



9 July 2020

Response to the PSA's Discussion Document on developing the next PSA Code of Practice

1. UKCTA¹ is grateful for the opportunity to respond to the PSA's Discussion Document on its Code of Practice ("the Code"). We are focusing our comments on the PSA's regulation of Information, Connection and Signposting Services ("ICSS") because industry has long been concerned that the existing regulatory framework is inadequate and fails to protect consumers from the significant harm that ICSS can cause, which has become evident more than ever during the Covid-19 crisis.
2. Industry has been raising concerns with the PSA and Ofcom for a number of years and, most recently, with DCMS because of the especially damaging impact on consumers during the Covid-19 crisis. The upcoming review of the PSA's Code of Practice is an opportune time to revisit the regulation of ICSS and to put measures in place to swiftly protect vulnerable customers once and for all, by permanently removing the risks presented by ICSS.
3. We note the PSA's assessment of the market in the Discussion Document and the finding that *"087 and 09 (including ICSS) are also declining, with revenues falling by 41% year-on-year between 2017/18 and 2018/19"*². No customer chooses to spend hundreds of pounds on a phone call that would have been free or basic rate if they had called it directly, unless they have been misled. One UKCTA member, as a result of observing a spike in the use of ICSS during the Covid-19 crisis, has conducted some analysis of its customers' calls to just four number ranges being used by ICSS providers. Calls were charged at £3.60 per min for one range, £1.55 per min for another and £6 per call for the two other ranges. That analysis showed that from January to June their customers paid £591,500 for calls to ICSS when the estimated costs those customers would have paid if they had called the official numbers for organisations was between £25-30k. One customer incurred charges of over £450.
4. Choosing April as a month in the midst of the Covid-19 crisis, the UKCTA member recorded 919 calls to 11 different numbers within the number range being used by ICSS providers for Government agencies – HMRC, Child Benefit etc. Calls were priced at £1.55 per minute. The service charges earned by the ICSS provider for 741 customers totalled £6,524.13. The highest charge by customer was £132.36, with another 18 customers billed over £50. Out of the 919 calls made, 380 had a duration of under 30 secs (41%), which suggests that callers were misled into calling the chargeable number and hung up when they heard the pricing information.
5. Another number range used mainly for large companies that consumers are contacting at the moment; e.g. TUI, Argos but also included HMRC and priced at £6 per call. In April 2020 there were 8,400 calls to 117 different numbers from within the range and 6,678

¹ Details of UKCTA membership can be found at www.ukcta.org.uk.

² PSA Discussion Document para 103, p23

customers were billed £54,000 in ICSS service charges. The highest charge was £126, with another 5 customers billed over £50. Out of the 8,400 calls made 5,644 had a duration of under 30 secs (67%), again, suggesting that callers were misled into calling the chargeable number and hung up when they heard the pricing information. Eleven other ranges used for ICSS were also found in April 2020, with a total of 13,853 calls being made to the 13 ranges. Of these calls, 8,051 had a duration of under 30 secs (58%).

6. The volumes of calls and associated values set out here are specific to the UKCTA member's fixed line customers only. If we were to multiply those figures to account for the customers of the other communications providers and all the calls made from mobile phones, the total cost of consumer harm will be exponentially higher.
7. The PSA has quite rightly examined the Premium Rate Services ("PRS") market in advance of the review and Question 3 of the Discussion Document requests suggestions as to whether there is anything else that the PSA needs to consider in its market assessment. We would encourage the PSA to build on and extend the research that it commissioned from Nottingham University to inform its review of ICSS last year, which focused on consumer behaviour in relation to online search results containing ICSS and their responses to ICSS websites. We would urge the PSA to use the review of the Code to undertake research on consumer's views of ICSS and examine whether those consumers that called premium rate numbers actually intended to. To that end, it would be useful to understand why so many consumers who do find themselves using these services terminate the calls so quickly. It is our guess belief that consumers hang up when they hear the cost of the call, not having realised that they had called a chargeable number. Analysis of calling patterns, in addition to consumer focus groups would shed light on the consumer benefit, if any, of ICSS. It would also be helpful to ask ICSS providers who offer to record calls as part of their signposting service, for data on how many consumers actually use this recording service.
8. Whilst we welcome the PSA's proposals to improve its regulation of the sector by moving to a model of verification and supervision of PRS organisations and a stronger enforcement regime more generally for the PRS market, we do not think those measures will be sufficient to protect consumers from the harm caused by ICSS. We consider that the only way to protect customers is to prohibit entirely the use of premium rate numbers for ICSS services.
9. We encourage the PSA to use the review of the Code as an opportunity to re-assess the ICSS market and its impact on consumers and to re-examine with Ofcom, the appropriate regulatory framework for ICSS.

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