

Consultation response form

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

Please complete this form in full and return by email to consultations@psauthority.org.uk or by post to Sarah-Louise Prouse, Phone-paid Services Authority, c/o Ofcom, Riverside House, 24 Southwark Bridge Road, London, SE1 9HA.

Full name	[REDACTED]
Contact phone number	
Representing	Organisation
Organisation name	Vodafone Ltd
Email address	[REDACTED]

If you wish to send your response with your company logo, please paste it here:

We plan to publish the outcome of this consultation and to make available all responses received. If you want all or part of your submission to remain confidential, please clearly identify where this applies along with your reasons for doing so.

Personal data, such as your name and contact details, that you give/have given to the PSA is used, stored and otherwise processed, so that the PSA can obtain opinions of members of the public and representatives of organisations or companies about the PSA's subscriptions review and publish the findings.

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Confidentiality

We ask for your contact details along with your response so that we can engage with you on this consultation. For further information about how the PSA handles your personal information and your corresponding rights, please see our [privacy policy](#).

<p>Your details: We will keep your contact number and email address confidential. Is there anything else you want to keep confidential?</p>	<p>Delete as appropriate: Author names</p>
<p>Your response: Please indicate how much of your response you want to keep confidential.</p>	<p>Delete as appropriate: None</p>
<p>For confidential responses, can the PSA refer to the contents of your response in any statement or other publication? Your identity will remain confidential.</p>	<p>Yes</p>

Your response

Vodafone Response:

Vodafone welcomes the opportunity to respond to this consultation for amendments to the PSA 15th CoP regarding ICSS Services. The consumer detriment of ICSS is well documented in the PSA thematic review and the consultation document.

Vodafone maintains its view that ICSS services do not offer consumers a value-add service, but rather insert a premium rate charge into what would otherwise have been a bundle-inclusive or even a free call to the consumer. ICSS services are, we believe, little understood by consumers as reflected in Ofcom's finding that ICSS services represented a "risk of considerable harm" as identified in 2018 by Ofcom's review of Premium Rate Services. The review extended the PSA's remit over ICSS services operating on the 084x number range to control this risk.

The unintended outcome of regulatory oversight appears ultimately to have led to the migration of services from lower rate 084x charges to high cost 09x rates, clustered at the top end of the available price points, under a thin veneer of compliance. This does not reflect the behaviours of a business model focused on compliance and good consumer outcomes; a fact reiterated emphatically by PSA recently issuing two separate adjudications against ICSS providers, imposing bans and fines totalling £1.9m.

Vodafone applauds the work PSA continues to do to tackle such bad actors and to remove consumer harm.

Vodafone notes that in our experience customers often come direct to the Networks to complain of the charges because currently finding the Service Provider to obtain post sale support is not an easy process.

Vodafone fears the combination of the recent adjudications and the revised compliance update issued on the 04.04.2023 risks unforeseen consequences:

- the remaining ICSS providers may increase their level of compliance, but this will not address consumer understanding of ICSS services and the subsequent consumer harm they create
- and the overall level of consumer harm may actually increase, as the protection given to code compliant ICSS services encourages more providers to enter the market.

Vodafone notes that the only mechanic used to advertise ICSS services is via the internet using purchased search terms therefore with careful structure of online consent, a receipt could be delivered by SMS or email to ensure the consumer has written evidence of the support details of the merchant providing the service.

If it is not possible to ban the ICSS category of services or place price cap on ICSS services specifically that is lower than the Directory Enquiry price cap in place today then radical new ideas need to be delivered to ensure the consumer makes active purchasing decisions before Service Charges are applied.

Consultation questions	Your response
<p>Q1. Do you agree with our proposal to require a positive opt-in prior to connection by the ICSS provider to the sought organisation?</p>	<p>Confidential? No</p> <p>The PSA 15th CoP, when followed, ensures customers are fully advised on the cost of taking a service before making a purchase decision. Typically the consent to charge for voice services is the act of typing/dialling the phone number of the service a customer wishes to engage with.</p> <p>General Conditions C2.5-2.6 requires that Vodafone and other communications providers provide their customers with information about unbundled tariffs and their Access Charges in the same way as they do for other numbers. In conjunction, merchant advertising of the relevant Service Charge; for example Adult Services (09x) and Directory Enquiry services (118xxx) that have been heavily advertised in the past means that users of the services have an understanding that calls made to these services are “outside of bundle” and therefore are chargeable.</p> <p>The only mechanic used to deliver ICSS services is via the internet, using purchased search terms which places the advert exactly where a consumer would expect to find the official website and direct number for the company or organisation from which they require support.</p> <p>Complaints demonstrate that ICSS are not widely understood by consumers. The introduction of ICSS services has coincided with the change in the principal means of advertising moving from print, TV and Radio to online via adverts and influencers.</p> <p>The advent of online adverts with “click to dial” capability has eroded the understanding of active consent to charge.</p>

	<p>The introduction of an in-call positive opt-in is a useful tool where the charge is being taken via a PPM service (ongoing charging).</p> <p>The in-call message in PPC services must ensure the customer understands that the drop charge has been taken and that the Network Access Charge continues to be charged.</p> <p>If a customer calls a Drop Charge (PPC) number then the individual network providing the handset or local office equipment determines how long the call can remain open. This was introduced in an effort to control charges from overly long calls caused by lines being left open. Network have various call duration periods, typically they are 1 hour (60 minute) in length.</p> <p>The PSA must ensure the active opt-in if created by an IVR tone is auditable and stored by the merchant for a long enough period of time for consumers to pursue a complaint with the merchant, their network operator and the PSA. Vodafone suggests a period of not less than 12 months.</p> <p>Alternative ways to establish consent to charge are discussed in Q4; in summary:</p> <ol style="list-style-type: none"> 1. Vodafone supports the re-use of Service Charge points that allows the creation of Service Charge price points that deliver a free first minute to a call thereby ensuring that the proposed amendments can be relayed to the consumer to ensure that they can consent to the charges <u>prior to</u> them being charged. 2. Remove the option for “Click to dial” from within adverts for ICSS services and force all connections to use the payment flows required for online services including the use of PIN with associated email or SMS receipting requirements. ICSS are only found within search engine advertising currently.
<p>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?</p>	<p>Confidential? No Vodafone is supportive of the content in the PSA proposal.</p> <p>The PSA should ensure all relevant information must be delivered in the in-call recording within a reasonable time (max 45 seconds) to ensure the consumer has either enough time to digest the conveyed information and should they so wish to drop the call or to actively opt-in before the second minute charge (PPM). The consumer will have heard the expected duration of the call at the relevant price point or will understand the expected duration of a drop charge call (“this call will last less than 12 minutes due to regulatory spend limits, your network access charge continues for the duration of the call” or “this call will last 60 minutes dependant on your network duration rules or local network</p>

	<p>coverage, your network access charge continues for the duration of the call”).</p> <p>Service Providers must produce in-call information pertinent to the price point being dialled (as per Adult services today.)</p>
<p>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?</p>	<p>Confidential? No</p> <p>Enhancing the detail an ICSS service must provide before the call is connected will inform the customer <u>after a charge</u> has been taken for PPM calls and the positive opt-in <u>before charges</u> are taken to receive a clearly priced PSMS message providing receipt and contact information is a better customer experience.</p> <p>The biggest issue of proving the active charging consent for the PSMS messages is that keeping records of tones received on an IVR seems unnecessarily complex. A sound alternative would be that the customer must be asked to send a Mobile Originated message to shortcode XXXXX with the word “Send” or some other simple words of active consent. This MO as a low cost charged-for message will have a record in the mobile bill. Only customers with Mobile devices can receive the PSMS so there is no loss of revenue to Service Providers in providing this service, they already incur shortcode rental charges etc.</p> <p>The costs of providing new Service Charge price points (see Q4) could be borne by industry however a full impact assessment should be conducted in order to ensure development costs are not prohibitive. The re-use of pre-existing price points is likely to be substantially less than requiring new price points to be established, however due to the timescales Vodafone has not been able to make an initial assessment.</p>
<p>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.</p>	<p>Confidential? No</p> <p>The Vodafone experience of pre-call announcements is that they act as an effective alert to customers that any call made to these numbers are charged outside of all tariff bundles. However pre-call announcements by their nature must be applied as a blanket measure across all services in a number range. In the case of Adult services on Vodafone PAYG, the customer listens to the PCA and the Service Providers pricing voice recording mandated in the PSA 15th CoP before being connected to the service. Customers intent on making the call listen to both messages and continue with the call.</p> <p>Two options to establish consent to charge prior to connection might be:</p> <ol style="list-style-type: none"> 1. In the PSA consultation document paragraphs 51-53 outlines the option of creating new Service Charge price points. <p>Vodafone supports the re-use of existing retired Service Charge price points to create a number of new price points. It is our understanding that there are unused and withdrawn price points that could be re-purposed. As an example the Service Charge code SC073 already exists</p>

and as a requirement of NGCS Unbundling in 2015 will be available to all operators. SC073 gives the first 60 seconds free of charge and charges £2.50 from the 60th second. A Network Access Charge is applicable from the call connection. This model could be applied to ICSS services and Vodafone believes it would be technically possible for all operators.

Vodafone supports the re-use of a number of Service Charge price points that deliver the free first minute to ensure the proposed changes to 3.2.10 are heard before charging commences.

This fully supports the principal of gaining active charging consent before charging.

It is technically possible for industry to re-use four Service Charge price points, all four give the first 60 seconds free of Service Charge and then two would deliver a PPM charge from the 60th second and two would deliver a PPC from the 60th Second. (See table below).

All billing platforms delivering 09x charging have had to deliver the combinations of charging PPM and PPC and the re-use of four pricepoints whilst it may require some billing development this should be reasonably straight forward.

The current Ofcom General Conditions B1.22 requires that Network Access Charge is charged at a pence per minute rate, this applies to existing Service Charge pricepoints. No variation within a tariff plan is allowed therefore it is noted that any new Service Charge price point would also charge a pence per minute Network Access Charge.

Below is a table showing the potential Service Charge price points. The final charges would need to be agreed by industry.

Description	Service Charge rate		Charge Band (starting dates)				Numbers starting
	Per call	Per minute	01-Jul 2016	01-Jul 2018	01-Apr 2019	01-May 2019	
Existing-Calls with a zero-rated Service Charge for the first minute plus a per-minute rated Service Charge after the first 60 seconds	-	£2.50	SC073	SC073	SC073 (0)	SC073	09, ---
PROPOSED Calls with a zero-rated Service Charge for the first minute plus a per-minute rated Service Charge after the first 60 seconds	-	£ 3.60			SC068		9,118
PROPOSED Calls with a zero-rated Service Charge for the first minute plus a per-minute rated Service Charge after the first 60 seconds	-	£ 1.00			SC069		9,118
PROPOSED Calls with a zero-rated Service Charge for the first minute plus a PER-CALL rated Service Charge after the first 60 seconds	£ 6.00	£ -			SC080	SC080	09
PROPOSED Calls with a zero-rated Service Charge for the first minute plus a PER-CALL rated Service Charge after the first 60 seconds	£ 3.00	£ -			SC070		09/118
Price point undef ned	-	-			SC071		n/a
	-	-			SC072		
	-	-			SC087		
	-	-			SC088		
	-	-			SC089	SC089	
	-	-			SC090	SC090	
	-	-			SC091	SC091	

- Remove the option for "Click to dial" from within adverts for ICSS services and force all connections to use the payment

	<p>flows required for online services including mandating the use of PIN. ICSS are only found within search engine advertising currently.</p> <p>Smart Phones have an inherent capability to copy phone numbers into the dial pad which makes this option intrinsically difficult, so the regulation would need to expressly address this functionality as has been done in the regulation regarding auto-fill of PIN numbers. This is because although the “Click to Call” option may be forced into an online flow, a customer could still click on the element of of the advert that displays the full 09 number and inadvertently circumvent the online payment flow.</p>
<p>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?</p>	<p>Confidential? No</p> <p>The ICSS service specific cap of £40.00 (inc VAT) of service charge would certainly complement the PSR17 requirements but as both the thematic review and consultation highlights the harm caused by the forced drop of the call should not be under estimated. As acknowledged the £3.60 a minute services will reach the £40 limit before the end of the 12th minute therefore PPM services must have clear statements that includes “this call will last less than 12 minutes due to regulatory spend limits, your network access charge continues for the duration of the call”.</p> <p>The in-call message must state the minutes taken to reach the £40.00 spend limit.</p> <p>As described in Q2 PPC calls have different considerations. The consumer needs to understand the expected duration of a drop charge call (“this call can last upto 60 minutes dependant on your network duration rules or local network coverage, your network access charge continues for the duration of the call”)</p> <p>Service Providers must produce in-call information pertinent to the price point being dialled (as per Adult services today.)</p> <p>If the PSA proposed changes are taken forward then the PSA should review call patterns within 6 months to ensure the re-occurring redials no longer feature in the data set as this may indicate the clarity of the in-call voice recording of the service provider is.</p>
<p>Q6. Do you agree that consumers should be informed before onward</p>	<p>Confidential? No</p>

<p>connection that calls will be terminated once a maximum charge of £40 (inclusive of VAT) is reached?</p>	<p>Vodafone supports the inclusion of this statement in the proposed changes. As outlined in Q5, the in-call message should state the minutes taken to reach the £40.00 spend limit or expected duration of a PPC/drop charge call.</p> <p>Service Providers must have the capability to place the appropriate message on the appropriate price point to operate any ICSS service.</p>
<p>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?</p>	<p>Confidential? No</p> <p>This question has been left intentionally blank.</p>

Submit your response

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