



**Simplifying non-geographic numbers:
PhonepayPlus' response to a consultation
document issued by Ofcom**

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PhonepayPlus is the independent regulator of the premium rate services industry. PhonepayPlus regulates the industry using a Code of Practice ('the Code') approved by Ofcom under section 121 of the Communications Act 2003. Our vision is that anyone should be able to use premium rate services with absolute confidence. We welcome the opportunity to respond to Ofcom's consultation and proposals on simplifying non-geographic call services (NGCS) as we believe there are issues of particular relevance to consumers of premium rate services (as well as some providers of such services who may currently choose not to provide these services due to their inability to provide full pricing certainty and transparency, especially in an age where mobile phones are widely owned and used).

Given the scope of the NGCS proposals, some of which extend beyond our regulatory remit, we have chosen to submit a general response that is relevant only to our remit. While it touches on some of the questions posed by Ofcom in their policy statement, our response does not provide formal responses to individual questions.

We very much welcome the consultation and support its aims. Outcome 2.2 of PhonepayPlus' Code states "That consumers of premium rate services are fully and clearly informed of all information likely to influence the decision to purchase, including the cost, before any purchase is made." We therefore support the introduction of the unbundled tariff as we believe it will lead to vastly improved pricing transparency. Improved pricing transparency through the separation of the service charge element (for which premium rate providers are responsible) from the access charge, should lead to greater consumer awareness of the total cost of a call, generating greater trust in premium rate services and allowing providers to better achieve the relevant Code outcomes. As we stated in a previous response to Ofcom in December 2010, PhonepayPlus also supports an extension to the current pricing cap on 09 numbers; tariff caps have not been raised for over 16 years and some charges from mobile shortcodes can be as high as £10. There are benefits to increased tariff caps for both industry and consumers; higher tariffs should encourage innovation in the market and a greater choice of services, provided these are regulated in a way that deters any downside risks arising from such tariffs.

PhonepayPlus implementation of the NGCS proposals for premium rate

PhonepayPlus is committed to working closely with Ofcom and with the PRS industry to ensure effective and timely implementation of Ofcom's NGCS proposals as they relate to premium rate. We will be focusing in particular on the following issues.

Review of spending caps

PhonepayPlus applies a number of spending caps relating to premium rate services on NGCS. For example, live entertainment and sexual entertainment services are limited to a maximum of £25.54 plus VAT per call.

These spending caps have been designed for a time when the charge per minute on 090 numbers has been capped at £1.53 per minute. Ofcom's proposal to raise the maximum charge on an 090 number to £3 per minute or a £5 drop charge makes it appropriate for us to review the level of these spending caps ahead of their

implementation. We need to ensure that robust protections remain in place for consumers, whilst also being proportionate and encouraging the positive innovation and development of services that the Ofcom NGCS proposals envisage. We also recognise that premium rate services are increasingly competing in a more converged market with similar services charged to other payment mechanisms, such as credit and debit card. We trust Ofcom will support the need for robust protections recognising the obvious downside risks associated with higher tariffs such as those that can arise from mis-dialling and other “scams”.

Pricing transparency

Ofcom's proposal to unbundle the tariff into the service charge and access charge should vastly improve pricing transparency for consumers and help them to better understand how much they are paying for calls and who the money is going to. PhonepayPlus will update its guidance on pricing transparency in time to reflect the new tariff structure. We will also work closely with Ofcom and with the industry to ensure that consumers are given clear information about the changes to pricing arrangements and what that means for them.

Protecting consumers from harm

Whilst PhonepayPlus welcomes the proposals for new price points on 090 numbers, we recognise that they do not come without risks. For example, in the past, the 090 market has suffered from problems such as “missed call scams”, where consumers were prompted to return calls to 090 numbers without realising that they were calling a premium rate number. These practices have largely been driven from the market in recent years and PhonepayPlus is determined to ensure that higher price points do not encourage the return of such practices to the market. We will therefore work closely with Ofcom and with the PRS industry to assess the risks of consumer harm arising from higher price points and we will put appropriate consumer protection measures in place to address these risks. We trust that Ofcom will support us with such activity.