



**NOTES OF THE ILP MEETING NO. 39th HELD ON
TUESDAY 18th FEBRUARY 2014**

Present:

Graham Pottie- BT (Chair)
Geoff Brown – Ofcom
Kevin Butcher – BBC
Rickard Granberg – representing UKCTA
Suzanne Gillies – Action 4
Hugh Griffiths – PP+ Board and Mobile Services
Simon Grossman – 118118
Jeremy Hallsworth – PP+ Board and BT Agile Media
Hamish MacLeod – MBG
Rory Maguire – RM Commerce, representing AIME
Jeremy Stafford Smith - Vodafone

PhonepayPlus

Paul Whiteing (Chief Executive)
Patrick Guthrie
Joanne Prowse
Mark Collins
Jonathan Levack
Peter Morton
Stephanie Ratcliffe (minutes)

Apologies

Andrew Pinder (Chair PhonepayPlus)
Shawn Brown - MDA
Ann Cook – ITV

Industry Liaison Panel – Ongoing Actions Log

Meeting/ Action number	Description	Owner	Status
35.10	PayforIt management group – following a lack of clear guidance around the total cost of loan of subscription/competition services and, to ensure terms and conditions are explicit in their promotion, review the exemption guidance for competitions in accordance with paragraph 2.2.1 of the 12 th Edition of the Code of Practice. Work remains in progress to consolidate guidance with the Code. Consultation is not deemed necessary following the clarification of expectations. Progress will form part of the Code and its guidance.	M Collins	CLOSED
37.5	Industry comments, following the publication of the NGCS policy proposals, to be fed back to the Executive. Workshops and comments feedback taken place.	M Collins	CLOSED
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. Workshops held in December and research published early February. Working groups to take results forward completed. Consumer journey research remains ongoing.	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.	M Collins	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 15th October 2013 and 17th December 2013.

The minutes of the ILP meetings held on 15th October 2013 and 17th December 2013 were approved with no further comments.

Outstanding actions were updated accordingly.

2.0 Business Plan and Budget

Paul Whiteing gave an update on the business plan and budget. He confirmed that following the presentation at the ILP meeting held on 17th December and subsequent consultation and responses received, the plan is now subject to completion of the relevant governance process with Ofcom.

The ILP noted the next steps with the levy and registration fee statement due to be issued by end of February 2014 and the final budget and business plan to be issued by end of March.

3.0 Payment regulation issues

Payment Services Directive

Patrick Guthrie informed the ILP that PhonepayPlus, along with the MBG and AIME, have been working with the Treasury and the FCA to seek an amendment to the digital exemption in the draft EU Payment Services Directive (PSD). The Treasury and FCA have tabled our agreed amendment. The PSD is now being considered by the European Parliament and the Commission are pressing for it to be adopted before the European Parliament elections in May.

ECB proposals on mobile security

Mark Collins provided an update on the ECB proposals and recommendations on mobile security. The ECB's recommendation is that by 2017 each member state should implement requirements for all phone-based purchases to be verified by a consumer PIN or some equivalent standard prior to purchase. Discussion followed on the banks' understanding of how the mobile market and mobile payments operate, associated security issues and the likely effect on PRS and SMS services. PhonepayPlus confirmed a response has already been submitted to the Treasury, addressing these issues.

The industry noted the update and recommended further knowledge sharing with global and mobile networks takes place to gain a better understanding of issues which could, in the long term, also affect fixed lines. A copy of the response to the Treasury will be circulated to members for information and a further update provided at the next meeting.

(Action: M Collins)

Regulatory status of APIs

Patrick Guthrie explained issues around regulating APIs and its associated complexities. Further discussions to address issues, taking account of the legal standpoint, are planned with the FCA and updates will be provided in due course.

4.0 Update: PhonepayPlus Code of Practice Review

Mark Collins gave an update on the proposals to the Code of Practice and confirmed that following the release of the call for inputs in September 2013, where proposed Code amendments had been presented for consideration, 17 responses were received and a list of issues identified and addressed via workshops and meetings with consumers.

Among the proposals that will be raised in the final Code review, the following issues were either new (since the Call for Inputs) or considered key in terms of progress updates to the ILP. They were:

- A new improved approach to the prior permission regime;
- A review on spending cap options for live services;
- A review on spending cap options for children's services. The industry agreed that in order to regulate these services appropriately, the definition of children's services needs further clarification. Further debate around spending caps to take place off line and issues to be addressed via the call for inputs consultation.
- 'Vulnerability' as presented under Rule 2.3.10 of the Code - improved ways to define and express the term more clearly are being explored;
- Receipts for digital purchases - the industry recommended that further exploration should be sought around the associated costs and wording concerning the proposal for mobile digital purchases to issue a form of receipt via SMS. Similar applications concerning voice calls do not form part of the current proposals but were acknowledged.

Timetable for Code review proposals – an update is expected to be released by the end of February. The formal consultation will commence early July 2014, with an agreed Code expected to go before the EU in January 2015, with final Code approval expected by May 2015.

5.0 Update: Digital marketing

Paul Whiteing explained the concerns identified in certain forms of practise in digital marketing providing services and affiliate marketing. He confirmed that following consultation, revised guidance was issued and aligned with the ASA to ameliorate risks in affiliate marketing and the industry are kept regularly updated. The industry noted that AIME representatives remain supportive and have issued their own guidance. Next steps will involve roundtable discussions with affiliate marketers in order to acquire further insight and resolve compliance issues.

Debate ensued on how best to provide for those in the digital market environment that they can market their products with certainty, where problems with subcontracting or hijacking may occur.

The industry agreed for a further update to be provided at the next meeting.

6.0 Industry-wide billing system proposals

Rory Maguire gave a presentation on an industry wide mobile billing system proposal which will act as an online consumer interface and centralised industry database to improve the consumer journey. The web service, named "COLIN", will include a customer services support mechanism and aims to identify and minimize customer care issues arising from premium rate services. The system will apply to all mobile digital services.

Any feedback from the industry on the proposal from AIME will be greatly received and a further update on progress will be provided at the next meeting.

7.0 Update: Operational Procedures and Quarterly Report

Jo Prowse presented the operational procedures and quarterly report to the ILP for Quarter 3, period October to December 2013.

The following points were noted:

- Registration scheme registrants remain stable with a slight increase of 3% compared to Q2, at ca. 3,000 registrants;
- Q3 report shows cumulative Quarter 1 / Quarter 2 out payments is 16% down year-on-year. Complaint figures for Q3 decreased by 12% vs. Q2 however on a financial year to date basis volumes have slightly increased. On average 50% of consumer contacts are logged as enquiries and 50% as complaints. The report includes a new consolidated consumer contacts summary for ease of reference. Key drivers of complaints analysed to date relate to misleading advertising related to affiliate marketing typically related to quiz and competition services and adult content.
- As a result of case work load and complexity of cases, (47 cases heard this year to date), the processing of the 14 week target date to Tribunal has been impacted and work is being undertaken to restore case processing to target;
- Fine collection rate stands currently at 56%. Fines are being vigorously pursued by our debt recovery specialists.
- Stakeholder satisfaction results show net overall consumer (64%) and business (69%) satisfaction levels with PhonepayPlus.

The ILP noted the report.

8.0 Update: Adjudications and Emerging Trends

Jo Prowse gave an update on adjudications and emerging trends since the last meeting:

- Since the last ILP meeting, 18 cases have been heard with the majority concerning Level 2 providers;
- Common service types found in breach this period include subscription competition quiz service/mobile content with affiliate marketing, adult dating and chat, 070 scams and one directory enquiry example;
- Common breaches raised include lack of pricing information and transparency, misleading information and fair and equitable treatment.

The ILP noted the update.

9.0 AoB

The implications, inclusive of costs and any system change, associated with the proposition to publish a list of one to one operators who have prior permissions, were discussed. It was agreed that due to cost and complexity of providing this, if any provider had a concern about providers operating without

permission, they should raise the issue with PhonepayPlus.

End of Minutes

ILP meetings in 2014 at PhonepayPlus Offices

- Tuesday 22nd or 30th April, 10-1pm - TBC
- Tuesday 22nd July, 10-1pm
- Tuesday 21st October, 10-1pm
- Tuesday 9th December Budget Meeting, 10-11.30am