

**NOTES OF THE ILP MEETING NO 27 HELD ON
TUESDAY 15TH NOVEMBER 2011**

Present:

Hamish MacLeod – MBG (Chair)
Jeremy Flynn – AIME
Miranda Roberts – MEF
Andy Martin – FCS
Ann Cook – ITV
Rory Maguire - H3G, MBG Commercial
Graham Pottie - BT
Hugh Griffiths – PP+ Board and Mobile Services

PhonepayPlus

Joanne Prowse
Paul Whiteing
Sir Alistair Graham
Patrick Guthrie
Mark Collins
Shirley Dent (Part)

Terry Armstrong (Minutes)

Apologies:

Suzanne Gillies (Action 4)

Welcome, minutes and actions:

Hamish Macleod welcomed representatives to the meeting and apologies were noted.

Hamish Macleod asked representatives for comments on the minutes from the meeting of Tuesday 12th July but there were no specific comments. Hamish requested that it be noted regarding the late distribution of those minutes.

With reference to the actions, Joanne Prowse was invited to speak about breach trends.

Joanne noted that faxback 'scams' appear to be resurfacing – not necessarily a trend but an area which will continue to be monitored; and she also noted an Android Application service which had recently been referred to the Tribunal for adjudication in the context of the recent issuing of the consultation on "Guidance on Application-based payment. Another possible trend apparent in this period related to the nonpayment of administrative charges and fines by some providers.

Jeremy Flynn asked what steps could be taken to improve the fine payment rate, and also how PhonepayPlus is working to prevent certain offending companies from re-starting their business under a new name. Paul Whiteing responded to say that we are in the process of renewing PhonepayPlus' powers to claim unpaid debts and PhonepayPlus is assiduous in its attempts to recover fines. PhonepayPlus is also looking further into the procedures with regard to naming individuals. Jeremy pointed out that for every non-payment of £200,000 it would result in a potential 5% levy increase to the rest of the industry. He went on to say that actively looking into protecting PhonepayPlus from this would be one way to ensure that PhonepayPlus is not issuing fines that it knows are not likely to be recouped.

Hamish MacLeod raised the situation surrounding charities and transparency regarding network charges. Paul Whiting responded to say that there were legal considerations but to meet the spirit of the law, the donor must understand what the beneficiary will receive from the donation. It was questioned as to whether our guidance on the matter requires review. Rory Maguire commented that charities wishing to promote a £5 donation are currently having to state that £4.40 will go to the charity on the basis that one (unnamed) network is not giving the whole amount.

It was suggested that PhonepayPlus allow the charity to say £x.xx amount goes to charity and change the structure so that additional charges are collected in other ways - such as a separate admin or commission fee from the Level 1. Paul stated that if we consulted there would not necessarily be a unified outcome, as others within the value chain may not agree with this suggestion, and although this is an important area it is not considered a priority at the moment. However the suggestions put forward should be discussed at a separate meeting on the matter at a later date.

12th Code Implementation Update and Emerging Developments

Mark Collins provided an update on Code 12 implementation and reported that a number of industry visits and information had been provided to ensure that providers were fully aware of their obligations with regard to the new Code of Practice.

4 Cases have been raised under the 12th Code so far with one administrative case heard by the Tribunal.

Jeremy Flynn commented that PhonepayPlus is now dealing with a lot of industry entities that have not been dealt with directly before, such as the Level 2 organisations. Mark assured Jeremy that those organisations are fully guided through our processes wherever this is necessary.

Mark said that the guidance on 'Apps' (Mobile Software Applications) had been published for consultation and responses are due on the 3rd of December 2011. Further research is being undertaken into the area of malware – examples have been monitored where payments are generated without the consent of the consumer. Malware will inevitably become a bigger issue and will form part of the agenda for the ILP Futures group.

Graham Pottie asked if PhonepayPlus' work on Apps and Malware is dependent on Ofcom's consultation on micropayments. Mark responded to say it is relevant but not dependent. Paul also commented that PhonepayPlus is working closely with Google and their Android platform. Mark then stated that as further investigations take place PhonepayPlus will be issuing Compliance Updates to assist industry as precedent cases inform this area further.

Artificially Inflated Traffic was raised, as was the PhonepayPlus OCP alerts system. It was suggested that something similar could work in the future with regard to spotting potential problems with Applications – an alerts group could provide an early warning system as soon as it is established that something (App related) may be causing consumer harm; prior to investigation or wider public knowledge.

Jeremy Flynn suggested that the ILP Futures Group take simple steps to establish a bigger wealth of knowledge than that which was gleaned from the monitoring resulting from PhonepayPlus investigations and intelligence gathering. This responsibility should sit with the ILP Futures Group.

Hugh Griffiths mentioned the similarity with the dialer issues of 2004, and asked if potential Application 'scams' could be initiated in the UK from overseas application services. Mark responded to say that it is possible, but that overseas shortcodes could not be accessed through a UK PSTN, and so any application containing malware would need to either dial an overseas fixed line number or mobile long number, or alternatively contain software which identified the recipient's country – i.e. "home" PSTN - through reading the SIM card and then trigger messages to a shortcode in that country.

Rory Maguire commented that the apps consultation document was very comprehensive and that some of the points raised should come out in the guidance. It would be good to see the guidance being as detailed as possible without being too unwieldy.

Registration Update

Joanne Prowse provided an update of Provider Registrations. So far we have had:

- 3153 Registrants. Of these:
 - 1750 fully paid
 - 200 Charities
 - 1203 Exemptions from the Registration Fee

The pre-registration service proved not to be so useful with the volume of clients being much less than anticipated. Additionally a large number of companies that were pre-registered were later deleted from the system as they were found to be no longer operating. It was mentioned that in hindsight, perhaps this was a cost that possibly could have been avoided.

In terms of Due Diligence, of those making searches, the majority of organisations have made five or fewer searches. PhonepayPlus is monitoring the usage of the facility; however a vast amount of registered organisations have not yet made a search.

Jeremy Flynn put forward a request to develop the ability to search organisations by their ID numbers on the Registration Scheme enhancement as a result of feedback from AIME members.

Joanne reported that the likely development costs (to be applied to both searching the organisation for due diligence and to add to services) would be in the region of £5,500 - £6,500. These costs would be unbudgeted and if approved will result in over budget expenditure on the Reg Scheme for this financial year. The group considered the usability benefits this enhancement would bring versus the costs to be favourable and requested that PhonepayPlus proceed with the development.

It was further recommended that a provision is made in the 2012/13 Registrations Scheme budget for enhancement/system developments to accommodate any requirements over the year.

Action: PhonepayPlus to develop ID search functionality and to include a provision for industry agreed enhancements in the 2012/3 budget.

Jeremy further suggested that there was a comment from one AIME member saying that it is difficult to search a director and establish what other companies that particular director is

currently involved in and Joanne undertook to provide a demo of this in practice with Jeremy after the meeting

A discussion ensued around registration fees and exemptions going forward which were under review for the next financial year. It was noted that many organizations who have registered as exempt (generating less than £5,000 per year in revenue), are often larger companies which generate small PRS revenues as an ancillary to their core business.

Number Checker Update

The Number Checker has continued to be populated over the past couple of months. The aim is to transfer to the new Number Checker when test show that it has reached a level of accuracy at least equal to that of the previous Number Checker. PhonepayPlus is currently running tests on the completeness of the information stored within the New Number Check facility and currently this remains below the accuracy level of the current service particularly with regard to fixed line.

The accuracy and operational effectiveness of the customer care numbers provided as part of the number checker information was discussed with AIME suggesting research they had undertaken had shown that that 15/20% of the advertised Customer Service Numbers do not work and/or do not match with the information provided in the Number Checker.

It was confirmed that the first requirement in order to move over to new number checker is to populate the system with all services so that a result is returned. The second piece of work which would need to be considered is whether the returned answer is correct and consumers are being properly serviced.

It was suggested that an interim solution may be to populate the number checker to at least show which Network operator the particular 09 number range is allocated to.

Rory Maguire commented that the Mobile Operators would be able to fill in any gaps regarding missing short code information within the number checker and Rory undertook to lead on this if PhonepayPlus could provide him with the relevant data.

Action: PhonepayPlus to provide Rory with shortcode data to enable missing shortcode information to be sought from MNOs

Jeremy Flynn suggested that larger providers with many numbers may benefit from the re-introduction of the 'Bulk Upload Tool' for Number Checker. Joanne explained that this was a service which was provided to assist industry during the lead up to the implementation date of Code 12 – and as before was not as widely utilised as anticipated. It was not intended and is not capable of providing a de-duplication function which would be required if uploads included numbers which were already provided in the database which would be highly probable. It would

therefore not be practical to implement this as a solution without further development and costs.

It was suggested that larger networks upload the entire range of the numbers they own and email each of their Level 2 Organizations to take data ownership of their own details for the numbers they operate on.

Jeremy suggested a separate working group be scheduled with the larger Terminating Networks to ensure the relevant information is gathered and input correctly. Joanne further suggested that it is necessary to communicate with the industry as to why the number checker has not formally moved over to a public facing format.

Action: Schedule a workshop with AIME and an agreed number of fixed line providers to look for solutions to populate the new Number Checker.

Jeremy Flynn commented that we mustn't forget that when the Number Checker is working and robust we must be promoting it, and having it used by larger organizations and companies, such as the Citizens Advice Bureau , Money Saving Expert, and Mobile Network Customer Services.

Prior Permissions review

Joanne updated the group on the on-going review into the prior permissions regime in order to make the process more efficient and in line with Code 12 requirements.

The PhonepayPlus Board will be considering their final views on Thursday. The direction of travel is:

- Certification of information to be responsibility of the provider
- All relevant information to be provided
- Incomplete applications to be rejected
- Applicant to confirm they have the systems and procedures in place to act compliantly
- Increased delegation of administration/approval of permssions by PhonepayPlus staff
- More complex applications or for those application by providers which a serious breach history to be referred to the Board for approval.

With regard to legacy permissions, there is an ongoing project to ensure that those permissions are still compliant with and relevant to the 12th Code and assistance is being provided to affected industry providers to update permissions.

Presentation on Number Checker at Point of Need

Shirley Dent presented slides showing the progress of plans for future integration of the PhonepayPlus Number Checker within systems used by other companies and consumer bodies. This is a software based Number Checker which would be able to integrate into Mobile Networks and Consumer Portals. Shirley explained that the objectives of the project are to ensure that consumers can access accurate information at the point of need, recognising that they may often go to their MNO or to a consumer body, rather than to PhonepayPlus, as the first port of call; and to reduce compliance burdens for industry by avoiding duplication in the process.

A discussion ensued around the pros and cons of co-branding the product jointly between PhonepayPlus and the host provider.

Rory Maguire suggested that Three may want to deal with their own customers' enquiries so that their consumers would only need to go to PhonepayPlus when necessary. Rory asserted that there may well be issues with larger brands who do not want to be involved with co-branded products.

Further questions were raised with regard to Terms & Conditions, seeking clarification around the meaning and who they were aimed at. Shirley responded to say that the Terms and Conditions are there simply to protect the information within and the platform itself but for a more correct understanding they may be better termed as a 'License Agreement'. Hamish MacLeod commented that some further meetings need to take place to move this forward including a representative from UKCTA.

Action: Convene a sub-group to further discussions and development to integrate number checker onto third party platforms.

Stakeholder Perception Audit.

Paul Whiteing presented an overview of the most recently undertaken Stakeholder Perception Audit.

Ann Cook acknowledged all the hard work and achievements that has lead to the positive outcomes of the audit over the past 4 years.

Update on VAT

Paul Whiteing reported on the current position with regard to PhonepayPlus's VAT status. Communications have been received from HMRC stating PhonepayPlus would be VAT de-registered as PhonepayPlus is considered a public body. PhonepayPlus subsequently provided arguments as to why it was not a public body which were accepted by HMRC but that PhonepayPlus would still be de-registered. PhonepayPlus have put in an appeal for review and

are currently awaiting the decision before decisions on next steps are taken. It was noted that if PhonepayPlus remains de-registered it would inevitably have an effect on the levy and other funding elements.

PhonepayPlus is currently using Tax Advisor Specialists for advice.

A.O.B

X Factor: Ann Cook reported on the reintroduction of text voting which has received positive feedback. All of the Mobile Networks have returned text votes in good time to be announced on screen, however a decline in voting in general has been noted.

End.