

Three
Star House
20 Grenfell Road
Maidenhead
SL6 1EH
United Kingdom

T +44(0)1628 765000
F +44(0)1628 765001
Three.co.uk



Ms. Emma Bailey
Phone-paid Services Authority
25th Floor, 40 Bank Street
Canary Wharf
London
E14 5NR

By email only: consultations@psauthority.org.uk

15 October 2018

Dear Ms. Bailey

Call for Inputs: Review of Phone-paid Subscriptions

This is Three's¹ response to the Phone Paid-services Authority's call for inputs on the review of phone-paid subscriptions. Three is grateful to the PSA for this opportunity to provide our views.

As the UK's challenger mobile network, we are committed to making telecoms better for all of our customers. As such Three supports regulators, including the PSA, in their efforts to make markets work better for consumers.

Since our launch in 2003, we are always looking at ways to enable our customers to make the most of their mobile through the development of innovative propositions such as 4G at no extra cost and allowing them to use their calls, texts and data allowances in over 71 destinations world-wide through our Go Roam offer.

Enabling consumers to easily, safely and securely pay for products and services that they want to buy, through their phone bill, including subscription services, is an important part of encouraging growth and innovation in mobile markets, allowing consumers to more fully exploit their devices and enjoy a fuller more engaging digital experience.

For most consumers, subscription services meet their needs, causing no-concerns, with reputable brands providing good quality customer service, including on billing and complaint resolution. However, there are some less-reputable brands, who do not provide the quality of service which consumers rightly expect, leading to complaints. Increased regulation is not necessarily the answer to these problems. For example, there is a role

¹ Hutchison 3G UK Limited, trading as Three

for better consumer education and where there is non-compliant behavior, effective regulatory enforcement.

Should the PSA's review result in the authority proposing altered or increased regulation, it is vital that any proposals ensure effective competition and promote innovation and growth, while adequately safeguarding consumers, particularly the vulnerable.

The remainder of this response answers the questions 1 thru 4 posed in the authority's call for inputs.

Q1: What are your views on the review objectives set out on page 4? Has the PSA got the right scope or are there areas the PSA should include or exclude?

The review's objectives, listed in paragraph 34 of the call for inputs document, should enable the PSA to appropriately focus its review.

The market has evolved markedly; in partnership with popular brands, mobile operators are now able to enable consumer access to a wider range of complimentary products and services, easily paid for with subscription services. Consumers are enjoying subscriptions to Music and Video services, more fully utilising the benefits of their mobile service, which in turn drives more consumer demand and increased innovation and choice.

Subscription services are growing and the phone-pay market in general is going through a period of transformation.

The issues that the PSA has identified are not related to the services provided by reputable brands but rather smaller opportunistic providers. For example, consumers are happy to pay for services they recognise they have purchased and want; however, the acquisition tactics of some smaller brands do generate consumer dissatisfaction and complaints. These issues are likely to be more effectively resolved by focusing on the behaviour of the provider or providers causing concern.

Q2: Some subscriptions generate high levels of complaints, whereas others with similar numbers of subscribers generate very few. Do you have any views on the regulatory measures that would better support growth and innovation across the subscriptions, whilst ensuring consumers are protected from harm?

Three believes that recent measures, for example, the Consent to Charge Security Framework, could greatly reduce issues, and these initiatives should be given an opportunity to 'bed in' before more intrusive measures are imposed.

In addition, the PSA, MNOs and industry should continue to work together to ensure consumer confidence is restored in consent to charge. Consumer education around how subscription services and the associated billing works, plays a key part in restoring this confidence. It would be helpful for the PSA to consider, in consultation with industry, how best to achieve this.

Q3: Do you agree that different subscription services may require different regulatory responses? Do you have any thoughts on what this variation could look like?

We do not consider that there is a particular category or categories of subscription service or services, with sufficiently unique problems, that would merit a categorised approach to regulatory intervention. Rather, we believe that a categorised approach, as opposed to a general approach, risks stifling growth and innovation.

Q4: Is there any other information or evidence that you would like to provide to PSA to assist it to undertake more detailed analysis of the existing framework, including around where you see subscriptions heading?

As explained in our answer to question 2, we believe it would be helpful for the PSA, working with industry, to consider how to better educate consumers about subscription services.

If the authority has any questions about this response or would wish to discuss this important area with Three, then please let me know.

Yours sincerely

[Redacted signature block]

Phone: [Redacted]

Email: [Redacted]