

Action4 response Consultation on Code 15 amendments to Requirements 3.2.10 and Annex 1: Specified service charges and duration of calls

Introduction

Action4 welcomes and thanks Phone-paid Services Authority (PSA) for the opportunity to respond to its consultation entitled Consultation on Code 15 amendments to Requirements 3.2.10 and Annex 1: Specified service charges and duration of calls - A Phone-paid Service Authority Consultation on behalf of its members.

As a membership driven trade association representing commercial businesses operating within the non-geographic telephony sector, we are starkly aware that effective regulation is intrinsically linked to the good levels of industry and consumer trust and in turn a buoyant industry.

Our first comment in relation to the code and as to whether regulation is effective or not, is that the only real test must be if there is growth within the industry. This occurs when those that are charged to implement, interrupt, and administer the code do so in a manner that is measured as to how they discharge these duties and the effects they have. Regulation must be fair and appropriate for those that consume Premium Rate Services and also for those that operate them.

Ultimately the effectiveness of regulation is only be seen if there is a buoyant growing industry and consumers have trust in services. Trust has not happened after changes in regard of Special Conditions were made previously to ICSS services and legitimate operators are being tarnished by non- legitimate ones.

Questions

Q1. Do you agree with our proposal to require a positive opt-in prior to connection by the ICSS provider to the sought organisation?

Yes, we do agree in light of the fact that whilst ICSS services represent circa 3% of Phone paid services (PPS) revenue their complaint level within the industry is running at around 22%. Consumers need to have as much control and decision making over these services as possible, whilst the industry needs to be able to have control over being able to manage and operate legitimate services.

Q2. Do you agree with the information that we propose be required to be included in the consumer alert prior to opt-in to ensure transparency and consumer awareness?

In light of the fact that so many originate calls are terminated within 60 seconds (64% a third of all generated revenue) this would seem to indicate that the more information given to consumers the better. Many of whom it seems are in many cases calling because they have googled for instance a government number, and

instead of a free phone have found a mirror service operating on PPS will then be able to decide to proceed or not and this will minimise bill shock.

Q3. Do you have any information that would inform our assessment of the impact and especially the financial costs and benefits of our proposals in relation to Requirement 3.2.10?

The only information that we can share is that any activity or services that misleads or damages the overall industry is to be stopped, and those services should be closely monitored within the context of what billing platforms can and cannot do. Consumers should be easily able to contact the provider of the service if they are unhappy and receive a refund as the code denotes.

Q4. We welcome input on whether there are any other measures that could support consumer understanding of ICSS. We would like to understand if all network operators are able to provide free pre-call announcements and whether these can be applied to specific service types. It would also be helpful to understand what other technology is available to support free alerts upon connection to ICSS.

Our understanding is that not all network platforms can provide free call announcements and certainly not when drop charges are being used. What may be better is that once a call cap has been reached that the consumer has to provide positive affirmation (opt-in) that they want to continue with the call, if this is not received within 30 seconds then the call should be dropped which we believe the majority of platforms can do.

Q5. Do you agree with us that it is appropriate and proportionate to cap the service charge of all ICSS calls at £40? Should a lower figure be considered?

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Q6. Do you agree that consumers should be informed before onward connection that calls will be terminated once a maximum charge of £40 (inclusive of VAT) is reached?

We believe as above that whether a call should continue or not is the consumer choice and that they must confirm (opt-in) they wish to continue by either having to record a message to say they wish to continue or by keying a word or set of numbers to continue with the call. Whilst we agree the concept of preventing consumer harm is one that must be held dear, we also believe in consumer choice if I wish to continue with the call then they should be allowed to do so.

Another method we would support is to give call reminders which works well with live services and virtual chat services. Our worry is with calling capping that a consumer who does wish to continue will have a charge of £40 and no service provided to them. How many calls over £40 are complained about and or refunded, we know that they generate £3.08m in revenue but do not have specific breakdown as to how many people complain?

Q7. Do you have any information that would further inform our analysis of the costs and benefits of our proposals in respect of caps on service charges?

Our only comment is that any cost is too much to a consumer if they genuinely were not aware of what they were phoning and what they thought they would receive. Clarity is the key to a successful industry. Our members advise us that many consumers feel that they are being conned into spending more money when they are cut off and then have to phone back, they also may lose the opportunity to continue their call the people they were talking with. We do support the termination of a call if the caller is not interacting. Part of the issue is the lack of clarity in pricing because of the difference in access charge, which varies network to network.

Conclusion

We welcome changes in regulation that will seek to prevent consumer harm and it is clear that some ICSS services are not operating as clearly as they should and therefore action is required. Although we believe that the consumer should be able to decide to continue with a call if they wish to do and clearly indicate that this is their choice. As we continue to say PSA must always strive to offer effective, proportionate, and best value regulation.