

**Statement on introducing
Special conditions for all
phone-paid subscription services**

6 August 2019

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Executive summary

About the Phone-paid Services Authority

1. The Phone-paid Services Authority (PSA) is the UK regulator for content, goods and services charged to a phone bill. Our vision is a healthy and innovative market in which consumers can charge content, goods and services to their phone bill with confidence. Our mission in the phone-paid market is:
 - to protect consumers from harm
 - to further consumers' interests through encouraging competition, innovation and growth.
2. We will seek to do this through:
 - improving the consumer experience of phone-paid services
 - applying and enforcing an outcomes-based Code of Practice
 - delivering a balanced approach to regulation
 - working in partnership with government and other regulators
 - delivering high standards of organisational support.

Background to review of phone-paid subscription services

3. The PSA has now completed our review of phone-paid subscriptions regulation. Phone-paid subscriptions are defined at paragraph 5.3.37 of the Code of Practice (the Code) as 'services which incur a recurring premium rate charge'. This is a broad definition which captures a range of subscription service types. This can include, but is not limited to, services charged on a daily, weekly, yearly or monthly basis, or at irregular intervals, using payment mechanisms/platforms, such as operator billing (which includes the Payforit platform in the UK) and PSMS.
4. Having the right regulatory environment plays an important role in supporting consumer confidence and trust, which in turn will support growth. We are already seeing major brands offering phone payment and there is the potential for many other content types and service offerings to move into phone-paid subscriptions.
5. Therefore, in undertaking this review, the PSA has sought to ensure that consumers can trust and enjoy phone-paid subscription services and that the regulation is right-touch to enable innovation and growth as well as protecting consumers from harm. Through the review the PSA is seeking to raise the standards of phone-payment to align with other digital payment mechanisms which have more established norms that consumers are familiar with, and which have played a role in setting consumer expectations about what the digital payment experience should look like.

6. The objectives of the review were to ensure:
 - consumers have the confidence to use the phone-paid subscriptions that they want
 - the market is compliant, thriving and innovative
 - consumer interests are furthered through encouraging competition and innovation
 - there is the ability for existing services to operate effectively, as well as for new services to enter the market
 - there is compliance with the regulatory framework for subscriptions. This means that consumers are protected from harm in the market.
7. We have now completed our review of the regulation of phone-paid subscription services. A summary of the review process and of what we have decided following consultation, is outlined below.

Overview of review process

8. The process that the PSA has completed, to ensure that our review and any subsequent regulatory changes are informed by input from stakeholders, is as follows:
 - **Call for Inputs:** in September 2018, the PSA undertook a Call for Inputs¹ to outline our initial thinking and seek evidence and input from stakeholders to support the review. Through the Call for Inputs the PSA received a range of responses, from both industry and consumers, and our analysis and consideration of the input received informed the proposals that we consulted on.
 - **external research:** Jigsaw, an external market research company, undertook research on consumer expectations of phone-paid subscriptions. The Jigsaw research looked at the consumer journey through a phone-paid subscription from discovering and signing up to a service, to using and exiting it. This research was published alongside the consultation document in February 2019².
 - **review of other research, evidence and data:** the PSA considered research previously completed, including on consumer journeys relating specifically to Online Competition and Adult services, on Customer Care and Complaint Handling, our Annual Market Reviews, input from the PSA Consumer Panel, and PSA data, including both complaint data and adjudication information.
 - **issued a consultation document** in February 2019, the PSA issued a consultation document which set out the key issues we drew from the research and other

¹ <https://psauthority.org.uk/research-and-consultations/consultations/2018/september/subscriptions-call-for-inputs>

² <https://psauthority.org.uk/research-and-consultations/research/2019/february/jigsaw-research-review-of-phone-paid-subscriptions>

information, data and inputs obtained and considered (as set out above), our assessment of these, and the PSA's proposals for regulatory change. Through the consultation the PSA sought input from stakeholders on the proposals for regulatory change.

- **published an addendum** in April 2019 the PSA published an addendum to the consultation which added an additional consent to charge mechanism into the list of options, and clarified the relationship between the proposed Special conditions for subscription services and the existing Special conditions for particular service types.
- **stakeholder engagement:** the PSA engaged with a range of stakeholders on the proposals, including two industry roundtable meetings and other one-to-one meetings with stakeholders.

9. The next section provides a brief overview of our decisions on the regulatory changes required to achieve the review objectives. A more detailed analysis of the consultation responses received and our decisions, is provided from page ten.

What we have decided – implementing Special conditions for all subscription services

10. Following completion of the review, the PSA is strengthening its Special conditions regime, to apply Special conditions to all phone-paid subscription services, including providers of society lottery services and charities receiving recurring donations. These will come into force on 1 November 2019. The regulatory changes being introduced are supported by firm evidence and will raise the standards of phone-payment, which we believe will be effective in removing the risk of harm to consumers, and aligning standards with consumers' expectations of phone-paid subscription services. In addition, many providers and services will already be complying with these changes and we do not believe that these proposals will have any adverse impact on those services that are already operating effectively and meeting consumer expectations.
11. The Special conditions will support consistency for consumers, create greater alignment between phone payment and other digital payment mechanisms, and make the requirements on providers clear, while addressing both evidenced harm and the risk of harm to consumers. We have concluded that the changes being introduced through the Special conditions are targeted and proportionate in what they are designed to achieve. We have set out a brief summary of the changes being introduced below.

Summary of new requirements

Ensuring clarity between promotional material and the purchasing environment

- the provider must ensure it is made clear to the consumer what the service is and who is providing it
- the provider must ensure it is made clear that selecting phone-payment will place charges on the consumer's phone bill (mobile or otherwise)
- the provider must ensure there is a clear distinction between when the consumer is viewing promotional material and when they have entered a purchasing environment
- consumers must be provided with all relevant information to enable them to make an informed purchasing decision

Introducing multiple steps into the sign-up process

- providers of all subscription services must ensure that double opt-in consent to charge is obtained from the consumer prior to delivering the first charge. This consent must be obtained through one of the permitted methods. This includes use of an account and password (including App Store accounts), an on-screen PIN or PIN loop (with a 15-minute PIN expiry) or use of a mobile originating SMS (MO SMS)
- providers must ensure that confirmation is sought from the consumer using a confirmation button, biometrics³ or a second MO SMS

Introducing receipting

- providers are required to ensure a receipt is sent to the consumer after each charge for at least the first 90 days that the consumer is subscribed
- after the consumer has been subscribed for 90 days, providers can give them the choice to select the frequency with which they would like to receive receipts, which must be no less than quarterly

12. The next section summarises the key issues we identified and set out in the consultation document.

³ Biometrics being the measurement of physical individual characteristics, such as fingerprints or retinal patterns, for use in verifying the identity of individuals.

Key issues identified in the Consultation

13. In February 2019 we published a consultation document setting out our proposal to implement Special conditions for all phone-paid subscription services and seeking input from stakeholders on six questions.
14. In April 2019 we released an Addendum to the consultation which included an additional permissive proposal (the inclusion of MO opt-in as one of the permitted consent to charge mechanisms) and clarified the relationship between the proposed set of Special conditions outlined in the consultation document, and the existing sets of Special conditions that already apply to particular service types.⁴
15. In the consultation document and subsequent addendum we set out the key issues that we had identified from the research and other information, data and inputs obtained and considered (including through the Call for Inputs and the Jigsaw research). We then set out our assessment of these issues and evidence-based proposals for change.
16. Overall, we identified that the consumer experience of phone-paid subscription services is mixed, and that issues can and do arise at various stages of the process. For example, there can be issues where consumers have not been provided with all relevant information upfront, when the sign-up process for a subscription service is misleading or where the process is so slick that it doesn't appear to the consumer that they are in a payment environment.
17. The issues set out and analysed in the consultation document were as follows:
 - clarity of information provided to consumers in discovery and sign-up
 - friction and consumer consent to charge
 - use of free trial periods
 - service messages: reminder messages and billing frequencies across different subscription models
 - method of exit
 - post-purchase experience and complaint handling.
18. From our analysis of these issues we identified where we believed regulatory changes were required to achieve the outcomes of this review, address consumer harm and risk of harm, and respond to consumer expectations. We then considered what regulatory response would best achieve the outcomes of the review and represent both a targeted and proportionate response to the issues.

⁴ The PSA already has Special conditions in place for Online Adult Services, Online Competition Services, Society Lottery Services and Recurring Donations, all of which are being amended following this consultation.

19. This led to our consultation on a set of Special conditions that we proposed be applied to all phone-paid subscription services, regardless of price or service type.
20. In developing the proposals on which we consulted, the PSA considered research and other information, data and inputs and developed a set of consultation questions on which we sought input.
21. Outlined below are each of the consultation questions, the input received, our analysis of that input and any resulting impact on the relevant proposal(s). Where respondents have provided input on the same issue across several questions, we have addressed this in one place and provided a cross-reference.
22. We also note that the response form trialled as part of this consultation included a seventh question that enabled respondents to provide any additional comments. The input provided in response to this question has been considered as part of the other questions posed through the consultation, and is referenced as follows:
 - clarifications sought on whether App Store accounts would satisfy SS5 and SS6 – the PSA has clarified which accounts will satisfy SS5(a) at paragraphs 146 – 159
 - input suggesting that fraud needs to be considered – our consideration of this is set out at paragraphs 59 – 72
 - input suggesting that existing subscribers should be required to confirm their subscription once any regulatory changes are in place – the PSA has clarified, at paragraph 226, that the Special conditions only apply to new subscribers who sign up on or after the implementation date of 1 November 2019
 - input suggesting that some existing charity flows, such as a telephone call with an agent followed by an MO SMS do not appear to be permitted within the proposals – the PSA has set out the input received on recurring donations, and our assessment, between paragraphs 267 – 278.
 - request to the PSA to be mindful of the cost of regulation e.g. requiring an additional MO SMS step. This is set out between paragraphs 303 – 306.
 - request to the PSA to reconsider the proposed PIN expiry time and that input that regulation should not operate to exclude impulse purchases. The PSA's assessment of the use of PIN is set out between paragraphs 160 – 174.

Input received on consultation questions one and two

23. The PSA has provided a summary of the responses received and its analysis on these two questions together, as there was significant overlap in the responses received.

- Q1** Do you agree with the PSA's assessment that the evidence gathered from the research and other information, data and inputs considered support implementation of Special conditions for all subscriptions as an appropriate and proportionate response? If not, please set out your alternative approach and the supporting evidence.
- Q2** Do you agree with our proposed approach that the proposed Special conditions be applied to all phone-paid subscription services to create clarity and certainty for providers of subscription services, with any additional requirements under other Special conditions not being replicated in the proposed conditions?

24. The PSA received a range of differing views from stakeholders on these two questions. The feedback is broken down into three broad areas as follows:
- a. the implementation of Special conditions
 - b. alternative regulatory responses
 - c. the evidence base, including both the granularity of data provided and the validity of the Jigsaw research.
25. In addition, we received feedback on the application of Special conditions to all service types (which is addressed between paragraphs 79 - 88).

Input received on the implementation of Special conditions

26. Stakeholders had a range of views on whether Special conditions represent a proportionate response to the issues set out in our consultation. Some respondents agreed that some form of regulatory change is required but questioned whether Special conditions represent an appropriate or proportionate response.
27. Respondents who were not supportive of the implementation of Special conditions expressed the view that when Special conditions have previously been implemented by PSA these have negatively impacted the market, arguing that some services that were made subject to Special conditions ceased operation.
28. Of these respondents, some stated that the implementation of Special conditions to online competition and online adult services in 2016 negatively impacted those particular service types, and that the implementation of Special conditions for Society Lottery services in 2018 prevented that market from growing as had been anticipated. It was also argued that the labelling of services as 'high-risk' might deter some reputable brands from entering this market.

29. Some respondents submitted that if Special conditions were to be implemented, they should also include proposals requiring consumers to re-opt-in to the subscription after a certain period and should address price transparency and auto renewals.
30. Other respondents argued that Special conditions should be implemented, and be applied to all subscription services, for consistency of experience for consumers, and to support the long-term viability of the market. However, some commented that harm may migrate to other areas of the market, such as high-value one-off purchases, if Special conditions are applied to all phone-paid subscription services.
31. Some respondents were of the view that Special conditions should only be implemented for service types that are causing consumer complaints. For example, one respondent suggested that Special conditions need only be applied to games or apps charged to mobile.
32. Some respondents thought that applying the proposed Special conditions to all service types would potentially limit growth and innovation. Of these respondents, some commented that the proposals represent a blanket and disproportionate response. Some of these respondents raised issues with the 'high-risk' labelling of services subject to Special conditions suggesting that this label alone could discourage merchants from entering the market.

PSA assessment of the input received on the implementation of Special Conditions

33. In our consultation document, we identified that the implementation of Special conditions represents the most appropriate, proportionate and effective response to both protect consumers from harm and the risk of harm, and to align the experience of using phone-payment with consumers' expectations and their experience of using other digital payment mechanisms. Following full consideration of the consultation responses, the PSA intends to proceed with implementing Special conditions that will apply to all subscription services.
34. While not all respondents agree with this approach and the implementation of Special conditions, from the PSA's perspective, Special conditions are a valuable and effective consumer protection and compliance tool which will support the raising of standards for all phone-paid subscription services.
35. In an outcomes-based Code, Special conditions allow us to effectively manage risk and set clear requirements for industry which will support compliance. They also enable us to respond proactively and positively to identified consumer protection issues and, where necessary, take effective enforcement action in cases of non-compliance.
36. Outside of changes to the Code of Practice, Special conditions are the regulatory mechanism that enable us to set specific requirements to address identified consumer harm or risk of harm, and to take specific enforcement action where there are potential breaches of the Code.

37. They also enable us to optimise the overall compliance of specific service types, leading to increased consumer protection and the sustainable growth of such service types, thereby benefitting those providing them.
38. There is no consistent view across all stakeholders on either the extension of Special conditions for subscription services to all services of this type, nor the implementation of specific Special conditions to particular service types. However, while not all respondents agreed that Special conditions are required, the majority of respondents acknowledged that some form of action is required.
39. Paragraph 3.11.1 of the Code of Practice sets out the basis upon which we can impose Special conditions. These may be imposed for the purpose of ensuring compliance with the Code's outcomes, if the PSA is satisfied that there is, or is likely to be, a risk of:
- a significant level of consumer harm; or
 - unreasonable offence to the general public, arising from a particular category of PRS.
40. In assessing whether Special conditions are required, the PSA assesses the service type against its risk taxonomy. The risk taxonomy has six separate risk characteristics which are used to determine whether the proposed regulatory response is proportionate to the risk of harm that a particular service type poses. The risk assessment that we completed and included in the consultation document is set out between paragraphs 251 to 285 of the consultation document⁵.
41. As set out in our consultation document, we believe implementing Special conditions for all subscription services will provide clarity to industry on regulatory requirements. This will support compliance and the dissemination of high standards across industry, as well as supporting the development of norms and expectations for consumers through the creation of a more consistent sign-up and payment experience. In addition, many services in the market are already doing what will be required through the new Special conditions, such as using account and password as a robust sign-up method, and will likely not need to change what they are doing.
42. PSA complaint data provides evidence of harm, with more than 90% of consumer complaints to the PSA across calendar years 2017/18 relating to subscription services, across a range of service types. Furthermore, as outlined in our consultation document, between 23 July 2015 and 3 December 2018 there were 41 adjudications relating to phone-paid subscription services, with a common breach in most of these cases being a lack of evidence to establish consent to charge.
43. In addition, our previous experience shows that there is a risk of the existing harm either continuing and/or moving into other service types and that it is therefore necessary and reasonable for Special conditions to be applied to all subscription services.

⁵ <https://psauthority.org.uk/research-and-consultations/consultations/2019/february/consultation-on-the-regulatory-framework-for-phone-paid-subscriptions>

44. When we implemented Special conditions for Online Competition and Online Adult services, we were clear at that time that if we saw harm migrate into new areas not subject to Special conditions, that we would need to consider whether further action was required and what this might look like, which is what we have done through this consultation. Indeed, when the PSA has previously implemented Special conditions for particular service types, we have seen certain providers cease operation in those areas and offer new content and services of a type or at a price point that means that they are not subject to those Special conditions.
45. If we see harm migrating to other non-subscription based areas, following the implementation of the Special conditions, we will closely monitor this and assess whether further regulatory action is required to address any emerging risks of harm or identified harm.
46. The objectives of the Special conditions we proposed through the consultation were to ensure:
- it is clear to the consumer what the service they are signing up to is, and that selecting phone payment will add a charge to their phone account (mobile or otherwise)
 - the point of purchase is clearly separated from the promotion of the service
 - the sign-up and payment process has multiple steps to ensure that the consumer has given full and informed consent to the recurring charge. The steps used in the process are norms that consumers are familiar with from other forms of digital payment
 - consumers are aware when they have been charged for a service and receive a receipt for each charge, as well as information on who to contact for queries or to cancel the service
 - there is a clear method of exit from services.
47. Implementing conditions across these areas is responsive to the Jigsaw research on consumer expectations when engaging with phone-paid subscription services. The PSA already has similar conditions in place for subscription services charged at over £4.50 per week, and non-binding Guidance in place for providers of all subscription services, which informs providers about how the rules set out in the Code of Practice will be expected to apply to the provision of phone-paid services, both generally and in relation to specific service types and sets out what we consider to be good practice. The expectations set out in the existing Guidance are consistent with the Special conditions we consulted on.
48. In addition, the nature of the potential harm in relation to services charged at over £4.50 per week is the same as that which exists for subscription services charged at or under £4.50 per week, particularly given that lower amounts can accumulate in a subscription over time leading to serious financial harm. Therefore, it is our view that there is no current rationale for maintaining a price threshold below which Special conditions should not apply and doing so would not provide consistent protection for consumers.

49. Special conditions are required in order to provide necessary prescription on the appropriate consent to charge methods that must be used. This is to ensure that, in addition to consumer protection, providers use norms that consumers are familiar with from other forms of digital payment, and to reflect developments in authentication methods since the previous Special conditions were introduced three years ago.
50. In addition, the research demonstrates that consumers expect a consistent experience across all phone-paid subscription services and that greater consistency is a means of building confidence in phone-payment as a payment mechanism. While some respondents raised the point that the proposed Special conditions might deter new players from entering the market, the PSA does not agree. Over the last 18 months we have seen a number of new big brands with large consumer bases enter the phone-paid market and who are already using consent to charge methods and processes that are consistent with those set out in the Special conditions that we consulted on.

Input received on alternative regulatory responses

51. The majority of respondents acknowledged that there are issues that need to be addressed but were varied in their assessment of the issues and what would represent an effective and proportionate approach to addressing them.
52. Some respondents suggested that rather than implementing Special conditions, the PSA needed to complete the consent to charge security research project and assess the impact of any changes implemented through that project before taking any action⁶.
53. Other respondents thought that targeted action against specific providers causing the problems is required together with effective enforcement, alongside any other action (which may include implementation of Special conditions).
54. Some respondents asserted that any issues of fraud be addressed first, before any other changes that will impact on providers are implemented.
55. Other respondents suggested that the PSA's proposals are superfluous, either because they are covered by the MNOs existing Payforit scheme or because the MNOs have already mandated the actions proposed (such as requiring the use of a PIN as part of the consumer sign-up process) or have committed to taking this or similar action.
56. A few respondents suggested that there is a need for tightened due diligence requirements alongside increased consumer education and work on refunds. These respondents suggested that any work completed on subscriptions needs to be supplemented by work in these other areas.
57. One respondent also provided information on a range of trials on different consent to charge methods that they had undertaken and asked the PSA to consider these as possible

⁶ This project was a jointly funded project between the MNOs and the PSA through which each of the Payforit accredited consent to charge platforms were tested for weaknesses that might be able to be exploited by rogue actors e.g. fraudulently obtaining or imitating consumer consent to be charged for a phone-paid service.

alternative methods as part of our regulatory response. Our consideration of this input is set out between paragraphs 128 – 142.

58. This respondent also asked about whether the PSA would consider exemptions from any Special conditions for providers that demonstrate a premium service offering and excellent customer service, on the basis of Key Performance Indicators (KPIs). Our response to this input is provided at paragraph 71 below.

PSA assessment of the input received on alternative regulatory responses

59. The PSA agrees with respondents that there are issues with phone-paid subscription services that need to be addressed, and has determined that the proposals set out in this Statement represent the most effective regulatory response to dealing with these issues.
60. The changes that we will be implementing are focused on the consumer experience of signing up to and engaging with a phone-paid subscription service. While the PSA is confident that our proposals will address these issues we have seen with phone-paid subscriptions, the subscriptions review is one component of a suite of work that we are undertaking or have planned that will help ensure consumer protection, while furthering their interests through encouraging competition, innovation and growth.
61. As set out in our consultation document, analysis of PSA complaint data shows that almost all consumers who contact us to report an issue with a phone-paid subscription also report that they did not request the service. The new consent to charge methods, and the requirement that all phone-paid subscription services are double opt-in, are intended to address these issues of inadvertent sign-up, an issue that evidence, such as PSA data, indicates is particularly prevalent for phone-paid subscriptions. This change sits alongside other new proposals such as receipting, to align the consumer experience of phone-paid subscriptions with what they are familiar with from other forms of payment.
62. In addition, the PSA has identified that there are significant opportunities to strengthen the regulatory framework to increase consumer trust and confidence, ensure consumers are protected from harm and to support growth. The proposals on which we consulted are intended to ensure that consumers are able to make informed purchasing decisions when signing up to a subscription service, and to raise the standards of phone-payment to better align these with those of other digital payment mechanics.
63. We do not agree with respondents who asserted that the PSA should address other issues first or should only take action against certain providers. At present, subscription services are causing the greatest number of consumer complaints and so progressing work on this area has been prioritised, with a range of other work underway or planned for this financial year to address some of the other areas raised by respondents such as fraud, due diligence and refunds.
64. The PSA agrees with those respondents who submitted that action across other areas is required in addition to the regulatory changes being progressed through the subscriptions review and this is consistent with the approach we are taking.

65. As set out in our Business Plan for 2019/20, the PSA is progressing work in a number of these areas in this financial year, alongside this targeted work looking at the regulation of phone-paid subscription services. We stated that among other things we would be:
- developing updated guidance on due diligence, risk assessment and control this year to ensure that the PSA's expectations on MNOs and providers in respect of the systems and processes they should have in place, are clear
 - reviewing and enhancing our customer care guidelines and ensuring that a high standard of customer care is delivered across the value chain
 - enhancing the due diligence reporting available through the PSA, through the implementation of the new Registration requirements
 - continuing to progress our enforcement strategy where potential Code of Practice breaches are identified, and that in 2018/19 we developed an enforcement priority framework to ensure that resources are utilised as efficiently as possible.
66. Each of these workstreams is complementary to our subscriptions review and not substitutional, and are intended to improve the consumer journey of signing up to and engaging with phone-paid services, and to ensure that the requirements and expectations that the PSA sets for providers are clear.
67. The PSA has also worked with the MNOs on a project to test the security of the consent to charge platforms of the Level 1 accredited payment intermediaries (see footnote six above). PSA and the MNOs commissioned an independent consultant to undertake the testing of the platforms and to make recommendations.
68. As a result of this project, the MNOs have introduced new requirements for the accredited payment intermediaries, which were implemented earlier in 2019. Our complementary action is to consider revisions to our guidance on Consent to Charge, which will include incorporating recommendations from the independent consultant's report. The revised guidance will be consulted on later this year.
69. The PSA does not agree with those respondents who asserted that the PSA's proposals are superfluous. As the regulator, it is the PSA's role to apply and enforce our outcomes-based Code of Practice. The PSA needs the ability to take enforcement action, as appropriate, to ensure consumers are protected from harm and support the growth of phone-paid services.
70. Enforcement is a core function of our role as regulator. However, enforcement of Code breaches happens after consumer harm has already occurred and is not of itself sufficient to support a healthy and innovative market. Alongside enforcement, the right regulatory settings need to be in place. We need to set standards that will help support consumer trust and confidence in phone-payment as a payment mechanism, to in turn support growth. The changes being implemented as a result of the subscriptions review seek to raise the standards across all phone-paid subscriptions and prevent harm from occurring in the first place. Enforcement sits alongside this so that the PSA has an effective mechanism to sanction providers who fail to meet these standards, as required.

71. Regarding exemptions from Special conditions, the PSA Code of Practice does not provide for exemptions from Special conditions for individual services where the conditions have been applied to services of that type. We have always made it clear however, that we would consider a request for the definition of the service type that is subject to the Special conditions to be revised such that conditions would not apply to a particular variation of the service type that can be properly distinguished (this is known as a 'carve out'). The proposed definition would have to be sufficiently clear and any submissions made for the carve out supported by evidence. We would also have to consult on such a proposal.
72. The remainder of the input from this respondent is considered from paragraph 134 below.

Input received on our evidence base

73. A number of respondents asserted that PSA has not provided sufficiently granular data to show that the proposed changes are required for all services, and that without this data the proposed approach represents a blanket response that appears disproportionate. Some respondents also commented that additional research with a broader range of service types was required.
74. One respondent thought that neither the granularity of data provided, nor the findings of the research support the PSA assertion that the subscriptions model per se is the cause of concern for consumers. Another respondent commented that they thought the evidence base was weak.
75. Some respondents supported the research and noted that the findings were aligned with their experience, research and observations, whereas others questioned the stimulus material used to recreate consumer journeys and what consumers would see when signing up to phone-paid subscription services.
76. Some thought that there is no justification for imposing Special conditions on recurring donation or society lottery services. The input received on the proposed Special conditions for recurring donations is considered separately from page 45.
77. Regarding society lottery services, one respondent commented that they thought that the proposed conditions are not justified because a separate risk taxonomy was not provided and further engagement with the value chain should be completed before these services are labelled as 'high-risk'. The input received on society lottery services is considered at paragraph 88.
78. A small number of respondents indicated that they thought fraud is the cause of consumers being signed up without their consent and hence increased complaints to PSA, and that further granularity of data is needed to determine what proportion of complaints are relating to potential fraud and what proportion is due to the consumer journey not meeting consumer expectations, before any action is taken.

PSA assessment of the input received on our evidence base

79. Some respondents commented that the PSA has not provided sufficiently granular data to justify Special conditions for all services. On request, the PSA provided additional data to

stakeholders who requested it following publication of the addendum. Some of the points raised regarding data were that PSA needed to provide the data by charging mechanic (e.g. Payforit v. PSMS), service type, service provider and individual service to justify the proposals.

80. As previously stated, more than 90% of complaints from consumers to PSA across calendar years 2017/18 related to phone-paid subscription services. Alongside this, drawing on the findings of the Jigsaw research, the PSA recognised the need to align the processes for signing up to and using phone-paid subscriptions with the processes consumers are familiar with from other forms of digital payment. This will create greater consistency between phone payment and other digital payment mechanics. It will also support the building of consumer trust and confidence through the creation of norms.
81. From the PSA perspective, while consumer complaints provide one source of evidence considered in this review, we have also focused on creating consistency for consumers using norms from across other forms of digital payment and aligning the standards of phone payment with other forms of digital payment. In addition, the PSA is responding not only to the existing harm but also the risk of harm. We relied on the data and adjudications information that we provided in the consultation for our analysis of the issues and development of proposed regulatory changes.
82. As set out in our addendum, we indicated that we would consider such requests for data on an individual basis. To that end, we provided additional data to those stakeholders who requested it on complaint breakdown by the following:
 - payment method
 - nature of complaint
 - service type
 - individual service (anonymised)
 - breakdown by weekly v. monthly subscriptions (indicative manual analysis).
83. The additional data we provided can be found [here](#). To reiterate, the data which we relied upon in developing our proposals was set out in the consultation document, albeit that we are content that the additional data provided reinforces the need for the measures we will be introducing.
84. The data that was provided as part of the consultation shows that consumer complaints to the PSA are spread across a range of service types and across both Payforit and PSMS transactions. In addition, as previously stated, the majority of consumers who complain to the PSA about a subscription service also state that they did not sign up for it.
85. A small number of respondents queried the validity of the Jigsaw research, stating that as industry was not given an opportunity to input into the stimulus material used to demonstrate consumer journeys to the research participants, the research is skewed.

86. The PSA provided Jigsaw research with a range of consumer journeys, with different discovery methods, as captured by our monitoring team. This included a fitness service, in-app game, games portal, gift voucher, charity donation, dating app, and music subscription, with a mix between devices using Apple and Android operating systems and online discoveries.
87. We note that our approach is entirely consistent with that of other regulators' commissioning independent research to inform policy development and we reject wholly the assertion that the PSA has or would bias a research project.
88. Regarding the input received on the implementation of Special conditions for Society Lottery services, the PSA notes that there are already Special conditions in place for services of this type. The existing conditions include the requirement for providers of society lottery services to obtain double opt-in consent to charge from consumers, and to provide a ticket each time the consumer incurs a charge to participate in a society lottery. The changes that will be implemented under the new proposals are to align these existing Special conditions with the new Special conditions for subscription services.

Input received on consultation question three

Q3 Do you agree that the research and other information, data and inputs we considered support action on each of the identified issues outlined in this document? If not, please provide supporting evidence.

89. The PSA received mixed input on the question of whether regulatory action is required on each of the issues outlined in the consultation document. The feedback received on this issue falls into the following broad categories:
- implementing Special conditions for all service types, including specific input on the implementation of the proposed Special conditions to Recurring Donations
 - input on the proposal to ensure clear information is provided to consumers ahead of their signing up
 - input on receipting
 - input on the permitted double opt-in methods.
90. Some respondents also commented on the evidence base, in response to this question, specifically on the data and breakdown of data provided by the PSA in the consultation, as well as the Jigsaw research. The PSA has provided its analysis of this in the previous section of this document.

Input received on implementing Special conditions to address each of the identified issues and applying these to all service types

91. The input the PSA received on this was varied. Some respondents agreed that action is required on each of the issues identified (and in the form of Special conditions), some respondents were of the view that only some of the issues require Special conditions, and some respondents submitted that while some action may be needed, this action should not take the form of Special conditions. The majority of respondents acknowledged that there was a need for some action, but there was significant variation on what respondents thought the issues were and how they thought these should be addressed.
92. A few respondents questioned how the research and data support the conclusion that it is the subscription model that is harmful or confusing for consumers. Others indicated that they considered it difficult to agree with the proposals while the inputs are not split by either sector or sign-up mechanism.
93. Some respondents were supportive of the approach to applying the proposed regulatory changes to all service types to create consistency for consumers, or were supportive of the need for action of some kind, on each of the identified issues.
94. Some respondents stated that in their view, while there is the need for action on the identified issues, it is important to remember that there are some phone-paid

subscriptions services that consumers sign up to and remain subscribed to without experiencing harm.

PSA assessment of the input received on implementing Special conditions to address each of the identified issues and applying these to all service types

95. As set out in the consultation document, using the risk taxonomy, the PSA has assessed that Special conditions are required for all services offered on a subscriptions basis to protect consumers from harm and risk of harm, and support greater consumer trust and confidence. In addition, as set out above, the PSA considers that the evidence, data and other inputs considered in the development of proposals supports action in each of the identified areas.
96. As previously set out in this document, the PSA has had a significant number of adjudications relating to phone-paid subscriptions in recent years, with a common breach in these cases being lack of evidence to establish consent to charge. This is one source of evidence which shows established and ongoing consumer harm resulting from phone-paid subscriptions and lack of consumer consent to be charged.
97. In addition, as set out throughout the consultation document, this document and illustrated in the additional data provided, the PSA receives consumer complaints across a range of service types. Issues related to phone-paid subscriptions are not isolated to just one or two service types. In addition, the data shows that over time consumer complaints have not consistently been in relation to a particular service type or service types; consumers have reported harm to the PSA in relation to a range of different service types.
98. For example, the data shows that in the first quarter of 2017, most consumer complaints to the PSA related to non-broadcaster competitions or quizzes, followed by adult services, and music or video content. In January 2017, in response to the ongoing levels of consumer harm, the PSA implemented more prescriptive regulatory requirements to apply to adult and competition services. Following implementation of these changes, the data shows that in the first quarter of 2018, consumer complaints related mostly to internet-based information services and games or apps charged to bill, with the PSA receiving very few complaints about competition and adult services.
99. This data shows that consumer harm is not isolated to one service type and is not static. In addition, the data illustrates the risk of harm again migrating to particular service types that are not subject to Special conditions. The PSA has identified that this risk still remains and will therefore be implementing Special conditions for all subscription services to mitigate this risk.
100. As stated in the consultation document, the PSA also commissioned research from Jigsaw into consumer expectations of phone-paid subscription services, as well as reviewing previous research, to support it in developing the proposals that we consulted on. These various pieces of research support our conclusion that Special conditions are required for all phone-paid subscription services.
101. For example, the Jigsaw research found that:

- consumers are more familiar with one-off premium-rate charges than subscriptions and can feel that more friction is required in the process as there aren't established cues for subscription services
- where possible more established norms from other forms of digital payment should be used as these are the cues they expect and which have a more consistent format, such as use of a password, fingerprint or PIN number (especially as consumer behaviours and norms around phone-paid subscriptions are not yet established)
- consumers would like the language to be clear and consistent between services to minimise confusion and a common language or process being developed.

102. The Craft research found:

- it is possible for a consumer to provide unintentional consent to an online competition or adult service. In relation to subscription-based competition and adult services, the research suggested that consumers can, and do, remain unaware that such consent has been given⁷
- a given consumer's desire for friction within a particular purchase journey is linked to their perception of the risk that the journey poses – one of those attributes being the transaction type, i.e. whether the service is a one-off or a subscription service⁸.

103. The Futuresight research found:

- a perceived or actual lack of consent could make it difficult for consumers to prove consent and relatively easy for merchants to avoid having to prove that the consumer did not consent to a service
- issues relating to a lack of diligence on the part of consumers (e.g. in checking their bills) can be exacerbated by the following issues:
 - the use of subscription models to debit relatively small amounts of money on a regular basis from consumers
 - some merchants relying on the fact that many people delete subscription service spend reminders thinking them to be spam.
- these issues could lead to a serious erosion of confidence and trust, not only in the service itself but the phone-paid services market as a whole. In addition, confidence and trust was maintained or increased by merchants who operated in a way that was considered fair to consumers.

⁷ These findings were prior to the introduction of Special conditions for these service types. The consumer journeys tested in this research have similarities to some current consumer journeys in the phone-paid subscriptions market.

⁸ The others being the trigger (how the purchase is authorised), the product type (the type of product or service offered) and the provider.

104. The PSA is seeking to create norms for consumers, greater consistency of the payment experience, and to align the standards of phone-payment with those of other payment mechanisms.
105. Where a service type already has service specific regulatory requirements, such as related to age verification, or the service type already has specific regulatory requirements in place that relate to that service types (such as the SKIP function that is available to consumers donating on a recurring basis) the PSA is not proposing to amend these. What the PSA is proposing to do is to align the sign-up and payment experience for all subscription services, to support consumer trust and confidence.
106. To achieve our vision of protecting consumers from harm and furthering their interests by encouraging competition, growth and innovation, the PSA will be implementing new Special conditions for all phone-paid subscription services, to come into force on 1 November 2019. These will apply to all service types, regardless of price point. For clarity, this means the Special conditions currently in place for subscription services charged at more than £4.50 per week will be withdrawn and replaced.

Input received on the proposal to ensure clear information is provided to consumers

107. The PSA received limited feedback on this proposal. Many respondents who did comment expressed support for the requirement that consumers receive clear information before signing up to a subscription.
108. One respondent suggested that the wording of the proposal be amended to require a 'common identifier' to be in place from the beginning of the consumer journey, through to the post-sale support. This respondent questioned whether the term 'brand' was sufficiently clear and would achieve the objective, when the name of the service (e.g. name of the game), the brand, and the website purchased from could all be different.
109. One respondent questioned the requirement that the consumer should be informed that the charges would be added to their phone account, and commented that they do not agree that the consumer's mobile number should be displayed to fulfil this condition because this would be hard to execute and is not aligned with the approach of the MNOs who restrict the mobile number from being shared.

PSA assessment of the input received on the proposal to ensure clear information is provided to consumers

110. The PSA received feedback from one respondent that the proposed SS1 is potentially confusing and may not achieve its objective of ensuring consumers are aware of what they are signing up to from the beginning of the sign-up process.
111. The PSA acknowledges that the current wording around ensuring that the 'brand of the current service being offered to and used by the consumer' may be confusing and that the brand may not always be the clearest way for the consumer to identify what they are purchasing and who is providing it.

112. In drafting this condition, one of the PSA's objectives was to better align the experience of phone-payment with other digital payment mechanisms, and respond to the findings of the Jigsaw research, that a common language or process for phone-payment would be helpful and in time may become universally recognised.
113. The PSA agrees with respondents that the current wording could be improved and clarified and has considered what would be the easiest way to communicate the intention of this objective, taking consideration of the feedback received.
114. To this end, the PSA has simplified the wording of SS1 and the condition will be implemented as follows:
- SS1: PRS providers must ensure it is made unambiguously clear to the consumer what the service is and who is providing it. This may include providing the consumer with the name of the service as registered with the PSA.
115. This change achieves the objective of the condition by setting out clearly the requirement for providers to identify themselves and the service they are offering, to the consumer.
116. In addition, and to provide clarification, compliance with the requirement set out in SS2, that is that the consumer be informed that charges will be placed on their phone account, does not require the consumer's mobile number to be exposed. Rather, the purpose of this condition is to ensure that the consumer is aware that the method of payment is to their phone account (rather than an alternative method, such as credit or debit card).

Input received on the consent to charge methods proposed by the PSA

117. The PSA received a range of views on the proposed SS5 and SS6 to introduce multiple steps into the sign-up and confirmation process for consumers signing up to phone-paid subscription services.
118. Some respondents support the introduction of more friction commenting that this is aligned with consumer expectations and experiences of other digital payment mechanics and / or because it provides the consumer with time to properly consider their purchase.
119. One respondent noted that the introduction of friction would create a more level playing field between phone-paid subscriptions and other forms of digital payment. Another respondent who was supportive of increased friction noted that this would provide more certainty as to consumer consent because the additional steps would make it harder to mislead the consumer into a consent they did not intend.
120. Of those respondents who generally expressed support for the proposals, some indicated that it would be important for the PSA to ensure the list of permitted consent to charge methods keeps pace with technological developments.
121. Conversely, some respondents were opposed to a requirement for the level of friction proposed. The input from these respondents was that requiring multiple steps will impede

growth of their services and revenues and interfere with low friction sign-ups which is the unique selling point of phone-paid services.

122. Others commented that there does not seem to have been any consideration given to the impact or need for the proposed friction on low-cost services and that increased friction would result in decreased compliance because it will lead to increased use of affiliate marketing and PSMS. One respondent provided data in support of this assertion, which indicates that mobile networks with requirements additional to the existing Payforit mandate had lower compliance levels than those who did not. The data also suggested that there was a greater use of affiliate marketing⁹ when additional measures were in place.
123. Some respondents thought that the proposals are too prescriptive in the context of an outcomes-based Code of Practice, and that the proposals may lead to decreased investment in content from providers due to a decrease in users. Some respondents asked what evidence the PSA is relying on to demonstrate that the proposed Special conditions are the only appropriate solutions.
124. One respondent suggested that there are other methods that should be considered, as part of the sign-up process as follows:
 - a. on-screen PIN
 - b. consumers entering the last four digits of their mobile number on the screen
 - c. use of Captcha
 - d. a double click on a terms and conditions box
 - e. a distinct purchasing page with confirmation buttons placed far enough apart to avoid click-training
 - f. the consumer receiving a secure link within the purchasing environment.
125. In addition to the consent methods above, this respondent also suggested alternative proposals such as the service charging on a monthly basis, having longer trial periods (such as one month trial periods), providing the consumer with a reminder that they are subscribed after three weeks, having a flexible refunds policy, or exempting services from Special conditions based on Key Performance Indicators (KPIs).
126. One respondent asked the PSA to consider inclusion of a principles-based consent to charge proposal as they thought that the proposals risked limiting innovation and may limit the ability of some services to operate the methods they currently use (and which they contended do not generate complaints). Another respondent who was overall supportive of the direction of travel also thought that the PSA should be open to considering lighter flows on a case by case or pilot basis.

⁹ The PSA's Digital Marketing Guidance can be found [here](#).

127. To note, the only feedback that the PSA received regarding SS6 was around the proposal to use biometrics. One respondent expressed concerns that not all consumers would have devices capable of using biometrics and another questioned the security of biometrics and how the provider would keep verification records from biometrics given that biometrics are handset enabled.

PSA assessment of the input received on the consent to charge methods proposed by PSA

128. The Jigsaw consumer research found that consumers expect greater consistency and expect to see the norms they are used to from other forms of digital payment being used in the sign-up process for phone-paid subscription services.

129. In developing the methods consulted on, the PSA has considered the types of consent to charge mechanisms in place in other digital payment environments. As the Jigsaw research found, consumers are used to using an account and password as part of the purchasing process, and the use of a PIN received to their phone is something they would expect. In addition, use of a PIN that a consumer receives to their phone is becoming increasingly common across different services, such as banking.

130. Being explicit about the methods to be used as part of the process for signing up to a phone-paid subscription, and using methods that consumers are already familiar with or which are already operating in the phone-paid services market, is aligned with the Jigsaw research findings that using consent methods that consumers are familiar with from other forms of digital payment will support the creation of norms, as well as the growth of trust and confidence in phone payment.

131. As stated in the previous section, some providers confirmed that they are already using the mechanisms being proposed through the consultation and that these proposals would have a very limited (if any) impact on them.

132. The changes that the PSA has consulted on are aligned with recent adoption in other sectors (including other payment mechanisms) of multi-factor authentication using the same methods set out in the proposals that the PSA consulted on. For example, the Payment Services Regulations 2017 require banks to move (by September 2019) to using multi-factor authentication to verify a consumer's identity, as well as putting multiple steps in the process of making an online purchase or signing into such areas as your banking app.

133. The specific proposals the PSA outlined through the consultation process are all becoming increasingly common with some of these, such as on-screen PIN, PIN loop and use of account and password, already operating in the phone-paid services market, and these are methods that consumers expect to see in the purchasing environment. In addition, the PSA has considered whether the other methods proposed in the responses represent robust consent to charge methods that are aligned with consumer expectations and has determined that they do not.

134. The PSA has considered the alternative consent to charge mechanisms on which it received input through the consultation. Each alternative mechanism proposed, and the

PSA’s assessment of whether to include that method within the Special conditions, is set out in Table 1 below. Note that input received on the use of on-screen PIN is considered separately below, from paragraph 118.

Table One: Assessment of the proposed alternative consent to charge methods

Proposed method	PSA assessment
Consumer entering the last four digits of their mobile number	The consumer’s MSISDN will already have been shared with the Level 1 and Level 2 providers, and so a rogue Level 2 provider would have the MSISDN already and could ‘complete’ this process themselves without affirmative action being required from the consumer.
Captcha	<p>Captcha is a third-party service provided by Google. The primary purpose of captcha is to ensure that the interaction with the page is being done by a human, and not a bot or programme, as opposed to being about authentication.</p> <p>Captcha can be used as part of a process, but generally sits within e.g. an account and password process. Providers are not precluded from using captcha as an extra step in the sign-up process providing the requirements in SS5 and SS6 are also met.</p>
Double-click on terms and conditions box	This does not represent auditable double opt-in consent to charge and is easily able to be subverted by potentially rogue merchants, as evidenced by PSA monitoring data.
Distinct white purchasing page highlighting the MNO logo and mention of mobile payment	This kind of payment page distinction is supported by the proposed Special conditions. However, this does not affect the consent to charge provisions (the proposed SS5 and SS6).
Consumer receiving an App install link in the welcome SMS	Not precluded from proposals, but not a consideration related to consent to charge mechanisms.
Consumer choosing convenient payment method out of a list (e.g. alongside credit card and PayPal)	<p>This is supported by the research and would help familiarise consumers with the concept of phone payment. This is supported by SS2.</p> <p>However, this does not affect the consent to charge provisions.</p>

Use of KPIs	KPIs are not an appropriate regulatory tool as they allow consumer harm to occur before regulatory action can be taken. They also would not ensure that robust and auditable double opt-in consent to charge is obtained for the consumer or achieve the objectives of this review. The PSA has further set out its position on KPIs between paragraphs 207 – 213 of this document.
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135. To summarise, some of the methods proposed may be valuable for providers and relate to the design aspects of the journey. Providers are not precluded from implementing some of these approaches, providing the requirements set out in the Special conditions are also met. However, as the analysis above demonstrates, the PSA does not consider that the alternative consent to charge flows set out in the above table represent robust and auditable consent to charge methods and will not support the PSA in achieving the objectives of the review.
136. The PSA has also considered inclusion of a principles-based consent to charge flow, as was suggested by one respondent. This effectively permitted use of any secure method of obtaining consent that is able to show positive interaction by a consumer with the service and demonstrate what the consumer has seen and inputted. Having considered this, the PSA has determined that it will not include a principles-based consent flow into the list of permitted consent to charge methods at this time, particularly as no such ‘secure method’ has been proposed. In the absence of a specific proposal we consider that such a consent to charge option is too vague and would not provide sufficient certainty and consistency of approach or application were we to permit it.
137. We reiterate that the PSA is seeking to improve consumer trust and confidence when using phone-paid subscriptions, as well as supporting growth and innovation in the market and we do not consider that the principles-based suggestion would support both of these outcomes.
138. One of the headline findings from the Jigsaw research was that using norms that consumers are familiar with from other forms of digital payment, and seeking to create consistency where possible, would support the achievement of these objectives.
139. In developing the permitted consent to charge methods that we included in our proposals, we have sought to use methods that are already in use in other sectors (and already being used by some providers of phone-paid services in the UK market) and that are sufficiently robust to ensure that inadvertent sign-ups are avoided.
140. The PSA has decided that at this time it is necessary to be prescriptive about the permitted consent to charge methods, both to address consumer harm issues and to support the creation of norms for phone-paid subscription services.
141. However, the PSA would like to reiterate that it remains open to considering alternative consent to charge methods being used if there is evidence of their

effectiveness in supporting the objectives we have set out. The PSA notes that it may not always be possible to provide evidence of effectiveness of methods within a prescriptive regulatory framework and in these circumstances would be open to discussing the potential piloting of any alternative consent to charge methods.

142. In addition, the PSA notes the feedback from some respondents that we will need to keep pace with technological developments and consider the need to review and update the permitted consent to charge methods to ensure that these are aligned with good practice and changing technologies.

Input received on the account and password requirement in SS5

143. Some respondents sought clarity on the wording of the proposed SS5(a) and whether use of 'password system' terminology is sufficiently clear to ensure that providers understand that this means using account and password.
144. Some respondents sought clarification about the use of app store and other accounts, and expressed that it was not clear whether a consumer using these would satisfy the requirements set out in SS5 or whether providers would be required to ask consumers to create a new account to sign up to their subscription service. One respondent commented that in the case of app store accounts neither the Level 1 or Level 2 provider is responsible for the account creation and that changing this would result in an additional burden on them.
145. Similar to these, another respondent sought clarification of whether the use of accounts set up for other purposes, such as Facebook, Twitter or Google accounts would satisfy the requirements set out in SS5.

PSA assessment of the input received on the account and password requirement in SS5

146. The PSA has considered the feedback received on the proposed SS5(a) 'use of a password system, the password being selected and controlled by the consumer'. The intent of this condition was to allow for use of existing accounts, where the primary purpose of the consumer creating that account was to make a purchase or enter a purchasing environment or marketplace. However, it was not intended that all or any pre-existing accounts that a consumer may have would necessarily satisfy the requirements as we do not consider that this approach would act to mitigate the risk of consumer harm or that it is aligned with the review objectives.
147. The PSA acknowledges that this wording may not be as clear as it could be and in response to this feedback has amended SS5(a). To ensure that this condition is robust and clear, the PSA has amended the language to read 'use of a password-controlled account, the password being selected and controlled by the consumer'. In addition, the PSA has set out more clearly how this condition is to be complied with. This includes that the account information must not self-generate or auto-populate and that it must include at least two required details.
148. Following the input received through consultation, the PSA has also identified that there are broadly three types of accounts for consideration – use of authentication

protocol via an eID, use of app store accounts and use of other existing accounts. The PSA's assessment of the application of the Special conditions to each of these account types is set out below.

149. For absolute clarity, the creation of a new account for each subscription purchase is also intended to satisfy the requirements set out in SS5.

Accounts where an eID is used

150. Some respondents sought clarification on where the use of existing third party verified accounts (such as the use of Google and Facebook accounts) would satisfy the proposed requirements set out in SS5.
151. The PSA has considered this input and determined that use of an account where an authentication protocol via an eID is used within a purchasing environment will satisfy the requirements of SS5.
152. These are secure, and the authentication is undertaken by a third party, such as Facebook or Google. Where providers use authentication protocol via an eID within a purchasing environment as part of fulfilling the account requirements in SS5 the PSA will require that the Level 1 provider or Network operator hosts the webpage enabling use of the verified account. This means the Level 1 provider will be required to undertake due diligence on the provider of the verified account and will maintain responsibility for compliance in respect of the service provided by the third party.
153. In addition, the PSA will be requiring that where an existing verified account is used within a purchasing environment, the details of this account must not be automatically generating. By this we mean that the relevant username and password information must not be already filled into the relevant fields, requiring the consumer to simply click through this stage. The consumer must be required to enter the account information themselves, as this represents an affirmative action by the consumer and reduces the risk of subversion by any rogue merchants.

Use of App Store accounts

154. Some respondents also sought clarification on whether the use of existing App Store accounts would satisfy the requirements set out in SS5. The PSA would like to clarify that it was always intended that App Store accounts would satisfy the requirements of SS5 and SS6.
155. An App Store is a secure marketplace. Consumers are aware that when setting up an App Store account this is so that they can make purchases within the App Store. In addition, for the consumer to make purchases using their phone account, they will have actively selected phone-payment as the primary payment method for their App Store purchases i.e. this is an active choice.
156. The PSA does not wish to negatively impact existing methods that are already working effectively. The PSA is aware that App Store accounts are currently being used as part of the purchasing process for phone-paid subscriptions, and we are not aware of any issues

being experienced by consumers in regard to these. Indeed, as the Jigsaw research noted that where consumers come across phone-paid subscription services without seeking them out, the anchor points for comparisons and their expectations are often in-app purchases, and they are therefore expecting similar levels of clarity and similar payment cues.

157. To this end, the PSA has amended the proposed SS5 to make it clear that use of an App Store account to make a purchase within an App Store environment will meet the requirements set out in SS5(a).

Third Party accounts

158. For clarity, the PSA would like to confirm that the use of other third-party accounts that have been created for a completely separate purpose to the making of phone-paid subscription purchases will not satisfy the requirements of SS5(a). For example, if a consumer is on Facebook and clicks a link that directly connects them to a purchasing page on a third-party website, this would not satisfy the account requirement in SS5(a).
159. The PSA did not receive any input on this particular method, but we are taking the opportunity to make clear that this approach would not satisfy the requirements in SS5(a).

Input received on the use of PIN

160. Some respondents sought clarity on SS5(b) and asked whether the PSA intended to include use of on-screen PIN into this proposal, or whether use of a PIN loop would be required to fulfil the requirements set out in this condition. These respondents commented that the on-screen PIN would have the benefit of adding friction without taking the consumer out of the purchasing environment and interfering with potential impulse purchasing.
161. Other respondents also asked whether there was a need for the PIN to expire after three attempts, and asked PSA to think about using 'session expiry' instead. One respondent also asked the PSA to clarify that a PIN protected phone would not satisfy the proposed requirements.
162. The PSA also received input from a number of respondents that the proposed one-minute PIN expiry is too short and not technically feasible. These respondents commented that a timeframe of somewhere between 15 minutes to an hour would be more reasonable. One respondent noted that the Payforit Scheme Rules currently provide for a PIN expiry time of 15 minutes.
163. One respondent also identified a risk with the footnote contained in the addendum which enables the PIN loop to be initiated and confirmed by 'the Level 1 provider or an independent capable third party on behalf the Level 1 provider.' This respondent sought clarity on the meaning of capable and suggested that as this is a subjective term, it would be better to have an approved supplier list.

PSA assessment of the input received on the use of PIN

164. Following the feedback received, in considering whether on-screen PIN would be considered an acceptable consent to charge mechanism and fulfil the requirements set out in the proposed SS5(b), the PSA went back to the objective of the condition, which is to ensure the consumer gives informed consent to the subscription, prior to committing to it and that the methods through which a consumer gives consent are aligned with their expectations that have been formed from other digital payment environments.
165. On-screen PIN has the potential to be less secure than a PIN loop. This is because if a PIN is displayed on a payment screen without the right encryption and security, it may be possible for a rogue merchant to discover what it is, and “complete” the transaction themselves. This is a risk because the consumer’s MSISDN will already have been shared with the Level 1 and Level 2 providers (if the consumer is on 3G/4G), and so a rogue Level 2 would have both the MSISDN and the password in the event of a security breach.
166. However, the PSA has identified that any risks associated with this method can be managed if the on-screen PIN is controlled by the Level 1 provider, consistent with our approach to the use of a PIN loop. Use of an on-screen PIN enables the consumer to complete the sign-up process without being taken out of the purchasing environment, whilst ensuring there are multiple steps in the sign-up process.
167. Therefore, the PSA has decided to include the use of on-screen PIN as a permitted consent to charge method. This clarification responds to the feedback received through the consultation and enables consumers to make a purchase without exiting the purchasing environment. In addition, the PSA is aware that on-screen PIN confirmation is already in use as an effective consent to charge method in the market. We have also clearly set out requirements to be met if an on-screen PIN is to be used as part of the consent to charge process, including that the PIN must not auto-populate or self-generate and must expire if it has not be entered correctly after three attempts.
168. Many respondents commented that the proposed PIN expiry of one minute is too short and not technically feasible. The PSA has considered this feedback and agrees that a longer timeframe is a more appropriate technical solution. The PSA has therefore amended the condition so that a PIN must expire no more than 15 minutes after it has been received to the consumer’s handset. This timeframe is also aligned with that set out in the Mobile networks’ Payforit Scheme Rules.
169. Regarding the feedback received on the use of session expiry rather than PIN expiry – the PSA is open to providers using this so that the whole session times out and not just the PIN. However, this would need to be implemented in addition to providers meeting the PIN expiry requirements.
170. The PSA has considered the feedback received about the security of the PIN loop and the requirement set out in the addendum that where a PIN loop is used, this must be initiated and confirmed by the Level 1 provider, a capable independent third party on behalf of the Level 1 provider, or a Network operator where it contracts directly with the Level 2 provider (and where there is no Level 1 providers involved in the provision of the

service). This measure is intended to protect consumers by ensuring that the PIN information is not shared with the Level 2 provider.

171. In response to the feedback about the use of a 'capable third party', the PSA acknowledges the subjective nature of the use of the word capable and the risk associated with this. However, the PSA does not agree that an approved supplier list represents an appropriate response.

172. Following the testing of consent platforms carried out by an independent consultant, MNOs have changed their rules to require annual retesting and re-accreditation for all consent platforms, whether Payforit or not. The PSA will shortly consult on changes to our Consent to Charge Guidance to replicate this expectation. The PSA has also updated the wording in the Special condition to remove the subjective component so that the footnote in SS5 reads:

This function may be undertaken by an independent third party on behalf of the Level 1 provider. Where a Network operator contracts directly with a Level 2 provider (i.e. there is no Level 1 provider involved in the provision of the service), the function may be undertaken by the Network operator.

173. This amendment responds to the feedback received whilst ensuring that the Level 1 provider is responsible for the PIN provider.

174. For absolute clarity, the PSA does not consider that a PIN which is used solely to unlock the functionality of a handset-device (i.e. a device that is locked and not able to be accessed until the a PIN number is entered) meets any of the requirements set out in the Special conditions.

Input received on receipting (note this includes the input received through question four of the addendum)

175. There was variation in the input received on the proposals to implement receipting. Many respondents expressed a concern that receipting after every charge might be 'overkill' for consumers, particularly if the charging model for the subscription is weekly or even more frequently or if consumers do not always read service messages or spend reminders within the current regulatory settings.

176. Some respondents thought that frequent receipting might result in further complaints from consumers and that monthly receipting may be more practical. One said that receipting after every charge might drive providers to a high monthly charging model or less frequent billing, such as every other month.

177. Some respondents who shared this view also expressed that receipting after every charge may not be technically possible as receipts may be delayed, due to unknowns at operator level and because the Level 2 does not always have real time information.

178. One respondent identified that the PSA had noted the potential detrimental impact of multiple messages being sent to consumers, but that this concern seems to have been disregarded in the final drafting. Related to this, another respondent was supportive of the

monthly spend reminders remaining in place. Another respondent suggested that consumer concerns could be addressed by linking to consumer's MNO billing date with the sending of their spend reminder message.

179. Some respondents were supportive of receipting with every charge. One of these respondents noted that there is a greater chance of service messages being seen if a consumer engages with them at an early stage and if they correspond with each charge. Another suggested that this is a logical approach, and that the PSA should consider opportunities to give the consumer a choice in receipting frequency once they've been subscribed for a set length of time.
180. One respondent that was supportive of receipting noted that it would be helpful for the subject of the receipt message to contain the word 'receipt' and to signpost the Level 2 contact details on the receipt.
181. Some respondents asked for flexibility around how receipting should look for phone-paid subscriptions and asked that industry be given time to innovate and identify the best way forward before any changes are implemented. Within this, some respondents commented that there are other methods, in addition to SMS and email, that should be considered, such as in-app account records with push notifications.
182. One respondent sought clarity on whether the removal of FREEMSG was intended and another on whether it was intended that the STOP message would no longer be used. Another commented that if a service runs on PSMS the service message should be able to be the receipt message, to avoid the unnecessary doubling up of messages.
183. Respondents from the charity sector were generally supportive of the receipting requirements and the removal of the requirement to send STOP reminders. One respondent noted that charities will often send charity-specific information alongside the service information mandated by the PSA and asked the PSA to consider whether there could be an opportunity for providers of recurring donations to split the information that the receipt is required to obtain between the receipt message and the SKIP message (this is discussed between paragraph 191 and 203 below).
184. One respondent questioned the use of the term receipt and suggested that the term Payment Notification be used instead.
185. The PSA did not receive any specific feedback on the proposed SS7 which requires providers to send the consumer a confirmation message after they've subscribed. The only comments received were that some respondents expressed that they are comfortable with the approach as they already do this.

PSA assessment of the input received on receipting (note that this section also covers input received through question four in the addendum)

186. As set out in the consultation document, the Jigsaw research found that consumers expect ongoing interaction with the service, including prompts to remind them about their subscription.

187. The PSA considers that if consumers are provided with clear information upfront, and there are multiple steps in the sign-up process to support them to make an informed purchasing decision, they are more likely to read service messages and receipts because they will understand that these are linked to their phone-paid subscription.
188. It is important to reiterate that it is common for consumers to be provided with a receipt after each charge/purchase, across both digital and physical purchasing environments. Indeed, in many physical purchasing environments consumers are offered both a physical and electronic receipt. Furthermore, some providers of phone-paid subscriptions already provide a receipt after each charge.
189. The objective of the receipting proposal was to ensure that consumers know and have a record of when they have been charged and what for, and to align receipting practices for phone-paid subscriptions with those in other areas (this includes the proposal to remove the requirement for providers to send STOP and spend reminders).
190. For clarity, implementation of receipting under these Special conditions will both remove the need for the word FREEMSG to be included in service messages, as well as remove the requirement for providers to send monthly spend reminders.
191. In addition, the PSA does not see the use of in-app account records as excluded from the proposals, as long as the consumer also receives an SMS or email notification that a receipt is available for them to view.
192. The PSA has considered the feedback received on the receipting proposals and decided to amend the proposals to require the following:
- the consumer must be sent a receipt promptly after every charge, for the first 90 days that they are subscribed to the service
 - after the consumer has been subscribed for 90 days, and has received a receipt after every charge during this period, the consumer may be given a choice as to the frequency of receipts from that point forward
 - control to change the receipting frequency must be in the hands of the consumer i.e. the consumer must actively select the receipting frequency
 - after the initial 90-day period, quarterly receipting must be the minimum frequency that the consumer receives a receipt.
193. The PSA considers that this amendment gives due consideration to the input received on the receipting proposal that we consulted on, and meets both the objective of ensuring that there is sufficient time for the consumer to have recognised their consumption of the service and placing control about receipting frequency in the hands of the consumer. It will also ensure that consumers remain fully informed about their subscriptions and are protected from harm.

Input received on consultation question four

Q4 Do you agree with our analysis using the risk taxonomy that Special conditions represent a proportionate regulatory response to the risk of harm posed by phone-paid subscription services? If not, please provide supporting evidence.

194. The PSA received limited feedback on this question. The feedback that the PSA received can be broken into two categories – respondents who felt that the proposed response is proportionate, and those who provided input that the response is not proportionate. A summary of the input received is provided below.

Input received that Special conditions are a proportionate regulatory response to the risk of harm

195. One respondent stated that they considered the proposals are a proportionate response because despite considering themselves to be savvy online, they were charged for a phone-paid subscription without knowingly signing up. This respondent expressed the view that double opt-in is appropriate and that at present it seems that phone payment is often used for ill-gotten rather than legitimate gains.
196. Another respondent commented that the proposals represent the minimum action needed, and that PSA could not do any less. Their view was that a great deal more is required if consumer confidence is to be restored.
197. Another respondent agreed in principle but reiterated the need for PSA to be clear about the possible sign-up mechanisms and how the Special conditions would be applied. Similarly, one respondent favoured implementation of a risk-based approach but acknowledged the challenges in implementing such an approach and therefore indicated support for certain proposals as being in the right direction.
198. Another respondent partially supported the proposals, highlighting that the proposals will create a level playing field but noted a risk that the proposals stifle innovation and/or harm revenue. Conversely, some respondents noted that there is a risk of harm for all consumers, and the changes are proportionate, especially given that consumers do not always check their bills.
199. One respondent also provided anonymised data showing that the Special conditions could have a detrimental effect on compliance, with lower compliance on mobile networks which require providers to comply with actions similar to the proposed SS5 and SS6 as well as greater use of PSMS and affiliate marketing.

Input received that the proposals do not represent a proportionate response to the risk of harm

200. One respondent stated that they did not consider the approach is proportionate or would be effective because they do not tackle fraud or acknowledge the risks presented

by using PIN flow – this respondent provided evidence of decreased compliance as a result of increased friction.

201. Some respondents expressed that they thought the proposals are not proportionate as they may damage revenues in some areas of the market that don't have any problems, which may lead to some parties exiting the market. Others provided similar comment and stated that Special conditions are not a proportionate response and should only be applied to some service types. A couple of respondents thought that a risk-based approach, potentially based on KPIs, would be a more proportionate response.
202. Some respondents stated that they felt that uninformed consent is the real issue that the proposals are seeking to address and that there is lack of compelling reason to prescribe the exact ways of tackling the risk, and that more flexibility in the consent mechanisms is required – asserting that without this the proposals are not proportionate.

PSA assessment of the input received on the imposition of Special conditions as a proportionate response to the risk of harm

203. As previously outlined in this document, the PSA is seeking to create consistency for consumers to grow trust and confidence in phone-paid subscriptions and support growth. The PSA does not agree that Special conditions need only be applied to some services or services offered at a particular price point, for the reasons previously outlined in this document.
204. The PSA is responsible for applying and enforcing its outcomes-based Code of Practice and to set out clearly to providers what they are required to do to comply with the Code. Where necessary, and after a full risk assessment has been completed, the PSA may determine that more specific rules, in the form of Special conditions, are required to ensure the Code outcomes are achieved.
205. The PSA welcomes the input from some respondents who agreed with our assessment that the proposals represent a proportionate approach to the issues. As stated earlier in this document, the PSA does not agree with those respondents who asserted that the research, data and inputs considered supports the assertion that Special conditions be applied only to particular service types or to services offered above a certain price point.
206. The PSA already has Special conditions in place for subscription services charged above £4.50 per week. Many services currently operate at below this price point and are not subject to any conditions.
207. In regard to respondents who suggested that the regulation be risk-based and focused on KPIs, the PSA agrees that there needs to be a focus on security, trust and compliance and that each of these components will contribute to a healthy and innovative market.
208. However, the PSA does not consider that the evidence supports a hierarchical approach to regulation, based on service type or price point or whether a set of metrics, such as KPIs has been met, as managing the risks in this way implies an acceptable level of non-compliance.

209. As set out in the consultation document, the PSA's view is that KPIs are not an appropriate regulatory tool as they allow for a level of non-compliance with the requirements and mean that any action in response to identified issues is taken after the harm has occurred.
210. In addition, there is a risk of KPIs being abused in a range of ways. As set out in this document the PSA has previously seen providers change their service offerings to operate service types that are not subject to Special conditions. There is a risk that this same behaviour would be replicated if KPIs were used, such as some providers regularly changing their service offerings if it is looking like they may not meet the KPI for the period.
211. As set out in the consultation document, the PSA agrees that a focus on security, trust and compliance are all important factors that will contribute to a healthy and innovative market. However, we do not agree that KPIs represent an appropriate regulatory approach to achieving the objectives of this review.
212. In addition, due to the complex nature of the value chain and the broad range of service types and offerings available, it may be difficult for stakeholders to agree a set of KPIs and how they should be enforced. Some of the challenges here, from the PSA's perspective, include that different parties across the value chain hold different data about services, the different network operators have different compliance requirements, and it would require the value chain to agree what the set of KPIs should be, what the appropriate sanctions would be, and who would enforce them.
213. The PSA has also considered the input received on the potential impact of SS5 and SS6, being that there is lower compliance, more use of PSMS and greater use of affiliate marketing.
214. The PSA needs to establish a clear set of rules and expectations for providers and be able to take enforcement action where needed. In addition, the PSA is able to take action against providers for a potential breach of the Code even where no consumer complaints have been reported. A regulatory framework based on KPIs such as consumer complaints as submitted by respondents to the Call for Inputs and the Consultation would require consumer harm to have occurred before any enforcement action could be taken – in our view this is not effective regulation. The proposals that the PSA is implementing are focused on addressing issues of inadvertent sign-up and ensuring that the standards of phone-paid subscriptions are aligned with those in other sectors.
215. It is the responsibility of the network operators to monitor the compliance levels of providers on their networks, and to undertake appropriate due diligence to ensure that providers can and will comply with the regulatory framework. In addition, the PSA can progress enforcement action to investigate potential Code breaches as required.
216. The PSA agrees that uninformed consent is one of the key issues that the proposals are seeking to address. As stated in the consultation document, a majority of consumers who contact the PSA to make a complaint say they did not request the service or were not

aware that they had signed up. However, the PSA does not agree that the consent to charge proposals are too prescriptive, for the reasons outlined above.

217. In response to the comment regarding PIN loop security, the PSA would like to reiterate that we are not asserting that the consent to charge methods proposed are the only methods available. Rather, they are methods that consumers are familiar with from other forms of digital payment and are the methods that meet the objectives of our review, aligned with the findings of the Jigsaw research. As stated above, use of PIN loop as part of multi-factor authentication is becoming increasingly common and is now being used by for example some banks as one stage in a multi-factor authentication process.

Input received on consultation question five

Q5 Are there any other issues not addressed through our proposed response that you consider warrant regulatory action in light of the research and other information, data and inputs considered? If yes, please provide supporting evidence.

219. In responding to this question, respondents raised a number of issues that are outside of the scope of this review and are being considered separately by PSA.

Input received in response to question five

220. Many respondents to this question suggested that either instead of, or as well as progressing work on subscriptions, the PSA needs to progress additional work in a number of other areas. Some of the areas raised by respondents included:

- registration
- due diligence
- the post purchase experience and complaint handling (including refunds)
- enforcement of Code provisions
- customer care procedures
- dispute resolution
- consumer education about phone-payment and the use of the STOP command
- issues of fraud and malware (and to implement tokenisation to prevent the migration of harm to other areas).

221. Some respondents provided input on the specifics of some of the mechanisms set out in the consultation document and proposed Special conditions. For example, one respondent expressed concerns about whether all devices would be able to use biometrics as an opt-in method and questioned whether there are other methods of exit that could be used (such as in-app).

222. Another respondent suggested that the PSA does not appear to have given due consideration to low cost services, and that the regulation is too heavy handed for these services.

223. Another respondent sought clarity on whether the changes would apply to existing subscribers, or only to new subscribers who sign-up after any proposed regulatory changes have been implemented.

PSA assessment of the input received on question five

224. The PSA is progressing a range of other work in this financial year to address issues identified across the consumer journey of using phone-paid services and where relevant and appropriate has considered (and will consider) input from stakeholders on these areas of work as they are progressed. This includes:
- reviewing our customer care guidelines so that our expectations on service providers are clear, including on how we will fairly and proportionately enforce breaches of the Code of Practice in this area
 - setting clear expectations around refunds
 - reviewing due diligence processes
 - implementing changes to the registration system
 - proceeding with our enforcement strategy (refer paragraph 65).
225. Progressing work in the areas set out in the bullet points above does not negate the need to the PSA to proceed with the subscriptions review. The subscriptions review and any regulatory changes as a result of this review are complementary to the other work that we are progressing and seek to address specific issues in the area of phone-paid subscription services, both to protect consumers from harm in the market and ensure that the regulatory requirements that are in place support growth, both of phone-paid subscription services, and of the phone-paid services market more generally.
226. The PSA has also considered the other points raised by respondents to this question. Regarding the concern expressed by one respondent that not all devices would be able to use biometrics, the PSA notes that the use of biometrics is one option available to providers to fulfil the confirmation component of the consent to charge requirements, set out in SS5. For clarity, providers are not required to use this method, but it is one option available to them.
227. The inclusion of biometrics is intended to ensure that regulation keeps pace with technological and market developments but is not required to be used by all providers. As the proposed Special conditions state, any permitted method used is required to be auditable.
228. The PSA will continue to monitor technological developments and consider whether updates to the permitted consent methods are required over time, including considering any proposals received from stakeholders on alternative methods.
229. The PSA has also considered the input received that issues of fraud need to be addressed and that tokenisation would represent an appropriate regulatory response. As set out throughout this document, the proposals that the PSA is implementing will put multiple steps into the sign-up process for phone-paid subscription services, using methods that consumers may be familiar with from other forms of digital payment. These proposals are largely focused on the consumer experience of signing up to, using, and

exiting a phone-paid subscription service, with work on the technical components of consent to charge being progressed separately. With regards to tokenisation and the recommendation that this be implemented alongside the proposals consulted on, the PSA notes that it is within the mandate of the MNOs to implement such an approach as they see fit, but this is not something that the PSA intends to progress at this time.

230. One respondent asked the PSA to consider other methods of exit. For clarity, while the PSA acknowledges that STOP is an effective opt-out method used by many providers of phone-paid services, it is not the only permitted method. The PSA has deliberately not specified the method of exit required to be used, as we are aware that there are a range of methods available to providers to fulfil method of exit requirements.

231. One respondent also sought clarity on whether any regulatory changes would need to be applied to existing subscribers. To clarify, the Special conditions will only apply to subscribers who sign up to a phone-paid subscription on or after the 1 November 2019, when the Special conditions come into force.

Input received on consultation question six

Q6 Do you have any views or evidence on the use and effectiveness of free trial periods of varying durations to support the PSA in considering what might be appropriate in the context of phone-paid subscription services?

232. The PSA asked for input about the use of free trials as part of the consultation. The PSA received broadly consistent input on this question. Some respondents commented on the length of free trials and how consumers should be informed about them. One respondent suggested that reminders should be sent out before the end of the free trial period confirming that the trial is ending and what the charge will be.
233. Regarding the length of a free trial period, one respondent commented that free trials should not be so short that it is impossible for the consumer to cancel. Others suggested varying durations, such as that a 24-hour trial period or a period of one month should be mandated. Some respondents commented that a month-long free-trial period is consistent with what happens across a number of other services and service types.
234. The alternative view was that free trials can promote trust of the service and the whole industry, but that they should not be a matter for regulation as it is a commercial decision for providers to determine how a free trial offer best fits with their business model.
235. One respondent stated that the PSA is incorrect in stating that no action will be taken on free trial periods. This respondent noted that the impact of the proposed SS7 is that once a consumer is charged at the end of a free trial they will receive a receipt, which does represent a change to current practice.
236. Another respondent queried whether the consumer would be required to re-opt into a subscription after the end of a free trial period, and stated that if this is intended, they disagree with the approach.
237. One respondent was of the view that the PSA should have considered free trial periods as part of the consultation period, and thought that as they were not considered there should be a separate Call for Inputs on this specific issue.

PSA assessment of the input received on consultation question six

238. As set out above, many respondents saw the value in free trial periods from a commercial perspective but were of the view that they are not something for regulation. The Jigsaw research on this issue noted that consumers expect clear explanation of what happens at the end of any free trial period, including how payments are taken.
239. For clarity, through the consultation the PSA was not proposing that a consumer would need to re-opt into a phone-paid subscription service after the end of any free trial period that the provider may offer. Rather, the Special conditions would need to be met prior to the consumer entering the service – whether on a free trial basis or a paid basis.

240. This PSA disagrees with the respondent who asserted that the PSA did not consider free trial periods as part of the consultation. The PSA received input on these through the Call for Inputs, and subsequently asked a specific question on free trial periods in the consultation. We set out in the consultation the fact that we had insufficient evidence on which to base any changes and sought further input through consultation Question 6.
241. As set out above, the PSA received mixed input on free trial periods and there was no consistent view on whether regulatory action is required or what this might look like.
242. As set out in the consultation document, the PSA already has existing Guidance on the 'free trial' model and given the input received we do not consider that any further action is required on the use of free trials at this time. However, the PSA may in future revisit the use of free trial periods if evidence shows that this is necessary.

Input received specifically relating to recurring donations

Input received specifically on use of STOP and SKIP and the definition of recurring donations

243. One respondent questioned why SKIP is being removed. Another respondent asked whether, as charities usually include charity specific information in the SKIP and/or receipting message, the receipting requirements could be spread across these two messages to enable this to continue.
244. This respondent provided the rationale that the consumer would already have received some of the information that is proposed for inclusion in the receipting message, in the SKIP message and that it is important for charities to be able to provide service specific information to consumers, such as what specific impact their donation has had.
245. One respondent suggested that the definition of recurring donations be amended to align with the broader Payment Services Directive 2 (PSD2) definition.

PSA assessment of the input received regarding STOP and SKIP and the definition of recurring donations

246. The PSA is not considering the definition of a recurring donation service as part of this review. The PSA would also like to clarify that none of the proposals consulted on have any impact on the use of the SKIP function or use of the STOP command. The PSA fully intends that the SKIP command is permitted to continue. This has proven a valuable and effective tool for charities and there is no evidence that there is a need for any change. In addition, the use of STOP remains an effective method of exit.
247. Some confusion may have been caused as the order of the Special conditions for recurring donations that we consulted on has changed, to keep all conditions related to a particular part of the consumer journey together. However, the PSA did not consult on, and does not intend to, change or remove any aspect of the STOP or SKIP functions.
248. The change that the PSA consulted on in relation to opt out information or methods is that there will no longer be a requirement for spend reminders to be sent to consumers.

Instead providers will be required to send a receipt after every recurring donation charge, aligned with consumer expectations.

249. The PSA has identified the opportunity to further simplify the recurring donations Special conditions as set out in the addendum. At present, where the SKIP command is available, providers are required to remind consumers of the existence of the STOP command every three months. With the new receipting requirements, the PSA has identified that this requirement is superfluous and no longer required.
250. While the PSA acknowledges that there is limited evidence of consumer harm from recurring donations, the proposals are intended to create consistency across a range of services and service types. In addition, the proposals will support consumers to distinguish clearly between when they are donating on a one-off basis, and when they are signing up to a recurring charge (i.e. the new Special conditions and the double opt-in requirements will only apply to recurring donations, and not single/one-off donations) and will address any perceived potential for harm, associated with such subscription services.
251. While some providers suggested that the double-opt in requirement may have an impact on the number of consumers who complete the sign-up process, the Jigsaw research was clear that where consumers want to sign up to a recurring charge, an extra step will not put them off. Indeed, this kind of process is what they are used to from engaging with other digital payment mechanics.
252. On balance, the PSA has determined that adding an extra step into the process for recurring donations is a reasonable and proportionate measure to introduce. To reiterate, the new Special conditions will not apply to one-off donations. The PSA is also aware that some charities already utilise a double opt-in process to sign consumers up to a recurring donation, recognising the benefits of robust consent to charge to ensure that consumers are fully aware that they are signing up to donate on a recurring basis.
253. The PSA has also considered the input from charities regarding the breakdown of information that a provider must give the consumer in their SKIP message and receipt. The PSA acknowledges the potential for overlap in the messages that consumers receive from charities. The feedback from charities about the need to continue including charity specific information for the consumer about how their donation will be used.
254. To align with the Jigsaw research findings about consumer expectations, it is important that both the SKIP and receipt message contain pertinent information. This includes the name of the charity, the amount of the donation and frequency of charging, and instructions on how to exit. This is particularly important with the removal of the requirement for charities to remind consumers how to exit if the SKIP command has been activated for three consecutive months.
255. To respond to this feedback, the PSA will remove the requirement in the addendum at proposed RDS10(f) for the confirmation message to contain information on how to SKIP, because if SKIP is operating the consumer will already have received this information in their SKIP message.

256. Use of the SKIP function is unique to the charity sector. It provides consumers with the flexibility to SKIP a monthly donation. It also means that consumers who are signed up to a recurring donation receive a warning message 24 hours prior to their payment being taken, reminding them of their recurring donation and key information, such as how to SKIP.
257. In addition, where SKIP is available, the PSA is comfortable with the contact details for the Level 2 provider, and the instructions on how to exit being shared across these two messages to avoid repetition. For example, the SKIP message might contain customer care details and the receipt might contain the STOP information, but this information is not required to be provided in both messages.

Input received on alternative sign-up methods for recurring donations

258. Some respondents provided input that Special conditions, and specifically the requirement for double opt-in, is not required for recurring donation services, on the basis that there is limited evidence of consumer harm or evidence that recurring donations are not meeting consumer expectations.
259. Some respondents noted that the charity sector already has its own set of regulatory requirements that differ from other service types (such as the SKIP function) and therefore that treating this service type differently when it comes to donations offered on a recurring basis would be consistent with the PSA's previous regulatory approach to the treatment of charities utilising phone payment to offer recurring donations.
260. One respondent noted that a more targeted approach would be better for the overall health of the whole market, providing data that across 2017/18 the Fundraising Regulator received 166 complaints from text message-based communications which include one-off PSMS donations, recurring donations, or marketing messages.
261. This respondent estimated that recurring donations would be a small subset of this as there are approximately 500,000 regular donors which send 12 million text messages annually, questioning the need for the proposed changes for this sector.
262. It was also asserted by one respondent that implementing a double opt-in approach for all recurring donations would likely result in a reduction in the number of donors giving regularly, and that consumers will not realise that the extra step is required and will accidentally not complete the sign-up process.
263. Respondents also indicated that a key method used to sign a consumer up to a recurring donation is where the consumer responds to a call to action from a television advertisement by sending a word to a designated shortcode, or following a text message from the charity (where that consumer has provided consent to future marketing) and that this method is used both to obtain one-off donations and recurring donations.
264. Some respondents commented that requiring double opt-in may not make this method viable for charities. One of these respondents provided input that when a phone-call followed by an MO opt-in is used as the sign-up method, 30 to 40% of consumers do not complete the MO opt-in stage.

265. Some respondents also raised that not all sign-up methods currently used in the charity sector would be able to continue to operate under the proposals. For example, at present some charities offering recurring donations use methods such as:

- face to face interaction with a consumer where the consumer enters their mobile number into an online form and then receives a text from the charity and replies with an MO to opt-in to a recurring donation
- face to face interaction where a consumer signs up by sending a keyword to a shortcode
- a phone-call between the consumer and the relevant charity, after which the consumer receives an MO from the charity that they must reply to, to be opted-in to a recurring donation.

266. These respondents noted that these are valuable ways that charities sign consumers up and questioned whether these methods would be permitted under the proposals as consulted on.

PSA assessment of input received on alternative sign-up methods for recurring donations

267. To reiterate, the objectives of this review are to protect consumers from harm, without getting in the way of the potential growth of phone-paid subscription services. This means implementing multiple steps into the sign-up process for all subscription services (including recurring donations) regardless of price point or service type. As set out in the consultation document, the Jigsaw research found that adding an extra step into the sign-up process would not put consumers off signing up for a subscription service that they want.

268. The PSA needs to take action to both reduce existing harm with phone-paid subscription services and reduce the risk of harm, and providers of subscription services moving to operate services in content areas not subject to Special conditions. Alongside this, the PSA is seeking to create greater consistency in the sign-up process, using norms that consumers may be familiar with from other forms of digital payment.

269. The PSA has considered the input received on alternative sign-up methods utilised by charities, whether they would meet the proposed double opt-in requirements, and whether any changes are required to the drafting of the proposed Special conditions as a result. This analysis is set out below.

Engagement with a charity fundraiser (either face to face or over the telephone), after which the consumer sends a message to a shortcode

270. Face to face engagement / telephone calls with consumers are both methods of engagement that charities continue to utilise to secure both single and recurring donations from potential charity supporters. The PSA does not wish to get in the way of existing methods that are operating effectively. However, we do need to ensure that robust and auditable two-stage consent to charge has been obtained from the consumer.

271. The PSA has identified that for these methods to be permitted under the proposals, an amendment to the proposed Special conditions as consulted on, is required. For absolute clarity, the PSA will require that the initial face to face engagement or telephone call is a human to human, auditable interaction.

272. In the case of a telephone call, this means that the call needs to be recorded, and there needs to be a human on the other end of the telephone, not a bot. In the case of face to face engagement, this means that the charity would need some form of auditable engagement with the consumer to evidence their consent as one stage of the double opt-in requirements. For example, in the first stage, the consumer would be required to enter details into an online form for the purpose of making recurring donations, with the second stage being that the consumer is:

- sent a text message from the charity that they are required to affirmatively reply to before their recurring donation commences; or
- they are asked by the charity to send a keyword to a shortcode, to start their recurring donation.

273. This approach represents double opt-in consent to charge as there are two affirmative, recorded and auditable actions required from the consumer before they are signed up to a recurring donation. This approach is aligned with the objectives of this review.

274. However, this approach will only be permitted for recurring donations as this face to face engagement and use of the telephone to seek single and recurring donations from potential supporters is sufficiently unique to the charity sector to warrant inclusion in these proposals.

A call to action from a television advertisement where the consumer sends a keyword to a shortcode and is then signed up to a recurring donation

275. The PSA is aware that there is an approach currently operating where a consumer can text a specific word to a shortcode to sign up to donate on a recurring basis. The PSA has considered this approach and determined that this does not represent double opt-in and would not support the objectives of this review to be achieved. A single MO from a call for action will not satisfy the requirements of the new Special conditions for recurring donation services.

276. To secure a recurring donation from a consumer, charities will need to implement a two-stage approach. In the case of a call to action from a television advertisement, this may mean that the two affirmative MO messages are required to be received from a consumer, the first responding to the call for action to donate on a recurring basis, and the second confirming their intent to donate on a recurring basis. For absolute clarity, in the case of a single/one-off donation, one MO will continue to be sufficient as is currently the case.

277. This approach will help to ensure that it is clear to the consumer when they are donating on a one-off basis and when they are donating on a recurring basis. This approach is consistent with the findings of the Jigsaw research that an extra step in the

sign-up process will not put consumers off signing up to something that they want. In addition, this approach is wholly consistent with the need for there to be double opt-in consent to charge from consumers for all subscription services, including recurring donations.

278. The PSA has made the required amendments to the Special conditions to accommodate these additional flows into the proposals that we consulted on, as set out in Annex C.

Input received on existing methods of converting a single donation to a recurring donation

279. The PSA received input from several stakeholders about a method currently used by charities to convert a consumer's one-off donation to a recurring donation. The example provided was as follows:

- a consumer donates on a one-off basis using a single MO
- the consumer receives a reply from the charity (by way of example) 'thank you for giving £X to Y. Did you know you can give £X monthly. We will send you details about this soon'.
- the charity sends another text message to the consumer 'to give £X monthly, please reply BEGIN to get started. We will text you each month with options on how to SKIP a donation or STOP it. For more info visit [website] or Call XXXX.
- the consumer replies 'BEGIN' and the recurring donation commences.

280. Input from the charity sector was that this is a very effective method currently used to encourage consumers to give on a regular basis and that if the PSA regulation required a double opt-in following the one-off donation (i.e. an extra step to the above process) this could have a significant impact on the numbers of consumers who are able to use this method effectively.

281. It was suggested that consumers will not be aware that they have to go through multiple steps and may fail to successfully complete the sign-up process because they are confused about why they are required to confirm their intention twice after already agreeing to a one-off donation.

PSA assessment of the input received on existing methods of converting a single donation to a recurring donation

282. The PSA has considered the scenario where a consumer donates via text message on a one-off basis (using an MO) and is then provided with the opportunity to convert their one-off donation to a recurring donation (after receiving a text message from the charity setting out relevant information about the recurring donation and confirming they want to sign up to give on a recurring basis by sending a second MO).

283. Following the input and evidence received from the charity sector, the PSA has determined that the evidence from the charity sector demonstrates that there is no compelling reason at this time why this approach should not continue to be used by charities to sign consumers up to recurring donations.

284. In considering this proposal, the PSA focused on the objectives of this review, to raise the standards of phone payment so that they are aligned with other forms of digital payment and protect consumers from harm and risk of harm, while ensuring that the proposals do not have an adverse impact on growth and innovation.
285. The charity sector provided evidence that the conversion approach operates effectively at present. The PSA is satisfied that this approach represents a two-stage opt-in process that is provided within a short period of time as the consumer first signs up to the one-off donation and subsequently opts in to the recurring donation), and using methods that the PSA is permitting in the general set of Special conditions and which are robust and auditable.
286. The PSA is seeking to create consistency across phone-paid subscriptions and ensure that the consumer is provided with full information that enables them to make an informed decision about converting their one-off donation to a recurring donation.
287. To ensure that consumers are fully protected through this process, the PSA has concluded that where through a one-off donation confirmation message a consumer is given the opportunity to convert to a recurring donation, the message must require the consumer to opt-in to the recurring charge using the MO SMS opt-in route. In addition, before the recurring charges commence the consumer must be provided with the cost of the recurring donation and the frequency of charging, as well as clearly informed that the donation will be charged to the consumer's mobile bill
288. The charity sector should note that where they wish to provide consumers with the opportunity to convert a one-off donation to a recurring donation, charities will need to ensure compliance with all other relevant regulatory requirements, including the General Data Protection Regulation (GDPR) and the Privacy and Electronic Communications Regulations (EC Directive) 2003.
289. Specifically, in this context, charities would need to ensure that they have already secured explicit consent from the consumer to contact them about the ability to convert their one-off donation to a recurring one, before making such contact. We understand that there may be circumstances in which such consent may not be required, for example where the one-off confirmation message is used purely to provide the information on converting to a subscription and is not done in a way that amounts to marketing. The PSA recommends all charities utilising this particular flow seek further and specific guidance from the Information Commissioner's Office (ICO). General Guidance in this area can be found [here](#).
290. The PSA has identified that the conversion approach is specific to the charity sector and therefore it will be accommodated through an amendment to the Recurring Donations Special conditions. For absolute certainty, this approach will not be available to providers of other service types as this approach is unique to the charity sector and is already operating effectively.
291. The PSA considers our response to this issue to be both reasonable and proportionate as there is no evidence to indicate that this approach is currently resulting in harm to

consumers and we consider that the proposed approach sufficiently manages risk of harm. Our regulatory response both allows an existing process to continue to operate effectively in the charity sector, while ensuring the consumer goes through a two stage process using robust methods that PSA is permitting in the general Special conditions.

292. To reiterate, providers of all recurring donation services will be required to comply with the double opt-in requirements as set out at RDS6 and RDS7 in the addendum to the consultation. Where a provider gives the consumer an opportunity to convert their single donation to a recurring donation, the initial MO will be considered to be a first opt-in for the purposes of the conversion to a recurring donation, with the second opt in being sufficient to confirm the consumer's intent to donate on a recurring basis, providing the information set out between paragraph 282 - 289 above has been provided to that consumer.

Addendum questions and responses

293. On 4 April 2019 the PSA published an addendum to its consultation. The purpose of the addendum was to clarify the relationship between the proposed set of Special conditions to apply to all subscription services, regardless of service type or price point, and those services or service types that already have Special conditions in place.
294. The addendum also added in an additional consent to charge mechanism, MO opt-in, as another consent to charge mechanism that providers could select to use to fulfil either or both SS5 and SS6.
295. As part of that addendum the PSA also asked additional questions on some of the key issues that it had received early input from stakeholders on. Those questions, the input received, and PSA's assessment of that input is outlined below.
296. Please note that input received on addendum question 4 is discussed between paragraphs 186 - 193 above and is therefore not addressed here.

Addendum question one and input received

AQ1 Do you agree with our proposal to include use of a secure, consumer controlled, mobile originating short message service (MO SMS) as a method that providers could utilise to fulfil the proposed first or second phase consent to charge requirements (and as proposed at Annex A)?

297. Of the respondents that addressed this question, one respondent expressed that they were comfortable with this option being included but felt that it is not well-aligned with modern digital subscriptions where a web-based environment is more common.
298. Two respondents raised issues around fraud or risks of malware. One commented that there is a greater risk that Android malware exploits this method and another thought that while they support the proposal, constant advances in malware does mean that it could be easily circumvented.
299. Two respondents also commented that it needing to be made clearer that the consumer will bear the cost of the additional MO message, if the provider chooses to use a double MO as the opt-in option.
300. Other respondents were supportive of this method being included, noting that MO SMS is common and established. The example given here was in the charities space where this method is used for both single and recurring donations. One respondent suggested that this method should only be used for charity donations and single media competition entries.
301. Another respondent commented that while they supported this option being included, their overall view remains that the proposals are too prescriptive and there are other

ways to tackle the identified risks. Another respondent who was wholly supportive stated that consent being obtained in this way provides the consumer with a record of the consent being granted, in a familiar format.

302. One respondent expressed support for this method and thought that a second factor MO or PIN would create more certainty for consumers as well as making it more difficult for a consumer to be misled.

PSA assessment of the input received on addendum question one

303. MO SMS is included in the final set of Special conditions. It is currently in operation across a number of different content types and the PSA has not received sufficient evidence to suggest the risk of harm to consumers from this method, including from any potential exploitation by malware, is such that it needs removing.
304. In addition, it is a PSA Code requirement that consumers are fully and clearly informed of all information likely to influence the decision to purchase, including the cost, before any purchase is made. It is the responsibility of providers to comply with this requirement and to ensure that all costs associated with PRS are clearly communicated to the consumer, including any costs associated with using MO SMS in the sign-up journey.
305. The PSA has provided for a range of different sign-up flows to be utilised to both provide flexibility for providers in how they engage with consumers, while supporting consistency and the creation of norms for consumers by being prescriptive about the flows that will satisfy the regulatory requirements.
306. The PSA will continue to monitor the effectiveness of MO SMS as part of ongoing evaluation of the effectiveness of the proposals once implemented.

Addendum questions two and three and input received

AQ2	Does the addendum provide clarity on the proposed consequential amendments to the service-type specific sets of Special conditions and Notice of Specified Charges and Duration of Calls, required as part of the subscriptions review? Do you agree with the consequential amendments proposed within Annexes B to F? If not, please explain.
AQ3	Do you agree with our approach as outlined at paragraphs 20 – 24 (of the addendum) above? If not, please provide evidence that would support an alternative approach, and/or on any potential impacts of the approach currently being proposed.

307. The PSA received a limited response to this question. Of respondents who did provide some input, most agreed that the addendum is clear about the consequential amendments and that these will help in creating consistency for consumers. Some respondents agreed that it is prudent to create a single point of reference for providers.

308. One respondent commented that from a process perspective, it was poor process for the PSA to publish this addendum partway through the consultation and stated that there is lack of a formal change process here and that stakeholders need advance notice of changes or proposed extension deadlines. This respondent also acknowledged that it may be easier to refer to a single set of conditions, as proposed.

PSA assessment of the input received on addendum questions two and three

309. The PSA welcomes the input received on these questions and sees no basis for amending the approach consulted on. The PSA agrees with respondents that setting out the Special conditions by service type will make it easier and clearer for providers of those service types to understand and comply with the requirements. The approach will also make it clear for providers of other service types not currently subject to Special conditions as they will be able to refer to one set of Special conditions (being those that will apply to all subscription services).

310. The PSA acknowledges that publishing the addendum part way through the consultation meant that this required additional effort from stakeholders. However, the PSA does not agree that this represents poor process as the timeframe for responding was extended to give stakeholders sufficient time to respond. In addition, other than permitting the use of MO opt-in, the addendum did not make any other changes or introduce anything new to the proposals as consulted on. Rather, its purpose was to ensure that it was clear to stakeholders how the proposals would read across into the existing sets of Special conditions.

311. Furthermore, the PSA has been open to meetings and discussions with stakeholders throughout the process to ensure all input was received and considered, and the consultation process undertaken for this review has essentially followed the same process as previous consultations undertaken by PSA.

Respondents

312. In developing this Statement, the PSA has considered the feedback, evidence and input received from the 25 responses received to the consultation.

313. The list of stakeholders who responded to the consultation and indicated that they were happy for their responses to be published, either in part or in full, are as follows (in alphabetical order):

1. Action 4
2. ActionAid UK
3. Aimm
4. Anonymous
5. Boku
6. Consumer

7. Consumer
8. Donr (x2)
9. Empello
10. Fair Telecoms
11. Individual (x2)
12. Infomedia
13. OpenCreates
14. Payforitsucks
15. Three
16. Vodafone
17. Which

314. There were a further 8 respondents that asked that their responses remain anonymous and not be published - these stakeholders have not been included in the list above. However, the PSA has taken account of the input received in those responses.

Next Steps and Implementation

315. Following the consultation and our consideration of all responses and other input received, the PSA will be implementing Special conditions that apply to all phone-paid subscription services. These conditions are Annexed to the Statement as follows:

- Annex A Special conditions for Subscription Services
- Annex B Special conditions for Recurring Donation Services
- Annex C Special conditions for Society Lottery Services
- Annex D Special conditions for Online Adult Services
- Annex E Special conditions for Online Competition Services
- Annex F Notice of Specified Charges and Durations of Calls

316. Following consideration of the impact of the regulatory changes and the multi-stage process undertaken to consult stakeholders on the PSA's thinking and the development of proposals, the PSA has identified that the implementation period (of just over 12 weeks) is reasonable and appropriate given that if any changes need to be made to services, they will involve mechanisms that are common in the market now. The Special conditions and updated Notice of Specified Charges and Durations of Calls set out in Annexes A – F will take effect from 1 November 2019. The Special conditions have also been set out in separate Notices accompanying this statement.

317. The PSA will continue to monitor the impact and effectiveness of these changes and any other Notices that we may issue. We may revise our Guidance on Subscription services to take account of the changes and issue a consultation on this in due course.

Annex A: Notice of Special conditions for Subscription Services

Subscription Services ~~over £4.50 in any given seven-day period~~

Notice of Special Conditions

This notice is being issued to inform all providers involved or intending to be involved in the provision of subscription premium rate services that Special conditions apply. Level 2 providers are required to comply with the [Phone-paid Services Authority Code of Practice](#), and the Special conditions set out below which are imposed under paragraph 3.11 of the Code.

Under paragraph 3.11.3 of the Code ‘any reference to compliance with the rules or obligations under this Code shall include compliance with obligations imposed under Special conditions. A breach of any special condition in respect of a high-risk service imposed under paragraph 3.11.1 shall be a breach of the Code’.

Subscription premium rate services are defined at ~~paragraph 5.3.39~~ under 5.3.37 of the Code of Practice which states

“‘Subscription services’ are services which include a premium rate charge”. For the purpose of this Notice, only those services charged at over £4.50 in any seven day period (inclusive of any joining fee where relevant) must comply with these Special conditions.

as ‘services which incur a recurring premium rate charge’¹.

For the avoidance of doubt, providers of online adult services, online competition services and society lottery services (whether offered on a one-off or subscription basis) and Recurring Donation Services (as defined in the Separate Notice relating to such services) and Virtual Chat Services (as defined at paragraph 5.3.41 of the Code) are exempt from this Notice, and should refer respectively to the following Notices which set out the Special conditions with which they are required to comply:

- Special conditions for Online Adult Services
- Special conditions for Online Competition Services
- Special conditions for Society Lottery Services
- Special conditions for Recurring Donations.

All other premium rate subscription services are required to comply with the Special conditions set out in this notice.

¹ Recurring charges for a subscription may be fixed amounts charged at fixed intervals (e.g. £4.50 per week) or amounts charged at irregular intervals (e.g. charges for a subscription that are triggered by specific events – alert services being a typical example).

Special conditions

Imposed under Annex 2, paragraph 1.1(k) information that is required to be given to callers in promotional material or at various stages before and during provision of a high-risk service (including as to receipts):

Promotional material

SS1 PRS providers must ensure it is made unambiguously clear to the consumer what the service is and who is providing it. This may include providing the consumer with the name of the service as registered with the PSA.

SS2 Payment options, where relevant, should clearly indicate that selecting payment through the phone account will place charges on the user's phone account (mobile or otherwise).

Imposed under Annex 2, paragraph (n) requirements for caller agreement before a high-risk service proceeds before the caller is charged and paragraph 1.1(b) requirements as to the mechanisms and processes used to deliver services to, and to enable exit from services by, consumers:

Point of purchase

SS3 The point of purchase must be separated from service promotion and interaction, in a clear and effective way, to allow the consumer to consider their purchase. PRS providers must ensure it is made unambiguously clear to the consumer as to when they are viewing promotional material and when they have entered a purchasing environment.

SS4 At the point of purchase, PRS providers must ensure that:

- (a) the point of purchase is clearly signposted by it being made distinctive from other aspects of the service (such as by design and colour scheme) and take all reasonable steps to ensure that distinction is made clear, avoiding any confusion between service promotion and the point of purchase
- (b) the consumer explicitly acknowledges that the purchase implies an obligation to pay
- (c) the consumer is made aware, in a clear and prominent manner and directly before the consumer commits to a purchase, of the cost of the service, and the frequency of charges
- (d) it is clear that the PRS subscription will be added to the consumer's phone account.

Consent to charge

SS51 Prior to delivering the initial charge of a subscription service, providers are required to obtain ensure that the consumer provides 'double opt-in' from the consumer in the form of a consent to charge. To fulfil this requirement, the provider must ensure that

the consumer provides two positive, recorded and auditable responses, where the following clear presentation of the costs and name of the premium rate service subscription have been presented clearly to the consumer.

PRS providers must ensure that the first consumer consent to the recurring charge is established via one of the following means of consumer interaction:

(a) use of a password-controlled account, the password being selected and controlled by the consumer². The account information areas must not auto-populate or self-generate and must require the consumer to enter at least two details such as:

- i. their verified email address; and/or
- ii. a username that they have selected and control; and/or
- iii. their name.

(b) use of a secure PIN loop system, which must be initiated and confirmed by the Level 1 provider³ through interaction with the consumer. The secure PIN must:

- i. comprise no less than four truly random integers
- ii. be entered by the consumer and must not auto-populate or self-generate
- iii. expire if after three attempts the consumer has not entered the PIN correctly
- iv. expire within fifteen minutes of the PIN being received to the consumer's handset.

(c) use of a secure on-screen PIN which must be initiated and controlled by the Level 1 provider or Network operator. The secure on-screen PIN must:

- i. not be displayed in a form that is easily readable by a client machine (for example it should be presented as an image rather than in HTML text)
- ii. comprise no less than four truly random integers

² For clarity, SS5(a) will be fulfilled where;

- there is use of a password-controlled app store account that the consumer has created
- an existing third party verified account, via an eID authentication protocol (such as Facebook Connect), is used within a purchasing environment. The webpage enabling use of the verified account must be hosted by the Level 1 provider or Network operator.

³ This function may be undertaken by an independent third party on behalf of the Level 1 provider. Where a Network operator contracts directly with a Level 2 provider (i.e. there is no Level 1 provider involved in the provision of the service), the function may be undertaken by the Network operator.

- iii. be entered by the consumer (and must not auto populate or self-generate)
- iv. expire if after three attempts the consumer has not entered the PIN correctly
- v. expire within fifteen minutes of the PIN being displayed to the consumer.

(d) use of a secure, consumer-controlled, mobile originating short message service (MO SMS) system for consumers to notify the Mobile Network operator and Level 1 provider(s) of consent to be charged.

SS6 PRS providers must ensure that the second consumer consent to the recurring charge is established via one of the following means of consumer interaction:

- (a) use of a confirmation button to confirm the purchase
- (b) use of biometric technology, such as fingerprint or facial recognition
- (c) use of a secure, consumer-controlled, mobile originating short message service (MO SMS) system for consumers to notify the Mobile Network operator and Level 1 provider(s) of confirmation of consent to be charged.

Imposed under Annex 2, paragraph (k) information that is required to be given to callers in promotional material or at various stages before and during provision of a high-risk service (including as to receipts):

Receipts

SS27 Upon joining a subscription service, and at the point of each subsequent charge, users must receive Following the PRS provider obtaining 'double opt-in' consent to charge from the consumer (SS5 and SS6) the PRS provider must ensure that the consumer is sent a confirmation via SMS, or by the most appropriate means of communication in relation to consumption of the service of being subscribed to the service, message or receipt, at no additional cost to the consumer, which sets out:

- (a) the full name of the service, the associated costs, and
- (b) confirmation that the service is a subscription
- (c) the charge and frequency of charging
- (d) where there is no defined charging period, the basis on which the frequency of interaction and charging for the subscription is established
- (e) the contact details of the Level 2 provider of the service
- (f) instructions on how to exit the service.

SS8 For the first 90 days from the date the consumer is subscribed to the service a receipt must be sent to the consumer promptly after every charge, in either SMS or email format. The receipt must set out:

(g) the name of the service

(h) confirmation that the service is a subscription

(i) the charge and frequency of charging

(j) where there is no defined charging period, the basis on which the frequency of interaction and charging for the subscription is established

(k) the contact details of the Level 2 provider

(l) instructions on how to exit the service.

SS9 Once the consumer has been subscribed to the service for 90 days, the consumer may be provided with the ability to select the frequency with which they receive receipts with the minimum requirement being one receipt every three months. The ability to select the frequency of receipting must be wholly controlled by the consumer. Receipts must be sent to the consumer at the frequency set by the consumer. Where no frequency is set, receipts must be sent promptly after each purchase.

Imposed under Annex 2, paragraph 1.1(b) requirements as to the mechanisms and processes used to deliver services to, and to enable exit from services by, consumers:

Method of exit

SS10 PRS providers must ensure that effective opt-out processes are established for subscription services.

SS3 Users must not be charged more than once in a single billing cycle for any service(s) they have already received.

Annex B: Notice of Special conditions for Recurring Donation Services

Recurring Donation Services

Notice of Special Conditions

This Notice is being issued to inform all providers involved, or intending to be involved, in the provision of Recurring Donation Services that Special conditions apply. Relevant Level 1 and Level 2 providers are required to comply with [the Phone-paid Services Authority's Code of Practice](#), and the Special conditions set out below, which are imposed under paragraph 3.11.1 of the Code.

Under paragraph 3.11.3 of the Code, *"a breach of any special condition in respect of a high risk service imposed under paragraph 3.11.1 shall be a breach of the Code"*.

Recurring donation services are defined as follows:

"Premium rate services that are solely for the purpose of donating money on a recurring basis to a charity or charities registered with the Charities Commission of England and Wales, Northern Ireland, or Scotland."

Special conditions

Imposed under Annex 2, paragraph 1.1 ~~(b) and~~ (k):

~~(b) requirements as to the mechanism and processes used to deliver services to, and enable exit from services by, consumers~~

(k) information that is required to be given to callers in promotional material or at various stages before and during provision of a high-risk service (including as to receipts):

Promotional material

RDS1 PRS providers must ensure it is made unambiguously clear to the consumer what the service is who is providing it. This may include providing the consumer with the name of the service as registered with the PSA.

RDS2 Payment options, where relevant, should clearly indicate that selecting payment through the phone account will place charges on the user's phone account (mobile or otherwise).

RDS3 Where members of the public are interacting with a free service operated by the relevant charity or charities, material associated with the free service should not directly link to another product or service which carries a premium rate charge, unless the consumer is made aware of the separation of services and the charge associated with the premium rate service.

Imposed under Annex 2, paragraph 1.1 (k): information that is required to be given to callers in promotional material or at various stages before and during provision of a high risk service (including as to receipts) and paragraph 1.1(b) requirements as to the mechanisms and processes used to deliver services to, and to enable exit from services by, consumers and 1.1 (n) requirements for caller agreement before a high risk service proceeds before the caller is charged:

Point of purchase

RDS4 The point of purchase must be separated from service promotion and interaction, in a clear and effective way, to allow the consumer to consider their purchase. PRS providers must ensure it is made unambiguously clear to the consumer as to when they are viewing promotional material and when they have entered a purchasing environment.

RDS5 At the point of purchase, PRS providers must ensure that:

- (a) the point of purchase is clearly signposted by it being made distinctive from other aspects of the service (such as by design and colour scheme) and take all reasonable steps to ensure that distinction is made clear, avoiding any confusion between service promotion and the point of purchase
- (b) the consumer explicitly acknowledges that the purchase implies an obligation to pay
- (c) the consumer is made aware, in a clear and prominent manner and directly before the consumer commits to a purchase, of the cost of the service, and the frequency of charges
- (d) it is clear that the PRS subscription will be added to the consumer's phone account.

Consent to charge

RDS6 Prior to delivering the initial charge of a recurring donation, providers are required to ensure that the consumer provides 'double opt-in' consent to charge. To fulfil this requirement, the provider must ensure that the consumer provides two positive, recorded and auditable responses, following clear presentation of the costs and name of the recurring donation to the consumer.

PRS providers must ensure that the first consumer consent to the recurring charge is established via one of the following means of consumer interaction:

- (a) use of a password-controlled account, the password being selected and controlled by the consumer¹. The account information areas must not auto-

¹ For clarity, RDS6(a) will be fulfilled where;

- there is use of a password-controlled app store account that the consumer has created
- an existing third party verified account, via an eID authentication protocol (such as Facebook Connect), is used within a purchasing environment. The webpage enabling use of the verified account must be hosted by the Level 1 provider or Network operator.

populate or self-generate and must require the consumer to enter at least two details such as:

- i. their verified email address; and/or
- ii. a username that they have selected and control; and/or
- iii. their name.

(b) use of a secure PIN loop system, which must be initiated and confirmed by the Level 1 provider² through interaction with the consumer. The secure PIN must:

(c) comprise no less than four truly random integers

- i. be entered by the consumer and must not auto-populate or self-generate
- ii. expire if after three attempts the consumer has not entered the PIN correctly
- iii. expire within fifteen minutes of the PIN being received to the consumer's handset.

(d) use of a secure on-screen PIN which must be initiated and controlled by the Level 1 provider or Network operator. The secure on-screen PIN must:

- i. not be displayed in a form that is easily readable by a client machine, (for example it should be presented as an image rather than in HTML text)
- ii. comprise no less than four truly random integers
- iii. be entered by the consumer (and must not auto populate or self-generate)
- iv. expire if after three attempts the consumer has not entered the PIN correctly
- v. expire within fifteen minutes of the PIN being displayed to the consumer.

(e) use of a secure, consumer-controlled, mobile originating short message service (MO SMS) system for consumers to notify the Mobile Network operator and Level 1 provider(s) of consent to be charged

² This function may be undertaken by an independent third party on behalf of the Level 1 provider. Where a Network operator contracts directly with a Level 2 provider (i.e. there is no Level 1 provider involved in the provision of the service), the function may be undertaken by the Network operator.

- (f) through a phone-call between a person acting on behalf of the charity where audible consent to the recurring charge is obtained from the consumer. The telephone conversation must be recorded in full.³
- (g) through face-to-face engagement with a consumer as part of which the consumer is required to enter at least two details into a secure online environment for the purpose of providing consent to the recurring charge, such as:
 - i. their verified email address; and/or
 - ii. their mobile number; and/or
 - iii. their name.

RDS7 PRS providers must ensure that the second consumer consent to the recurring charge is established via one of the following means of consumer interaction:

- (a) use of a confirmation button to confirm the purchase
- (b) use of biometric technology, such as fingerprint or facial recognition
- (c) use of a secure, consumer-controlled, mobile originating short message service (MO SMS) system for consumers to notify the Mobile Network operator and Level 1 provider(s) of confirmation of consent to be charged. This method must be used where the first consent to be charged is obtained through the methods set out in RDS6 f) or g).

Consent to charge - converting a one-off donation to a recurring donation

RDS8 Where a consumer has donated on a one-off basis and through a confirmation message is lawfully⁴ provided with the opportunity to convert their one-off donation to a recurring one, such message must seek the consumer's consent to the recurring charge and such consent must be given by way of an MO SMS as set out in RDS7 c) above. Prior to commencement of the recurring charge the provider must provide the consumer with the name of the charity, the cost and frequency of the recurring donation and make clear that the recurring donation will be charged to the consumer's mobile phone bill.

³ Providers are reminded that the recording of telephone calls may be subject to various legal and/or regulatory requirements. Providers should ensure that they comply with all such requirements at all times.

⁴ Providers will need to ensure that they have secured explicit consent from the consumer, prior to the conversion message, to contact them about the conversion opportunity. There may be circumstances in which explicit consent is not required such as where the one-off confirmation message is used to provide the conversion information and such information is presented in a way that does not amount to marketing. Providers are strongly advised to contact the ICO for further guidance or seek appropriate legal advice. The ICO's general Guidance can be found [here](#).

Imposed under Annex 2, Paragraph 1.1(b) and (k):

(b) requirements as to the mechanism and processes used to deliver services to, and to enable exit from services by, consumers; and (k) information that is required to be given to callers in promotional material or at various stages before and during provision of a high-risk service (including as to receipts):

RDS1 — The STOP command must be made available and fully functional throughout the duration of the service. Consumers must be reminded of the existence of the STOP command every month unless the service enables donors to skip a monthly payment and fully complies with RDS2, RDS3 and associated Special Conditions relating to the SKIP function.

RDS9 Where the service enables donors to skip a monthly payment, SKIP must be the instruction command which is provided to the consumer to suspend payment of their monthly donation.

RDS10 The monthly reminder containing the SKIP instruction must be sent 24 hours prior to when the consumer is due to be charged. Where the SKIP command is available and fully functional consumers must be reminded of the existence of the STOP command every three months.

Imposed under Annex 2, Paragraph 1.1(k) information that is required to be given to callers in promotional material or at various stages before and during provision of a high risk service (including as to receipts)

Receipts

RDS4 — Where the SKIP command is activated for three consecutive months, this must automatically trigger the sending of a message to the relevant consumer, informing them that they can reply with STOP if they wish to opt out of the service.

RDS6 — Immediately upon signing up to a service, consumers must receive a free initiation text message, which must contain the following information:

- i) — Information that the text is free
- ii) — STOP information which must read “to unsubscribe text STOP to [insert shortcode] at any time or call [insert number]
- iii) — SKIP information which reads “to miss a gift text SKIP to [insert shortcode]

RDS711 Once a month, the following information must be sent free to subscribers. Following the PRS provider obtaining ‘double opt-in’ consent to charge from the consumer (RDS6 and RDS7) or complying with the process set out in RDS8, the PRS provider must ensure that the consumer is sent a confirmation message or receipt, at no additional cost to the consumer, which sets out:

- (a) the name of the recurring donation service;

- (b) Confirmation that the donation is on a recurring basis service is subscription-based;
- (c) What the billing period is (e.g. per day, per week or per month) or, if there is no applicable billing period, the frequency of messages being sent; the charge and frequency of charging
- (d) where there is no defined billing period, the basis on which the frequency of interaction and charging for the recurring donation is established
- (e) Level 2 provider the contact details of the charity
- (f) instructions on how to end the recurring donation.

RDS12 For the first 90 days from the date the consumer is donating on a recurring basis a receipt must be sent to the consumer promptly after every charge, in either SMS or email format. The receipt must set out:

- (a) the name of the recurring donation
- (b) confirmation that the donation is on a recurring basis
- (c) the charge and frequency of charging
- (d) where there is no defined billing period, the basis on which the frequency of interaction and charging for the recurring donation is established
- (e) the contact details of the charity
- (f) instructions on how to end the recurring donation.

RDS13 Once the consumer has been subscribed to the service for 90 days, the consumer may be provided with the ability to select the frequency with which they receive receipts with a minimum of one receipt every three months. The ability to select the frequency of receipting must be wholly controlled by the consumer. Receipts must be sent to the consumer at the frequency set by the consumer. Where no frequency is set, receipts must be sent promptly after each purchase.

Imposed under Annex 2, paragraph 1.1(b) requirements as to the mechanisms and processes used to deliver services to, and to enable exit from services by, consumers:

Method of exit

RDS14 PRS providers must ensure that effective opt-out processes are established for recurring donation services.

Annex C: Notice of Special conditions for Society Lottery Services

Society Lottery Services

Notice of Special Conditions

This Notice is being issued to inform all providers involved, or intending to be involved, in the provision of Society Lottery Services that Special conditions apply. Level 2 providers are required to comply with [the Phone-paid Services Authority's Code of Practice](#), and the Special conditions set out below, which are imposed under paragraph 3.11.1 of the Code.

Under paragraph 3.11.3 of the Code, “*a breach of any special condition in respect of a high risk service imposed under paragraph 3.11.1 shall be a breach of the Code*”.

A lottery is a kind of gambling that has three essential elements:

- payment is required to participate
- one or more prizes are awarded
- those prizes are awarded by chance.

Society lottery services are defined as follows:

A premium rate service ('PRS') that enables consumers to participate in a “lottery” operated by, or for the benefit of, a “non-commercial society”. Such lotteries and societies meet the respective definitions set out in the Gambling Act 2005.

A society is non-commercial if it is established and conducted:

- for charitable purposes
- for the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity
- for any other non-commercial purpose other than that of private gain.

Given the nature of phone-paid services, society lottery services governed by this notice will be remote gambling services as defined in Section 4 of the Gambling Act 2005¹.

¹ Section 4 of the [Gambling Act 2005](#): **Remote gambling**

(1) *In this Act “remote gambling” means gambling in which persons participate by the use of remote communication.*

(2) *In this Act “remote communication” means communication using-*

(a) the internet,

(b) telephone,

(c) television,

(d) radio, or

(e) any other kind of electronic or other technology for facilitating communication.

Information about Gambling Commission and society lotteries can be found [here](#).

¹ Information about the Department for Communities, Northern Ireland can be found [here](#).

Special conditions

Imposed under Annex 2, Paragraph 1.1(g): the denying of access by users under the age of 18 years old to a high risk service or by all users where the relevant handset is not verified as being owned by someone aged 18 years old or over²:

SOL1 Persons under the age of 16 years are not permitted to use the service.

Imposed under Annex 2, Paragraph 1.1(e): specified action required in order to and as a consequence of verifying or a failure to verify the age of callers:

SOL2 If a consumer is found to be under 16, they must be refunded and blocked from using the service.

Imposed under Annex 2, Paragraph 1.1(k): information that is required to be given to callers in promotional material or at various stages before and during provision of a high risk service (including as to receipts):

SOL3 The promotional material for the service must include the following information:

- an adequate description of how the service works and clear instructions on how to use it
- payment options, where relevant, should clearly indicate that PRS payment places charges on the user's phone account (mobile or otherwise)
- any significant terms and conditions, including details of the society who will benefit from the running of the lottery
- clear identification of the provider of the society lottery service separate from the society that will benefit from the running of the lottery
- prominent warnings about restrictions on use, such as access restrictions based on regional regulations imposed on gambling services³, and prevention of underage use
- the prize or amount of money that consumers stand to win or an adequate explanation of how prize winnings will be calculated
- a clear explanation of how winnings will be paid or winners take ownership of prizes
- information about responsible gambling or links to sources of such information
- Instructions on how to stop the service where entrants pay recurring charges.

The information required under SOL3(d), (f), (g) and (h) above may be provided within a URL link containing full terms and conditions. Such link must be provided in the promotional material for the service.

² Special conditions are made under the broad conditions set out in Annex 2. Paragraph 1.1(g) of Annex 2 enables relevant conditions to be imposed that apply in respect of any age limit up to 18. As relevant age restriction measures associated with society lottery services do not apply to 16- and 17-year olds under relevant gambling legislation SOL 1 and SOL 2 only set conditions that apply in respect of those aged under 16.

³ Society lotteries licenced by the Gambling Commission must only be promoted within Great Britain. Separate regulations apply to services operating in Northern Ireland, the Channel Islands and the Isle of Man.

Imposed under Annex 2, Paragraph 1.1(k) information that is required to be given to callers in promotional material or at various stages before and during provision of a high risk service (including as to receipts):

Promotional material

SOL4 PRS providers must ensure it is made unambiguously clear to the consumer what the service is and who is providing it. This may include providing the consumer with the name of the service as registered with the PSA.

SOL5 Payment options, where relevant, should clearly indicate that selecting payment through the phone account will place charges on the user's phone account (mobile or otherwise).

Imposed under Annex 2, paragraph (n) requirements for caller agreement before a high-risk service proceeds before the caller is charged and paragraph 1.1(b) requirements as to the mechanisms and processes used to deliver services to, and to enable exit from services by, consumers:

Point of purchase

SOL46 The point of purchase must be separated from service promotion and interaction, including its promotion in a clear and effective way, to allow the consumer to consider their purchase. At the point of purchase PRS providers must ensure it is made unambiguously clear to the consumer as to when they are viewing promotional material and when they have entered a purchasing environment.

SOL7 At the point of purchase, PRS providers must ensure that:

- (a) clearly signpost the point of purchase is clearly signposted by making it being made distinctive from other aspects of the service (such as by design and colour scheme) and take all reasonable steps to ensure that distinction is made clear, avoiding any confusion between service promotion and the point of purchase;
- (b) ensure that the consumers, when committing to a purchase, explicitly acknowledges that the purchase implies an obligation to pay;
- (c) ensure that the consumers are made aware, in a clear and prominent manner and directly before the consumer commits to a purchase, of the cost of the service, and the frequency of charges; and
- (d) indicate it is clear that the PRS payment charge will be added to the consumer's phone account.

Consent to charge

SOL58 At the point of each purchase and Prior to delivering the PRS charge, including an the initial charge of a subscription service, providers are required to obtain ensure that the consumer provides 'double opt-in' consent to charge from the consumer in the form of. To fulfil this requirement, the provider must ensure that the consumer provides two a

positive, recorded and auditable responses, following clear presentation of the where the costs and name of the premium rate service have been presented clearly to the consumer.

PRS providers must ensure that the first consumer consent to be charged is established such consent via one of the following means of consumer interaction:

- (a) use of a password-system controlled account, the password being selected and controlled by the consumer⁴, to confirm each transaction, whether the transaction is a one-off purchase or the initial agreement to enter a subscription. The account information areas must not auto-populate or self-generate and must require the consumer to enter at least two details such as:
 - o their verified email address; and/or
 - o a username that they have selected and control; and/or
 - o their name.
- (b) use of a secure PIN loop system, to confirm each transaction which must be initiated and confirmed by the Level 1 provider⁵ through interaction with the consumer, whether the transaction is a one-off purchase or the initial agreement to enter a subscription; or. The secure PIN must:
 - i. comprise no less than four truly random integers
 - ii. be entered by the consumer and must not auto-populate or self-generate
 - iii. expire if after three attempts the consumer has not entered the PIN correctly
 - iv. expire within fifteen minutes of the PIN being received to the consumer's handset.
- (c) use of a secure on-screen PIN which must be initiated and controlled by the Level 1 provider or Network operator. The secure on-screen PIN must:

⁴ For clarity, SOL8(a) will be fulfilled where;

- there is use of a password-controlled app store account that the consumer has created
- an existing third party verified account, via an eID authentication protocol (such as Facebook Connect), is used within a purchasing environment. The webpage enabling use of the verified account must be hosted by the Level 1 provider or Network operator.

⁵ This function may be undertaken by an independent third party on behalf of the Level 1 provider. Where a Network operator where it contracts directly with a Level 2 provider, in the absence of a (i.e. there is no Level 1 provider involved in the provision of the service), the function may be undertaken by the Network operator.

- i. not be displayed in a form that is easily readable by a client machine, (for example it should be presented as an image rather than in HTML text)
 - ii. comprise no less than four truly random integers
 - iii. be entered by the consumer (and must not auto populate or self-generate)
 - iv. expire if after three attempts the consumer has not entered the PIN correctly
 - v. expire within fifteen minutes of the PIN being displayed to the consumer.
- (d) use of a secure, consumer controlled, mobile originating short message service (MO SMS) system for consumers to notify the Mobile Network operator and Level 1 provider(s) of consent to be confirmation of the charged request.

SOL9 PRS providers must ensure that the second consumer consent to be charged is established via one of the following means of consumer interaction:

- (a) use of a confirmation button to confirm the purchase
- (b) use of biometric technology, such as fingerprint or facial recognition
- (c) use of a secure, consumer controlled, mobile originating short message service (MO SMS) system for consumers to notify the Mobile Network operator and Level 1 provider(s) of confirmation of consent to be charged.

Imposed under Annex 2, paragraph (k) information that is required to be given to callers in promotional material or at various stages before and during provision of a high-risk service (including as to receipts)

Receipts and ticketing

SOL10 Each time the consumer incurs a charge to participate in a society lottery, whether this involves a single charge or a recurring charge, a Following the PRS provider obtaining 'double opt-in' consent to charge from the consumer (SOL8 and SOL9) the PRS provider must ensure that the consumer is sent a confirmation message or receipt must be sent to them in either SMS or email formats as soon as is reasonably practicable. The receipt must detail, at no additional cost to the consumer, which sets out:

- (a) the name of the service
- (b) confirmation that the service is a subscription (if applicable)

(c) the cost of using the service or products purchased charge and the frequency of charging

(d) where there is no defined charging period, the basis on which the frequency of interaction and charging is established (if a subscription)

(e) the name and contact details of the Level 2 provider

(f) instructions on how to pause or exit the service.

SOL711 For each and every draw entered, once payment has been made, the consumer must be issued with a valid ticket of entry to the society lottery, containing all relevant ticketing information as required in law⁶. Each ticket issued in conjunction with a subscription charge should include information about the method of exiting the phone-paid service, including instructions on the use of the STOP command (where applicable).⁷

Imposed under Annex 2, paragraph 1.1(b) requirements as to the mechanisms and processes used to deliver services to, and to enable exit from services by, consumers:

Method of exit

SOL12 PRS providers must ensure that effective opt-out processes are established.

Imposed under Annex 2, Paragraph 1.1(m) and (x):

(m) the provision of defined information to the Phone-paid Services Authority and the intervals at which it is to be given and the manner to which it is provided;

(x) providers of higher risk services to notify the Phone-paid Services Authority at commencement of such services and provide any related information required by the Phone-paid Services Authority within a specified time period.

⁶ All tickets in a society lottery licensed by the Gambling Commission or registered with a local authority must state:

- the name of the society on whose behalf the lottery is being promoted
- the price of the ticket
- the name and address of the member of the society responsible for the promotion of the lottery.
- in the case of a small society lottery run under local authority registration, the name and address of the ELM if there is one may be given as an alternative
- the date of the draw, or the means by which the date may be determined
- the fact, where that is the case, that the society is licensed by the Commission
- the website address of the Commission, if licensed by the Commission.

Tickets that are issued through a form of remote communication or any other electronic manner must specify the information above to the purchaser of the ticket and ensure that the message can be either retained (saved) or printed.

⁷ Where tickets are issued at the same frequency as payments, services can be operated in such a way that the ticket satisfies the obligations under SOL6.

Notification requirements

SOL13 PRS providers operating these services are to notify the PSA within 48 hours of launching the service, if not done before. On notification, PRS providers must provide information relating to:

- (a) brand identification associated with the provider of the society lottery
- (b) confirmation that all licences required by law have been obtained from relevant bodies, such as the Gambling Commission and / or local authorities
- (c) PRS numbers used for the service, including the dedicated number chosen for STOP and STOP ALL requests
- (d) customer care services details
- (e) identity of all Level 1 providers involved in the provision of the PRS, including those managing the method of exit

Annex D: Notice of Special conditions for Online Adult Services

Online Adult premium rate services

Notice of Special conditions

This Notice is being issued to inform all providers involved, or intending to be involved, in the provision of online adult premium rate services (PRS) that Special conditions apply. Level 2 providers are required to comply with [the Phone-paid Services Authority Code of Practice](#), and the Special conditions set out below, which are imposed under paragraph 3.11.1 of the Code.

Under paragraph 3.11.3 of the Code, “a breach of any special condition in respect of a high-risk service imposed under paragraph 3.11.1 shall be a breach of the Code”.

Online adult PRS are defined as follows:

Premium rate sexual entertainment services, whether provided on single or subscription fee structures, which are accessed online, including but not limited to relevant live streaming services that are paid for via the consumers phone account.

‘Sexual entertainment service’ has the meaning set out in the Condition issued by Ofcom under section 120 of the Communications Act 2003 effective from time to time¹.

‘Online’ refers to those products or services consumed on personal computers or mobile devices (such as smartphones, tablets, etc.) and are provided or accessed directly through an internet gateway. If the consumer is given the choice to consume the digital products or services online or to download them for off-line use, the service must still comply with these Special conditions.

Important note

Those services that fall within the definition of a subscription service must comply with the relevant actions and/or thresholds set under paragraph 3.12 of the Code. Please ensure services meet these obligations at all times. The current notice issued under paragraph 3.12.6 of the Code found on our website:

- <http://psauthority.org.uk/-/media/files/PSA/For-Businesses/Your-phone-paid-service/Code-of-Practice/NoticeofSpecifiedServiceChargesandDurationofCalls.ashx?la=en>

Special conditions

Imposed under Annex 2, Paragraphs 1.1(f) and (g):

(f) steps to be taken to ensure that a high risk service is not used by or promoted in such a way as to make it particularly attractive to persons under the age of 18 years old or younger;

¹ The definition set out in the current PRS Condition is: “Sexual Entertainment Service” means an entertainment service of a clearly sexual nature, or any service for which the associated promotional material is of a clearly sexual nature, or indicates directly, or implies, that the service is of a sexual nature

(g) the denying of access by users under the age of 18 years old to a high risk service or by all users where the relevant handset is not verified as being owned by someone aged 18 years old or over.

- ONLA51** Promotions for online adult PRS must not appear in media targeted at persons under the age of 18.
- ONLA62** Promotions for online adult PRS must be in context with the publication or other media in which they appear. Services should be in context with the advertising material promoting them. The content of a service should not be contrary to the reasonable expectations of those responding to the promotion.
- ONLA73** That online adult PRS are promoted clearly as being adult services, and not for under-18s.
- ONLA84** That services are not promoted in places where they are likely to be particularly attractive to children, or which are easily accessible to them.
- ONLA95** All providers of services must take steps to verify the age of consumers before they can access the service itself. This includes, but is not necessarily limited to, use of an age verification question and age verification filters to prevent access to users who may be under 18.

Imposed under Annex 2, Paragraph 1.1(b), (k), and (n):

(b) requirements as to the mechanism and processes used to deliver services to, and enable exit from services by, consumers

(k) information that is required to be given to callers in promotional material or at various stages before and during provision of a high risk service (including as to receipts);

(n) requirements for caller agreement before a high risk service proceeds before the caller is charged.

Promotional material

- ONLA36** PRS providers must ensure it is made unambiguously clear to the consumer what the service is and who is providing it. This may include providing the consumer with the name of the service as registered with the PSA.
- ONLA47** Payment options, where relevant, should clearly indicate PRS that selecting payment through the phone account will place charges on the user's phone account (mobile or otherwise).

Imposed under Annex 2, paragraph (n) requirements for caller agreement before a high risk service proceeds before the caller is charged and paragraph 1.1(b) requirements as to the mechanisms and processes used to deliver services to, and to enable exit from services by, consumers:

Point of purchase

- ONLA18** The point of purchase must be separated from service promotion and interaction, including its promotion, in a clear and effective way, to allow the consumer to consider their purchase. At the point of purchase PRS providers must ensure it is

made unambiguously clear to the consumer as to when they are viewing promotional material and when they have entered a purchasing environment.

ONLA9 At the point of purchase, PRS providers must ensure that:

- (a) the point of purchase is clearly signposted by making it being made distinctive from other aspects of the service (such as by design and colour scheme) and take all reasonable steps to ensure that distinction is made clear, avoiding any confusion between service promotion and the point of purchase;
- (b) ensure that the consumers, when committing to a purchase, explicitly acknowledges that the purchase implies an obligation to pay;
- (c) ensure that the consumers are is made aware, in a clear and prominent manner and directly before the consumer commits to a purchase, of the cost of the service, and the frequency of charges; and
- (d) indicate that the it is clear that the PRS payment charge(s) will be added to the consumer's phone account.

Consent to charge – 'double opt-in'

ONLA210 At the point of each purchase and p Prior to delivering the PRS charge, including an the initial charge of a subscription service, providers are required to ensure that obtain the consumer provides 'double opt-in' consent to charge from the consumer in the form of. To fulfil this requirement, the provider must ensure that the consumer provides two a positive, recorded and auditable responses, following clear presentation of where the costs and name of the premium rate service have been presented clearly to the consumer.

PRS providers must establish such ensure that the first consumer consent to be charged is established via one of the following means of consumer interaction:

- (a) (b) use of a password system-controlled account, the password being selected and controlled by the consumer, to confirm each transaction, whether the transaction is a one-off purchase or the initial agreement to enter a subscription; or,² The account information areas must not auto-populate or self-generate and must require the consumer to enter at least two details such as:
 - i. their verified email address; and/or

² For clarity, ONLA10(a) will be fulfilled where;

- there is use of a password-controlled app store account that the consumer has created
- an existing third party verified account, via an eID authentication protocol (such as Facebook Connect), is used within a purchasing environment. The webpage enabling use of the verified account must be hosted by the Level 1 provider or Network operator.

- ii. a username that they have selected and control; and/or
 - iii. their name.
- (b) (a) use of a secure PIN loop system to confirm each transaction, which must be initiated and confirmed by the Level 1 provider³ through interaction with the consumer, whether the transaction is a one-off purchase or the initial agreement to ensure a subscription; or, . The secure PIN must:
- i. comprise no less than four truly random integers
 - ii. be entered by the consumer and must not auto-populate or self-generate
 - iii. expire if after three attempts the consumer has not entered the PIN correctly
 - iv. expire within fifteen minutes of the PIN being received to the consumer's handset.
- (c) use of a secure on-screen PIN which must be initiated and controlled by the Level 1 provider or Network operator. The secure on-screen PIN must:
- i. not be displayed in a form that is easily readable by a client machine, (for example it should be presented as an image rather than in HTML text)
 - ii. comprise no less than four truly random integers
 - iii. be entered by the consumer (and must not auto populate or self-generate)
 - iv. expire if after three attempts the consumer has not entered the PIN correctly
 - v. expire within fifteen minutes of the PIN being displayed to the consumer.
- (d) (e) use of a secure, consumer controlled, mobile originating short message service (MO SMS) system for consumers to notify the Mobile Network operator and Level 1 provider(s) of confirmation of the consent to be charged request.

³ This function may be undertaken by an independent third party on behalf of the Level 1 provider. Where a Network operator contracts directly with a Level 2 provider (i.e. there is no Level 1 provider involved in the provision of the service), the function may be undertaken by the Network operator.

ONLA11 PRS providers must ensure that the second consumer consent to be charged is established via one of the following means of consumer interaction:

- (a) use of a confirmation button to confirm the purchase
- (b) use of biometric technology, such as fingerprint or facial recognition
- (c) use of a secure, consumer controlled, mobile originating short message service (MO SMS) system for consumers to notify the Mobile Network operator and Level 1 provider(s) of consent to be charged.

Imposed under Annex 2, paragraph (k) information that is required to be given to callers in promotional material or at various stages before and during provision of a high-risk service (including as to receipts)

Receipts

ONLA12 Each time the consumer incurs a charge to access content whether this involves a single charge or a recurring charge, a receipt must be sent to the consumer in either SMS or email formats as soon as is reasonably practicable. This receipt must detail the name of the service, the cost of using the service or products purchased, and the name and contact details of the provider. Following the PRS provider obtaining 'double opt-in' consent to charge from the consumer (ONLA10 and ONLA11) the PRS provider must ensure that the consumer is sent a confirmation message or receipt, at no additional cost to the consumer, which sets out:

- (a) the name of the service
- (b) confirmation that the service is a subscription (if applicable)
- (c) the charge and frequency of charging
- (d) where there is no defined billing period, the basis on which the frequency of interaction and charging is established (if a subscription)
- (e) the contact details of the Level 2 provider
- (f) instructions on how to exit the service.

ONLA13 For the first 90 days from the date the consumer is subscribed to the service, or for every one-off charge where the consumer is not subscribed, a receipt must be sent to the consumer promptly after each charge, in either SMS or email format. The receipt must set out:

- (a) the full name of the service
- (b) confirmation that the service is a subscription
- (c) the charge frequency of charging (or how this can and will arise, if applicable)

(d) the contact details of the Level 2 provider

(e) instructions on how to exit the service.

ONLA14 Where the service is a subscription, once the consumer has been subscribed to the service for 90 days, the consumer may be provided with the ability to select the frequency with which they receive receipts with the minimum requirement being one receipt every three months. The ability to select the frequency of receipting must be wholly controlled by the consumer. Receipts must be sent to the consumer at the frequency set by the consumer. Where no frequency is set, receipts must be sent promptly after each purchase.

Imposed under Annex 2, paragraph 1.1(b) requirements as to the mechanisms and processes used to deliver services to, and to enable exit from services by, consumers:

Method of exit

ONLA15 PRS providers must ensure that effective opt-out processes are established.

Imposed under Annex 2, Paragraph 1.1(m) and (x):

(m) the provision of defined information to the Phone-paid Services Authority and the intervals at which it is to be given and the manner to which it is provided; [and]

(x) providers of higher risk services to notify the Phone-paid Services Authority at commencement of such services and provide any related information required by the Phone-paid Services Authority within a specified time period.

Notification requirements

ONLA16 PRS providers operating these services are to notify the PSA within 48 hours of launching the service, if not done so before. On notification, PRS providers must provide information relating to:

(a) brand identification

(b) PRS numbers used for the service, including the dedicated number chosen for STOP and STOP ALL requests

(c) customer care services details

(d) identity of all Level 1 providers involved in the provision of the PRS, including those managing the method of exit.

Annex E: Notice of Special conditions for Online Competition Services

Online Competition premium rate services

Notice of Special conditions

This Notice is being issued to inform all providers involved, or intending to be involved, in the provision of online competition services that Special conditions apply. Level 2 providers are required to comply with [the Phone-paid Services Authority Code of Practice](#), and the Special conditions set out below, which are imposed under paragraph 3.11.1 of the Code.

Under paragraph 3.11.3 of the Code, “a breach of any special condition in respect of a high risk service imposed under paragraph 3.11.1 shall be a breach of the Code”.

‘Online competition services’ are those premium rate competition services (PRS) that are provided fully or partially online, including services that initiate a PRS transaction online, where the primary promotion is online and presents a consumer with a chance to win a prize by competing with other entrants, and which is paid for on a pay to enter or subscription basis.

As presented in guidance, some examples of competition services would be:

- (a) lotteries
- (b) other games with prizes
- (c) an entry mechanism into a draw
- (d) information about prizes and how to claim them.

‘Online’ refers to those products or services consumed on personal computers or mobile devices (such as smartphones, tablets, etc.) and are provided or accessed directly through an internet gateway.

Important note

Those services that fall within the definition of a subscription service must comply with the relevant actions and/or thresholds set out under paragraph 3.12 of the Code. Please ensure services meet these obligations at all times. The current notice issued under paragraph 3.12.6 of the Code is found on our website:

- <http://psauthority.org.uk/-/media/Files/PSA/For-Businesses/Your-phone-paid-service/Code-of-Practice/NoticeofSpecifiedServiceChargesandDurationsofCalls.ashx?la=en>

Special conditions

Imposed under Annex 2, Paragraph 1.1(b), (k), and (n):

(b) requirements as to the mechanism and processes used to deliver services to, and to enable exit from services by, consumers;

(k) information that is required to be given to callers in promotional material or at various stages before and during provision of a high risk service (including as to receipts);

(n) requirements for caller agreement before a high risk service proceeds before the caller is charged.

Promotional material

ONLC31 PRS providers must clearly identify the brand of the current service offered to and used by the consumer – this may be achieved by prominent brand management and display, which may include requiring consumers to become account holders of the branded service and signing in prior to entering individual competitions ensure it is made unambiguously clear to the consumer what the service is and who is providing it. This may include providing the consumer with the name of the service as registered with the PSA.

ONLC42 Payment options, where relevant, should clearly indicate that selecting PRS payment places charges through the phone account will place charges on the user's phone account (mobile or otherwise).

Imposed under Annex 2, paragraph (n) requirements for caller agreement before a high-risk service proceeds before the caller is charged and paragraph 1.1(b) requirements as to the mechanisms and processes used to deliver services to, and to enable exit from services by, consumers:

Point of purchase

ONLC43 The point of purchase must be separated from service promotion and interaction, including its promotion, in a clear and effective way, to allow the consumer to consider their purchase. At the point of purchase, PRS providers must ensure it is made unambiguously clear to the consumer as to when they are viewing promotional material and when they have entered a purchasing environment.

ONLC4 At the point of purchase, PRS providers must ensure that:

- (a) the point of purchase is clearly signposted by it being made making it distinctive from other aspects of the service (such as by design and colour scheme) and take all reasonable steps to ensure that distinction is made clear, avoiding any confusion between service promotion and the point of purchase
- (b) ensure that the consumers explicitly acknowledges that the purchase implies an obligation to pay
- (c) ensure that the consumers are is made aware, in a clear and prominent manner and directly before the consumer commits to a purchase, of the cost of the service, and the frequency of charges

- (d) indicate that it is clear that the PRS payment charge(s) will be added to the consumer's phone account.

Consent to charge – double opt-in

ONLC25 P. At the point of purchase and prior to delivering the PRS charge, including on the initial charge of a subscription service, providers are required to obtain ensure that the consumer provides 'double opt-in' consent to charge from the consumer in the form of a. To fulfil this requirement, the provider must ensure that the consumer provides two positive, recorded and auditable responses, where the following clear presentation of the costs and name of the premium rate subscription have been presented clearly to the consumer.

PRS providers must establish such ensure that the first consumer consent to be charged is established via one of the following means of consumer interaction:

- (a) (b) use of a password system -controlled account, the password being selected and controlled by the consumer¹ to confirm the transaction, whether the transaction is a one-off purchase or the initial agreement to enter a subscription; or, The account information areas must not auto-populate or self-generate and must require the consumer to enter at least two details such as:
- i. their verified email address; and/or
 - ii. a username that they have selected and control; and/or
 - iii. their name.
- (b) (a) use of a secure PIN loop system to confirm each transaction, which must be initiated and confirmed by the Level 1 provider² through interaction with the consumer, whether the transaction is a one-off purchase or the initial agreement to enter a subscription; or, The secure PIN must:
- i. comprise no less than four truly random integers
 - ii. be entered by the consumer and must not auto-populate or self-generate

¹ For clarity, ONLC5(a) will be fulfilled where;

- there is use of a password-controlled app store account that the consumer has created
- an existing third party verified account, via an eID authentication protocol (such as Facebook Connect), is used within a purchasing environment. The webpage enabling use of the verified account must be hosted by the Level 1 provider or Network operator.

² This function may be undertaken by an independent third party on behalf of the Level 1 provider. Where a Network operator contracts directly with a Level 2 provider (i.e. there is no Level 1 provider involved in the provision of the service), the function may be undertaken by the Network operator.

- iii. expire if after three attempts the consumer has not entered the PIN correctly
 - iv. expire within fifteen minutes of the PIN being received to the consumer's handset.
- (c) use of a secure on-screen PIN which must be initiated and controlled by the Level 1 provider or Network operator. The secure on-screen PIN must:
- vi. not be displayed in a form that is easily readable by a client machine, (for example it should be presented as an image rather than in HTML text)
 - i. comprise no less than four truly random integers
 - ii. be entered by the consumer (and must not auto populate or self-generate)
 - iii. expire if after three attempts the consumer has not entered the PIN correctly
 - iv. expire within fifteen minutes of the PIN being displayed to the consumer.
- (d) use of a secure, consumer controlled, mobile originating short message service (MO SMS) system for consumers to notify the Mobile Network operator and Level 1 provider(s) of confirmation of the consent to be charged request.

ONLC6 PRS providers must ensure that the second consumer consent to be charged is established via one of the following means of consumer interaction:

- (a) use of a confirmation button to confirm the purchase
- (b) use of biometric technology, such as fingerprint or facial recognition
- (c) use of a secure, consumer controlled, mobile originating short message service (MO SMS) system for consumers to notify the Mobile Network operator and Level 1 provider(s) of confirmation of consent to be charged.

Imposed under Annex 2, Paragraph 1.1(k) and (n):

(k) information that is required to be given to callers in promotional material or at various stages before and during provision of a high-risk service (including as to receipts);

(n) requirements for caller agreement before a high-risk service proceeds before the caller is charged.

Receipts

ONLC57 Each time the consumer incurs a charge to access content whether this involves a single charge or a recurring charge, a receipt must be sent to the consumer in either SMS or email formats as soon as is reasonably practicable. This receipt must detail the name of the service, the cost of using the service or products purchased, and the name and contact details of the provider. Following the PRS provider obtaining 'double opt-in' consent to charge from the consumer (ONLA10 and ONLA11) the PRS provider must ensure that the consumer is sent a confirmation message or receipt, at no additional cost to the consumer, which sets out:

- (a) the name of the service
- (b) confirmation that the service is a subscription (if applicable)
- (c) the charge and frequency of charging
- (d) where there is no defined billing period, the basis on which the frequency of interaction and charging is established (if a subscription)
- (e) the contact details of the Level 2 provider
- (f) instructions on how to exit the service.

ONLC8 For the first 90 days from the date the consumer is subscribed to the service, or for every one-off charge where the consumer is not subscribed, a receipt must be sent to the consumer promptly after each charge, in either SMS or email format. The receipt must set out:

- (a) the full name of the service
- (b) confirmation that the service is a subscription
- (c) the charge frequency of charging (or how this can and will arise, if applicable)
- (d) the contact details of the Level 2 provider
- (e) instructions on how to exit the service.

ONLC9 Where the service is a subscription, once the consumer has been subscribed to the service for 90 days, the consumer may be provided with the ability to select the frequency with which they receive receipts with the minimum requirement being one receipt every three months. The ability to select the frequency of receipting must be wholly controlled by the consumer. Receipts must be sent to the consumer at the frequency set by the consumer. Where no frequency is set, receipts must be sent promptly after each purchase.

Method of exit

ONLC10 PRS providers must ensure that effective opt-out processes are established.

Imposed under Annex 2, Paragraph 1.1(m) and (x):

(m) the provision of defined information to the Phone-paid Services Authority and the intervals at which it is to be given and the manner to which it is provided; [and]

(x) providers of higher risk services to notify the Phone-paid Services Authority at commencement of such services and provide any related information required by the Phone-paid Services Authority within a specified time period.

Notification requirements

ONLC611 PRS providers operating these services are to notify the PSA within 48 hours of launching the service, if not done so before. On notification, PRS providers must provide information relating to:

- (a) brand identification
- (b) PRS numbers used for the service, including the dedicated number chosen for STOP and STOP ALL requests
- (c) customer care services details
- (d) identity of all Level 1 providers involved in the provision of the PRS, including those managing the method of exit.

Annex F: Notice of Specified Service Charges and Durations of Calls

Published in accordance with paragraph 3.12.6 of the 14th Code of Practice

This Notice is being issued to inform all providers involved, or intending to be involved, in the provision of the service categories set out in paragraph 3.12.2 of the [Phone-paid Services Authority's Code of Practice, 14th edition](#), that specified actions are required under paragraph 3.12.1 of the Code. Those specified actions are listed for each service category separately.

Failure to carry out the actions specified in this Notice will amount to a breach of the Code under paragraph 3.12.5.

Specified actions

1. Sexual entertainment services

- 1.1 Sexual entertainment services are defined under paragraph 5.3.34 of the Code
- 1.2 When £15 Service Charge (inclusive of VAT) has been spent on the call, callers must be notified that such a charge has been reached
- 1.3 When £30 Service Charge (inclusive of VAT) has been spent on the call, the call must be terminated immediately unless the consumer positively confirms a wish to continue to use the service
- 1.4 When £40 Service Charge (inclusive of VAT) has been spent on the call, the call must be terminated immediately.

2. Virtual chat services

- 2.1 Virtual chat services are defined under paragraph 5.3.39 of the Code
- 2.2 All such services must, as soon as is reasonably possible after the user has spent £10.22 (inclusive of VAT), and after £10.22 (inclusive of VAT) of spend thereafter:
 - (i) Inform the user separately from the service or any promotion that £8.52 plus VAT has been spent; and
 - (ii) Terminate the service promptly if the user does not interact further with it following the provision of the message sent in accordance with (i).

3. Live entertainment services

- 3.1 Live entertainment services are defined under paragraph 5.3.21 of the Code

3.2 When £15 Service Charge (inclusive of VAT) has been spent on the call, callers must be notified that such a charge has been reached

3.3 When £30 Service Charge (inclusive of VAT) has been spent on the call, the call must be terminated immediately unless the consumer positively confirms a wish to continue to use the service

3.4 When £40 Service Charge (inclusive of VAT) has been spent on the call, the call must be terminated immediately.

4. Chatline services

4.1 Chatline services are defined under paragraph 5.3.12 of the Code

4.2 When £15 Service Charge (inclusive of VAT) has been spent on the call, callers must be notified that such a charge has been reached

4.3 When £30 Service Charge (inclusive of VAT) has been spent on the call, the call must be terminated immediately unless the consumer positively confirms a wish to continue to use the service

4.4 When £40 Service Charge (inclusive of VAT) has been spent on the call, the call must be terminated immediately.

5. Professional advice services, excluding counselling services

5.1 Professional advice services are defined under paragraph 5.3.29 of the Code

5.2 When £15 Service Charge (inclusive of VAT) has been spent on the call, callers must be notified that such a charge has been reached

5.3 When £30 Service Charge (inclusive of VAT) has been spent on the call, the call must be terminated immediately unless the consumer positively confirms a wish to continue to use the service

5.4 When £40 Service Charge (inclusive of VAT) has been spent on the call, the call must be terminated immediately.

6. Counselling services

6.1 Counselling services are defined under paragraph 5.3.16 of the Code

6.2 Such services offered on a one-off basis must terminate after 20 minutes duration.

6.3 Such services offered over a pre-arranged number of sessions, each call must terminate after 60 minutes duration.

7. Subscription services, excluding recurring donation services operated by a registered charity and society lotteries

7.1 Subscription services are defined under paragraph 5.3.37 of the Code

7.2 For all subscription services, once a month, or every time a user has spent £20.45 (inclusive of VAT) if that occurs in less than a month, the following information must be sent free to subscribers:

- (i) The name of the service;
- (ii) Confirmation that the service is subscription-based;
- (iii) What the billing period is (e.g. per day, per week or per month) or, if there is no applicable billing period, the frequency of messages being sent;
- (iv) The charges for the service and how they will or can arise;
- (v) How to leave the service; and
- (vi) Level 2 provider contact details.

8. Services aimed at, or which should have been expected to be particularly attractive to children

8.1 Children is defined under paragraph 5.3.13 of the Code

8.2 Such services must not charge more than £5 (inclusive of VAT) per call in a single transaction or per month for a subscription.

8.3 Such services must not charge more than £20 (inclusive of VAT) over a single monthly billing period.