

Response to PSA SMS Virtual Chat Consultation

Name	Joanna Cox
Job Title	General Manager
Company	aimm
Contact	[REDACTED]

Your details: We will keep your contact number and email address confidential. Is there anything else you want to keep confidential?	NO
Your response: Please indicate how much of your response you want to keep confidential	NONE
For confidential responses, can the PSA refer to the contents of your response in any statement or other publication? Your identity will remain confidential.	N/A

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?

Members consulted have met virtually with the PSA and each other (through aimm), and have discussed this at length. There are elements of the proposal which are considered to have a benefit that at least equals the cost, such as amending the current £10 spend reminder to become a receipt. (However this may still end up being costly should the message need to be concatenated to fit in all the required wording. If concatenation is required, then the cost of sending out these messages will double).

The proposal in its entirety however is not considered to be balanced in terms of the costs and benefits. The PSA provided - upon request from aimm - the complaint figures that these services have attracted over the last 12 months. There were 6 complaints in the year, of which 3 related to pricing. As such, this should be considered when weighing up the cost/benefit balance of the proposal as a whole.

In order to fulfil the proposal in the round, Providers would need to also distribute receipts to those users who have not reached a £10 threshold within a suggested timeframe (24 hours is proposed in this instance). There are two cost factors to be aware of here. The first is the cost of the development work which will enable each user to have a count against their MSISDN, as well as the service which they are engaged with and the time stamp at any given moment when they are using the service.

This will allow Providers to monitor spend in real time and flag those who have not reached the £10 threshold within the proposed time frame. This is estimated to be well over £10,000 in terms of an initial cost. The second cost is that of each receipt message that will then be sent out within the parameters proposed by the PSA (i.e. before or between £10 thresholds after 24 hours). One Provider suggested that on current stats this could take their monthly messages from around 18,000 messages per month to a figure of around the 40,000 mark, every month. This is a significant monthly cost that would be ongoing.

Additionally, there have been different interpretations of the wording used in this consultation at point 26 and in Annex 1 which state:

“26. We propose instead that providers of SMS virtual chat services provide consumers using SMS virtual chat services with a total spend receipt at every £10 (including VAT) spent, 7 such receipt to be sent in accordance with Requirement 3.2.13 and containing the relevant information set out in Requirement 3.2.14”

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

1. Service users must be provided with a receipt at £10 increments (inclusive of VAT) detailing their total accrued spend...”

It is only in the last week that Members have been aware that they are also being asked to add a spend across the whole service lifetime, as well as the total accrued spend that has been reached to trigger the spend reminder. The paragraph is ambiguous, in that Industry understood the total accrued spend to be referring to the amounts spent to reach the £10 threshold (i.e. £1.50 x number of interactions = total accrued spend), not spend accrued over a lifetime of use (which is not described). Additionally, at meetings with the PSA to discuss this, there has been much reference to counters resetting after each £10 threshold is reached and no mention of lifetime spend.

As such this solution has not been fully costed but is likely to be expensive to implement in the same way that the application of counts has been costed for the other elements of this proposal. Also, Members feel strongly that there is no other purchasing environment, either in the phone-paid arena or in any retail sector that asks for this, which means it will not be expected and will be confusing to a consumer who engages infrequently. It’s also important to note that should a MSISDN be recycled then the new owner of that number – if using a service of this type – will get incorrect messages which will count the previous owner’s usage. It is not technically possible to avoid this. Although we understand this proposal seeks to prevent excessive use, Members receive no complaints of that nature. Additionally, users are able to look at their spend reminders to easily add up the amount spent should they wish, as they do now, with no issues.

Lastly, whilst Members acknowledge and understand the Code 15 requirement which states that

consumers have receipts of their purchases, there is uncertainty around the desire of consumers in this area to receive receipts at times which are not convenient to them. Currently users receive their £10 spend reminders whilst they are using the service, so have their phones with them. A receipt that comes at a specified time after users have finished engaging with the service could arrive at their phones at times that are not convenient or wanted. These are discreet services, and there is a strong argument that users would want their usage of such services to remain private, and not have receipts arrive at a time when their phone may be visible to others.

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 Requirement 3.2.12?

Members consulted in this area believe that the current £10 spend reminder, being recreated as a receipt, would be equivalent to the requirement at 3.2.12. This is an option that has worked very well for many years and draws no complaints. Users get reminders at a time when their phone is with them, which suits the privacy needs of such users. In fact, introducing a new layer of reminder/receipt to services that are already well understood, could confuse the users who would suddenly receive extra receipts that they are not expecting or want. Adding lifetime accrued spend to the receipt also has the potential to confuse and has no precedent in this industry or retail in general. Moreover this will provide **incorrect** information to a consumer should a MSISDN be recycled to a new user, hence will not allow them to accurately monitor their spend. The current reminder, made into a receipt, will allow for both monitoring and controlling spend to be done accurately.

The additional requirement to send a receipt at a time specified after engagement (suggested 24 hours) also means that receipts could be required for distribution at unsociable times in the night/morning. This is where these services differ again from other phone-paid services and should be considered as such in terms of their requirement to absolute adherence of 3.2.12. For unsociable receipting to be avoided Providers would have to work outside of the PSA guidelines and introduce a sociable hours setting, to hold those receipts back until an acceptable time. This again would mean significant further development work and costs.

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

Members consulted believe strongly that the recrafting of a reminder into a receipt satisfies the

desired outcome of 3.2.12, in that consumers remain informed about their purchase, and have all the pertinent details to hand to ensure they are aware of all relevant information about their spending.

This protects consumers privacy, continues with a system of keeping consumers informed that already works very well and attracts no complaints, and keeps costs down (in contrast to the cost of implementation of the full proposal).

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?

No. Pending the outcome of the consultation.