

**Statement following consultation on  
general permission for SMS virtual  
chat services**

22 November 2022

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## About the PSA

We are the UK regulator for content, goods and services charged to a phone bill. We act in the interests of consumers.

Phone-paid services are the goods and services that can be bought by charging the cost to the phone bill or pre-pay account. They include charity donations by text, music streaming, broadcast competitions, directory enquiries, voting on TV talent shows and in-app purchases. In law, phone-paid services are referred to as premium rate services (PRS).

We build consumer trust in phone-paid services and ensure they are well-served through supporting a healthy market that is innovative and competitive. We do this by:

- establishing standards for the phone-paid services industry
- verifying and supervising organisations and services operating in the market
- gathering intelligence about the market and individual services
- engaging closely with all stakeholders
- enforcing our Code of Practice
- delivering organisational excellence.

## 1. Introduction

1. Earlier this year, during the implementation period of the 15<sup>th</sup> Edition of the Code (Code 15) some stakeholders asked how Requirement 3.2.12 was intended to apply to the SMS virtual chat service mechanic. SMS virtual chat services generally operate on a 'one in, one out' basis – where a single SMS is sent by the consumer and a reply is sent by the service provider. However, it is also possible for multiple replies to be sent out. Stakeholders told us that receipting would impact the flow of the service, disrupt the consumer experience, and have potentially significant cost implications for providers.
2. Requirement 3.2.12 specifies that a receipt should also be sent to consumers after each transaction which means every time a charge is added to a consumer's phone account. In the case of virtual chat services, this would mean that a receipt is sent after every chargeable message is received by a consumer engaging in chat, resulting in many messages being sent to the consumer in quick succession. Industry stakeholders suggested that sending many messages in this way could result in a bad experience for consumers using SMS virtual chat services as they may feel they are being bombarded with messages. It was also suggested that sending many receipt messages in between service messages may confuse consumers and ultimately result in information being missed. It was also suggested that sending receipts after every chargeable message would be likely to have a significant cost implication for providers by potentially more than doubling the amount of bulk 'free to user' SMS they would need to send.

3. The PSA considered the concerns raised and consulted on proposals for a new general permission under 2.6.4 of Code 15 for virtual chat providers. The proposal allowed for such services to be provided without the need to send receipts after each transaction while ensuring that consumers are provided with receipts with sufficient frequency to help them monitor and control their spending.
4. In the proposed general permission, we outlined converting £10 spend reminder messages into a receipt format compliant with Requirement 3.2.14 of the Code. This proposal was developed following feedback we received from industry members who took part in a pre-consultation workshop.
5. To ensure that consumers who either did not reach the initial £10 threshold or ceased interaction between £10 thresholds, received a receipt, we proposed that a receipt is sent after a set period of consumer inactivity, which was suggested as 24 hours.
6. We also proposed that receipts feature the total spend accrued to enable the consumer to keep track of how much they are spending and reduce the potential risk of bill shock. Historical complaint data demonstrates that consumers using SMS virtual chat services can be prone to excessive use. As the nature of these services is an interactive SMS conversation, the ongoing focus of the consumer is directed towards that active engagement rather than on spend accrued during that time. The proposal to include accrued spending on each receipt was intended as a method of bringing sharper focus for consumers on awareness of their spending.
7. In summary, having considered all the views presented during the consultation process, we have decided that the conversion of the current £10 reminder message into a receipt format will ensure that consumers receive timely receipts for their transactions, and minimise service disruption by reducing the frequency of receipts they receive. While we believe it would be beneficial to inform consumers of their total accrued spend and amounts spent between £10 thresholds, we understand the cost and difficulties involved in implementation. Therefore, we believe it would be disproportionate for the general permission to require this information within receipts at this time.
8. The conversion of reminder messages into receipts allows all providers of SMS virtual chat services to benefit from this general permission with immediate effect and with minimal disruption to the normal operation of their services.

## **2. General feedback and responses to the consultation**

9. We received seven responses to the consultation from merchants and intermediaries involved in the delivery of SMS virtual chat services, and a Trade Association representing the views of their members, several of which provided individual responses in support of the overall view.
10. Respondents raised two principal concerns:

- 1) The interpretation of the general permission is disproportionate and/or unnecessary. It appears to be an intervention to further reduce consumer harm, consumer harm which is not apparent from the minimal complaint levels experienced both by the PSA and industry.
  - 2) The cost of the proposal outweighs the benefits. Providers would have to send more free-to-receive messages to consumers than they currently do. Consumers have not previously complained about needing to be more adequately informed of their spending. The act of including accrued spending and additional receipting for those consumers who either do not reach, or cease interaction between, the £10 threshold is also prohibitively costly for merchants to develop and maintain for such a nominal benefit.
11. Most of the responses agreed that a general permission enabling 3.2.12 to be achieved by alternative means is welcomed.

### Responses to Q1 of the consultation

**Q1 Do you agree with our analysis of the costs and benefits associated with the different options? Are there any other factors that need to be considered?**

#### Unnecessary intervention

12. **Aimm** commented that because the PSA has only received six complaints in the last year, with only three of those complaints relating to high spending, the measures associated with this general permission are not needed.
13. An anonymous respondent states that there are no complaints about the current system.
14. **Media 247** said that there was already an agreed solution for notification of spend within PSMS chat [under the previous Code 14] in the form of reminder messages and that to suggest that an untested and more prescriptive solution is needed appears to go against the PSA's promoted principles of results orientated, light touch regulation.
15. **Worldwide Digital Media** pointed out that the six complaints received by the PSA over twelve months are not indicative of widespread consumer concern where during that period several million messages will have been sent and received.

#### Cost versus benefits

16. **Aimm, Cellcast, Dynamic Mobile Billing** and **Worldwide Digital Media** all raised the point that the benefit of the permission against the increased costs to providers is not proportionate in comparison to the Code 14 requirement reminder messages.
17. **Aimm, Cellcast, Dynamic Mobile Billing** and **Worldwide Digital Media** focused on the issue that sending receipts to users who have either not reached the £10 threshold or are between receipting thresholds raises problems.

18. Providers would have to monitor consumer spending in real-time at an initial additional cost estimated by one provider as being over £10,000. Current reminder messages for one provider stand at 18,000 free-to-the-user messages per month. The proposed arrangement to provide receipts to those users who have not interacted for a suggested period of 24 hours increases the per-month figure to around 40,000 free-to-the-user messages.

### **Receipting format and total accrued spend**

19. *Aimm, Cellcast, Dynamic Mobile Billing* and *Worldwide Digital Media* said that they had not initially understood that the proposed receipt format was to include the total lifetime spend of the consumer in relation to the service in addition to the total accrued spend that had been reached to trigger the spend reminder/receipt.

20. They stated that in their view the details of the permission in Annex 1 of the consultation paragraph are ambiguous in that industry understood the 'total accrued spend' to refer to the amounts spent to reach the individual £10 threshold i.e.,  $\text{£1.50} \times \text{number of interactions} = \text{total spend}$ , not spend accrued over a lifetime of use.

21. They went on to say that as a result of their misunderstanding, this has not been costed and raised the following concerns:

- no other retail sector asks for this; it will confuse consumers
- recycling of phone numbers could lead to a previous users' usage being counted
- it seeks to address excessive use where members receive no complaints of that nature. They asserted that consumers could currently count their spend reminders to work out what they have spent prior to receiving their next phone bill.

### **Delayed receipting, sociable hours and privacy**

22. *Aimm, Cellcast, Media247* and *Worldwide Digital Media* expressed the belief that there is uncertainty that consumers will want to receive receipts at times that are not convenient to them. They say that currently, reminders are received while using the service and while the user has their device on them. A receipt arriving at a specific time after the consumer ceases interaction could arrive at an inconvenient time. These are discrete, private services, and a receipt which arrives on their phone when they are not using the service may be visible to others.

### **Additional points**

23. *Aimm* and *Worldwide Digital Media* suggested that due to the level of information required in receipts, messages would need to be concatenated, increasing costs.

24. *Dynamic Mobile Billing* questioned how multiple services on the same shortcode might be managed. An anonymous respondent also questioned situations such as shortcode switches and multiple consumer stop/starts.

25. An anonymous respondent expressed their understanding that they are unable to message a consumer in order to provide a receipt after 24 hours of inaction when a consumer places a STOP request.
26. **Media247** questioned why receipting is required for SMS virtual chat services in light of the exemption for voice services at 3.3.16, arguing that a receipt is proof of payment and merchants do not receive payment, through the value chain, for their services, for approximately two months. They believe that proof of payment is the consumers' phone bill. They went on to say that other payment mechanics do not suffer the imposition of additional receipts on product delivery, adding that PRS is already struggling to compete in the dynamic app billing landscape. They do not believe that receipting will encourage innovation nor make PRS products competitive with other payment mechanisms.

### PSA consideration of responses to Q1

#### Unnecessary intervention

27. As noted above, some providers suggested that the proposed general permission is an unnecessary intervention. We would like to reiterate the purpose of permissions under Code 15. General permissions provide an alternative means of meeting the Standards and Requirements of the Code. They do not impose any additional requirements upon SMS virtual chat services over and above the existing requirements of Code 15. Providers always have the option of strict adherence to the Requirements of the Code. We note that the general permission was developed in response to industry raising concerns about strict adherence to the Code in this case. The purpose of the proposed permission is to reduce the number of receipts SMS virtual chat providers must send to both comply with Code 15 and keep consumers suitably informed of their spending with minimal disruption to their enjoyment of the service.
28. While complaint levels may be low, we note that low complaint levels may not be indicative of low consumer harm, particularly given (as respondents have noted) that the content of these services can be discreet and personal. Consumers may be less likely to complain for this reason. More broadly, the receipting requirement is an important tool applied to all phone-paid services to improve consumers' ability to understand and manage their spending. The proposed general permission enables virtual chat providers to offer a service at a standard consistent with other phone-paid service types.

#### Cost versus benefits

29. In respect of costs versus benefits, we acknowledge that there would be some development and ongoing costs associated with the general permission as proposed. However, we feel the assessment of those increased costs by industry members has been balanced against pre-Code 15 requirements. While there was a nominal increase in expectations (including developmental costs) over what was required for compliance with Code 14, the general permission as proposed provides the benefit of significantly less cost than strict adherence to the receipting requirements of Code 15.

30. In comparison to the sending of reminder messages at each £10 spent under Code 14, we appreciate that the proposed additional receipt after 24 hours of inactivity posed an additional cost that providers of SMS virtual chat services have not previously had to bear. The overall purpose of receipting is to ensure that consumers are kept informed of their spending while using the service. This includes those who either have not reached an initial £10 threshold and those who are between receipts. While this could potentially double the per-month volume of free-to-the-user messages a provider has to accommodate, this is significantly less than they would have to send if operating in strict adherence to the per-transaction receipting requirements of Code 15.
31. Regarding concerns that bulk message costs would potentially double due to the concatenation of messages to accommodate the volume of information required by 3.2.14 of the Code, we believe this to be unfounded. In our view, it is possible to state all the required information within the 160-character limit and we have since provided an example to those who requested advice on this matter. Providers are able to obtain free compliance advice from the PSA by contacting us via [compliance@psauthority.org.uk](mailto:compliance@psauthority.org.uk).
32. We note the feedback that several respondents only became aware that the draft general permission proposed each receipt to include the total accrued spend one week prior to the closure of the consultation. Inclusion of total accrued spend was made clear within the consultation document at paragraph 26 and within the draft general permission set out in Annex 1 of that document.
33. The PSA held two workshops with industry, the first was to discuss early ideas and understand capabilities. The second meeting post consultation publication, allowed for initial industry views and questions prior to submitting their consultation responses.
34. While the inclusion of total accrued spend was not specifically discussed within either of the workshops, we believe the consultation made this clear. We answered questions raised near the end of the consultation period which meant that the issue was covered in consultation responses.
35. While our proposal to include total accrued spend may not be precisely replicated in other retail sectors, few purchasing environments operate similarly to SMS virtual chat which enables small frictionless charges to build to a significant amount in a short period. Additionally, the nature of such services means that consumers are more likely to be entertained or distracted by the service and less likely to maintain focus on their current level of spending.
36. It was suggested that the proposed change in the format of spend notification will confuse consumers who are used to receiving notification of each £10 spent in the form of reminder messages. We do not believe that a change in the format of the receipt as consulted on would have confused consumers.

37. We acknowledge the point that recycled numbers will count previous usage. However, we consider the likelihood of this occurring will be minimal. We understand that recycled numbers go out of service for a period of six months and are cleansed. After a period of six months of inactivity between a user and a service, the provider of the service would no longer be able to re-promote to the 'new' owner of the number.
38. We disagree that the proposal seeks to prevent excessive use where providers do not receive complaints about such usage, this is not our experience. The proposal was intended to provide an alternative means of affirming conscious use and enable consumers to have greater control of their spending. We also note that while complaints to us about virtual chat services are low, they do include complaints about excessive use.
39. We acknowledge that consumers could use spend reminders to monitor their overall spend. However, the intention of the proposal was to improve the information available to consumers consistent with the approach of Requirement 3.2.14 and the approach of Code 15 more generally.
40. While we do not agree with some of the arguments against the inclusion of total accrued spend on receipts, the final general permission no longer requires the provision of this information. We consider that the costs involved in re-coding existing systems and processes to track individual consumer spend(s) are not proportionate to the perceived benefit to the consumer experience. Additionally, we appreciate that not all providers may have the resources to do so, or to make such changes in a timely way. Therefore, by removing the requirement for this information, more providers can benefit from the permission with minimal delay.

#### **Delayed receipting, sociable hours, and privacy**

41. In response to the arguments presented that there is uncertainty that consumers will want to receive receipts at times that are not convenient to them, we acknowledge the theoretical concern. Currently £10 reminder messages are received while the consumer is actively using the service and have their phone in hand. While there may be a concern that a receipt arriving at a specific time after the consumer ceases interaction could arrive at an inconvenient time, we consider that this is no different to a provider sending a promotional message following previous use of the service. Should a consumer be particularly concerned due to the discreet, private nature of some of these services, they remain responsible for their device and should be able to manage privacy using the wide range of tools available on modern phones.
42. While we do not agree that delayed receipting, sociable hours and privacy would remain an active concern, the final general permission no longer requires any form of receipting to occur after a set period of inaction. We consider that the costs involved in re-coding existing systems and processes to trigger required actions after set periods of inactivity are not proportionate to the perceived benefit to the consumer experience. Additionally, we appreciate that not all providers may have the resources to do so, or to make such

changes in a timely way. Therefore, by removing the requirement for this information, more providers can benefit from the permission with minimal delay.

### **Additional points**

43. In respect of how multiple services on the same shortcode might be managed, services that change short code during their lifetime, and consumers who manually exit a service which they later re-join, the expectation is that the use of any service will be tracked to the user's MSISDN rather than to any particular chat partner or service keyword.
44. There was a comment in relation to providing a receipt after a set period of consumer inaction, that a provider is unable to send further messages to a user who has sent in the STOP command is incorrect. The STOP command serves two purposes. In PRS, it is a method of exiting services and ceasing further charges. The STOP command can also be used as a request to cease further promotional messages from the provider. Should a consumer send STOP to exit an SMS virtual chat service, there is no issue in providing that consumer with a final confirmation, be that to provide a required receipt or to confirm that they have been removed from the service.
45. We do not agree that SMS virtual chat should be included in the exemption from receipting for voice services (Code Requirement 3.3.15) because charges will appear on the bill. The subject of this consultation was the frequency of receipting, not whether receipts should be required, that point having been addressed in the Code 15 consultation.

### **Responses to Q2 of the consultation**

#### **Q2 Do you agree that the preferred option provides consumers with the ability to monitor and control their spend at least equivalent to the option of strict adherence to Requirements 3.2.12?**

46. Most respondents reiterated points made within their responses to Q1, primarily indicating that actions beyond a straight conversion of the £10 reminder message into a receipt may confuse users, provide incorrect information to people with recycled numbers, result in receipts being received at unsociable times and be prohibitive due to further development of systems and significant costs.
47. **Media247** stated that the proposal gave no consideration to consumer demands and pointed out that there is no suggestion within the consultation that the consumer should be given the option to control what receipts/spend reminders they want/receive or the way in which they want to receive them.
48. **Premtel Net** disagreed and asserted that first the PSA should ask whether a consumer even desires this monitoring ability as they get a £10 warning, and this should be enough for an intelligent person. They added that no consumer has ever complained that they are unclear about the spend.

49. **Worldwide Digital Media** commented that the receipting requirement at 3.2.12 would not provide consumers with any more control over their spending than the current £10 spend reminder and would spoil the user experience if they needed a receipt after every chat or picture message they receive.

### PSA consideration of responses to Q2

50. We disagree with these comments. It is common practice in all retail markets for receipts to be provided to consumers after any transactions. Consumers are familiar with receipts and receiving a receipt after a purchase will be consistent with their expectations which have been formed from making purchases in other sectors. As noted in paragraph 44 above, the question of whether receipts should be required was settled in consultation on Code 15 – this proposal addresses the narrower question of the appropriate frequency of receipting for this service type.

### Responses to Q3 of the consultation

**Q3 Are there any other options that we should consider as an alternative to the preferred option?**

51. **Aimm, Cellcast, Dynamic Mobile Billing, Media 247** and **Worldwide Digital Media** said that simply recrafting the current reminder into a receipt would be sufficient. This will protect consumer privacy, continue a system which keeps consumers informed, already works well, attracts no complaints and keeps costs down.
52. **Worldwide Digital Media** suggested that sending a receipt when the STOP command is received would allow the user to have a full understanding of the service costs and the amount spent in the last chat session. Providers can then set the spend count back to zero and restart it when the user comes back into the service at a later date.
53. **Cellcast** commented that each of their outward messages are clearly signposted with the cost of the service, coupled with the £10 incremental receipts this would be in the consumers' interests for the niche services they provide. Further receipting would be very difficult to implement and monitor, costly for the business, creating confusion for the customer, and breaking the entertainment value of the service.
54. An anonymous respondent believes that users understand the current system, it creates very few complaints and that reminders work well.
55. **Media247** asked if it would not be better/easier/cheaper to add PSMS chat to the existing exclusions in 3.2.15.
56. **Premtel Net** stated: "None needed, superfluous level of compliance."

### PSA consideration of responses to Q3

57. We carefully considered the suggestion of converting the £10 spend reminder message into a receipt, and we agree that this is the most appropriate option given all of the evidence presented in the consultation responses. We agree that reminder messages have worked

well historically and have kept consumers informed of their spend. However, moving from spend reminders to a receipt containing the information required in 3.2.14 of the Code improves the information that consumers are currently receiving and maintains consistency given that the requirement applies to other providers of phone-paid services.

58. The inclusion of pricing information on each consumer-received service message is certainly beneficial to consumers. However, it is not a standard practice amongst providers of SMS virtual chat services. We consider that in combination with £10 incremental receipts, this format would assist in ensuring that consumers who cease interaction before or between receipting thresholds are better informed of their spending.
59. Regarding the suggestion that it would be easier and cheaper to include SMS virtual chat to the existing exclusion at 3.2.15 of the Code, we do not agree. The exclusion from the requirement to send receipts only applies to voice services. Such an option may be easier and cheaper for providers; however, it would be less beneficial for consumers. The aim of the proposal on which we have consulted was to find a middle ground between keeping the consumer adequately informed with receipts while minimising disruption to the user experience of the service.

#### Responses to Q4 of the consultation

**Q4 We intend that providers should be able to benefit from the General Permission as soon as it is published. Is there any reason to specify a later date for the General Permission to come into effect?**

60. *aimm, Cellcast UK Ltd, Dynamic Mobile Billing* and *Worldwide Digital Media* and an anonymous respondent all agreed that providers should be able to benefit from the final General Permission as soon as it is published, unless the outcome of the consultation requires further development by providers.
61. *Worldwide Digital Media* suggested that some technical requirements may need up to six months to implement.
62. *Prentel Net* stated that they did not believe that the PSA had made any case to prove that providers can 'benefit' from this general permission.

### 3. Final decision on the general permission for SMS virtual chat services

63. Having considered all the responses, we have decided to amend the proposed general permission by further simplifying its requirements.
64. In light of the evidence presented in responses, we have reconsidered the value of requiring a receipt to be provided to consumers who have either not reached a £10 threshold or have ceased interaction between £10 thresholds. The responses show that introducing additional receipts would require potentially significant changes to their

systems and adds complexity in comparison with sending receipts at every £10 spent.

65. Given the low level of consumer complaints to the PSA, the costs of implementing additional receipts where consumers do not reach the £10 threshold and the time it would take to implement those changes, we have concluded that it would be disproportionate to introduce this requirement as part of the general permission. We consider that limiting the requirement to sending a receipt after every £10 spent, is sufficient at this point to meet the objective of improving information available to the consumer and broadly consistent with the effect of Code Requirement 3.2.12. We understand from responses that providers would be able to implement the changes necessary to benefit from the general permission more or less immediately and so consumers would benefit from improved information sooner than if we needed to include an implementation period for the permission.
66. We have also decided not to introduce the requirement to include total accrued spend. We consider that while informing consumers of total accrued spend would potentially benefit some consumers of SMS virtual chat services, allowing them to develop an idea of their normal rate of spending, we accept the argument that many consumers have used these services for several years without their aggregate spend being a concern to them. We have also considered the complexities involved in including the total spend on each receipt. From industry feedback on both the estimated cost of system development and the time needed for such changes to come into effect, we believe that the investment of time and money is disproportionate to the level of benefit the information may provide consumers. We consider on balance therefore that receipts received at each £10 spent during the use of the service is at this point a sufficient notification of active spending, and we note that consumers can reference their phone bill should they wish to check the total amount spent on any service. We also note that not introducing the requirement to include total spend should make it easier to provide the receipt information in a single message without the need to concatenate messages.
67. Our final decision is, therefore:
- to provide, through general permission, the ability for providers of SMS virtual chat services to meet the obligation of Requirement 3.2.12 of the Code by alternative means
  - providers wishing to benefit from the permission must provide a receipt for each £10 spent
  - the message should include the relevant details as required by Requirement 3.2.14 of the Code
  - providers will not need to send spend reminders in addition to the receipts required by the general permission.
68. We believe that replacing £10 spend reminders with receipts will not increase provider costs as it is possible to fit the required wording within one SMS. Given that this general permission requires minimal adaptation from the requirement to send £10 spend reminder messages, we believe that providers of SMS virtual chat services should be able to benefit from this permission with almost immediate effect – consistent with the evidence

submitted in responses. The final general permission notice, which also contains some minor wording changes, can be found at Annex 2 below.

## **Annex 1: Notification of intention to grant permission under paragraph 2.6.4 of the PSA Code of Practice to providers operating SMS virtual chat services enabling the provision of SMS virtual chat services without strict adherence to the Receipting Requirement at 3.2.12**

### **Background**

Paragraph 2.6.4 of the PSA Code of Practice (15<sup>th</sup> edition) (“the Code”) allows, following consultation, that any Requirement set out in Section 3 or obligation in any other part of the Code can be met by means other than strict adherence to such Requirement or obligation.

General permission for relevant PRS providers to operate services by means other than strict adherence to the Code provisions may be given subject to conditions. Such permission can be withdrawn or varied by the PSA subject to the giving of reasonable notice.

This Notice sets out the details of the general permission and the criteria that providers must meet to be allowed to operate under the general permission.

### **Details of the permission**

Providers of SMS virtual chat services are able to operate SMS virtual chat services by means other than strict adherence to Requirement 3.2.12.

For this general permission to apply, the following conditions must be adhered to:

- service users must be provided with a receipt at £10 increments (inclusive of VAT) detailing their total accrued spend
- the receipt must be an SMS sent to the consumer’s mobile handset, to the number against which the charge has been applied
- the receipt must set out:
  - the name of the service as registered with the PSA
  - the name and contact details of the intermediary provider or merchant provider responsible for customer care and complaints
  - the total amount that has been charged as each £10 (including VAT) threshold is reached, and
  - where the service is peer to peer, clear instructions on how to exit the service.
- after 24 hours of consumer inaction, service users must receive a final receipt detailing the total accrued spend<sup>1</sup>
- where a service user reinitiates use of the service after more than 24 hours of inaction, receipting thresholds must be reset to zero.

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<sup>1</sup> This final receipt ensures that those users who do not reach the initial £10 threshold or cease interaction between receipts are adequately informed of their total spend. This final receipt is unnecessary when a user ends interaction immediately after receiving a receipt.

For the avoidance of doubt, receipting via this general permission achieves the requirement set out in Annex 1, 1.7(a), therefore additional spend reminders at £10 intervals (inclusive of VAT) are not required.

This permission only applies to providers of SMS virtual chat services for the provision of SMS virtual chat services.

A breach of any condition imposed in relation to permission granted by the PSA under paragraphs 2.6.2 - 2.6.4 shall be treated as a breach of the Code. The seriousness of any such breach shall be determined by reference to any relevant procedures published by the PSA from time to time.

The PSA reserves the right following reasonable notice to withdraw or vary the operation of this permission.

## Annex 2 (Final) Notification of intention to grant permission under paragraph 2.6.4 of the PSA Code of Practice to providers operating SMS virtual chat services enabling the provision of SMS Virtual Chat such services without strict adherence to the Receipting Requirement at 3.2.12

### Background

Paragraph 2.6.4 of the PSA Code of Practice (15<sup>th</sup> edition) (“the Code”) allows, following consultation, that any Requirement set out in Section 3 or obligation in any other part of the Code can be met by means other than strict adherence to such Requirement or obligation.

General permission for relevant PRS providers to operate services by means other than strict adherence to the Code provisions may be given subject to conditions. Such permission can be withdrawn or varied by the PSA subject to the giving of reasonable notice.

This Notice sets out the details of the general permission and the criteria that providers must meet to be allowed to operate under the general permission.

### Details of the permission

Providers of SMS virtual chat services are able permitted to operate SMS virtual chat services by means other than strict adherence to Requirement 3.2.12 of the Code.

- service users must be provided with sent a receipt as soon as the consumer has spent at £10 increments £10 (inclusive of VAT) and at every £10 (inclusive of VAT) of spend thereafter detailing their total accrued spend
- the receipt must be an SMS sent to the consumer’s mobile handset, to the number against which the charge has been applied and must not include any other service or promotional content
- the receipt must set out:
  - the name of the service as registered with the PSA
  - the name and contact details of the intermediary provider or merchant provider responsible for customer care and complaints
  - the total amount that has been charged as each £10 (including VAT) threshold is reached, and
  - where the service is peer to peer, clear instructions on how to exit the service.
- After 24 hours of consumer inaction, service users must receive a final receipt detailing the total accrued spend<sup>2</sup>

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<sup>2</sup> This final receipt ensures that those users who do not reach the initial £10 threshold or cease interaction between receipts are adequately informed of their total spend. This final receipt is unnecessary when a user ends interaction immediately after receiving a receipt.

For the avoidance of doubt, receipting via this general permission achieves the requirement set out in Annex 1, 1.7(a), therefore additional spend reminders at £10 intervals (inclusive of VAT) are not required.

This permission only applies to providers of SMS virtual chat services for the provision of SMS virtual chat services.

A breach of any condition imposed in relation to permission granted by the PSA under paragraphs 2.6.2-2.6.4 shall be treated as a breach of the Code. The seriousness of any such breach shall be determined by reference to any relevant procedures published by the PSA from time to time.

The PSA reserves the right following reasonable notice to withdraw or vary the operation of this permission.