identifiable information before third parties process relevant data.
  - **Internal AI governance frameworks:** some companies have developed internal governance principles and frameworks to guide their innovation with AI. These frameworks appear to apply widely and not just to customer-facing AI applications, but they may include safeguards relevant to AI-enabled customer interactions, such as pre-deployment testing and evaluation, human oversight and ongoing monitoring to identify and address system vulnerabilities.
- 6.5 We understand that some firms may also apply guardrails to help ensure that AI applications comply with relevant regulation and consumer law, although it is not clear from our initial review whether or how effectively AI applications have been designed and configured to comply with regulation, specifically.
- 6.6 Telecoms companies and intermediaries are also generally taking a cautious approach to deploying GenAI in customer-facing interactions, focusing initially on assistive functions while testing systems before deployment, monitoring their performance, limiting autonomous decision-making and retaining routes to human review of AI decisions.
- 6.7 The risks associated with AI in the telecoms customer journey might increase significantly in the future and require stronger guardrails. For example, the potential future deployment of agentic AI, alongside identity verification and authentication protocols that could enable AI agents to initiate transactions on behalf of customers, will likely raise new questions about how firms prevent harm to their users and preserve their trust. Such developments could also pose challenges for regulation.

## Stakeholders commented on our approach and our requirements for industry

- 6.8 Respondents to our invitation to contribute made a number of comments about the impact of regulation on AI innovation and the clarity of existing regulation.

### Stakeholders' views on the impact of regulation on AI innovation and the clarity of regulation

#### Ofcom's overall approach

Some industry bodies, telecoms companies, intermediaries and payments services supported Ofcom's outcomes-focused, technologically neutral approach, which provides a strong foundation for overseeing AI adoption in the sector.<sup>55</sup>

Some telecoms companies and intermediaries considered that a more prescriptive approach to AI regulation would be disproportionate, risk preventing further innovation and take away from telecoms companies' flexibility to respond to market developments or risks of harm.

<sup>55</sup> Ofcom. 4 June 2026. [Ofcom's Strategic Approach to AI 2026/27](#).

One telecoms company asked whether small business telecoms customers might ultimately need fewer protections, if their needs change as they adopt AI services into their operations.

### **The potential impact of sector-specific or cross-sectoral regulation**

Some telecoms companies and intermediaries considered that sector-specific regulation of AI in telecoms could limit investment, slow the delivery of beneficial applications and increase operational costs. One telecoms company stated that we should avoid introducing duplicative and fragmented sector-specific regulation.

A number of respondents encouraged us to adopt a cross-sectoral approach to AI regulation, working with other regulators.

### **Clarifying our requirements of industry**

Some consumer groups, industry bodies and telecoms companies suggested that we further clarify firms' roles and responsibilities across the telecoms value chain (not just those of telecoms companies), to ensure all firms operate under obligations appropriate to their role: for example, by setting out what kinds of firms are accountable for different AI applications if those services contribute to consumer harm.

Other consumer groups, industry bodies and telecoms companies stated that we should provide further clarity about our existing rules and expectations of telecoms companies and others involved in developing AI applications for the telecoms sector.

For example, Which? suggested we clarify existing rules requiring providers to maintain multiple customer communication channels and ensure that customers can reach a human agent where necessary and rules that ensure firms are transparent about how and where they are using AI.<sup>56</sup>

## **At this stage, we have concluded that our rules and regulatory framework are effective in supporting responsible innovation and protecting consumers**

- 6.9 We have considered the implications of AI deployment in the customer journey for our rules and regulatory framework, in the short and longer-term. In particular, we have considered whether:
- Our rules support responsible innovation, economic growth and appear proportionate.
  - There is evidence of harm to customers from AI in the telecoms customer journey.
  - There are gaps in the protections for customers from harms that AI applications could cause.

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<sup>56</sup> Some stakeholders also refer to AI 'transparency' broadly in ways that may overlap with AI 'explainability', i.e. the extent to which the factors influencing an AI system's outputs or decisions can be communicated in a meaningful way to those affected.

- 6.10 We have considered these questions in the context of the outcomes we want to see for consumers in telecom markets. We want to see that:
- Consumers are informed and empowered to choose the right services.
  - People are treated fairly.
  - People less able to engage with the market are adequately protected.
  - Competition is effective.
  - Companies protect consumers from fraud and cyber risks.
- 6.11 Telecoms companies and intermediaries in the telecoms customer journey have told us consistently that **the rules we have put in place to secure these outcomes are not holding back responsible AI innovation**. We have not found examples of regulation or consumer law that appear to be impeding responsible innovation for the sector.
- 6.12 Our rules also appear to give companies the certainty they need to innovate and invest in AI, supporting wider economic growth. Many telecoms companies have told us that deploying more sophisticated AI in the customer journey is a priority for their businesses.
- 6.13 The guardrails that firms have adopted to protect users and preserve their trust (which may also help ensure that AI applications comply with regulation) also appear to be an influence on the pace and scale of the deployment of AI applications in the telecoms customer journey, as are the other technological and commercial factors we explore in section 3.
- 6.14 To date, there is also limited evidence to suggest that AI tools have been a systemic cause of harm to telecoms customers.
- 6.15 AI deployment in the telecoms customer journey is still nascent, but our analysis of complaints to Ofcom does not suggest that consumers have raised with us specific AI tools that have caused harm to telecoms customers on a consistent basis: for example, by regularly generating incomplete or misleading outputs. However, this does not rule out the possibility that AI tools have caused harm to telecoms customers directly.
- 6.16 Consumer bodies have shared consumers' experiences where, for example, they have been frustrated by receiving repetitive or fragmented answers from chatbots and were unable to get the support they needed. One consumer body shared an example of an individual who believed they had been switched to another provider without their consent. There may also be a perception that providers use chatbots to 'gatekeep' human support, which could act as a barrier to those customers who are not digitally confident (we discuss this issue further below).
- 6.17 Outside the telecoms customer journey, consumer bodies shared examples of people who said they had experienced harm from interacting with AI: for example, after being presented with incorrect advice in the context of making financial decisions.
- 6.18 Whether or not AI applications' actions have caused customer detriment directly in circumstances like these, the reports also suggest that lack of knowledge and understanding about AI tools could lead to detriment.
- 6.19 We note comments from stakeholders about clarifying our requirements of industry. We consider that our regulatory framework provides **a clear basis for firms to understand their responsibilities** with respect to AI applications:
- **Our General Conditions (GCs) apply to all providers of UK electronic communications networks and services and to the AI-enabled tools and services they adopt.** It is the

responsibility of companies that provide UK electronic communications networks and services to customers to ensure that they are compliant. If a third party designs an AI application on behalf of a regulated provider, which the provider subsequently deploys, the responsibility for how the AI application complies with our rules rests with the provider.

- **General consumer law applies to other online services, such as general-purpose AI assistants, where they undertake commercial practices such as displaying adverts or facilitating the sale of products.** This permits enforcement against unfair commercial practices, such as misleading acts or omissions, and provides for consumers to have appropriate routes to redress. Ofcom is a concurrent enforcer of general consumer law with other authorities.

6.20 We have found that, today, very few consumers appear to rely on the information that AI tools provide about telecoms services in isolation (although it is possible that some people do rely on it heavily) and other sources of authoritative information are widely used. In future, we could be concerned about the scope of regulation if, for example, more consumers appear to rely only on inaccurate or incomplete information from AI tools to make decisions about their services. Where AI applications play a commercial function such as facilitating purchases, consumer law will also apply.

6.21 At present, we consider that our powers enable us to protect customers from harm from AI applications effectively. We will stay across how risks to customers may change in the near future.

6.22 Looking forward, if our rules appear to hinder companies from innovating responsibly, we want to hear this and will act quickly to review the issues and respond appropriately.

## Regulation already applies to enabling communication with human agents, transparency and other issues

6.23 As set out above, some respondents asked for **further clarity about our existing rules and expectations** of regulated providers and others involved in developing AI applications for the telecoms sector.

6.24 While we have set out above that our regulatory framework provides a clear basis for firms to understand their responsibilities with respect to AI applications, we think it is useful to clarify existing rules and expectations of telecoms companies and others involved in developing AI applications for the telecoms sector, particularly in relation to transparency and the experience of vulnerable customers, who may be at risk of experiencing proportionately greater impacts from poorly functioning AI applications.

### Key examples of Ofcom's rules and guidance relevant to AI-enabled customer interactions in telecoms markets

#### Enabling communication with human agents

GC C4 requires that communications providers enable customers to make complaints by at least three different routes (a telephone number, a postal address and an email address or dedicated web page).

More generally, as set out in our guide on treating vulnerable customers fairly, we expect communications providers to offer a range of communication channels to vulnerable customers, which reflect their needs.<sup>57</sup>

When telecoms companies deploy AI applications, these applications should form only one of the channels by which a customer in vulnerable circumstances can choose to communicate with their provider (in particular about complex or sensitive issues), alongside human communication over telephone, email, post and video and text relay.

We would be concerned if communications providers' AI applications were to act as gatekeepers that create barriers to accessing support over the channels that providers are required to make available to customers.

### **Communicating with people in vulnerable circumstances and people with disabilities**

GC C5 sets out requirements for providers to meet the needs of vulnerable consumers and end-users with disabilities. This condition aims to ensure that providers give sufficient consideration to the particular needs of people with disabilities and people whose circumstances may make them vulnerable.

Our rules require providers to establish, publish and comply with clear and effective policies and procedures for the fair and appropriate treatment of consumers whose circumstances may make them vulnerable (GC C5.2-C5.5).

GC C5 is a principles-based rule and thus not prescriptive in nature. However, where AI chatbots are handling interactions with vulnerable customers, communications providers must ensure that those AI chatbots comply with the policies and procedures that they are required to have in place to interact with these customers.

### **Meeting the needs of customers with disabilities**

GC C5.6 requires communications providers to take the measures needed to meet the needs of end-users with disabilities and take all reasonable steps to ensure that such measures are widely publicised. Where providers introduce AI applications into the customer journey, they must ensure that these applications meet the needs of customers with disabilities, as they would for other customer-facing channels such as websites and telephone services.

- 6.25 We also note that, as well as sectoral regulation, there is guidance available on the requirements of consumer law and data protection law, which apply to any firm innovating with AI in the telecoms customer journey. Guidance on the security of AI applications is also available. For example:

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<sup>57</sup> Ofcom. 23 July 2020. [Treating vulnerable customers fairly](#).

- The Competition and Markets Authority has published a guide to agentic AI and consumer law.<sup>58</sup> It has also published a guide to AI and algorithmic pricing, which explores risks such as how AI could enable algorithmic collusion.<sup>59</sup>
- The Information Commissioner's Office has explored how AI might impact or create extra considerations for firms under data protection legislation, with guidance on the explainability of AI decisions, AI and data protection and its consultation on draft guidance about automated decision-making.<sup>60</sup>
- The National Centre for Cyber Security has published guidance for organisations on how to manage risks when deploying agentic AI.<sup>61</sup>

6.26 Over and above existing rules and how they apply to AI applications, Which?, Citizens Advice and BILETA also made the case for future protections in relation to potential transparency problems and accountability for AI agents, should they become a feature of the telecoms customer experience.

### Stakeholders' comments on establishing new protections for consumers

#### AI transparency

Citizens Advice and Which? recommended new measures to require greater transparency from telecoms companies about where they are using AI. Citizens Advice also stated that consumers need to receive comprehensible information about how AI reaches any decision that affects them. Similarly, BILETA noted that telecoms customers should understand when they are interacting with automated systems and how decisions affecting them are generated.

#### Consent to AI-made decisions

Citizens Advice was concerned that there is a gap in consumer protections for users of today's nascent agentic AI switching services: for example, in relation to whether customers can sufficiently understand what actions an AI agent would undertake on their behalf and accountability where AI agents take poor decisions that do not benefit users.

6.27 We agree that insufficient **transparency about how and where firms are using AI** could pose risks to consumers. As set out above, our research into adults' broader experience of AI found that, in some customer service interactions, people were unsure whether they were interacting with AI, a less sophisticated automated system or a real person.<sup>62</sup>

6.28 We note that the Competition and Markets Authority has advised firms about giving consumers the information they need to make informed decisions, including how they should not mislead consumers into believing that a service is being provided by a real person, if the fact they are dealing with AI rather than a person might affect people's

<sup>58</sup> CMA. 9 March 2026. [Complying with consumer law when using AI agents](#). Accessed on 21 September 2026.

<sup>59</sup> CMA. 4 March 2026. [AI and collusion: frontiers, opportunities and challenges](#). Accessed on 21 September 2026.

<sup>60</sup> Information Commissioner's Office, [Explaining decisions made with AI](#); [AI & data protection](#); and [ICO consultation on the draft guidance about automated decision-making, including profiling](#). Accessed on 21 September 2026.

<sup>61</sup> NCSC. 20 August 2026. [Managing the cyber risk of agentic AI](#). Accessed on 21 September 2026.

<sup>62</sup> Ofcom. April 2026. [Adults' Media Lives](#).

decisions.<sup>63</sup> **We consider that it should be very clear to telecoms customers where they are interacting with a GenAI application:** for example, that it should be transparent to customers interacting with GenAI-augmented chatbots that they are interacting with AI from how it describes itself.

6.29 For us to take a view as to whether any new rules or guidance are needed with respect to AI transparency, consent to AI-made decisions or other issues, it would be necessary to have evidence of the impact of AI applications on people and businesses. We set out our next steps below.

## In the near future we expect AI innovation to pose new regulatory challenges

6.30 We have seen there are significant potential implications for people and businesses from possible future deployment of AI. As set out in section 4, potential future AI applications such as hyper-personalisation and agentic AI could pose significant additional risks to customers.

6.31 We set out above that, at this stage, the outcomes we want to see in the telecoms customer journey are not changing. As AI innovation continues, we may need to intervene quickly and to respond to any harm to telecoms customers, using our regulatory framework or by enforcing general consumer law. For example, we have identified that further challenges could arise around:

- The appropriate level of transparency about how firms are using AI, the data AI uses to make decisions and how commercial interests could affect how applications like AI agents operate.
- Accountability for AI's decisions and access to appropriate routes to redress.
- How firms seek customers' meaningful consent to AI-made decisions and responsibilities where those decisions do not align with users' interests.
- Whether AI-enabled decisions have the potential to reinforce existing inequalities or lead to discriminatory outcomes.
- How AI deployment affects customers in vulnerable circumstances.

6.32 We are also mindful that competitive dynamics in adjacent sectors of the economy may impact the opportunity for telecoms companies and intermediaries to innovate and benefit customers by deploying AI. For example, competition in the provision of foundation models,<sup>64</sup> cloud services<sup>65</sup> and online messaging apps<sup>66</sup> could impact the availability of the AI models and tools that sectors such as telecoms use to deploy AI applications. We will continue to study wider developments in digital services as they impact markets we regulate, to identify potential risks to consumers and businesses.<sup>67</sup>

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<sup>63</sup> CMA. 9 March 2026. [Complying with consumer law when using AI agents](#). Accessed on 21 September 2026.

<sup>64</sup> The CMA has conducted a review of AI foundation models and their impact on competition and consumer protection. See CMA. 18 September 2023. [AI Foundation Models: Initial report](#).

<sup>65</sup> Ofcom carried out a market study under the Enterprise Act into cloud services in the UK to assess how well this market is working, which we concluded in October 2023. See Ofcom. 5 October 2023. [Cloud services market study \(final report\)](#).

<sup>66</sup> See Ofcom. 25 October 2023. [Discussion Document: Personal Online Communication Services](#).

<sup>67</sup> See Ofcom. 5 December 2024. [Digital markets, communications and media: update to Ofcom's areas of focus](#).

## We will continue to engage with industry, consumer groups and others to stay across AI innovation and changing attitudes

- 6.33 We cannot know with certainty what role AI will play in the telecoms customer journey in future years, but we expect the pace of change to be quick. It is important that we stay across AI innovation in sectors we regulate, so that we can react and intervene as appropriate.
- 6.34 Therefore, we will continue to engage proactively with industry, consumer groups, regulators and others about AI innovation and changing consumer attitudes and behaviour. We will also review evidence of harm promptly, to ensure that we act quickly where harms to customers might arise.
- 6.35 We will also **help companies understand how our rules apply to AI applications. Our door is open** to telecoms companies and intermediaries to engage with us about how they are implementing AI.
- 6.36 We will keep under review whether industry guardrails are effective in protecting customers. We will pay particular attention to:
- Whether AI applications are accessible and inclusive by design.
  - How customers in vulnerable situations experience AI applications, including how individuals can engage with their provider where they are not able, or willing, to use AI as an intermediary.
  - Whether customers face risks of harm from fraud or new cyber threats.
- 6.37 We will continue to collaborate with other regulators, including through the DRCF, to ensure we coordinate our approaches where we anticipate this helping with specific regulatory challenges.

### Actions we are taking now

**We will convene a further roundtable event on AI in the telecoms customer journey** with AI developers, telecoms companies, consumer groups, regulators and others in Q1 2027/8.

We will **continue to engage on AI developments in the customer journey**. We are **also building our understanding of the opportunities, challenges and emerging issues associated with AI deployment in telecoms networks and security**, with further research into:

- How AI could support network planning, operations and management ('AI for Networks').
- How telecoms networks may need to evolve to enable wider AI adoption ('Networks for AI').
- Whether there are potential barriers to AI adoption for cyber defence under the TSA and NIS regimes due to trust and assurance questions and how this can be addressed ('Trust and assurance in AI for Cyber Defence').

**We will convene a further roundtable event on AI in the telecoms customer journey** with AI developers, telecoms companies, consumer groups, regulators and others in Q1 2027/8.

We will **publish additional research into trust and AI chatbots** (part of our media literacy work) in full in spring 2027.

# A1. Glossary

| Term                                | Definition                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agentic AI                          | A class of AI systems that coordinates and orchestrates multiple AI agents, each capable of a degree of reasoning, autonomy and collaboration, to achieve more complex goals across diverse environments. Agentic AI is frequently associated with multi-agent systems.                                                                    |
| Artificial intelligence (AI)        | An AI system is a machine-based system that, for explicit or implicit objectives, infers from the input it receives how to generate outputs such as predictions, content, recommendations or decisions that can influence physical or virtual environments. AI systems vary in their levels of autonomy and adaptiveness after deployment. |
| Artificial intelligence (AI) system | A machine-based system that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations or decisions, which can influence physical or virtual environments. Different AI systems vary in their levels of autonomy and adaptiveness after deployment.   |
| AI agent                            | A software program capable of performing tasks with a degree of autonomy to reach a predetermined goal. To reach that goal, AI agents design and execute multi-step plans, observe and revise those plans if necessary and interact with external tools (e.g. other applications).                                                         |
| Chatbot                             | An AI-enabled tool designed to understand normal human language, simulate human conversation and run simple automated tasks. Chatbots are often used by organisations and businesses as a way of engaging and supporting customers online.                                                                                                 |
| Deep learning                       | A form of machine learning that uses computational structures called 'deep neural networks' to automatically recognise patterns in data and provide a suitable output.                                                                                                                                                                     |
| Explainability                      | The extent to which the functioning of an AI system can be explained and understood, including how it processes inputs and generates outputs.                                                                                                                                                                                              |
| General-purpose AI assistant        | An AI-enabled tool, typically accessed through a conversational interface, that can support users across a wide range of tasks. In a telecoms context, these assistants may help customers search for information, compare services or seek advice.                                                                                        |
| Generative AI (GenAI)               | A class of AI systems that use machine learning models that can create new content. Such models create a wide variety of outputs, including text, images, video and audio.                                                                                                                                                                 |
| Intermediaries                      | Entities other than telecoms companies that operate within the telecoms market and play a role in how a customer chooses, activates, or oversees aspects of a service. Examples include price comparison websites and apps.                                                                                                                |
| Large language models (LLMs)        | A category of deep learning models that are trained on a massive dataset of text. LLMs can be used for a variety of tasks, such as natural language generation, summarisation, translation and answering questions. LLMs can generate text that is indistinguishable from human-written text.                                              |

| Term               | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Machine learning   | A subset of AI that uses data analysis to 'learn' patterns and then uses a model that recognises those patterns to make predictions on new data.                                                                                                                                                                                                                                                                                                   |
| Neural networks    | A common way of performing machine learning, which is inspired by the neural network of the biological brain. A neural network is made up of sets of algorithms, called neurons. Each of these neurons helps perform a part of a larger task. A 'deep neural network' has multiple layers of neurons, with each layer playing a role in solving the problem.                                                                                       |
| Personal AI agent  | An AI agent that supports an individual's unique needs and preferences and adapts as those needs and preferences change over time.                                                                                                                                                                                                                                                                                                                 |
| Telecoms companies | Providers of retail fixed broadband, mobile, satellite broadband, landline and pay TV services to residential and business customers. We also refer to telecoms companies in this document as 'communications providers', where appropriate.                                                                                                                                                                                                       |
| Traditional AI     | AI systems that focus on learning from existing data to classify information, make predictions or automate decision-making. Traditional AI typically relies on predefined rules, algorithms and statistical models to produce predictions or decisions, rather than generating new content as GenAI systems do. Examples include rule-based systems, decision trees and recommender systems. We also refer to these systems as pre-GenAI.          |
| AI transparency    | The provision of clear information about where AI is being used, the role it plays in decision-making or service delivery and the extent to which customers can understand its operation and potential impacts.                                                                                                                                                                                                                                    |
| Virtual assistant  | A virtual assistant is a software program that can perform a range of tasks or services for an end-user based on end-user inputs such as commands or questions, often textual and verbal. Virtual assistants often incorporate chatbot capabilities and may be based on either pre-GenAI technologies or GenAI. Virtual assistants are reactive, performing tasks based on an end-user's request, as opposed to AI agents, which can be proactive. |