

**NOTES OF THE ILP MEETING NO. 40th HELD ON
WEDNESDAY 21st MAY 2014**

Present:

Graham Pottie- BT (Chair)
Geoff Brown – Ofcom
Cathy Gerosa – FCS
Suzanne Gillies – Action 4
Simon Grossman – 118118
Hamish MacLeod – MBG
Rory Maguire – RM Commerce, representing AIME

PhonepayPlus

Jo Prowse (Acting Chief Executive)
Mark Collins
Patrick Guthrie
Jonathan Levack
Mike Pemberton
Stephanie Ratcliffe (minutes)

Apologies

Andrew Pinder (Chair PhonepayPlus)
Shawn Brown - MDA
Ann Cook – ITV
Hugh Griffiths – PP+ Board and Mobile Services
Jeremy Hallsworth – PP+ Board
Jeremy Stafford Smith - Vodafone

Industry Liaison Panel – Ongoing Actions Log

Meeting/ Action number	Description	Owner	Status
37.6	Further discussion concerning the consumer journey and research undertaken to take place off line, alongside a workshop on the categorization of complaints and enquiries - completed. Workshops held in December and research published early February. Working groups to take results forward completed. Consumer journey research remains ongoing and progress is underway.	M Pemberton	ONGOING
39.3	ECB proposals – further knowledge sharing with global and mobile networks to take place to gain a better understanding of issues. Circulate a copy of the response to the Treasury - actioned. Summary of proposals has been circulated to the ILP and further work will take place around its interpretation within (as well as outside) the UK.	M Collins	CLOSED
40.8	Future of the Market workstream – schedule further discussions at ILP about market developments and emerging issues and how the industry and PhonepayPlus can best prepare for and respond to them. ILP members are requested to feed any further Futures topics and input on existing topics, well in advance of the next meeting to allow for full preparation	M Collins ILP Members	NEW

Welcome and Introductions:

Graham Pottie welcomed representatives to the meeting and apologies were noted.

1.0 Minutes and Matters arising from the minutes of the ILP meeting held on 18th February 2014.

The minutes of the ILP meetings held on 18th February 2014 were approved with no further comments.

Outstanding actions were updated accordingly

2.0 Three Year Strategic Plan

Jo Prowse gave an update on the Three Year Strategic Plan 2014-17 and welcomed submissions on the consultation document by 7th July 2014. In order to minimise consumer harm we are adapting our position to ensure we are operating within the right regulatory framework to meet new technological changes, growing internationalism and convergence issues.

Modifications to the strategic plan now include:

- our vision has been broadened out so that it now includes reference to consumers of “equivalent services” to PRS being entitled to the same level of confidence that PRS users currently have through PhonepayPlus regulation;
- a reinstatement of our mission, linking our vision and objectives, to demonstrate our regulatory approach;
- our values have been combined both externally and internally;
- our objectives have been further refined and a new objective added to ensure regulatory frameworks keep pace with market changes.

The ILP noted the update and that discussions continue with regulators and government bodies around payment mechanisms for consumers. The possibility was noted that these could lead to

legislative reviews in the long term. There was broad agreement that convergence in digital micropayments does raise the issue of how best to secure consistent protections for consumers and a level playing field for providers and that it was therefore right to raise this issue in the strategic plan.

3.0 Update ICSS

Patrick Guthrie gave an update on Information, Connection and/or Signposting services prior permission regime and confirmed that implementation of the regime was suspended last year, following a judicial challenge; however issues have now been resolved.

A couple of minor amendments to the prior permissions conditions around the search engine marketing and the 'alerts on connection' conditions have been made and the 12 applications, which have been received, are now being assessed and an update will follow shortly.

The ILP noted the update. One member questioned why PhonepayPlus had not re-consulted on the changes and Patrick explained that this was because the changes were very minor and because the ICSS prior permissions regime had already been the subject of substantial consultation. PhonepayPlus therefore felt that on balance a further consultation was not necessary and that further delaying the implementation of the ICSS prior permission regime would not have been in the best interests of consumers or of the industry.

4.0 Update: Regulation of App Stores

Patrick Guthrie advised the ILP that, due to timing issues, further progress will be conveyed next week. A notice of exemption on how operator billing on app stores can operate according to the Code via different means is expected to be published next week.

The ILP noted the update and agreed the need to demonstrate we are operating within the right level of playing field across the industry. The Executive confirmed our aim remains to understand the services before they reach the market place.

5.0 Update: Digital Marketing and Early Warning Systems

Jonathan Levack explained matters around certain forms of practise in digital marketing. In response to market concerns and in order to minimise harm to consumers we continue to cooperate as best we can and the following actions are now underway:

- the production of a discussion document to initiate debate with regulators and the industry;
- looking at ways to feed into the early warning repository and seeking cooperation on industry led initiatives by mobile networks;
- providing feedback on AIME's Industry led Code of Practice, which aims to help industry engage with affiliate marketers with confidence.

The ILP noted the progress made here and in ensuring any malware is dealt with accordingly.

6.0 Ongoing Judicial Review

Jo Prowse advised the ILP of the early stages of a Judicial Review of action taken by PhonepayPlus under the Emergency procedure and its compliance with EU law. The case is likely to be heard end of 2014/beginning of 2015.

The ILP noted the update.

7.0 Update: PhonepayPlus Code of Practice Review

Mark Collins gave an update on progress made around the new Code review and confirmed workshops and research have taken place. Updates have been published highlighting issues around future proofing and polluter pays. The draft Code and consultation document is now with Ofcom for review and consultation is expected to commence early July for a 10 week period.

The next phase involves a review of the guidance and translation of the Code prior permission regimes into the new special conditions regimes.

Stakeholder engagement, involving workshops and meetings, will follow over the summer with consultation planned in January 2015

The ILP noted the update.

8.0 Future of the Market workstream

Mark Collins circulated a register on future and emerging issues and requested the ILP provide feedback on the example provided. The register is intended to act as a tracker and illustrate any emerging threats or issues, which could give rise to consumer harm in the changing market. The register will appear as a regular agenda item on all future ILP meetings, to be addressed as an open forum for knowledge and information sharing.

The ILP endorsed the broad approach, proposed some amendments to the structure of the register and suggested some further issues that could be included in the register (such as the Payments Services Directive, higher rate PRS, greater consolidation in the market and the increase in overseas L2s in the market).

(Action: M Collins)

ILP members are requested to feed any further Futures topics and input on existing topics, well in advance of the next meeting to allow for full preparation.

(Action: ILP Members)

9.0 Update: Operational Quarterly Report

Mike Pemberton presented the operational procedures and quarterly report to the ILP for Quarter 4 2014.

The following points were noted:

- Consumer contacts show an increase for Q4. Actual complaint volumes increased by 52% for Q4, this is largely attributed to referral of complainants directly to PhonepayPlus rather than to the L2 provider as per the agreed process, which is now being addressed;
- As a result of case work load and complexity of cases, the processing of a 14 week target date to Tribunal is challenging and targets are being further reviewed;
- Fine collection rate for the financial year stood at 61%. Fines are vigorously pursued by our debt recovery specialists.

The ILP noted the report.

10. Update: Adjudications and Emerging Trends

Mike Pemberton gave an update on adjudications and emerging and trends since the last meeting.

- Since the last ILP meeting, 15 cases have been heard these include 5 naming cases, 7 Track 2 level provider cases and a Level 2 provider oral hearing case.
- Common service types found in breach include adult services and affiliate marketed quiz, competition and mobile content services.

The ILP noted the report and discussed the possibility of listing in the report providers who are in breach.

11. AoB

The ILP requested further information on the following:

- Role of Chief Executive - interim arrangements are in place and a recruitment process will commence during the course of the year;
- Consumer Rights Directive s.41 on PRS – which has been addressed outside of the meeting.

End of Minutes

ILP meetings in 2014 at PhonepayPlus Offices

- Tuesday 22nd July, 10-12.30pm
- Tuesday 21st October, 10-12.30pm
- Tuesday 9th December Budget Meeting, 10-11.30am