

**NOTES OF THE ILP MEETING NO 30. HELD ON
TUESDAY 24th APRIL 2012**

Present:

Hamish MacLeod – MBG (Chair)
Simon Bates – on behalf of MEF
Shawn Brown - MDA
Ann Cook – ITV (leaving at 11am)
Hugh Griffiths – PP+ Board and Mobile Services
Jeremy Hallsworth –PP+ Board and BT Agile Media
Justin Hornby - UKTA
Rory Maguire – on behalf of AIME
Andy Martin – FCS
Graham Pottie - BT

PhonepayPlus

Andrew Pinder
Paul Whiteing (Chief Executive)
Patrick Guthrie
Joanne Prowse
Mark Collins
Bee Thakur
Stephanie Ratcliffe (minutes)

Apologies:

Sir Alistair Graham (Chair of PPP)
Paul Berney – MMA
Jacqui Brookes – FCS
Gavin Daykin - Ofcom
Michael Eagle - FCS
Jeremy Flynn – AIME
Suzanne Gillies – Action 4
Mark Hawkins – MDA
Nik Hole – The Number
Hannibal Latuff – BBC
Neil Pepin – Channel 4
Emma Renaud - ITV

Industry Liaison Panel – Ongoing Actions Log

Meeting/ Action number	Description	Owner	Status
27.1	To develop ID search functionality on registration database, and include a provision for industry agreed enhancements in 2012-13 budget. Functionality around renewals is now complete. First renewals are coming through. Provision for enhancements budget complete. ID search functionality in development and testing and scheduled for implementation in June.	Joanne Prowse	ONGOING Completion date for ID search - June
27.4	Convene a sub-group to discuss integration of number checker onto third-party platforms. This work is being prioritised according to a work plan with PhonepayPlus and our suppliers. A sub group to discuss requirements will be held in advance of the next ILP meeting.	Joanne Prowse	ONGOING – sub group to be held by July.
27.5	Meeting to take place to discuss suggestions put forward regarding the structure of charity donations. Review proposals, for example allowing the charity to say £xx amount goes to charity and changing the structure so that additional charges are collected in other ways - such as a separate admin or commission fee from the Level 1. Research is under review and a report is expected in May.	Patrick Guthrie/Mark Collins	ONGOING – meeting to be scheduled once research is concluded post May
29.1	Ensure findings from Charities research are presented in due course. Responses of survey to be conveyed before next meeting. Results of research focus on donations made by PRS and groups targeted include charities and focus groups. Research covers the benefits for both charities and consumers. A framework to ascertain the potential for PRS growth and benefits for both charities and consumers is underway to identify best arrangements and progression. A sub group to be created, if required.	Mark Collins	ONGOING – see also 27.5 - meeting to be scheduled once research is concluded post May
29.2	To consider draft Guidance on Use of Social Media for PRS marketing, and to present an draft Guidance to ILP for further consideration. To be reviewed alongside 30.3.	Mark Collins	ONGOING Agenda item – to discuss at next ILP
29.3	To update ILP after the future Malware summit	David Oatway	CLOSED
30.1	12 th Code adjudications - create a sub group to address the 'naming' issue and 'lessons to be learnt'. Produce a paper setting out the nature of the problem including preliminary thoughts for further discussion.	Paul Whiteing/Jo Prowse	NEW
30.2	Update to be provided on soft opt-in issues following the review at Tribunal on 10 th May	Jo Prowse	NEW
30.3	Social media in PRS - include other platforms of opportunity to convey messages to consumers, such as Twitter and Facebook. Confirm a timeline for the consultation document.	Mark Collins	NEW– see 29.2
30.4	Q4 management report - clarify the procedures around 'write off's' following the 'polluter pays' principle and consider the context of exceptions by providing further context in the comments relating to the administration charge collection rate (p.2)	Jo Prowse	NEW

Welcome:

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 21st February.

The minutes of the 21st February ILP meeting were approved with no further comment.

2.0 12th Code Adjudications and emerging trends update

Jo Prowse provided the ILP with an update on adjudications. The Tribunal has heard 9 cases since the last ILP meeting:

- three naming case, emerging on the grounds of individuals being knowingly involved in a serious breach or series of breaches, and which remain of ongoing concern for PhonepayPlus.
- 1 case heard under the Emergency Procedure (part of the above 9) has given rise to issues surrounding 'soft opt in' which will be discussed under agenda item 3.
- three standard track 2 cases concerning level 2 providers were heard. These cases commonly concerned misleading content of promotion of services, lack of contact information and pricing clarity. One in particular, concerned the promise of a prize win of an iPhone whereupon the consumer was led to a quiz and subsequent subscription service with no prize forthcoming. This case shows a trend for misleading prizes becoming more apparent.
- 1 network case
- 1 L1 due diligence, risk management and control raising issues around effective process in this area which has led to the development of a compliance update which is scheduled for publication on 26th April.

Other cases concerning the use of 'iframing' around payments are also being monitored. Should these cases become a trend issues will be addressed through a compliance advice update.

The ILP noted the update and cautioned that concerns around the 'naming' issue and level of compliance advice exist within the industry and recommended further clarity is provided for those in the value chain. The ILP welcomed the recommendation to create a sub group consisting of trade bodies, ILP members and PhonepayPlus, to address the 'naming' issue and 'lessons to be learnt'. The Executive agreed to produce a paper setting out the nature of the problem including preliminary thoughts for further discussion.

(Action: Jo Prowse/Paul Whiteing)

3.0 Update: Status of soft opt in following Tribunal on 3rd March

Mark Collins explained the issues around soft opt-in which arose following an adjudication held on 3rd March with Switchfire. Further to the Tribunal's decision that paragraph 2.4.2 of the Code had been breached, the Executive acknowledged the importance of soft opt-in and confirmed it is not our intention to apply higher standards in PRS than exist elsewhere. A three step plan is now anticipated:

- i. rely on existing guidance around soft opt-in;
- ii. provide further guidance to the Code Compliance Panel prior to the review on 10th May;
- iii. examine existing guidance, notably around:
 - a) ensuring appropriate clarity exists around the use of soft opt-ins and the relationship between PECR and the Code
 - b) addressing issues around negotiations to purchase via PRS
 - c) tightening areas where existing rules are ambiguous. Further discussions with the industry are planned and guidance will be updated to clarify paragraph 2.4.2 of the Code and an update provided at the next ILP meeting.

Several industry participants stressed the importance for the industry of ensuring appropriate clarity around the use of soft opt-ins and of ensuring that PRS isn't saddled with higher obligations than

other industries. PhonepayPlus acknowledged this and it was agreed to follow up on these points following the Switchfire review.

(Action: Mark Collins)

4.0 Update from PhonepayPlus summit on Malware

Paul Whiteing informed the ILP that the malware summit, which was held on 19th April, was a success. He confirmed a broad range of experts attended from the security industry, Police force, mobile operators, aggregators, trade associations and the national fraud authorities.

The summit centred around research undertaken on malware, of which three attacks have been identified in the UK, within the last year. A series of commitments were agreed, namely:-

- to improve intelligence sharing with industry and establish a framework to support this;
- to work with the national fraud authorities to better understand their data on “text crimes” and to share intelligence
- to continue to monitor developments on malware and continue to take action where needed to disrupt attacks;
- to expand on sharing of due diligence with level 1 providers to ensure issues are kept out of the market;
- to develop a more consistent approach to consumer awareness, via the mobile operators working with GetSafeOnline.

Attendees at the summit agreed to hold a further summit in the Autumn and to include representatives from Google.

The ILP noted the update.

5.0 Guidance on use of social media in PRS marketing

Mark Collins presented a paper on the increasing use of social media in the PRS market and confirmed work remains ongoing with AIME. The paper sets out the criteria and represents a clear idea of what issues have been identified, what the principles are, how these should be addressed and proposed obligations. The paper will aim to identify what consumers reasonably expect, what *is* ‘reasonable’ and where the boundaries of responsibility lie.

The issues of potential consumer risk include:

- lack of transparency and misrepresentation; how we can implement and enforce these obligations in social networking;
- Social media and children; the need to ensure clarity around the meaning of children’s services and to ensure children are not exposed to bill shock and cyber bullying.

Discussion followed and it was noted that social media has not been singled out over other forms of communication. But it was agreed that the promotion of PRS services on social networking does raise issues that need to be addressed. The ILP agreed that other platforms of opportunity to convey messages to consumers should be included, such as Twitter and Facebook. Simon Bates agreed to approach a Facebook representative for further discussion and to invite to the next ILP meeting.

Following any feedback received by 2nd May, Mark Collins will confirm a timeline for the consultation document.

(Action: Mark Collins)

6.0 PhonepayPlus operations report Q4

Jo Prowse presented the Q4 report. The ILP were advised that over 70% of the non recovered administrative charges related to two providers only, who had failed to pay their fines. The recovery rate of fines continues to be monitored and all options explored.

Despite a 30% increase in complaints over the last quarter, a slight reduction in March was noticeable and may signal a downward trend. The majority of complaints converge around a small number of providers or are captured within cases being heard at upcoming adjudications.

The ILP noted the report and made the following recommendations;

- to clarify the procedures around 'write off's' following the 'polluter pays' principle
- to consider the context of exceptions by providing further context in the comments relating to the administration charge collection rate (p.2)

Discussion centred around the length of time for Track 2 procedures alongside KPI performance and resource requirements. The Executive confirmed performance and resources are being reviewed on an ongoing basis to ensure the correct balance of resources are directed to this areas in line with overall budget and business objectives. Cases are generally moving more swiftly to Tribunal with time recording taking place internally.

7.0 Premium rate connection and signposting services - consultation

Mark Collins gave an outline of complaints received over the last two quarters. There have been a number of complaints relate to the misleading nature of the promotion and absence of pricing information to services which offer connection or voice messages to a help line, and provide connection to public information services. These services are not the same as directory enquiry services and raise risks around misleading consumers that DQ services do not.

The Executive confirmed a compliance advice update had been released and we have had conversations across the value chain with industry.

Our intention remains to introduce a prior permissions regime for these services and a consultation document will issue shortly.

The ILP noted the report.

8.0 AOB

Other issues raised include:

- Report on malware research, undertaken by Sands, will be published end April.
- Andrew Pinder joins as Chairman of PhonepayPlus on 1st June.

ILP meetings in 2012 at PhonepayPlus Offices

Tuesday 17th July 10-1pm

Tuesday 20th November 10-1pm

Tuesday 18th December Budget Meeting 10-11.30am