

# Restoring trust in Personal Numbering: an OfTel consultation document

## RESPONSE FROM THE INDEPENDENT COMMITTEE FOR THE SUPERVISION OF STANDARDS OF TELEPHONE INFORMATION SERVICES (ICSTIS)

### Introduction

ICSTIS, the Independent Committee for the Supervision of Standards of Telephone Information Services, is the independent regulatory body for premium rate telecommunications services which are accessible in the UK. Its primary task is to set standards for the content and advertising of premium rate services.

“Premium rate” is a term which describes a particular way of paying for information or entertainment services delivered via a telephone network. The call charge is billed to the customer by the network operator, on behalf of the service provider who provides the content. Call charges appear on the customer’s ordinary telephone bill. The call revenue from the service is shared between the network operator and the service provider at a previously agreed rate. Increasingly, these content-rich services are being delivered on a variety of platforms beyond conventional telephony. Services are now being accessed on mobile/WAP platforms, on the Internet and, more recently, on interactive television.

ICSTIS’ General Code of Practice defines premium rate services as:

*1.4.1 Premium rate services* (‘services’) are services where part of the overall charge paid by a customer to the network operator for the service, being payment for the content of the call or other product or service delivered in the course of, or as a direct consequence of, the call, is passed on by the network operator, directly or indirectly, to the service provider.

For the most part such services, following revisions to OfTel’s Numbering Conventions, operate on the 090 prefix. However, ICSTIS’ remit is not limited to regulating services found on that number range alone. ICSTIS also regulates services defined as premium rate found on international dialling codes when accessed by UK consumers as well as short-code accessed services typically utilised by service providers when providing certain value-added, content-driven services over mobile networks.

ICSTIS has been concerned about the recent problems which have arisen involving the migration of certain premium rate services onto the 070 prefix. ICSTIS is of the view that such a migration is not in consumers’ and service providers’ best interests because it is:

- Potentially harmful to consumers as the standards set out for the promotion and content of such services through ICSTIS' Codes may be disregarded.
- Confusing to consumers especially where pricing information is not supplied or other regulatory safeguards are disregarded.
- An undermining of an industry self-regulatory approach to regulating the premium rate industry. This creates an uneven playing field for those service providers who continue to meet the regulatory requirements for ensuring consumer protection.
- An avoidance, wilful or otherwise, of ICSTIS' regulation insofar as these services may not comply with all ICSTIS' Code requirements, including paragraph 2.2.2 of the "General Code".
- A breach of Oftel's Numbering Conventions which make it clear that Premium Rate Services should operate on the 090 prefix. Such a breach dissipates the rationale for placing all Premium Rate Services behind one prefix from a consumer perspective.
- An undermining of the arrangements in place to govern "Live services". If the service in question is "Live" then no prior permission will have been obtained and Compensation Fund and Bond arrangements would not have been made. These essential measures, designed to protect consumers from unauthorised use, high bills and possible consequential loss of an essential (telephone) service, will not therefore be in place.

It is appreciated that some of the motivations behind service providers migrating their services also relate to "frustrations" within the premium rate industry. Specifically these are:

- A concern (perceived or otherwise) among some service providers that mobile networks are hampering the development of the premium rate industry by call-barring outbound 090 calls from domestic mobile phones.
- Slow progress in the development of a pan-European numbering scheme which would allow access to premium rate services across Europe.

These frustrations cannot be allowed to be an excuse for taking unilateral action which has wider implications and potential concerns for consumers. Both of these matters are being considered in a variety of fora within the telecoms industry; they are the appropriate bodies for dealing with such issues. ICSTIS has, and is willing, to facilitate discussions about these issues if this would assist in leading to an early resolution to these matters.

This response makes comments about specific paragraphs of the consultation where deemed necessary. This is preceded by a summary of ICSTIS' view about the issue and the alternative suggestions being put forward by Oftel.

## Overall Summary

ICSTIS agrees with Oftel – there has been a regulatory problem involving the migration of premium rate services onto a prefix not hitherto provided through the Numbering Conventions for this purpose. This has caused consumer confusion, complaints and has damaged confidence in both Personal Numbering and Premium Rate Services. Whilst swift regulatory action has been taken to resolve this problem, the underlying financial drivers within the market which stimulated this to happen in the first place are still present. Unless these are dealt with in some way the problem is likely to re-occur at some later date. A new way forward therefore needs to be found.

Oftel has outlined four possible mechanisms. Of these, ICSTIS favours a revenue share ban but only if it could be applied without any disproportionate impact on legitimate providers of Personal Numbering services. If this could not be achieved then ICSTIS would look to the other two options which relate to the drawing up of Codes of Practice. It is acknowledged that the advantage of these two (a Code of Practice for Personal Numbering or a Code of Practice for all revenue shared services) would offer more opportunity to the telecoms industry to take the lead in taking a responsible attitude to correcting the problems identified. ICSTIS is of the view that such a solution would only be workable and ensure consumer confidence if any such Code could be shown to be effective, enjoy universal support of industry providers of relevant services and contain meaningful sanctions to deal with any issues of non-compliance.

## Specific comments on the text of the consultation

### Introduction

1.1 ICSTIS shares Oftel’s concern that the 070 number range is being used to host services that have nothing to do with Personal Numbering. From ICSTIS’ perspective this has been borne out by the rising number of consumer complaints received which relate to services operating on the 070 prefix and which are premium rate services. This undermines consumer confidence in this form of payment tool for information and entertainment services.

### Abuse of the 070 range

3.6 ICSTIS would concur with the view that the examples in 3.5 (e) and (f) would not “comply with ICSTIS’ Code of Practice”. ICSTIS has dealt, over the years, with many such examples and breaches of the Code of Practice have been upheld where it has been found that the intention was to deliberately mislead the public.

3.12 ICSTIS would concur with the views expressed here and would also observe that one paragraph of its General Code specifically deals with numbering issues. This states:

*2.2.2 Where certain codes or number ranges have been designated by either Oftel or a network operator for the provision of particular service categories, services within these categories must use those codes or number ranges.*

It follows that any premium rate service located on the (incorrect) 070 prefix will be in breach of this provision of ICSTIS’ Code.

## **Current action**

4.6 ICSTIS can confirm that enforcement action has been, and is continuing to be, taken against service providers who are operating premium rate services using the 070 prefix. Priority has been given to those services which by the nature of the content, or the way in which they are promoted, appear to pose most risk of genuine consumer harm. ICSTIS also takes comfort from the many inquiries it has received from service providers who misunderstood that 070 numbers could not be used for the provision of premium rate services. Having been advised of the correct position ICSTIS has been pleased to see that many of these service providers have behaved responsibly and moved their services to the correct 090 prefix without regulatory action being necessary.

4.10 ICSTIS is equally concerned by the recent growth of fax services being targeted at estate agents and hoteliers requesting information to be faxed back on 070 or 090 prefixes with no apparent intention of providing the marketing service being offered. ICSTIS has taken, and will continue to take, a tough line against such service providers, as was made clear in the ICSTIS editorial on pricing information in *Monthly Report No.78* (December 2000) – available at [www.icstis.org.uk](http://www.icstis.org.uk).

4.12 ICSTIS would agree that, had there not been a revenue share element in the use of 070 numbers, then it is unlikely that the problems referred to in this consultation paper would have arisen. Whilst ICSTIS and Oftel, working in partnership, have gone a long way to resolve these issues, the solution should only be seen as short-term fixes as the underlying market conditions are such that there is a real risk that this problem will almost certainly re-occur in the fullness of time. ICSTIS would therefore agree that a wider solution that goes beyond ICSTIS/Oftel enforcement action is required in order to bring to an end the ongoing nature of this problem.

## **Options to restore trust**

### **(i) Code of Practice for Personal Numbering (i.e. for 070)**

In the context of the other options proposed by Oftel, it maybe that that sector of the telecoms industry involved with the sale of Personal Numbers would wish to explore the option of such a Code in more detail. If that was the case, and if ICSTIS could assist the industry with such a venture, then it would be willing to discuss the matter further with interested parties. ICSTIS' view, however, is that any such Code, to be effective, would need universal support and contain meaningful sanctions to be applied to anyone who fell foul of it.

### **(ii) Code of Practice for all Shared-Revenue services**

ICSTIS should formally state that the informal comments attributed to ICSTIS in paragraph 5.10 are not an accurate reflection of the Committee's thinking. ICSTIS' position is that it would be willing to discuss this suggestion with appropriate industry bodies and companies if they were of the view that this suggestion is one that may have merit and ought to be pursued to a next stage. Clearly, ICSTIS has a wide range of experience in drawing up Codes of Practice for a variety of service types straddling a range of platforms beyond conventional telephony. Like Oftel, ICSTIS is not at this stage clear how such a Code of Practice could be constructed, particularly as such a Code would only cover revenue sharing services not already covered within the remit of ICSTIS' Codes. However, ICSTIS would be willing to consider the possibility

further with the industry if that would assist. The point about such a Code's effectiveness applies equally here as it does for a Code for Personal Numbering services.

**(iii) Banning or limiting revenue sharing on 070**

ICSTIS would support a revenue share ban if no legitimate service providers operating services properly defined as Personal Numbering Services would disproportionately suffer as a consequence.

In respect of the draft condition A7, this assumes, in the context of a ban on revenue sharing, that the holder of the personal number and the personal numbering service provider are separate and distinct entities. Has OfTel considered how to deal with situations where the entities may be linked or one of the same? Further legal advice may be required to deal with this potential eventuality.

**(iv) Price controls on 070**

It is not immediately clear to ICSTIS how such a proposal would improve consumer confidence in Personal Numbering. It is one thing to impose a discipline of pricing transparency for callers but it is quite another for this to manifest itself into consumer awareness without a significant effort in marketing awareness-raising initiatives. And without such initiatives it is hard to see quite how the consumer benefits of this transparency would serve them. The danger would be that the transparency did not lead to any material gain for the consumer. ICSTIS is not qualified to offer a view about how such arrangements would be determined nor how they could best be policed. This option seems to be fraught with complexities and it is not immediately clear how these would be easily overcome.

5.25 ICSTIS is aware that many companies have utilised 070 numbers as their main switchboard number. In part, the driver for this may be the existence of a "golden number" which is easily remembered. However, the consumer is unlikely to be aware that calling such a number may facilitate a higher call charge than if the number was on the Special Services prefix (08). ICSTIS believes this raises an important consumer issue which needs addressing as part of any restoration of trust in Personal Numbering services. OfTel has for some time said that personal numbers are designed to enable customers who habitually move location to be called using a single telephone number and to receive these calls at virtually any telephone number, including mobile numbers. In the scenario described above, it is unlikely that the test of "habitually moving location" could be applied to a company main switchboard number. This will therefore need addressing as part of this review.

**Linked issues**

6.2 ICSTIS is of the view that the incentives for exploitation through revenue share on price capped services in the 084 and 087 number ranges are problematic but overall less of a concern from a public policy perspective unless what is placed behind such number ranges are services which would be targeted at vulnerable people and/or be seen as particularly attractive and addictive to certain groups. An example here would be multi-party chatlines which in ICSTIS' view should not be allowed on such prefixes.

6.6 ICSTIS would agree that this area should be considered further once this (070) matter is resolved and that any proposals should be guided by the principles of the circumstances of the issue and the need for any regulator to be proportionate in the action taken.

### **Revising the existing price caps**

ICSTIS is not in a position to easily take a view on the appropriateness or otherwise of the existing price caps for 084 and 087. Consumer groups will no doubt have views on this issue. In terms of the number of complaints received by ICSTIS about such number ranges, ICSTIS can report that they are de minimis. This may be because there are few if any problems with such services or it may be that there is an issue of under-reporting related to the fact that the public do not perceive such services as premium rate so do not get directed to, or do not contact direct, ICSTIS if they have a complaint. We do not know which it is.

### **Glossary**

For the purposes of future consultations the following should be noted and amended:

- The definition of the **ICSTIS Code of Practice (Eighth Edition - March 1998)** makes no reference to fact that the Code applies to the promotion of premium rate services as well as the services themselves.
- The definition of **Premium Rate Services** is not entirely accurate and requires re-wording for the future. ICSTIS would be willing to assist with this.

**ICSTIS  
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