

## Phone-paid Services Authority Consumer Panel

Meeting Seven – 3 June 2020

13:00 – 16:00 (via Microsoft Teams)

### Panel Attendees

Rhian Johns

Patrick Bligh-Cheesman

Paul Eaves

Nicola Wilson

Louise Baxter

Fred Forbes

### Executive Attendees

Simon Towler

Jonathan Levack

Emma Bailey

Gavin Daykin (Agenda Item 2.1)

Catalina Ciontu-Halauceanu

Joanne Prowse (Chief Executive, Agenda Items 1.2 – 1.6)

Agnieszka Taylor (Minutes)

### Other Attendees

No other attendees.

# Minutes

## Standing Items

### Introduction and Apologies

1. The Chair welcomed new Consumer Panel Member – Fred Forbes.

### Minutes of the last meeting (March)

2. The Minutes were approved with no changes.

### Action Log

3. The Panel suggested that the presentation of the action log be considered, for easier navigation.

### Executive update

4. On behalf of the Board, the Chief Executive expressed her appreciation for the Panel's ongoing work and efforts.
5. The Executive noted:
  - PSA offices closed on 17 March, but PSA is operating remotely as normal and remains open for business
  - Compliance advice service, stakeholder engagement, investigations, and Tribunals are running as usual. Call Centre is also working effectively remotely, and extra effort was put into informing consumers through various social media and website messages that PSA is open and ready to record any consumer issues.
  - Industry was informed through PSA blogs, websites announcements and virtual meetings about the PSA's expectations of continued compliance with the Code and consumers best interests during the Covid-19 period.
  - Some of the work set out in the PSA Business Plan was put on hold. For example, the Industry Forum that was originally planned in March was transferred into series of webinars. Other policy work, such as on refunds, will be progressed through the Code 15 project.
6. The Executive updated the Panel on:
  - Consumer complaints: noting that these have dropped significantly since March and that trend was also observed across the other regulators. The Executive identified a few factors that might have had an impact on the market:
    - Special Conditions for subscription services coming into force in November 2019
    - MNO call centre reduced operations are potentially reducing consumer throughput to us.
    - Consumers generally do not always contact regulators

- Consumer harm: noting that the Executive hasn't yet seen COVID-19 related scams in phone-paid services, and that the PSA understands that some ICSS providers have reduced their promotional activity.
  - The change in rules on the use of credit cards for online gambling: this has not led to an increase in consumer spend on phone-paid gambling and the PSA would continue to monitor this
  - Market: has been holding up well over the last few months and it seems to be stable.
7. Panel asked if data collected by the PSA is strong evidence for consumer issues in relation to ICSS services.
  8. The Executive explained that PSA monitoring team is doing number of scans around ICSS monthly and have not seen significant increase in the number of ICSS services. The monitoring team noticed higher prevalence of consumer issues being experienced on 3G and 4G versus home Wi-Fi. Given that a lot of people working from home and therefore are on Wi-Fi, this might mean there are fewer opportunities for poor practice. PSA is also in regular contact with MNOs and L1s. Additionally Google put in specific restrictions on Call Connection Services.
  9. The Panel asked if there is any way of knowing what proportion of the callers are actually experiencing real harm.
  10. The Executive noted that consumer reports are just one source of intelligence for PSA, alongside monitoring. The PSA also tracks the number of new issues raised every month by consumer contacts to understand new and emerging issues. At present 3-5 % of all issues are new issues that PSA isn't already aware of and taking action in relation to.

**ACTION:**

The monitoring team will give an overview of the monitoring at a future Consumer Panel meeting.

**Panel update**

11. Regarding the "Big Night In", the Panel expressed their concerns about consumers having to opt-out of an additional charge (the charity donation aspect) after entering the competition:
  - The Executive explained that the method of sign-up used is only used by charities and that consumers have an hour to cancel their voluntary donation and still remain in the competition. After 60 minutes the donation will be charged.
  - Promotion and messaging is very clear on that platform and the PSA is not aware of consumer issues arising as a result of it.

12. Regarding the Money Box programme on the potential issue of phone-paid gambling being used as an alternative to credit, the Panel noted that phone bills might consequently be paid off by the credit cards.
13. The Executive noted the new rules might have an impact but that it had not yet seen an increase in consumer issues about gambling services, or increased use. PSA monitoring shows good levels of compliance with PSA rules. To protect consumers, two caps were imposed by payment services regulation – £40 a day and a cumulative monthly cap of £240. The FCA regulates the limits and MNOs are responsible for managing them. Additionally, pay-monthly phone contracts are usually by direct debit as opposed to credit cards.

## Policy Item

### Code 15 update

14. The Executive updated the Panel on the Code 15 work that has been progressed since the last meeting.
15. The Executive noted that a number of the outcomes and rules under Code 14 remain relevant and that there is also the need for some new and strengthened rules. For example, in relation to consumer vulnerability.
16. The Executive sought feedback from the Panel on its stakeholder engagement plan.
17. The Executive also asked for the Panel thoughts on the content and scope of the Cde 15 being:
  - Pre operational- requirements for companies before they enter the market
  - Operational- requirements that companies need to follow in terms of the standards expected by the PSA
18. The Panel noted:
  - the language used in relation to the standard on transparency needs to be clearer
  - the Executive needs to clearly set out which part of the value chain is responsible for what activity
  - use of metrics in regards to a 'prompt response' to complaints or issues reported would be useful
  - the Executive should be more prescriptive on requirements in relation to signing up to contracts, what people are consenting to, and how complaints will be dealt with
  - grouping the standards in accordance with the market sector might be one option
  - it needs to be explicit whether things are requirements or recommended practice

- if something is recommended practice it should be followed unless there is a good reason why a provider wants to do something differently. This will give a bit of flexibility allowing the market to develop
- considering differentiated levels of the Code for different parties. For example, in HMRC new companies and innovators will not be subject to certain regulations
- data that segments whether issues are related to new or old providers might be useful to inform whether there are parts of the market to focus regulation on.

19. The Executive explained that is considering the plans of using double opt in or two factor authentication to make sure consent has been clearly given.
20. The Executive agreed with the Panel that the PSA needs to be clearer in describing expectations, requirements and best practice to support compliance.
21. The Executive is studying other regulators' rules around market conduct and integrity standards. For example FCA and Fundraising Regulator both have much broader high level of standards and standards focused on market conduct. The Executive is exploring whether this is applicable in our context.
22. The Executive is also considering more clearer definitions for Level 1 and Level 2 providers so that consumers have a better understanding of these roles and their responsibilities.
23. The Executive agreed with the Panel on the importance of building in Code flexibility and discretion where possible, particularly around the innovation. PSA is currently looking at the Pension's Regulator model on default rules and bespoke approaches.
24. The Executive set out that it is looking at different regulatory models and where it has seen the greatest number of issues under the current Code.
25. The Executive is looking at updating registration requirements to ensure that information remains up to date and accurate.

### **Vulnerability**

26. At the last Panel meeting, the consultants that had undertaken the vulnerability work for the PSA presented their draft report. This report has now been finalised and the Executive took the Panel through its draft work programme to seek feedback.
27. The Executive noted that the majority of the recommendations in the report will be progressed as part of the Code 15 project. The Executive welcomed the Panel thoughts and comments on the planned work programme. The Panel noted that a lot of the recommendations could be picked up through the Code 15 project or the Consumer Education programme and that the PSA should assess what is left and how to deal with these areas.

28. The Panel suggested the Executive map data sources and develop an information framework to build information sharing with organisations that will be able to provide data on where vulnerabilities are emerging. For example, police data, local Councils, charities that are dealing with vulnerable people or government organisations.
29. The Executive noted it has recently launched a more structured engagement approach with other regulators intended to help build some of these links.
30. The Panel highlighted to the Executive the risk of situational vulnerability based on the current situation of social isolation.

## Presentation

### Consumer Education

31. The Executive took the Panel through a presentation on consumer education and its proposed work in this area.
32. The Panel noted the plan is very ambitious and suggested the Executive narrow the focus to one or two things for this year, measure the impact and use this to inform future work. The objective should be simple and straightforward so its success can be measured.
33. The Panel suggested the Executive look to work more closely with MNOs who hold a relationship with the consumer. For example, exploring putting information about phone-paid services into MNO shops.
34. The Panel noted an opportunity to impact SEO and Google ads. For example, when searching the term “extra charge on the phone bill” in the Google search engine it was discovered that the PSA came up 9th or 10th and results didn’t mention anything about complaining to PSA or checking the number and the provider on the PSA website. The only term that lifted the PSA to the top of the list was ‘an unexpected phone charge’. The Executive agreed it would be useful to explore opportunities in this space.
35. The Panel discussed whether there is possible route to young consumers through schools and colleges and concluded that it will be better to work with partners within the same brand space than trying to involve schools.
36. The Panel recommended PSA do some more work to:
  - identify the objective for each activity, describe who it is about, with who PSA could partner and what is a good measure of success
  - segment and prioritise the activity based on what presents the most avoidable or biggest risk to consumers
  - use plain language that is accessible to everybody when communicating with the public

- look at opportunities to get information about the PSA onto external websites
- communicate with people by presenting the real stories of affected consumers such as on local radio

37. The Executive noted its intention to use partners as much as possible throughout the plan to help educate consumers. There are also plans to engage with MNOs and find out how they can support PSA to deliver some of the content whether in their shops or websites. However, PSA doesn't have powers to require MNOs to publish information about the PSA.

38. The Executive noted that its Phone Brain site was its primary consumer education piece for younger people, but that this is now used sporadically.

39. The Executive noted that following each Tribunal adjudication it does a press release and then follows this up with active engagement with media contacts.

**ACTION:**

40. The Executive will consider Panel feedback, refine the plan, and report back to the Panel.

**AOB**

41. The Chair of the meeting asked Members to email her their feedback on how the virtual meeting via Teams worked and if there is anything that Panel would like to do differently.

42. The next Panel Meeting is scheduled on 23 September 2020.