

**NOTES OF THE ILP MEETING NO.32 HELD ON
TUESDAY 20th NOVEMBER 2012**

Present:

Hamish MacLeod – MBG (Chair)
Andrew Pinder (Chair of PhonepayPlus)
Shawn Brown – MDA
Ann Cook - ITV
Jeremy Flynn – AIME
Jeremy Hallsworth –PP+ Board and BT Agile Media
Rory Maguire - H3G, MBG commercial
Chris Newell - of ImpulsePay attending on behalf of AIME
Chris Pateman - FCS
Graham Pottie - BT

PhonepayPlus

Paul Whiteing (Chief Executive)
Patrick Guthrie
Joanne Prowse
Mark Collins
Shirley Dent - item 10 only
Stephanie Ratcliffe (minutes)

Apologies:

Paul Berney – MMA
Hugh Griffiths – PP+ Board and Mobile Services
Justin Hornby – UKCTA
Andy Martin – FCS
Suzanne Gillies – Action 4

Industry Liaison Panel – Ongoing Actions Log

Meeting/ Action number	Description	Owner	Status
27.5 & 29.1	Discuss outcome of charities research and consider proposals for related guidance and structure of charity donations. Item to be discussed at November meeting.	Patrick Guthrie/Mark Collins	CLOSED
30.3 & 29.2	Social media in PRS marketing- include other platforms of opportunity to convey messages to consumers. Draft guidance to be circulated and timeline for the consultation document to follow. Discussions with broadcasters taken place, due to low number of complaints and requests for compliance advice it was agreed to hold this work for the time being.	Mark Collins	CLOSED
31.1	Registration Scheme update – complaints data for all numbers to be available as soon as the data warehouse is in place, within the year. Work is underway with the data warehouse, which following completion will provide enhanced information to providers and enhanced reports and benefits to PhonepayPlus.	Jo Prowse	ONGOING
31.2	Malware threats –take forward further actions with the PRS industry and other key players to test out operational and communications responses to potential malware scenarios.	P Guthrie	ONGOING
32.1	Consider the simplification of registration status's displayed on the Registration Scheme.	J Prowse	NEW
32.2	Payforit – ensure that there is clarity with MNOs and aggregators about how PhonepayPlus deals with Payforit complaints and that this is reflected in how information requests are communicated	J Prowse/ M Collins	NEW
32.3	Charities Research and Pilot; -clarify with the ICO whether receiving gift aid over the telephone is not considered marketing, however if the telephone conversation leads to giving more money, would that then be classed as marketing.	M Collins	NEW

Welcome and Introductions:

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

1.0 Minutes and Matters arising from the minutes of the ILP meeting held on 17 July 2012.

The minutes of the 17th July 2012 ILP meeting were approved with no further comment.

2.0 Adjudications and emerging trends update

Jo Prowse gave an update on adjudications and emerging trends and the following points were noted:

- since the last ILP meeting 22 cases have been heard plus 2 reviews;
- 12 cases related to L2 providers and 2 related to L1 providers;
- six naming cases were heard, the underlying cases included 070, advice lines and breach of sanctions;
- 2 breach of sanctions cases were heard against a network operator and a L2 provider;
- common service types being heard at Tribunal include quiz and competition type services primarily promoted via affiliate marketers, battery apps, and advice lines. Some services adjudicated on affected vulnerable groups.
- Fine totals for this period stand at £2.2million which is an increase on levels compared to the previous year. There is a trend of increasing complaint levels over the previous financial year, analysis of which suggests a range of drivers but the most persistent of these being quiz and

competition services, marketing practices and misleading promotions. The increase in fines total is also due to the high severity rating attributed to cases and in some cases the level of service revenue generated.

- Common breaches upheld include fair and equitable, transparency and misleading;
- sanctions for compliance audits and universal refunds have been utilised.

The ILP noted the update and the requirement to focus on misleading promotions in affiliate marketing.

3.0 Update: Quarterly Report

Jo Prowse provided an update on the Q2 quarterly report and drew attention to the following points:

- complaints have increased by 93% in the first six months of the financial year compared to the same period last year;
- cases to Tribunal have increased, with 39 cases heard to date and a forecasted 50% increase in the total cases for this financial year, compared against 43 cases in the previous year;
- KPIs for the administrative charge and fine collection rate stand at 64%, below target, and focus continues in this area specifically in relation to optimising the polluter pays principle; the challenges in this area were recognised;
- Registration scheme –registration totals peaked in June 2012 reaching over 3,900. Current totals are just over 3,000 reflecting the renewals 'churn' rate. PhonepayPlus is monitoring the renewals rate and undertakes checks to identify those who have deregistered but continue to operate. The Executive agreed to review the registration statuses displayed on the Registration Scheme for improved clarity.

(Action: Jo Prowse)

It was noted that PhonepayPlus will continue to liaise with industry to address the volume of complaints which includes a focus on due diligence, risk management and control, and which is the subject of discussion at a PhonepayPlus/AIME round table meeting on the 27 November.

4.0 Update: Payforit

Mark Collins provided an update on Payforit and confirmed that following publication that PhonepayPlus will regulate Payforit, they have been working with AIME to produce a user's guide as to how the regulatory framework will relate to Payforit. The guide will be communicated to the industry by year end.

It was agreed that PhonepayPlus would work with MNOs and aggregators to ensure that there is greater clarity about how Payforit complaints are being dealt with and that this is reflected in how information requests are communicated.

(Action: Mark Collins/Joanne Prowse)

The ILP noted the update and agreed with the proposed course of action.

5.0 Update: Due Diligence Discussion Paper

Paul Whiteing advised the ILP that following circulation of the paper, a small number of responses have been received to date. A meeting with aggregators is taking place next week where discussion will focus on how to improve issues, within the context of due diligence and risk assessment. Output will focus on actions and commitments on what can jointly be achieved and how to improve working together.

The ILP noted the update and discussion followed on the responsibilities of level 1 providers and mobile network operators.

6.0 Update: Information, Connection and/or Signposting

Patrick Guthrie advised the ILP that a consultation issued over the summer focused on two categories of ICSS, namely;

1. Call connection services;
2. Non call connection services; such as advice lines.

There had been a good response to the consultation, with broad support for PhonepayPlus's proposals from consumer groups, AIME and from a number of organisations that had been adversely affected by ICSS. However, several call connection providers had responded challenging PhonepayPlus's analysis and proposals and asserting that call connection services are simply another form of directory enquiry and should not be treated differently to 118 providers.

Next steps will include targeted consumer research to provide further insights and evidence into the operation of ICSS and how consumers engage with them and further work on legal issues that have been raised.

A further statement will be issued shortly.

7.0 Update: Charities' Research and Pilot

Mark Collins gave an update on the Charities pilot and advised that the Board of PhonepayPlus has, as a result of the growth of charitable PRS donation, agreed to commission research into PRS based donation to better inform our regulatory approach, to allow providers of PRS based donation services to remind regular givers of the STOP command every three months. The Board has also agreed a further extension of the pilot until June 2013. Further conditions, arising from the evidence gained from the pilot extension and research, will also be implemented.

The ILP agreed that there was a concern that aggressive marketing follow-up calls by charities may fall foul of PECR and undermine consumer trust in PRS donation.

The Executive agreed to further discuss the range of issues off line and bring these to the ICO's attention;

- clarify with the ICO whether receiving gift aid over the telephone is not considered marketing, however if the telephone conversation leads to giving more money, would that then be classed as marketing. **(Action: Mark Collins)**

8.0 Misleading Digital Marketing

Mark Collins advised the ILP that the majority of complaints received relate to affiliate marketing. A compliance update, issued on the misuse of digital marketing, covered three points in particular namely; typo squatting; like-jacking and click-jacking.

The Executive will be producing an informal guidance document which will cover 'iframing', 'search engine marketing', 'scare ware' and the use of QR codes. Payforit will also be considered as to whether it can provide any further controls. The Executive confirmed that any input from the ILP around guidance would be greatly appreciated.

The ILP noted that release of the guidance for consultation is expected February 2013.

9.0 Children's Plan

Shirley Dent advised the ILP that the Children's Plan lays emphasis on children as connected consumers and focuses on research carried out on children's use of PRS, the media, smartphones and issues arising thereof.

The Executive are keen to get input and feedback into the plan from stakeholders who interface with

parents who interface with children and the plan has already been circulated to the Consumer Literacy Working Group. The plan is intended to be published before the end of the year and will be circulated to the ILP for high level feedback.

10. AoB

- Voice Short Codes - Ann Cook advised the ILP that voice short codes have been introduced to ITV and other broadcasters with a very positive outcome for both broadcaster and consumer.
- Strike Lucky Games – Paul Whiteing advised the ILP that, following a ruling at the European Court of Justice, an instant win type competition, is now ruled as unlawful. The consequences and impact of this ruling will be considerable and we are working with the ASA around these issues.
- Chris Pateman raised the issue of fraud concerning the hacking of business telephone exchanges which are UK PRS numbers. These exchanges are established as a 'business' and therefore, by default, do not easily fall under the PhonepayPlus Code as no Consumer Outcome is obviously breached. It was agreed that these are issues for the police to handle, however PhonepayPlus will be supportive, where it can.

End of Minutes

ILP meetings in 2012 at PhonepayPlus Offices

Tuesday 18th December Budget Meeting 10-11.30am

ILP meetings in 2013 at PhonepayPlus Offices

Tuesday 12th February 10-1pm

Tuesday 23rd April 10-1pm

Tuesday 23rd July 10-1pm

Tuesday 15th October 10-1pm

Tuesday 17th December Budget Meeting 10-11.30am