

SERL Response to Consultation on Code 15 amendments to Requirement 3.2.10 and Annex 1: Specified service charges and durations of calls

Background

SERL is a provider of Phone and Broadband services to residential customers in the UK under the Shell Energy Broadband brand. At present it has approximately 500K customers, many of whom are vulnerable due to the older demographic of the customer base following the acquisition of the Post Office customer base in March 2021. Furthermore, the Shell Energy Broadband base over-indexes on customers who take a phone only service so are more reliant on the phone service for dealing with local and national Government.

SERL does not own or control any network assets. All of our services are provided through a wholesale agreement with TalkTalk business. As such we are limited in our ability to block or cap call costs in real time. We do own and control our own CRM and billing platform which does allow us to cap call costs after a call has been completed.

SERL consumes its telephone services from a network provider as a wholesale customer and so does not control any network infrastructure. We do not have the ability to block calls at a certain cost spend in real time. It does however own its own customer management and billing systems which allows bills to be capped after the call has been completed.

Introduction

SERL found the PSA's research into ICSS calls and the recognition of issues very interesting as it highlights the harm that ICSS can cause some customers, particularly those that are vulnerable. From our own experience with our customers we are aware that some customers are unaware of the high costs of these services which can lead to 'bill shock' for customers as well as financial harm. It would appear that many customers using these services who run up large call charges are vulnerable, often financially and incur these high costs while actually trying to access help. We consider that it is inconceivable that a customer seeking access to government benefits would knowingly run up large call charges when they could access the service free of charge. In the light of the cost of living crisis it is important that customers are protected.

We also believe that the £40 maximum call charge is far too high a cap to protect customers. The key point is that the call to the underlying service is generally charged at a much lower level or even free of charge to call when called directly. There is simply no financial justification for the high call charges to ICSS and no value add for the customer. We therefore consider that the £40 maximum is actually far too high. Based on 118 call charges we estimate that a cap of £3.6 would cover the costs of sign-posting to a help line.

At present SERL subscribes to the caps set under PSD2 in which call charges to customers are capped at £40 per call. Like many telecoms companies we implement these caps at the billing stage as we are unable to implement the cap in real time or by terminating the call. However, as a retail telecoms provider we have a contractual obligation to pay our wholesale provider for calls made to ICSS. Therefore, as a retail provider, by capping calls at £40, we are subsidising the ICSS service provider. We therefore agree that the calls should be capped, however, we question the level of such a cap believing that actually £40 per call is too low. Furthermore, this does not really protect customers as they could end up making multiple calls to the same number thereby incurring significant charges. The key thing in establishing a cap is that the cap needs to be implemented by the ICSS provider and not the retail provider.

We also think it is important that the call charges are capped by the ICSS provider rather than terminating the actual call. The point is that the customer may well have been forwarded to a free phone number such as a government help line and it would be inappropriate to terminate the call while a vulnerable person is being helped by the government agency. The principle that is required is that the ICSS provider should be required to cap charges at the agreed level so that this does not propagate through to the end customer but allow calls to continue.

While we agree with the concept of capping a call charge and the protection it would offer customers, we are concerned that there may be loopholes. For example, when the call charge reaches the £40 limit the provider could encourage a customer to redial the ICSS number to repeat the process. The effect would

then be to incite the customer into incurring multiple £40 charges. Capping the call charge but not requiring the call to terminate may address the risk of important calls not being cut off.

Questions

Below are our more detailed responses to the 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?

We believe that it needs to be made much clearer to customers what charges they incur prior to them connecting and as such we believe that a positive opt-in would be beneficial.

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?

We agree with the information proposal. We would think it is important that this information is provided quickly and that emphasis is put on the call charge costs so that customers are clearly informed promptly that continuing the call will, and is, result in high costs. However, we would also add that the PSA should consider whether some calls provided by ICSS providers should be banned, particularly where there is no value add, for example, where they are diverting to numbers that are free or low cost but charging the customer excessively.

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?

No

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.

We agree that a free of charge pre-call announcement would be helpful. However, we believe that this should be set within the Service Charge tariff rather than requiring the terminating provider to come up with a solution which could be both expensive and time consuming to implement. For example Service Charge Band 73 is charged at 0p for the first minute and then 250p per minute after the first minute.

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?

We observe that onward connection is generally to numbers that would be free of charge to the caller and to that extent we consider that the call charges raised are disproportionate to the underlying cost of the service - which is free. Any 'value-add' of these services is limited to the directory enquiry part (if any) of the call. We would therefore suggest that the cap be lowered to £10 for these services. We consider that vulnerable customers need protection from these high call charges which eventually the retailing telco often ends up writing off.

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 agree that calls should be capped once the agreed value has been reached. We consider this to be an essential customer protection remedy and we would actually support a lower maximum charge than £40 as we outlined above. However, we do not feel that it is appropriate for a call to be terminated automatically once this limit has been hit. This is particularly true where a customer has been dupped into paying an ICSS provider to route their call to a helpline where the charges would otherwise be lower. As an example a customer could end up being in a queue to a helpline for a considerable time and when they actually get through the call is terminated before the issue has been resolved. In this instance, the customer would end up recalling the ICSS provider, being placed on hold again and end up in a cycle of paying exorbitant charges and still not getting their issue resolved.

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?

No.

Summary

SERL fully supports the PSA and Ofcom in trying to better protect customers and particularly those that are vulnerable. We believe that the PSA and Ofcom should consider:

- Banning ICSS calls where there is no value added service, for example where ICSS providers are simply profiteering by providing a premium rate for a call that would otherwise be free or low cost
- Ensuring ICSS providers provide a free of charge message at the start of any call so the customer is informed about the potential charges. This should be built into the tariff and should not be reliant on the retail provider having to build a service to support this. Furthermore, the PSA and Ofcom should consider whether the message should sign-post how the customer can access the service for a lower price
- Putting in place an appropriate cap of ICSS calls where there is a value added service, however, this should be implemented by the ICSS provider and retailer providers should no longer have to subsidise these providers
- The cap must not be implemented simply by terminating the call when it reaches the cap limit.