

Review of the Phone-paid Services Authority's (PSA's) Code of Practice

6 January 2020

The PSA is today publishing the Terms of Reference for the review of its current Code of Practice.

The PSA is undertaking a review of its current Code of Practice (the Review) and intends to introduce a new Code of Practice in 2021 (Code 15).

The aim of the Review is to carry out a strategic assessment of the PSA's regulatory approach, taking account of market developments and changing consumer behaviours, expectations and needs. This is the most comprehensive review of the PSA's regulatory approach in almost ten years¹.

About the PSA

The PSA is the UK regulator for content, goods and services charged to a phone bill. It is appointed by Ofcom under the Communications Act 2003. It carries out the day to day regulation of phone-paid services in the UK, primarily through its Code of Practice approved by Ofcom.

Strategic purpose

Last year, the PSA Board approved a new strategic purpose for the PSA, that replaces the PSA's previous vision, mission and strategic priorities.

The new strategic purpose is the PSA builds consumer trust in phone-paid services and ensures they are well served through supporting a healthy market that is innovative and competitive. It does this by:

- establishing regulatory 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 a Code of Practice
- delivering organisational excellence.

¹ The last similarly substantial review resulted in the Twelfth Edition of the Code of Practice, which came into force on 11 September 2011.

The new strategic purpose is based on the PSA's expectation that the market will continue its transition into a new landscape for consumers as a result of more engagement from blue-chip organisations, financial growth in the mobile market, continued decline in traditional voice services, increasing consumer engagement with phone-paid services and an increasingly compliant and healthy market, as a result of the impact of regulatory changes, a new enforcement strategy and other policy developments.

Terms of Reference

Objectives

The objectives of the Review are that:

- Regulation remains fit for purpose for the market.
- Regulation is aligned to our new strategic purpose and current priorities.
- The PSA gathers and understands the views of a full range of interested stakeholders.
- The PSA's effectiveness and capability are maintained and enhanced, where possible.
- The PSA's thinking is evidence based and clearly articulated.

Scope

This is a wide-ranging review of the PSA's regulatory approach, and will include the following areas:

- PSA powers and remit.
- PSA's regulatory approach.
- Standards for the market (across all the key areas, including market entry, registration, marketing, purchase and post purchase).
- The role, purpose and structure of the Code (including the supporting regulatory framework of Special conditions and guidance).
- Investigations, sanctions and procedures.
- Consumer refunds and redress.
- The roles and responsibilities of different players in the value chain.
- General funding requirements.

Timeline and key milestones

The timeline and key milestones are as follows:

Date	Key milestones
January 2020	Publish Terms of Reference
February 2020	Publish Discussion Document
February 2020 to October 2020	Stakeholder engagement including March Stakeholder Forum.
November 2020	Publish consultation document
April 2021	Publish Statement

We have not yet set a precise target date for implementation of the new Code as this will depend on the substance of the Code and the feedback we receive from stakeholders relating to implementation, but we would hope to see the Code in force by the end of 2021.

Success criteria

The outputs of the Code 15 review are expected to be:

1. A new PSA Code of Practice (Code 15).
2. Regulatory procedures to support the operation of Code 15.

The Review will have been successful if the following criteria are met:

1. The new Code supports the delivery of PSA's strategic purpose and the market which it is regulating now and in the medium term.
2. The new Code leads to regulatory and enforcement outcomes that promote consumer trust, confidence and protection whilst delivering on competition, innovation and growth in the market.
3. The new Code and procedures will have regard to principles of good regulation (proportionality, accountability, consistency, transparency, targeting).
4. Ofcom can approve the new Code and procedures with confidence that it meets its statutory tests which it must have regard to as part of its approval of the Code.
5. Stakeholders (including industry) will have had sufficient opportunity to provide evidence and views through formal and informal engagement and formal consultation on the proposals. The PSA will carefully consider all stakeholder inputs and will provide clear reasoning as to how it has taken these into account, including where its assessment is not to take them forward.
6. The PSA provides clarity to stakeholders on its expectations of the new Code.
7. The Review is conducted in a timely manner, with the Code in force by the end of 2021.