

# PSA

Phone-paid Services Authority

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**Annual Report**  
2021/22

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# Contents

## PSA overview

- 3 Who we are
- 4 Chairman's message
- 5 CEO report

## Delivering our strategic purpose

- 6 Establishing regulatory standards for the phone-paid services industry
- 9 Verifying and supervising organisations and services operating in the market
- 10 Gathering intelligence about the market and individual services
- 12 Engaging closely with all stakeholders
- 13 Enforcing our Code of Practice
- 14 Our activity in numbers
- 15 Delivering organisational excellence

## Governance & accountability

- 16 Our people
- 20 PSA organisational structure

## Accounts

- 21 Income & expenditure

# PSA overview

## Who we are

We are the UK regulator for content, goods and services charged to a phone bill. We act in the interests of consumers.

Phone-paid services are the goods and services that can be bought by charging the cost to a phone bill or pre-pay account. They include charity donations by text, music streaming, broadcast competitions, directory enquiries, voting on TV talent shows and in-app purchases. In law, phone-paid services are referred to as premium rate services (PRS).

We are a non-profit making company limited by guarantee. We carry out the day-to-day regulation of phone-paid services in the UK, primarily through our Code of Practice approved under the Communications Act 2003. Ofcom defines the scope of our regulatory remit and also approves our annual Business Plan and Budget to ensure we are sufficiently resourced to carry out our functions.

We are a designated public body and, as such, an arms-length body of the Department for Digital, Culture, Media and Sport (DCMS). We are audited by the National Audit Office.

## Our strategic purpose

We build consumer trust in phone-paid services and ensure they are well-served through supporting a healthy market that is innovative and competitive. We do this by:

- establishing standards for the phone-paid services industry
- verifying and supervising organisations and services operating in the market
- gathering intelligence about the market and individual services
- engaging closely with all stakeholders
- enforcing our Code of Practice
- delivering organisational excellence.

## David Edmonds CBE foreword



*David Edmonds CBE*  
Chairman, PSA

This year has been a significant milestone for the PSA. We completed our strategic shift in the way we regulate the market, switching from enforcing outcomes to raising standards and preventing harm through the 15th Code of Practice. And we started thinking about the longer-term future of regulation, beginning the process of transferring direct regulatory responsibility for phone-paid services to Ofcom.

The market has changed significantly during my time as chairman. Mobile revenue accounts for over 90% of consumer spend. Voice-based services continue to decline both through consumer choice and regulatory intervention. This trend continues at a relatively steady pace and consistent with general consumer behaviour and habits.

We see greater consolidation throughout the market. At a high level, registrations have halved, while revenues have remained steady. At intermediary level, we've seen a number of providers leave the market or reduce their activity significantly. Those left are taking a mature approach to their due diligence responsibilities.

In the mobile sector, we have also witnessed major players accounting for more and more of the market. We estimate that more than 90% of mobile revenues can now be attributed to major merchants. The obvious flipside of this is that some smaller players are being squeezed or have indeed left the market.

Most encouraging has been the clear focus on offering services that consumers want or can choose to engage in. Through our actions and those of industry, complaints have fallen drastically. Early into my tenure as Chairman, the PSA received 33,600 complaints in one year. It was clear evidence that the market was not working for consumers. This financial year, we received 2,025.

And, of course, the impact of that is a fourfold drop in the number of enforcement cases that we are having to take on, although they have tended to become more complex.

That's good for us, it's good for consumers and it's good for the market. In short, the market is now far more mature and compliant than it was just a few years ago.

Throughout my tenure, we, too, have changed. This year we delivered a new approach to regulation through Code 15 that enables us to regulate more proactively and thus more effectively. And we have become a lot more cost effective. We have been able to cut nearly £2m out of the budget in real terms. That's equivalent to a third in real terms and a 16% cash reduction. We've done this by reducing any discretionary spend to an absolute minimum and, importantly, head count – both at Executive and Board level.

For all of these reasons, the Board considered what regulation is necessary in the longer-term interests of consumers and industry. Long-term structural changes in the market necessitate a change in regulation. Future challenges and issues – say at platform level – are likely to be fewer in number but potentially larger in scale. Greater powers and resources are likely to be required to address these challenges in the consumer interest whether proactively or reactively. In other words, we were as ICSTIS – and are as PSA – set up to regulate a different market in a different way. Indeed, in an increasingly compliant market, a separate dedicated regulator is no longer optimal or necessary.

With this in mind, we approached Ofcom with the proposal for Ofcom to take on direct regulatory responsibility for phone-paid services. Ofcom agreed with both the proposal and rationale. We need the agreement of DCMS to effect the transfer of regulation to Ofcom and in May of this calendar year we were able to announce DCMS agreement for our two organisations to continue working towards transfer (subject to final DCMS approval).

We will, of course, continue to regulate in the consumer interest until the point of transfer and I know the Board and Jo and her team are committed to that. I would like to pay tribute to all of those who have got the market to this point.

# CEO report



*Jo Prowse*  
Chief Executive, PSA

2021/22 has been another busy and productive year at the PSA. Our regulatory operations have continued to operate effectively. We brought 12 cases to Tribunal, who issued £3.45m worth of fines.

Consumer complaints have continued to fall to record low levels. This year, we took 2,025 consumer complaints, down from 5,347 the year before. And it's not just us. Consumer groups, such as the Phone-paid Services Consumer Group, and mobile network operators are also seeing far fewer complaints from consumers and customers. We believe this is ample evidence of the success of our efforts to drive out poor consumer experiences and raise standards as well as industry's efforts to improve practice.

As the market has become more compliant and consumer detriment has been reduced, we have been able to shift our regulatory attention from addressing harm retrospectively towards preventing harm, supporting compliance and ensuring good consumer experiences. To this end, our primary focus has been to develop and then prepare for Code 15 coming into effect.

Code 15 has four principle aims: to raise standards across the market both in terms of the services offered but also in the way they are delivered; to prevent harm in the first place through supervision and verification; simpler compliance through a streamlined regulatory framework; and smarter enforcement. Following an extensive consultation process, where stakeholders were able to engage and influence the development of the new Code. Indeed, we had more responses to our formal consultation than ever – and I thank all of you who took the time to respond. We also supported the Code with guidance, which is significantly simpler than under Code 14.

The new Code came into force in April 2022, following a five-month period of implementation. Internally, we restructured the team to enable us to deliver regulation under Code 15, established new regulatory decision-making governance and invested in staff training and skills development.

These changes will bring us greater market insight and enable us to be more agile and proactive in the way we regulate. Industry, too, were able to come into compliance with the new Code in time and we thank you for your efforts in doing so.

Looking at the coming year, our focus will be in two areas. First, we will continue to regulate in the consumer interest and address issues as they arise. Code 15 enables us to regulate differently and I'm delighted we are already making use of the new tools it provides. In July 2022, we announced the launch of a thematic review into Information, Connection and Signposting Services, which remain a disproportionate cause of consumer harm.

Second, we will work with Ofcom, DCMS and other stakeholders to support the proposed transfer of regulation to Ofcom. We will do this with the intention that current levels of compliance are maintained if not improved, that the process is well managed and that the new regulatory framework is as effective, if not more effective, than the current one. We currently anticipate that the transfer will be effected in the second half of the 2023/24 financial year.

As we work towards the transfer of regulation, I would like to thank both the team at PSA and our office holders, namely the Code Adjudication Panel, the Consumer Panel and our Independent Complaints Assessor, for their work over this year and their support for the change.

# Delivering our strategic purpose

## 1) Establishing standards for the phone-paid services industry

In 2021/22, we:

### Developed and delivered a new Code of Practice for a mature market

Much of this financial year has focused on developing a new Code of Practice for a mature market. Code 15 presents a strategic shift in the way the phone-paid services market is regulated. The new Code is designed to raise standards, prevent harm before it occurs, be simpler to comply with and enable smarter, more efficient enforcement.

The new Code achieved its objectives of raising standards, preventing harm, simpler compliance and smarter enforcement by:

- Replacing regulatory outcomes with standards. The new Code centres around ten Standards (seven consumer-focused Standards and three organizational Standards), each setting out the level of quality we expect from service providers, from provision, marketing and promotion through to integrity, systems and due diligence. The new Standards are intentionally clearer and less ambiguous than the outcomes they replace. Standards are supported by detailed Requirements setting out clearly what service providers need to do to meet those Standards.
- Introducing supervision and bolstering verification. Code 15 shifts the emphasis of regulation from addressing harm and non-compliance to preventing it in the first place. Code 15 enables the PSA to actively supervise services and providers, to ensure compliance with regulatory requirements and mitigate the risk of consumer detriment. This new approach would see PSA closely working with networks and intermediaries on building in compliance and best practice to prevent harm happening. Supervision also
- Rationalising regulation, removing Special conditions and reducing guidance. Code 15 simplifies regulation so that industry can easily comply with it. The previous regulatory regime – Code 14 – had become increasingly complex and unwieldy. Code 14 was supported by more than 20 pieces of guidance and 14 Special conditions regimes. Code 15 changes this. Existing Special conditions regimes have been removed and, only where necessary, some of the provisions incorporated directly into the Code, thus reducing regulatory complexity and burden. Following consultation, we also considered and provided only the guidance necessary to support industry compliance with the Code.

introduces a range of new regulatory tools to monitor Code compliance, including thematic reviews and compliance audits. Code 15 enables us to bolster verification to ensure industry and consumers can have confidence in those operating in the market. Code 15 clarifies the registration process, improving the quality of information providers are required to declare when operating a service.

*"The new Code is designed to raise standards, prevent harm before it occurs, be simpler to comply with and enable smarter, more efficient enforcement."*

- Opening up opportunities for engagement and settlement. Code 15 enables more efficient and effective enforcement by introducing new engagement and enforcement procedures. These are intended to enable swifter and more targeted enforcement, facilitating accelerated engagement processes where non-compliance can be more easily addressed and leaving formal enforcement processes only where necessary. We also took the opportunity to clarify sanctioning processes, opening up settlement opportunities for interested parties and introducing the possibility of single person Tribunals where circumstances allow.

In the first quarter of 2021, we consulted on a proposed Code of Practice, seeking the views of stakeholders. We supported the consultation with stakeholder events, allowing stakeholders ample opportunity to engage with the draft Code. Response from stakeholders to our consultation was high; we received 45 responses from various stakeholders, from network operators and service providers to charities and consumer groups. Following careful consideration of stakeholder feedback, minor changes were made to the proposed Code.

The finalized Code and statement were published on 20 October 2021, with an implementation date of 5 April 2022. This gave industry over five months to prepare for changes to regulation. The Code subsequently came into effect as planned.

### Consulted on supporting guidance

The new Code is intentionally simpler and easier to comply with. Therefore the need for explanatory or supporting guidance has been reduced. Code 15 gave greater clarity to service providers on what is expected of them to be compliant enabling us to streamline the guidance accordingly and target it only where greater clarity was needed.

With the new Code we aimed to provide minimal guidance to make it simpler and easier for industry to comply and therefore proposed revised guidance for consultation on 27 October 2021. Taking into consideration feedback we received from industry from the Code 15 consultation, we decided to propose seven pieces of guidance on: transparency Standard; fairness Standard; customer care Standard; vulnerable consumer Standard; due diligence, risk assessment and control Standard; and systems Standard.

We received feedback from industry on all seven proposed pieces of guidance, as well as on general Code 15 issues that we had already responded to in our

statement on Code 15. After carefully considering all feedback received, we published the finalised guidance on 16 February 2022.

### Supported industry implementation

Following publication of a statement on Code 15 and a finalized Code of Practice in October 2021, we launched a number of workstreams to support industry to implement and comply with the new Code. These included:

- **Held implementation workshops.** We hosted a series of three implementation workshops ahead of Code 15 entering into force, focusing on standards, supervision and engagement and enforcement. Held online, these workshops were intended to assist industry to come into compliance with new requirements in time for April 5. Recordings of the workshops were placed online for those unable to attend.
- **Developed an intuitive and integrated Code website.** The Code is now primarily available online as opposed to in print or pdf. The new website is intended to be simple to use and accessible, facilitating simpler compliance. For the first time, the new Code website integrates relevant guidance to enable a simpler user experience.
- **Redeveloped our registration system front-end.** Code 15 emphasises the importance of registration and the information provided at registration. To facilitate this, we made changes to the registration system.
- **Worked with providers to put in place appropriate Code exemptions.** We published new exemption notices for app stores, registration, and society lotteries. This enabled all those who were operating with an exemption under Code 14 to continue to operate with the same flexibility under the new Code.
- **Amended Requirement 3.13.** Stakeholders involved in the delivery of broadcast competitions and voting services told us that it was not possible for them to implement Requirement 3.13.3. Following this feedback, we consulted in January 2022 on minor changes to the service-specific Requirements for competition and voting services in section 3.13. We worked closely with broadcast providers to ensure these Requirements are fit for purpose.

**Supported industry remain compliant with Code 14 by giving over 600 pieces of free compliance advice to service providers**

Throughout 2021/22 we gave 608 pieces of free compliance advice to service providers to ensure they remain compliant with our regulation. This is comparable to the previous financial year, where we handled 561 pieces of advice. Over 92% of the compliance advice requests were answered within five days.

**Began considering the long-term future of regulation**

Long-term market trends and changing consumer experiences and expectations led the Board to consider what the future of phone-paid services should be. The PSA and Ofcom Boards concluded that future regulation of an industry increasingly dominated by larger players would be better served by an organisation with the capacity and breadth of Ofcom rather than a free-standing body. The decision to begin the process of transferring regulation, subject to Parliamentary approval and agreement of DCMS, was announced in May 2022.

608 pieces of free compliance advice

Compliance advice requests answered within five days

Over 92%

**Outcomes**

- developed a new Code of Practice that will raise standards, focus on prevention of harm, be simpler and easier to comply with and be underpinned by more effective enforcement
- supported industry to comply with the new Code in time for April 2022
- provided clarity for industry through over 600 pieces of compliance advice
- provided long-term direction of regulation in the interests of consumers and industry.



## 2) Verifying and supervising organisations and services operating in the market

In 2021/22, we:

### Laid the foundations for supervision

One of the primary objectives of Code 15 is to focus on prevention of harm rather than address harm after it has happened. By addressing potential harm before it emerges, we want to strengthen market health, integrity and reputation and consumer confidence in phone-paid services. This means through Code 15 the PSA would take on a more supervisory role where it oversees and assists providers of phone-paid services to achieve and maintain compliance in order to prevent or reduce existing or potential harm in the market.

We introduced a new regulatory stakeholder management approach in 2020 to engage with all our stakeholders in a more coordinated and consistent manner so we could have clarity on stakeholder relationships and actions, and effective ways of managing them. By implementing early stakeholder engagement, we streamlined the way we gather compliance information from industry and use it to assess risk and prevent harm to market and consumers from occurring. This approach has now evolved to form the basis for supervision.

### Ensured we had accurate information from industry

Good regulation requires accurate market information. In FY2021/22, we offered resources and support to enable network and service providers to provide us with complete and accurate information so that consumers are given accurate search results when enquiring about a service via our Service checker and the PSA has accurate reporting on services.

Throughout 2021/22 we updated Service checker, the self-service search tool provided to consumers so they can find more information about a phone-paid service they have used. Part of the refresh included simplifying the service registration process so that industry members can fill in their details quicker; improving the user security and management so that users access accurate results; improving the 'elastic search' so that the search results are more targeted and useful for consumers; and optimizing brand images for mobile users so that consumer memories about their service interactions are jogged.

## Outcomes

- shifted the emphasis of our regulation through proactive engagement with industry stakeholders
- ensured accurate market information.

### 3) Gathering intelligence about the market and individual services

In 2021/22, we:

**Continued working with the Consumer Panel to protect consumers' interests**

The Consumer Panel was established in 2018 to ensure consumers and their interests were effectively represented in regulation. This year the Consumer Panel provided valuable input on several areas of PSA's work, most notably development and implementation of Code 15. The panel provided particularly valuable feedback on the vulnerability Standard and guidance (understanding closely emerging vulnerability, situational marketplace vulnerability and the ability for consumers to access complex information), transparency, fairness and customer care guidance.

The panel also helped further develop the PSA's consumer engagement plan started in the previous financial year to raise awareness of phone-paid services among consumers, how they work and how to avoid unexpected charges. The Panel considered PSA communications with complainants by looking at other regulators' communications with consumers for best practice and made practical suggestions on where PSA communications could use less jargon.

**Commissioned the Annual Market Review to have an accurate understanding of the phone-paid services market**

The 2021/22 Annual Market Review (AMR) was once again conducted for us by Analysys Mason to give us a more precise understanding of the phone-paid services market, including size, key trends and consumers' experiences that will inform our regulation.

As anticipated in last year's AMR, in 2021/22 the market continued to decline slightly to £588.7m consumer spend, a 6.3% drop from 2020/21. The number of users of phone-paid services in the UK aged 16+, increased significantly from last year's 54% to approximately 60% in 2021/22.

The key drivers of phone-paid service use are similar to previous years, convenience being the biggest driver (54%), followed by affordability (47%), impulse purchases (47%), habit (40%) and availability (23%).

While spending on all payment channels declined year-on-year, charity donations had the sharpest decline (-£15.8m). This is due to BBC's Big Night telethon not running in 2021 (in 2020 it raised £27.3m through phone-paid donations and other payment methods) and economic conditions, e.g. cost of living increase, which meant the UK population spent less on donations compared to previous years.

Consumer spend also declined in operator billing due to a decrease in game purchases towards the end of the Covid-19 lockdown and in subscription services brought about by Special conditions launched in November 2019 – the Special conditions required service providers to be more transparent about charges and introduced more widespread multifactor authentication of consent to charge, which meant fewer impulse and unintended purchases.

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Consumers  
spent £588.7m  
on phone-paid  
services in  
2021/22

(excluding VAT)

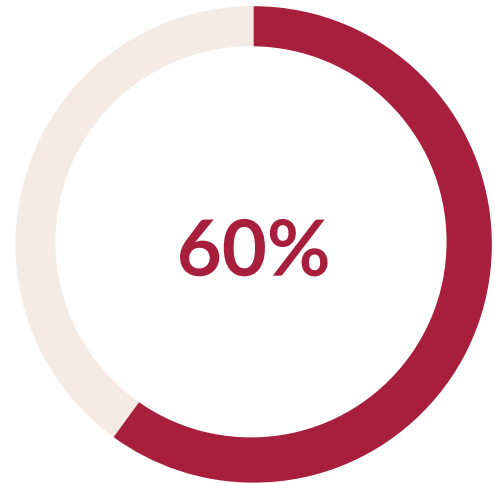
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The Annual Market Review predicts the overall market will continue to slightly decline in 2022/23 to an estimated £577m, with spending on operator billing remaining the same while premium SMS increases slightly. With the pandemic coming to a close, the review predicts a gradual return to pre-pandemic trends for some services. An important factor affecting market growth in 2022/23 will be the increasing cost of living with UK population having less disposable income to spend on phone-paid services.

**Continued to monitor the market to gather intelligence on broader systemic issues**

In 2021/22 we shifted our focus from consumer complaints to market monitoring of individual services to get a deeper understanding of the services operating in the market. With over 99% of our consumer contacts now automated (through the Service checker, information on our website and telephone Interactive Voice Response) and the special conditions we introduced for subscription services in late 2019 which brought a significant reduction in consumer complaints, this freed up our resources and allowed us to focus on gathering intelligence on broader systemic issues in the market.

Code 15 implementation brought significant changes to our regulation and consequently to our organizational structure - we restructured teams, ways of working and skilled people up with a particular focus on developing the intelligence team. We are now able to deliver reporting to a higher standard which is used in the case escalation procedure; run systematic monitoring following a planned and structured monitoring schedule; and make recommendations on which regulatory approach is best placed to manage an issue be that policy, supervision, engagement or enforcement.



**UK population aged 16+ that used phone-paid services in 2021/22**

**Outcomes**

- ensured consumer views were well-represented in regulation and the development of Code 15
- gained better insight into the market through research and our own intelligence and monitoring.

## 4) Engaging closely with all stakeholders

### In 2021/22, we:

#### Continued to deliver our consumer engagement plan

In April 2020 we launched a consumer engagement plan to deliver on our strategic purpose. The goal of the consumer engagement plan was to raise awareness of phone-paid services and how they work so consumers understand the possibility of paying for services through their phone bill; and to improve understanding of how phone-paid services work to avoid unexpected charges.

Taking the learnings from the delivery of the plan in 2020/21 and the Consumer Panel's recommendations, throughout 2021/22 we continued to maximise our communication with consumers by:

- refreshing the PSA website after working with DCMS to ensure our website meets accessibility standards so that the consumer information and user experience is accessible to all website users. We also took the opportunity to bring the development and maintenance of the PSA website in-house for cost and efficiency purposes.
- commissioning new video content that explains clearly to consumers what phone-paid services are and how they work; tips to avoid unexpected charges on their phone bills; and what to expect from a phone-paid service and how to get help. All videos were created with accessibility in mind, using minimalist graphic elements, easy-to-read captions and transcripts. By being inclusive, we want as many consumers as possible to benefit from our consumer education videos and make it easy for them to understand how phone-paid services work and what to expect from them.
- continuing to disseminate consumer advice on our social channels in different formats (text, images and videos) to optimise our consumer reach and engagement.

#### Engaged extensively with stakeholders as part of the development and implementation of Code 15

A key element of Code 15 work was stakeholder engagement at all stages, from development and consultation to drafting and implementation.

In April 2021 we hosted our regular industry forum where we met with industry member for regulatory updates, market performance and trends and the latest Code 15 developments (i.e. Code structure, timeline and next steps). This was the first industry forum we hosted entirely online, due to Covid restrictions. Given levels of participation (86 registrants) and engagement at the forum, we will look to incorporate online elements at major events going forward, where appropriate. The forum intentionally coincided with our consultation on our proposals for the new Code, which sought feedback from all stakeholders.

Following publication of the consultation, we then held a series of four workshops, again online, to enable stakeholders to work through our proposals. Held in May and June 2021, three were open to industry stakeholders and one was dedicated to consumers, with a total of 69 registrants.

Following publication of our Statement on the new Code and prior to it coming into force on 5 April 2022, we held three *Get ready for Code 15* webinars for industry members, each webinar looking in-depth on key Code 15 elements. The first webinar, held on 25 January 2022, focused on consumer facing and organizational Standards and issues picked up by industry members in Code and guidance consultations. The second webinar, held on 9 February 2022, specifically geared to networks, intermediaries and larger merchants, focused on supervision and PSA's processes for working with industry to identify and mitigate market and consumer risk. The third webinar, held on 22 February 2022, focused on engagement and enforcement under Code 15 and factors we'll consider in our decision-making.

### Outcomes

- delivered a new consumer-centric website
- ensured stakeholders had ample opportunity to engage in the development of Code 15
- supported industry implementation of the new Code.

## 5) Enforcing our Code of Practice

### In 2021/22, we:

#### Took effective and efficient enforcement action to protect consumers from harm

As complaints continued to drop by over 90% (complaints have fallen from 33,600 in 2016/17 to 2,000 in 2021/22), we continued to protect consumers by enforcing Code 14 in a fair and proportionate manner. In 2021/22 we worked on 135 cases, 68 of which were informal and 67 of which were subject to formal enforcement.

Following appropriate investigations, 12 cases went to Tribunal of which four were concerned with the prohibition of directors and/or other senior decision makers; one settlement; and one review of a previous decision and the remaining six were substantive cases brought against the merchant.

The Tribunal ordered a total of £3,450,000 in fines against service providers breaching the Code of Practice, an amount broadly similar with 2020/21.

#### Case studies

##### £1,250,000 fine for Taptronic FZC for charging consumers without consent

In September 2021 we fined and banned Taptronic FZC after investigating its 'Fitguru' fitness and nutrition subscription service that offered consumers exercise plans, training videos and video recipes for healthy eating.

410 consumers complained to the PSA that they hadn't agreed to be charged and were unable to successfully complain to the merchant provider. Four complainants stated that they had not been using their devices at the time that they had allegedly signed up to the service.

The Tribunal found Taptronic FAZ breached several rules of the Code of Practice including charging without consent, poor complaint handling and providing false information to the PSA. The Tribunal fined the company £1,250,000, banned it from the market for six years and ordered it to refund consumers claiming refunds.

##### Moblix Media fined £900,000 for charging consumers without consent

In December 2021 we published the case of Moblix Media, a subscription alerts service offering consumers voucher Codes and discount offers for retail stores.

The provider and service had previously been subject of a Track 2 procedure.

Due to technical error, 25,770 consumers were overcharged on 25 September 2020 which resulted in 220 complaints to the Executive. A further 91 complaints were received regarding the service prior to this incident occurring; one complainant said they received 147 unsolicited text messages within minutes.

The Tribunal found the breaches very serious for charging consumers without consent, failure to disclose requested information and providing false information to the PSA. The Tribunal banned the company for five years, ordered a £900,000 fine and refunds for consumers claiming one.

##### Fine and service ban for unsolicited sexual entertainment services

In February 2022 the Tribunal adjudicated against Embill services providing unsolicited sexual entertainment content. The PSA received 25 complaints regarding the service, saying they had received unsolicited messages without their consent and that the messages were misleading. In the messages received, consumers were asked to click on a link to retrieve a voicemail which when dialed, it connected to an adult service.

The Tribunal found the Code breaches to be very serious, having been committed intentionally and recklessly, and likely to cause distress or offence to consumers.

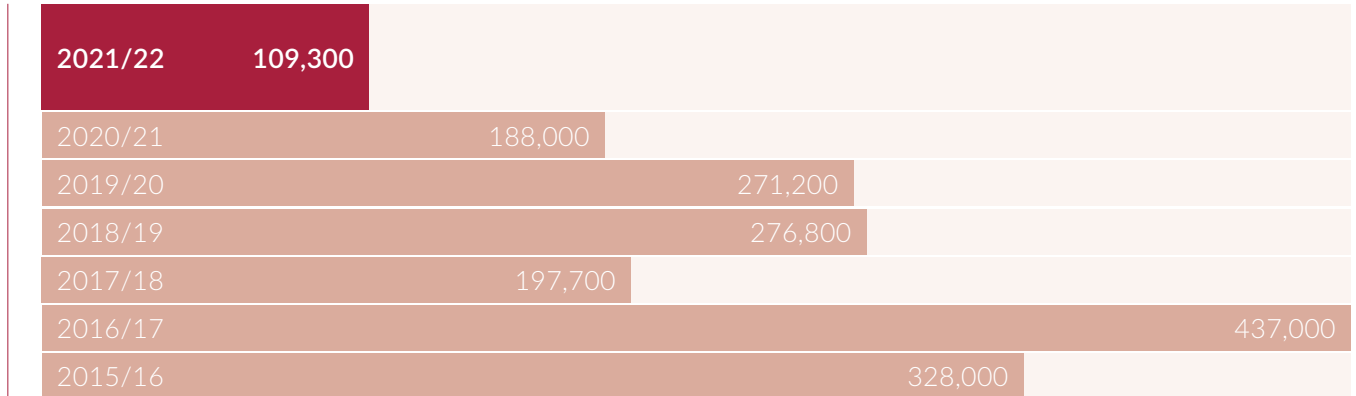
Embill Services was banned from the market for five years, ordered a £500,000 fine and to refund claiming consumers.

### Outcomes

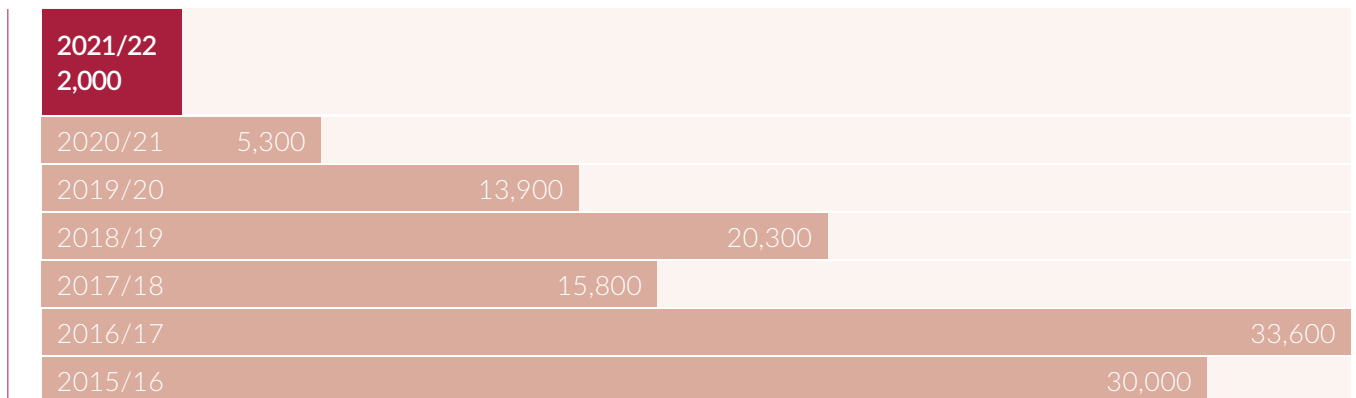
- protected consumers and supported long-term market health by taking targeted enforcement action.

# Our activity in numbers

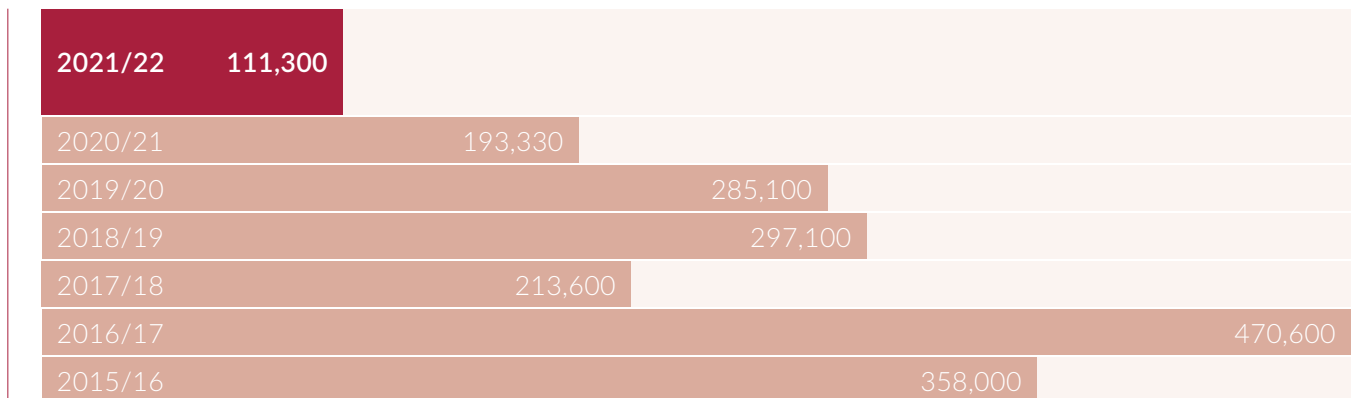
## Enquiries



## Complaints



## Total contacts



## 6) Delivering organisational excellence

### In 2021/22, we:

#### Continued to successfully work flexibly

With lessons learned from the pandemic on how to work more effectively, in 2021/22 we continued to work in a flexible manner to optimize our delivery of our strategic purpose, business plan and operations. Having learned from the previous year and from other organisations, we developed a working model to deliver our core functions while optimizing staff engagement and productivity.

#### Refreshed our core values

Underpinned by our guiding principle which is to regulate the phone-paid services market in the consumer interest, in 2021/22 we took the opportunity to refresh our core values as an organisation, in line with the regulatory changes brought by the new Code of Practice.

#### Adapted our organisational structure and new ways of working as per Code 15 shift in regulation

Due to the strategic shift in regulation brought by Code 15, we needed to adapt our organisational structure and ways of working to be able to meet both existing and new requirements. After careful consideration of meeting enhanced supervision and enforcement needs, we introduced a new supervision function and consolidated our intelligence functions. To support and effectively embed the new organisational structure, and while strongly committed to equality, diversity and inclusion as an organization, we organized extensive professional training for our staff so they can develop professionally and be fully equipped for their new roles and ways of working.

#### Our new core values are:

##### Impact:

- proactive, enabling, solutions focused and goal oriented
- tailoring our approach to achieve the best impact and outcome in the consumer interest

##### Intelligence

- enquiring and inquisitive
- thinking creatively, working in an agile and flexible way to find innovative solutions and approaches

##### Integrity

- honest, proportionate, and unbiased
- respectful, understanding, and inclusive.

This year we again took part in the Inclusive Culture Pledge programme run by Equality Works which aims to create a network of organisations to share support, advice and resources. Our inclusive culture pledge for 2021/22, which we have published on our website, is as follows:

*The PSA is committed to achieving and respecting equality, diversity and inclusion in everything it does. In 2022, we will continue to build an inclusive culture by striving to achieve best practice accessibility in our website, technology, communications, and workspace.*

### Outcomes

- ensured our values and structure support good regulation.

# Governance & accountability

## Our people

### Board

The Board is accountable for the performance of the PSA and oversees the strategic direction of the organisation.

The Board consists of the Chair and four remunerated non-executive members and the Chief Executive of the PSA.

The Chairman is responsible for ensuring the Board holds the organisation to account including directing, supporting and managing the Chief Executive and the PSA Executive.

To assist the Board in carrying out its duties, it is supported by two sub-committees: the Resources Committee and the Audit, Risk and Corporate Governance Committee.



*David Edmonds CBE  
Chairman*



*Meg Munn  
Board Member*



*Winnie Palmer  
Board Member*



*Jo Prowse  
Chief Executive*



*Mark Thomson  
Board Member*



## Leadership Team

Responsible for the day-to-day executive function, the Leadership Team ensures that Board approved strategies, plans and policies are implemented efficiently.



*Jo Prowse  
Chief Executive*



*Peter Barker  
Director of Corporate  
Services & Operations*



*Ayo Omideyi  
General Counsel*



*Simon Towler  
Director of Policy  
& External Relations*

## Code Adjudication Panel

The Code Adjudication Panel (CAP) is responsible for the Phone-paid Services Authority's adjudicatory function.

The CAP came into force when we introduced our 14th Code of Practice in July 2016 and ensures that our adjudicatory process is transparent, fair and independent.

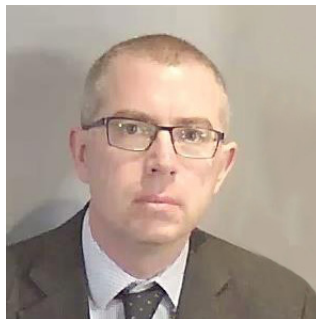
The CAP is made up of ten people. Four of the members are appointed for their legal qualifications and experience and six lay people with relevant experience as set out in the Code.

Three members are drawn from the CAP to form the Phone-paid Services Authority's Code Adjudication Tribunals (CAT). Each CAT consists of three people; a legally qualified chair and two lay members. CATs hear and reach decisions on cases against companies suspected of serious breaches of the Code of Practice.

The CAP's decision-making function and process is independent of the PSA.



Mohammed Khamisa KC  
Chair



Andrew Ellam  
Lay



Desiree Artesi  
Legally Qualified



Simon Lewis  
Legally Qualified



Tony Moss  
Lay



Dame Elizabeth Neville  
DPE QPM DL, Lay



Alison Sansome  
Lay



Julian Weinberg  
Legally Qualified



Peter Wrench  
Lay



Martin Wrigley  
Lay

## Consumer Panel

The Consumer Panel provides advice and challenge on aspects of the PSA's work, to support and enhance the interests of consumers by:

- providing advice and comment from a consumer perspective on the extent to which PSA policies and regulation are aligned with its consumer-focused strategy
- bringing to the attention of the PSA issues that are or are likely to be of significance to or impact on consumers and providing advice and comment on these issues
- commenting on consultations and research undertaken by the PSA.



*Rhian Johns  
Chair*



*Louise Baxter MBE  
Member*



*Patrick Bligh-Cheesman  
Member*



*Paul Eaves  
Member*

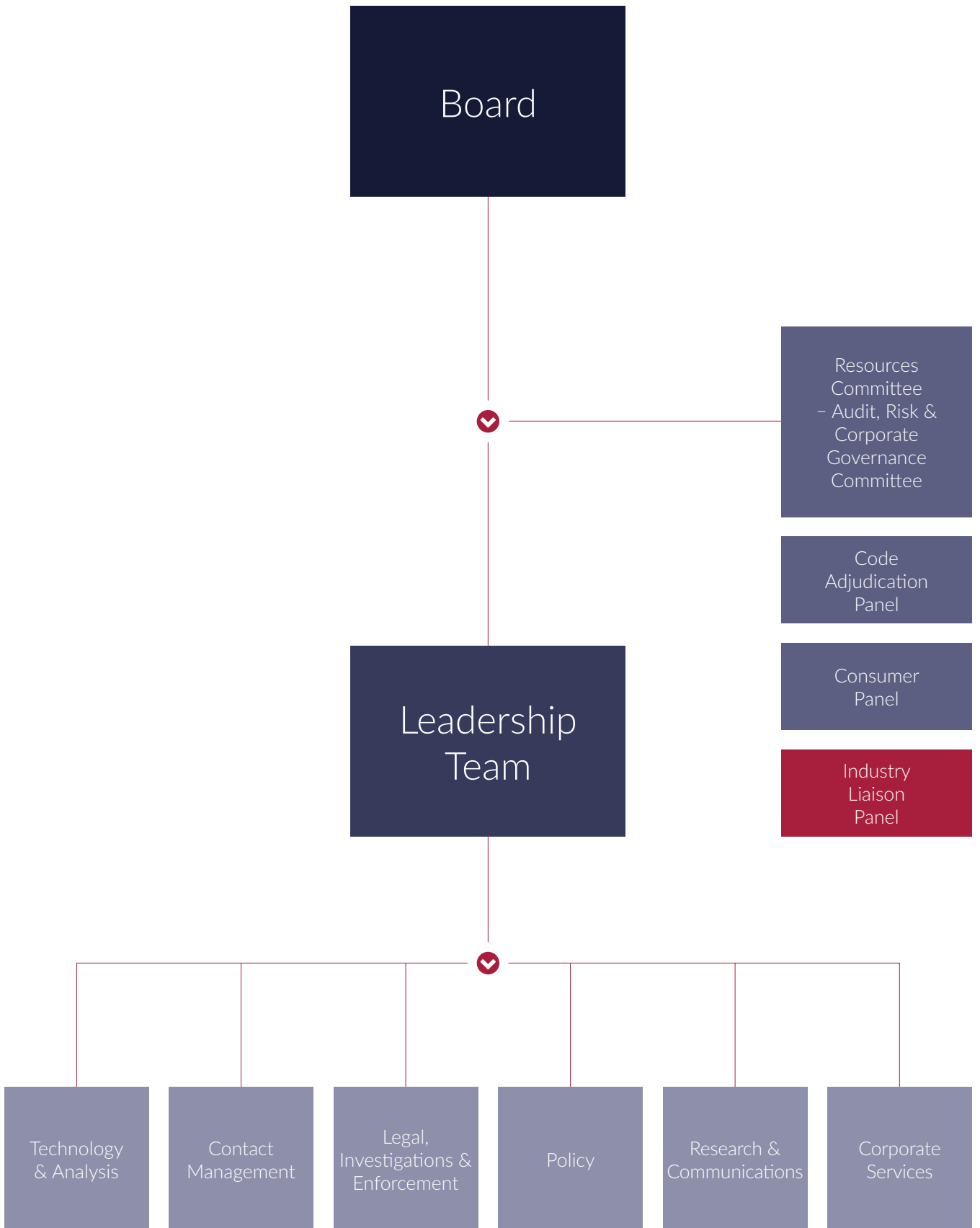


*Fred Forbes  
Member*



*Nikki Wilson  
Member*

# PSA organisational structure



# Accounts

## Income & expenditure

Income	Notes	2022 £	2021 £	Notes
Levy on premium rate telephone services	1	3,877,290	1,729,183	<p>1. The company is non-profit making. A service provider levy is collected via the network operators based on their outpayments in order to cover the proposed expenditure in any year. Any difference between the amount collected and expenditure incurred is taken into account in setting the following years levy. The company also received fines and administration charges from services that are in breach of its Code.</p>
Adjustment to deferred income	1	0	1,484,977	
Administrative charges	1	107,325	112,208	
Fines	1	4,280,000	3,635,000	
Registration fees		149,071	146,049	
Other income		199	250	
Total turnover		8,413,885	7,107,667	
Interest receivable		1,149	14,681	
<b>Total income</b>		<b>8,415,034</b>	<b>7,122,348</b>	

<b>Expenditure</b>	<b>Notes</b>	<b>2022 £</b>	<b>2021 £</b>
Staff and related costs	2	2,934,487	2,952,850
Policy, external relations and communications	3	107,656	77,033
Legal fees		32,930	165,634
IT system costs		278,852	333,909
Telecoms charges		33,848	41,703
Premises costs	4	446,046	436,935
Finance and governance	5	91,485	79,165
Overheads	6	46,196	43,354
Depreciation		93,948	91,818
Bad debts		3,580,753	3,667,942
Interest paid		0	0
<b>Total expenditure</b>		<b>7,646,201</b>	<b>7,890,343</b>
Surplus before taxation		768,833	(767,996)
Corporation tax on interest		(218)	(2,789)
Surplus (deficit) after taxation		768,614	(770,785)

<b>Balance sheet</b>	<b>Notes</b>	<b>2022 £</b>	<b>2021 £</b>
Fixed assets	7	127,184	192,347
<b>Current assets</b>			
Trade debtors	8	546,824	440,037
Other debtors	8	562,050	373,253
Cash at bank and in hand		2,118,924	1,978,567
<b>Total current assets</b>		<b>3,227,798</b>	<b>2,791,858</b>
Current liabilities	9	(797,472)	(1,195,308)
Provisions	10	(184,644)	(184,644)
Net assets		2,372,867	1,604,253
Capital and resources - retained surplus		(2,372,867)	(1,604,253)

2. Staff and related costs include staff remuneration, recruitment, training, and fees for the Board members and Code Adjudication Panel.
3. Policy costs include events, research, policy consultancy, and publication of the Annual Report & Code of Practice.
4. Premises costs include rent, rates, service charge, repairs and maintenance, electricity and cleaning.
5. Finance costs include bank charges, payroll bureau, insurance premiums and external audit fees.
6. Overheads includes postage, stationery, travel and subsistence, entertainment, and general office expenses.
7. Tangible fixed assets include fixtures and fittings, office furniture and equipment, computer equipment and registration database.
8. Debtors include amounts due from the network operators for the levy, and from service providers for fines and administration charges.
9. Current liabilities includes trade creditors, accrued costs, and deferred registration income.
10. Provisions are for dilapidations on office premises.

# Phone-paid Services Authority

The UK regulator for content, goods and services charged to a phone bill

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