



Peter Barker
Director of Corporate Services and Operations
Phone-paid Services Authority
25th Floor, 40 Bank Street
Canary Wharf
London E14 5NR

28 January 2022

Dear Peter,

BT response to the PSA Consultation on Business Plan and Budget 2022/23

Thank you for inviting comments to the PSA's consultation.

Overall, we support the PSA's priorities and supporting activity plans for 2022/23; we are particularly pleased to see that the PSA intends to collaborate more with industry through both formal and informal means. A stronger relationship with industry is fundamental to the PSA achieving its overarching objective of reducing consumer harms and improving the reputation of the PRS industry.

There are two areas within the PSA's Business Plan for 2022/23 we believe the PSA should pay particular attention to: registration/verification for new market entrants and App Stores.

There are also two areas referred to within the Business Plan and Budget that we would like greater clarity on; the apportionment of fines collected in the period 2021/22 and the outcomes achieved by the PSA via its consumer education and media programme.

1. Registration and verification

We are of the view that the PSA, as it moves to a supervisory model of regulation, has an important role to play verifying the actors wishing to enter the market.

At the moment we are concerned that the current barriers to market entry are too low and result in bad actors quickly entering and then exiting the market. Greater oversight, at the point of market entry, would increase the likelihood of only genuine companies operating premium rate services.

We recognise that more stringent market entry verification would come at a cost for the PSA. However, we think these costs are likely to be offset through reduced compliance and enforcement activity. Properly verified companies are more likely to be reputable, operate within the Code 15 rules and more likely to pay any fines that are incurred.

Given the changing dynamics of the market, we also think it may also be helpful for the PSA to re-assess the options for industry participants to fairly contribute to the cost of regulation, particularly as the number of registered providers in the market is consistently falling. This could include making changes to the current £200 registration fee and/or removing or altering the payment exemptions for service providers with a revenue below £10,000 per annum.

2. App Stores

BT welcomes the clarity provided by Code 15 in respect of its scope and application.

As 90% of the premium rate market is made of App Stores/large providers, it's important the PSA spends more time engaging with these players and focusing attention on consumer trends emerging from use of their services. Particularly as it's increasingly common for consumers to charge app store purchases to their mobile phone bills.

3. Fine allocation

We would welcome clarity in respect of how the PSA's 2022/23 budget has been calculated and whether it has accounted for the fine accrued in respect of the BT Agilemedia, or any other investigation, concluded in 2021.

4. Consumer education and Media Programme

We would welcome further insight on the outcomes and learnings from the PSA's 2021/22 consumer education programme and media programme. BT feels as if it has limited visibility of these activities but believes there's an opportunity to apply any consumer insight obtained by the PSA to its own premium rate operating model and for industry work collaboratively with PSA to optimise the success of similar programmes in the future.

Should you wish to discuss our response further, please do not hesitate to get in touch.

Kind regards,

David Thompson

Regulatory Affairs Manager
BT Group Regulatory Affairs