

**Statement following consultation
on Code 15 amendments to
Requirement 3.2.10 and Annex 1:
Specified service charges
and durations of calls**

24 July 2023

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Foreword

Information Connection and Signposting Services (ICSS) have long caused consumer confusion. The thematic review shed light on the level of detriment in the market, which we are addressing through the Code amendments that we have consulted on.

Several responses to our consultation argued that ICSS should be banned on the basis that they provide no value or very little value to the consumer.

Banning ICSS is not within the PSA's remit, but we do sympathise with the underlying concern. In our view, the ICSS business model relies on inherent information asymmetry between the supplier and the consumer. Information asymmetry is a cause of market failure that can lead to consumer harm and detriment.

The most common complaint to the PSA about ICSS is that the consumer was unaware that they were using one. Consumers often believe that they are using an official number and complaints are regularly directed at the end organisation the consumer was trying to reach rather than the ICSS provider.

The other element of complaint is the cost of the calls. Many organisations, especially government organisations, use contact numbers that are free of charge to the consumer (e.g., 0800 numbers) and most others use numbers that are lower in cost than an ICSS call.

These characteristics of consumers' experience of ICSS are consistent with the OECD's definition of consumer detriment¹. In particular, we mean the detriment that consumers experience when they are misled into making purchases they would not otherwise have made, or they pay more than they would have had they been better informed.

We believe that overall, we have regulation in place that can effectively address detriment arising from consumers being misled. The PSA Code of Practice includes requirements designed to prevent consumers from being misled. We have taken enforcement action against providers who breach these requirements including imposing fines and prohibiting companies from the market.

The Code amendments that we have consulted on were primarily designed to ensure that, as far as possible, consumers of ICSS are fully informed of the nature of the service they are using and the cost. It is difficult to imagine that, other factors being equal, such as ease of discovery, that a consumer would choose to use an ICSS in preference to the official number of an organisation.

ICSS providers have argued in response to this consultation and to other PSA consultations previously, that the value the service provides to consumers is in providing an easily found means of phoning organisations that have made their contact phone numbers difficult to find.

¹ OECD. Measuring Consumer Detriment and the Impact of Consumer Policy
[https://one.oecd.org/document/DSTI/CP\(2019\)13/FINAL/En/pdf](https://one.oecd.org/document/DSTI/CP(2019)13/FINAL/En/pdf)

Some have argued that where a consumer is properly informed of the cost of making a call – as should be the case if the ICSS provider is complying with the current provisions of the PSA Code of Practice – then they are making an informed choice and not suffering detriment.

We accept that consumers do value convenience. Our consumer research shows that it is a major reason that consumers use phone-paid services. However, we also note that many of the organisations which are major targets of ICSS do not hide their contact numbers away, they are easily found on the organisation’s website or in search results. We have however seen the official number of organisations relegated in searches below paid for advertising for ICSS, so that they are only discovered if the consumer scrolls through the results. In any case, ICSS do not provide any additional premium benefit, such as guaranteed connection or bypassing a call queuing system.

There is a limit to the value that consumers put on convenience and consumers suffer personal financial detriment in a situation where they pay more than they could reasonably expect to have paid. Our measures aim to ensure:

- that consumers are fully aware of the cost of onward connection and ancillary services such as information SMS
- that they are aware of the maximum cost of a call
- that the maximum cost of a call is capped at a reasonable level.

We continue to believe that a free Interactive Voice Response (IVR) would be in the consumer interest. We cannot proceed with this proposal at this time, in the absence of service charge price points that would facilitate the measure, but we are encouraged by the positive response of industry to this idea, and we will work with stakeholders to implement this as soon as possible.

We expect these measures will significantly reduce the level of detriment consumers experience using ICSS and ensure as far as we can that Ofcom will continue to be able to regulate ICSS effectively as regulation transfers from PSA to Ofcom.

David Edmonds CBE

About us

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 by supporting a healthy, innovative, competitive, and competitive market. 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.

Executive summary

The PSA published a consultation on changes to its Code of Practice to address consumer detriment in the Information, Connection, and Sign-posting Services (ICSS) market in March 2023. The proposed Code amendments aimed to:

- reduce detriment associated with consumer misunderstanding
- limit detriment caused by high call costs
- reduce the risk of forced cut-offs that result in consumer detriment.

The PSA received 17 responses to the consultation from a range of stakeholders, from ICSS providers, network operators, trade associations, a government department, and individuals.

This statement sets out our final decision. We have decided to proceed with our proposals with a minor amendment to ensure Directory Enquiry services are not unintentionally subjected to new requirements intended for ICSS. A clarificatory amendment is required to paragraph 6.2.15, with ICSS added to the list of service categories to which paragraph 6.2.14 refers.

The changes to the Code in summary are:

1. State within the alert to be provided at the beginning of the call that:
 - the organisation to which the service connects can be contacted directly for no or lower cost and provide the organisations official/direct contact number to assist consumers in contacting them directly
 - the cost of the call – this is in addition to the existing requirement to state the cost of continuing the call.
 - the cost to receive an SMS (where applicable).
2. Obtain positive opt-in to continue with onward connection and/or receive a chargeable SMS (where applicable).
3. Service charge for a single call must be capped at a maximum of £40.
4. Consumers must be advised at the beginning of a call and before connection to the organisation that calls will cut off once the maximum service charge is reached.

Providers will be expected to come into compliance with these Code changes by **18 September 2023**.

Background

1. ICSS have been prevalent in the phone-paid services market since 2011/12. The regulation of ICSS has changed over time, predominantly in response to concerns and issues arising in the market.
2. Despite strengthened regulation, issues about ICSS have persisted. Our concerns about consumer engagement with ICSS were based on:
 - the findings of our ICSS thematic review, which demonstrated high levels of consumer detriment in the market, particularly in relation to calls ending shortly after being initiated and those incurring very high call costs. The thematic review found that nearly two-thirds of calls to ICSS were ending within the first minute, 3% of calls cost more than £40 and nearly 1% of calls cost more than £100. In total, we estimated that more than 50% of all consumer spend in this market should be considered detriment.
 - complaints to the PSA about ICSS - ICSS account for less than 5% of the phone-paid services market in revenue terms, yet generate more than 20% of consumer complaints received by the PSA. We also receive large numbers of complaints from end organisations.
 - the high levels of non-compliance in the market and enforcement action we have had to take against ICSS providers.
3. We therefore consulted on changes to our Code under Provision 6.4.2 to address these issues. The consultation was published on 1 March 2023.

Responses to the consultation

4. We received 17 responses to the consultation from a wide variety of stakeholders. Respondents include merchants and network operators involved in the operation of ICSS, other network operators, trade associations, consumer bodies, and public and commercial organisations who are affected by ICSS. The consultation responses are summarised below under general feedback and feedback on the proposals; the responses have been considered in this order. We have received feedback that is significantly outside the scope of the consultation and beyond the remit and powers of the PSA. We have not responded to that feedback in detail in this statement as it does not relate to our proposals.

General feedback

5. In summary, the vast majority of responses recognised the consumer detriment associated with ICSS with a number calling for an outright ban. We had other suggestions about what further action could be taken, including prior permission, more regular risk assessment and per-minute call caps.
6. **A2B Telecom** suggested that given the PSA's recent request for further up to date information and data from ICSS providers following the thematic review, which

involves significant time and resource to providers and the PSA, the consultation should be postponed until such time it has been collated and assessed. It stated that doing so would allow the PSA and industry to be better informed regarding the current state of the market and enable respondents to provide more relevant observations and comment as part of a consultation.

7. A2B Telecom and others suggested reintroducing prior permission for ICSS. It said that prior permission would introduce a better level of control, and a pre-emptive approach would help to weed out the worst cases before they go live. It also said that prior permission would provide a more uniform level of service across the board and give the PSA more immediate control and insight of the market and any potential issues.
8. **Action4** said it welcomed changes in regulation that will seek to prevent consumer harm. It suggested that some ICSS are not operating as clearly as they should and therefore action is required. However, it believes that consumers should be able to continue with ICSS calls if they choose to. The PSA must always strive to offer effective, proportionate, and best value regulation. Action4 did state 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.
9. **aimm** said it welcomed the opportunity to respond to the consultation and after consulting with its members wished to suggest an alternative option for the PSA to consider. aimm suggested the use of a prior permission scheme – as successfully used previously in other areas – for compliant providers. It said that this would give comfort to both providers and the PSA that the industry was compliant, and more importantly would mean that new entrants into the market would have to prove their worth and demonstrate compliant services - before launching services. It went on to say that prior permission would give industry and the PSA full visibility of providers operating ICSS, and the PSA would have the ability to carry out proper checks on providers prior to any service being made live.
10. **BT** agreed that intervention is needed in the ICSS space to protect consumers. It stated that for many there is little tangible benefit to the customer calling ICSS. BT said it believes the measures proposed in the consultation will go some way to provide consumers with the transparency they need to make informed decisions on whether to continue with the service.
11. BT said it had previously commented that a strong enforcement regime is required for ICSS; BT noted the recent adjudications against Heidi Corkhill trading as Call Support and Connect You Ltd and welcomes further interventions. It also welcomed the recently published ICSS compliance update and recommends that the PSA or Ofcom after the transition is complete, make it clear how it intends to increase consumer awareness that it is the regulator to complain to about ICSS so effective enforcement can continue.
12. **Customer Calls Ltd (CCL)** stated that ICSS play an important role in the PRS market and wider economy, they provide consumers with a useful and cost-effective service that

competes with directory enquiry services. It stated that regulation needs to strike an appropriate balance between protecting consumers and allowing competition to flourish providing services for which there is a clear demand. Customer Calls Ltd said it is concerned that the PSA's proposals fail to do that, particularly if they are applied to all ICSS including those operating on per-call tariffs. It said the proposed changes have limited application to ICSS which use per-call tariffs compared with per-minute tariffs – the former poses a much lower risk of consumer detriment compared to the latter.

13. CCL said it believes the PSA's proposals are not relevant and should have no application to ICSS operating on per-call tariffs. It said per-call tariffs give consumers the certainty and simplicity of a flat-fee service charge that will not vary with the duration of the call. Accordingly, issues such as bill shock over the service charge, automatic disconnection of calls once the £40 Payment Services Regulations limit² is reached and the consumer detriment associated with those issues, simply does not occur with such services. It said a caller using CCL's service could never incur a service charge greater than £6 (plus £6 for the SMS element of the service). As a result, the caller would never be automatically disconnected because of the PSR price cap before they receive the information and/or connection service they are seeking. It said the proposals should recognise that reduced risk by excluding elements of the proposed changes that make no sense when applied to services charged on a per-call tariff basis.
14. CCL also said it is concerned about the thematic review data on which the proposals set out in the consultation are based. The thematic review findings include data from two non-compliant ICSS providers who have recently been removed from the market following adjudications. They said that this may create a misleading impression of the level of consumer detriment in the market. It said focusing on two clearly non-compliant services that are not representative of the majority of providers in the sector also risks the PSA designing a disproportionate regulatory solution in response.
15. CCL also said the PSA should not consider that consumers ending calls within 30 or 60 seconds is likely to be in response to the IVR message. It said that its own IVR message lasts 12 seconds and makes it clear within the first three seconds that the service is an ICSS – it also said that it does not see a high proportion of its customers disconnecting calls. CCL went on to say that it is aware that most other ICSS providers have IVR messages of a similar length. Therefore, CCL concludes that consumers disconnecting calls within 30 or 60 seconds has nothing to do with the ICSS providers IVR message.
16. It also raised concern about the PSA's conclusion as to the reasons why a high proportion of ICSS calls are terminated within the first 60 seconds.
17. CCL suggested some alternative solutions the PSA should consider including:
 - ICSS providers must carry out (and evidence to the PSA) regular internal risk assessments on how risks of misleading customers are managed, including consideration of call costs and call durations. This could be

² https://www.legislation.gov.uk/ukxi/2017/752/pdfs/ukxi_20170752_en.pdf

repeated on a periodic basis, with a requirement that the provider constantly keeps such risks under review.

- explore with Ofcom, network operators, and the wider industry the feasibility of implementing free pre-call alerts. It said this would make some of the PSA proposals around IVRs more effective and feasible – and could apply to all premium rate services (including all ICSS using either per-minute or per-call tariffs).
- in relation to the call for the industry to take up the currently unallocated service charge price points to make it possible to introduce a free alert on all number ranges used for ICSS, it considered more analysis is required in order to understand exactly what is needed technically to enable it, what its regulatory implications might be (including whether any unintended consequences may flow from it), and how it might be applied to all PRS rather than only to ICSS in the interests of fairness.

18. CCL made two more suggestions, one which is not in scope of this consultation and another that is not within remit of the PSA.

19. CCL said that it did not agree with the PSA's reliance on the OECD's definition of detriment³. It said that the definition embodies the concept that consumer detriment is harm or loss experienced by consumers when they are misled or are inadequately informed about the price – which is not the case when ICSS providers adhere to the Code. It said that this supports the argument for greater enforcement action by the PSA rather than new rules being imposed. CCL also said that it fundamentally disagrees with the PSA's argument that ICSS lead consumers into spending more on a call than they would if they had called the sought after organisation directly being inherently detrimental. This is on the basis that consumer detriment only occurs where consumers were not adequately informed about the nature and price of the service.

20. ***The Communications Consumer Panel and Ofcom's Advisory Committee on Older and Disabled People (CCP-ACOD)*** said it welcomes the PSA's proposed amendments to Code 15, regarding ICSS. In its opinion, it is vital that strong and clear action is taken to protect consumers who use ICSS from confusion and cost. It said it has worked closely with the PSA, PSA Consumer Panel, Ofcom, and members of its Industry Forum who represent the mobile sector, to understand the scope and impact of unfair and uncompliant practices by ICSS providers, which cause harm and inconvenience to consumers. It went on to say it is keen to see action taken against those that do not comply with current regulation and cause harm and detriment to consumers.

21. CCP-ACOD suggested that a lack of information about charges and the process the consumer follows can lead to unexpected disconnection of a call and bill shock. It said that consumers may not even realise they are using an ICSS, that there is a cost and how much that cost is. It also suggested that given the nature of some of the organisations ICSS connect to, these impacts may be felt at a time when consumers are

³ OECD Recommendation of the Council on Consumer Policy Decision Making [303.en.pdf \(oecd.org\)](https://www.oecd.org/consumer/303.en.pdf)

experiencing other concerns, such as tax bills, unemployment and driving licence issues. It went on to suggest that additional cost or confusion are an unfair burden particularly during a cost of living crisis. It is therefore more important than ever that consumers are able to control their spending and have a choice in whether to pay for additional services that they may not see as essential.

22. CCP-ACOD said that its independently commissioned consumer research provides evidence that consumers and citizens who are less digitally skilled can struggle most to access digital public services. It said many consumers do not have the digital literacy to understand what they should expect to happen when they look for assistance online. Therefore, it believes that information provided by ICSS must therefore be in clear, plain language, not legalese and neither must it create confusion through 'information overload.' It suggested that consumers who inadvertently use an ICSS and find themselves with an unexpectedly high bill may feel the same way as a consumer who has been scammed as they have been billed for a service they did not require or request.
23. CCP-ACOD referred to a case study of a participant in its 2021 research '[Getting up to speed while staying at home](#)'. The participant found claiming benefits online difficult and needed to use a helpline. The participant had low digital skills, low financial resources, and additional access requirements. CCP-ACOD suggested had the participant used an ICSS the situation would have been far worse.
24. In addition, CCP-ACOD said that the consultation document sets out an estimation of the scope of consumer detriment, which is well-considered, but can naturally only be based on what is measurable. It believes that there is additional consumer and citizen detriment, which is more difficult to measure, but should be considered when taking proportionate action. Furthermore, the complaints data used to calculate detriment provides a useful measure of the impact on consumers who had the confidence and determination to use a complaints process. Many consumers, such as the participant, highlighted in the case study, lack that confidence.
25. It said the fact remains that there would be little need for a consumer to click through a third-party premium rate service if the organisation they were searching for could be found more easily than an ICSS service. It also said that it would be unreasonable to expect public sector organisations and other not-for-profit organisations to budget for search engine optimisation services. It believes profit-making search engines have a responsibility. CCP-ACOD said it encourages further action by the main search engines to optimise access to the organisations consumers are searching for over ICSS providers' services, working closely with the PSA.
26. **TUFF** and an *anonymous respondent* representing a call centre, stated that in their view as a manager of a call centre, it is wrong in principle that any customer service agent is an unwitting party to a live PRS call. They said ICSS know they are connecting to live call centres. They said the only exception should be when connection is provided via a 118 Directory Enquiries service. They went on to say that if any call centre were to choose to operate directly on a PRS number, the PSA would require specific behaviours

to protect callers from undue delay. They suggested that the PSA should allow call centres to opt out of all connections via ICSS and the PSA could manage that opt-out process. They also suggested that ICSS providers should publish their lists of PRS numbers, and which call centre numbers those PRS numbers connect to.

27. An **anonymous respondent** stated that there is a market for ICSS because major brands and government departments are averse to using live operators to answer customer service calls resulting in high levels of consumer dissatisfaction. The respondent suggested that consumers believe problems can be resolved more quickly when speaking to a live operator. The respondent also suggested that the added value of ICSS should be that they can connect consumers to live operators and somehow reduce the IVR responses needed or avoid messages which push the consumer to a website.
28. This respondent also suggested that prior permission should be reintroduced for ICSS. They incorrectly implied that prior permission was reinstated in Code 15 2.7 after being dropped in Code 13. The respondent commented that in their view previous prior permission regimes were a success especially in tackling dialler services and subscriptions. The respondent suggested that providers who had prior permission considered it as a “badge of honour” and were proud to have attained it.
29. In addition, the respondent suggested that if prior permission were introduced, Google, Bing, META, and Twitter could refer to a list of providers with prior permission to accept a provider's advertisements, thus preventing non-compliant advertising from entering the market. The respondent went on to say that addressing non-compliance through prior permission would be more immediate and effective than enforcement work from transgression to tribunal finding.
30. **Shell Energy (SERL)** explained that SERL is a provider of phone and broadband services to residential customer in the UK under the Shell Energy Broadband brand. It said it has approximately 500,000 customers, many of whom are vulnerable due to the older demographic of the customer base following acquisition of the Post Office customer base in 2021. Furthermore, Shell Energy Broadband over indexes on customers who take a phone-only service and so these customers are more reliant on the phone service. SERL found the PSA's research (thematic review) into ICSS interesting as it highlights the harm that ICSS can cause consumers, particularly those that are vulnerable. It said from its experience with its customers it is aware that some customers are unaware of the high costs of ICSS which can lead to bill shock and financial harm. SERL said it would appear that many customers using ICSS who run up high call charges are vulnerable, often financially, and incur the high charges while trying to access help. It went on to say that it is inconceivable that a customer seeking access to government benefits would knowingly run up large call charges when they could otherwise access the service for free. It said that in light of the cost of living crisis it is important that customers are protected.

31. In addition, SERL called for some ICSS to be banned, particularly where there is no value added, for example, where the ICSS is diverting to numbers that are free or low cost and the ICSS is charging the consumer excessively.
32. **Sky** commented that for too long UK consumers have been exposed to the significant and widespread harm caused by ICSS. It said every year hundreds of thousands of consumers are unknowingly using the services and incurring substantial charges to contact organisations which are otherwise available to call free of charge or at the basic rate. It said there is overwhelming evidence of material harm which is likely to have a disproportionate adverse effect on vulnerable consumers due to the nature of the organisations ICSS connect to.
33. Sky suggested that there have been a number of missed opportunities to tackle harm associated with ICSS and it is time the PSA and Ofcom take action to protect consumers. It said that ICSS provide no benefit or value added to consumers, the only beneficiaries are the service providers that generate huge revenues preying on vulnerable consumers who are unaware they are using an ICSS and being connected for a substantial fee. It also said that given the current cost of living crisis (which is having the biggest adverse impact on those individuals who are likely to be trying to connect to organisations like the Child Benefit helpline, Department for Work and Pensions ('DWP') or their utility companies), it is more important than ever that this consultation does not become another missed opportunity to address the harms caused by ICSS.
34. Sky said it strongly agrees that addressing harm associated with ICSS should be a key priority, it noted that it has expressed concerns to the PSA and Ofcom on numerous previous occasions. It said the data from industry clearly demonstrates how the current regulatory framework is inadequate and fails to protect consumers from harm associated with ICSS. In addition, it commented that in Sky's and UKCTA's view, the only way to fully address the market failure caused by ICSS and ensure that consumers are fully protected would be to ban ICSS.
35. However, Sky said failing an outright ban, it would support:
- a free alert to be provided at the beginning of the call and more information within the alert pre-connection
 - two-stage authentication, with a requirement for positive opt-in to connect and the Service charge should not commence until connection.
36. In addition, Sky said it considers the following changes are also necessary:
- the service charge for the first 60 seconds (or longer, until any informational message has been played) should be zero-rate
 - a cap on the maximum per minute Service charge after the first 60 seconds
 - originating network should manage call capping under the Payment Services Directive

- terminating networks should be able to block ICSS if asked to do so by the organisations the ICSS connects to.

37. Sky noted that ICSS account for less than 5% of the phone-paid services market and yet remain one of the, if not the most, complained about service type. It said that according to one UKCTA members' analysis of its call data for May 2021 *"total spend by consumers calling just seven ICSS '09' number ranges amounted to circa. £161,000. This equates to approximately £1.9m per annum. If those customers had dialled the official numbers for the Government agencies (i.e., HMRC, Tax Credit, DVLA, Trading Standards) or retail organisations/utility providers, the calls would have cost the consumers £6,000. This means that over £1.8m per annum of unnecessary consumer charges have been incurred as a result of ICSS using '09' numbers."* Furthermore, it commented that Sky's most recent data also shows that its customers who used ICSS operating on 09 number ranges between August 2022 and March 2023 incurred high call charges.
38. Sky considers that the PSA's recent prohibition decisions and ICSS compliance update, are insufficient to address the significant consumer harm caused by ICSS. It said such decisions are unlikely to act as an effective deterrent when one compares the level of the fines against the potential revenue. For example, the recent fine of £750,000 imposed by the PSA on Connect You Ltd is unlikely to deter them from operating with a revenue of over £7 million. It said it is clear that the potential profits for ICSS providers remain significant, even in the rare event that they are subject to a prohibition decision and fined by the PSA.
39. **Telecom 2** said it welcomed the opportunity to contribute to the consultation exercise and that it believes there is a need to add safeguards that reduce consumer detriment. It suggested that the EU Consumer Rights Directive that prohibited the use of revenue share numbers for customer service lines pushed many organisations to remove their customer service numbers from their websites or make them harder to find and this is why ICSS exists. It said that ICSS providers research the contact numbers of the organisations they connect to and monitor them for changes and provide onward connection and/or send an SMS that contains the direct number. It suggested that the prevalence of ICSS caused some organisations to make their customer service numbers more prominent.
40. Telecom 2 described 'click to call' functionality as an advantage of ICSS as the service can be accessed via a two-click process, removing the need to remember or write down the number. It said that it is not aware of any target organisations using this functionality.
41. In addition, it noted that ICSS can result in some high call charges however, this is the result of long queuing times at target organisations. It said that in general, commercial organisations attract lower call charges than other organisations. It suggested it would have been useful for the Thematic Review findings to have given a breakdown of who had the higher percentages of calls and durations.
42. It suggested that it would be useful for the PSA to provide examples of compliant promotions as well as examples of non-compliant promotions. It suggested that

industry lacks confidence in relation to compliance and a way to resolve this would be to introduce prior permission for ICSS. It said this would give providers and the PSA comfort that standards are being achieved and if providers go beyond the Requirements set out in the Code, they will have confidence that it has been seen and approved by the PSA. Finally, it said that prior permission would facilitate DDRAC performance.

43. **UK Competitive Telecommunications Association (UKCTA)** agreed that addressing ICSS should be a priority for the PSA and Ofcom. It said that consumer harm caused by ICSS is an issue which UKCTA and its members individually, have expressed concern about to both the PSA and Ofcom on previous occasions. In UKCTA's view, the data from industry clearly demonstrates how the existing regulatory framework is inadequate and fails to protect consumers from the significant harm caused by high ICSS call charges.
44. It noted that UKCTA has previously communicated to the PSA and Ofcom that, in its view, the only way to fully address the market failure caused by ICSS and ensure that consumers are fully protected would be to ban ICSS.
45. UKCTA suggested the proposals should go further, it considers the following changes are also necessary:
 - the Service Charge for the first 60 seconds (or if longer, until any informational message has been played) should be zero-rated
 - there should be caps on the maximum call charge per minute after the first 60 seconds
 - originating networks should manage call capping under the Payment Services Directive, and
 - terminating networks should be able to block numbers if asked to do so by organisations whose lines are being targeted, e.g., HMRC, the Child Benefit helpline, DWP, utility companies, including communications.
46. It said given the current cost of living crisis (which is having the biggest adverse impact on those individuals who are likely to be trying to connect to organisations like the Child Benefit helpline, DWP or utility companies), it is more important than ever that the consultation process does not become another missed opportunity for the PSA/Ofcom to address the harms caused by ICSS. UKCTA said it urges the PSA/Ofcom to take appropriate action against ICSS now to protect consumers.
47. UKCTA made further suggestions that are not within scope of the consultation and fall outside of the PSA's remit including - originating networks should manage call capping under the Payment Services Directive and terminating networks should be able to block numbers used by ICSS from connecting to organisations that state they do not want ICSS connecting to them.
48. **VMO2** agreed that measures need to be taken to address the harm or potential harm posed by ICSS providers. VMO2 emphasises that focus on remediation should be

targeted on providers of these services. It said network providers should not be used as a proxy to address the failures of these providers to protect consumers.

49. VMO2 called for consideration to be given by the PSA and Ofcom to ban ICSS altogether, as in its view they provide little to no benefit to consumers. Failing an outright ban, VMO2 said it would strongly suggest an improved mechanism for increased due diligence by the networks that host such numbers and that ICSS providers themselves are subject to much stricter controls as a way of attempting to mitigate the impact these 'services' have on consumers.

PSA consideration of general feedback

50. We note that a number of respondents called for ICSS to be banned. ICSS are lawful services, and the PSA does not have the power to ban them. However, given the evidence presented in the consultation and additionally via respondents, we remain of the view that further regulatory action is necessary to address consumer detriment.
51. We note that a number of respondents suggested that prior permission for ICSS should be reintroduced as a means to address this detriment. While we can see the potential merits of a prior permission regime, our view is that prior permission is not an appropriate or viable option.
52. The regulatory purpose of a prior permission regime is to raise standards. Prior permission is not purely an approval or licensing regime, instead it is a tool available to raise standards and ensure compliance.
53. Prior permission cannot simply be granted to providers and their services operating as they are currently. We would not want to grant anyone prior permission that was not operating to best practice and any conditions would likely be over and above current requirements given the level of harm demonstrated in the evidence. Our starting point would be these proposals and elements of the recent compliance update.
54. We have two main reasons for not introducing prior permission – consumer detriment and cost. Detriment would continue until a new prior permission regime was implemented. Additionally, the transfer of regulation from PSA to Ofcom is unlikely to allow the time it would take to develop, consult, and implement such a regime. Once (if) implemented, processing applications would come at a cost in terms of time and resource which would need to be levied on industry. Furthermore, Ofcom may not necessarily retain the ability to require prior permission therefore potentially limiting any impact such a regime may have.
55. It is important to note that prior permission has not addressed harm in the ICSS market in the past. When prior permission was introduced for ICSS under Code 12 it was vigorously challenged by industry. Nor would prior permission guarantee greater insight or control over the market as we would rely on providers coming forward and applying. Supervision and Code 15's enhanced DDRAC requirements are already providing greater insight and control which is how we have arrived at the evidence to support the proposals consulted on.

56. Addressing non-compliance through prior permission would not necessarily be more immediate and effective than enforcement work. Code 15 Engagement and Enforcement processes have been designed to deal with non-compliance more quickly and effectively than the previous regulatory framework. If potential breaches of the Code have occurred, engagement and enforcement action is the correct response.
57. We do not agree with the suggestion that the consultation process should be postponed until such time that further up-to-date data requested as a follow-up to the thematic review has been collated and assessed. This suggestion would mean delaying any policy intervention significantly and consumer detriment would continue. Given the level of detriment associated with ICSS there is no justification for this.
58. We do not agree that the findings of the thematic review misrepresented the level of detriment in the market by including ICSS providers that have recently been prohibited from the market (Heidi Corkhill t/a Call Support⁴ and Connect You Ltd⁵). Firstly, Heidi Corkhill t/a Call Support was not included as this provider ceased operating before the time period that the review covered. The inclusion of data from Connect You Ltd was an accurate reflection of what was taking place in the market at that time and excluding it would have had limited impact on the overall findings. We, therefore, do not agree that the proposals we consulted on are at risk of being disproportionate.
59. We also do not agree that all detriment arises only from non-compliance and/or non-compliant services. The thematic review data showed quite clearly that detriment is widespread, arising from both compliant and non-compliant services. The simple fact that nearly two-thirds of callers chose to end a call after hearing the IVR – and spent more than £6 million in the process – is evidence that consumers often engage ICSS inadvertently. Therefore, in our view, our rules need to change to address this. This would not change if another definition of detriment were used⁶.
60. It was suggested that our evidence demonstrates that there is a clear demand for ICSS services. We disagree. The fact that more than half of all calls disconnected within the first 30 seconds does not suggest clear demand, rather it strongly suggests consumers may have engaged with an ICSS unknowingly. We stand by the view that consumers do not actively seek out ICSS, they inadvertently discover ICSS while searching for an organisation's contact number (as evidenced by the way ICSS providers market their services).
61. We also disagree with the assertion that any consumer disconnecting between 30 and 60 seconds should not be considered as detriment because IVRs are generally less than 30 seconds. First, not all IVRs are less than 30 seconds. We found examples of IVRs that lasted more than 30 seconds and therefore wanted to consider the impact of longer IVRs. Second, the assertion assumes that consumers respond immediately to the

⁴ <https://psauthority.org.uk/regulatory-decisions/adjudications-search/adjudications/2023/march/heidi-corkhill-trading-as-call-support>

⁵ <https://psauthority.org.uk/regulatory-decisions/adjudications-search/adjudications/2023/april/connect-you-limited>

⁶ See, for example, the Department for Business, Energy and Industrial Strategy, Consumer Protection Study 2022 <https://www.gov.uk/government/publications/consumer-protection-study-2022>

information, which is not necessarily the case. Having said that, even discounting this data, 56% of calls ended within 30 seconds - UK consumers suffered over £5 million of detriment on calls that lasted less than 30 seconds. The additional detriment between 30 and 60 seconds is relatively small.

62. Regarding the alternative solutions suggested by CCL, we agree with the principle behind the suggestions however, not all of the solutions are enough on their own to tackle the detriment associated with ICSS. The suggestion that ICSS providers carry out regular risk assessments on how risks of misleading consumers are managed is good practice in any case. The PSA's Supervision function looks at these issues and the thematic review called for evidence on call costs and durations. Furthermore, the Code already requires providers to ensure that consumers are not misled.
63. In terms of exploring with Ofcom, network operators, and the wider industry the feasibility of implementing free pre-call alerts and applying to all premium rate services - we agree that a free pre-call announcement would be effective. Indeed, during pre-consultation discussions with network operators we discussed the feasibility of such a proposal. It was established that the most appropriate route to enable a free alert currently is through utilising tariffs where the first minute is free. It would not be proportionate to apply a free pre-call announcement to all voice-based phone-paid services as we do not have evidence to justify such a requirement.
64. In terms of the suggestion that major brands and government departments make speaking to live operators difficult – this may be true of some brands; however, we do not agree that it is the case with government departments. It is easy to locate contact numbers for government services through gov.uk relevant webpages. Theoretically ICSS help consumers to find and or connect to numbers that are hard to find. However, if organisations are not using live operators or using only a few/have small contact centres, then the problem is not solved by connecting via an ICSS - the consumer simply pays more for the call. It can also be argued that it would be easier for consumers to find the contact numbers they are looking for if ICSS adverts were not appearing at the top of search results ahead of end organisations' websites.
65. The suggestion that ICSS somehow reduce IVR responses and avoid messages that push consumers to websites rather than phone calls is not a clear argument. We have no evidence to suggest that ICSS connect to anything other than usual customer service contact numbers for organisations that are publicly available – i.e., ICSS do not connect to numbers that bypass an organisations' usual customer service systems – a consumer is not going to get through to an advisor more quickly by calling an ICSS, there is no value add here.
66. We have sympathy with the proposal to introduce a per minute call rate cap on service charges; the introduction by Ofcom of a similar price cap in 2019 for Directory Enquiry services had significant consumer benefits. However, it is not within the PSA's remit to place a cap on per minute service charges, and therefore we cannot proceed with such a proposal. We note that there are many service charge price points available to ICSS providers and that they could operate on lower tariffs now without any regulatory

intervention. However, almost all services operating a per minute tariff on the 09 number range use the maximum permitted £3.60 per minute service charge, with little or no evidence of price competition among providers.

Feedback on proposed amendments to Requirement 3.2.10

Information to be included within the alert upon connection and obtaining positive opt-in to continue with onward connection and/or receive an SMS

67. In the consultation, we proposed introducing a requirement to seek and obtain positive opt-in from the consumer to continue the call and be connected to the organisation they are seeking. We also proposed that alerts upon connection to ICSS prior to opt-in include the following additional information:
- state that the organisation in which the service connects can be contacted directly for no or lower cost and provide the organisations official/direct contact number to assist consumers in contacting them directly
 - the amount that has been charged for the call (drop charge model) or the maximum charge for the call (per minute model)
 - the cost to receive an SMS (where applicable)
 - state the maximum call charge.

Positive opt-in to continue and receive SMS

68. **A2B Telecom** said they do not agree with the proposal to require a positive opt-in to continue with onward connection to the sought after organisation. This is because positive opt-in would not prevent the consumer from being charged as charging commences upon connection to the ICSS. They commented that the consumer has already been given all the important information and that by staying on the line the consumer is demonstrating consent to the charge. They went on to say that if a consumer has not heard or understood the important information, they would also not understand what they are being asked to opt in to. Finally, on the opt-in proposal A2B commented that in their view it would not provide any benefit to the consumer, however, it may provide some benefit to ICSS providers in terms of complaint handling if call logs are able to identify and report on positive opt-ins.
69. **Action4** agreed with the proposal to require positive opt-in prior to connection by the ICSS to the sought-after organisation. This is in light of the fact that while ICSS services represent circa 3% of phone-paid services revenue, their complaint level within the industry is running at around 22%. Action4 went on the say that consumers need to have as much control and decision-making over these services as possible, while the industry needs to be able to have control over being able to manage and operate legitimate services.
70. **aimm** stated that consumer harm is unwanted in the market, and it is important that consumers are fully informed and consent to charges applied to them. It said that

merchants noted that an auditable positive opt-in to continue an ICSS call would give them evidence that consumers are informed and provide consent. This would be dependent on the opt-in being recordable and auditable. aimm went on to say that the proposed solution would not solve detriment that occurs from consumers disconnecting calls within the first minute. It said that the proposal would increase the amount spent within the first minute as more information would need to be included within the alert upon connection. It said its merchant members agreed that the only way that requiring positive opt-in would reduce detriment in the first minute would be if the alert was free of charge/first minute free of charge and it is not confirmed that this is possible yet.

71. However, aimm did comment that merchants said they are generally happy to provide an option for consumers to positively opt in to receive an SMS with the information which they require included in it. As with the positive opt-in, Merchants noted that an auditable positive opt-in would give them evidence that the consumer consented to the SMS, should the PSA ask them for such evidence. This is obviously dependent on the positive opt-in being recordable and auditable.
72. **BT** agreed that requiring a positive opt-in would be helpful. It said that this would give consumers the chance to pause and reflect on whether to continue the call and gives ICSS providers a way to demonstrate that the consumer has provided consent to the call.
73. **Customer Calls Ltd** stated that positive opt-in for connection and to receive an SMS should not apply to ICSS that operate with per call tariffs. It said that both charges are incurred immediately upon connection to the PRS number. It went on to say that giving consumers the illusion that they can control whether or not they incur a charge when in fact they have already been charged will be unhelpful and misleading. It noted that its service proposition costing £12 in total offers good value for money compared to ICSS operating on £3.60 per minute tariffs.
74. CCL suggested that even if opt-in proposals make sense for per minute ICSS, it is not clear whether the technical feasibility has been fully considered. It noted that the PSA suggested that opt-in could be achieved by pressing a button on the handset and that this is a well-understood mechanism. However, it is unclear what would happen if the customer did nothing at the point of opt-in - would the call continue without connection or would it terminate. CCL commented again that it believes existing Code Requirements are sufficient and that issues of consumer misunderstanding are due to non-compliant ICSS and that per call tariff ICSS should be excluded from such requirements.
75. **CCP-AOCD** said it agrees with the proposal to obtain positive opt-in to continue an ICSS call and/or receive a chargeable SMS.
76. A **government department** agreed with the proposal to require a positive opt-in to be connected to an end organisation.

77. An **anonymous respondent** said he agreed in principle with obtaining positive opt-in prior to connection. However, he said that the proposal would need to be worked through in practice and establish how positive opt-in could be verified, reported on, and proven that it occurred if challenged. For example, if a consumer were to complain and that they did not opt-in to continue an ICSS call, the onus would be on the provider/network to provide proof.
78. **Shell Energy (SERL)** said it believes that it needs to be made much clearer to consumers what charges they can incur prior to connecting and as such it believes that obtaining a positive opt-in would be beneficial.
79. **Telecom 2** said it had no objection in principle to obtaining positive opt-in. It said this would be a positive development as it would help to prevent unintended use of an ICSS and would help when investigating consumer enquiries. It said time would be needed to design and implement positive opt-in and for network operators to implement it for clients. They also said that the resource, including financial, incurred by the exercise would be significant. Finally, regarding obtaining positive opt-in it said that PSA would need to specify what would be considered to be a robust auditable record.
80. **Sky** said it agrees with the proposal to obtain positive opt-in prior to connection by the ICSS to the sought after organisation. However, it said it is important that consumers are not charged for it. It said charging should only commence once the consumer is connected to the end organisation.
81. **UKCTA** said failing an outright ban, it supports the proposal to require a positive opt-in to connect, albeit with a free alert beforehand. It said that consumers should not be charged a Service charge until the consumer is connected to the organisation they are seeking.
82. **Vodafone** noted that Code 15 requires that consumers are fully informed of the cost of a service before making a purchase decision and that typically consent to charge for voice services is the act of dialling the phone number to engage with a service. It also noted that General Conditions C2.5 -2.6 require Vodafone and other communications providers to provide their customers with information about unbundled tariffs and access charges. It suggested that combined with merchants advertising the Service charge for well understood services e.g., adult services operating on 09 number ranges or directory enquiry operating on 118 numbers, means that users have a good understanding that calls made to such services are outside of bundle and therefore chargeable.
83. It noted that the only mechanic used to deliver ICSS is online, using purchased search terms which places ICSS adverts where a consumer would expect to find the official website and direct number for the organisation they are seeking. It went on to say that complaints demonstrate that ICSS are not widely understood by consumers. It said that the advent of online adverts with 'click to call' functionality has eroded the understanding of consent to charge. Therefore, the introduction of an in-call positive opt-in would be a useful tool where the ICSS is charging on a per minute basis.

84. For ICSS operating on pay per call tariffs, Vodafone said that the alert upon connection must ensure the consumer understands that the drop charge has been taken and that they will continue to be charged the network access charge.
85. Vodafone said the PSA must ensure that an 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. Vodafone suggested the following alternative ways to establish consent:
- 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 prior to them being charged
 - 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.
86. It said the issue of proving consent to receive the PSMS is that keeping records of tones received on an IVR seems unnecessarily complex. It suggested an alternative approach would be for consumers to opt-in by sending a Mobile Originated (MO) message upon request, to a mobile shortcode with a keyword such as "SEND". It noted that the MO message would cost standard network rate and would be recorded on the consumer's mobile bill. It said consumers with mobile devices can receive the PSMS so there is no loss of revenue to service providers in providing this service, as they already incur shortcode rental charges.
87. **VMO2** said it has no objection to the proposal to obtain positive opt-in, as long as the requirements are imposed on the ICSS provider and network providers are not used to facilitate remediation in this space.

PSA assessment of responses in relation to proposals for opt-ins

88. We note that the majority of respondents were supportive of our proposals.
89. In relation to the feedback that obtaining positive opt-in will not prevent consumers from being charged, we appreciate that charging will still occur as the introductory message will not currently be free. In our view even though a free IVR will not be immediately possible, the proposed opt-in will still prevent consumers who did not wish/intend to call an ICSS from being connected without realising that they are not calling directly and incurring a charge, particularly with per minute service charge tariffs (service charge and access charge). Opt-in will also ensure positive consumer consent which give ICSS providers confidence that their customers are knowingly using their services. Having said this, we continue to believe a free first minute would be beneficial to consumers and potentially providers. The PSA is working with Ofcom to progress this proposal.

90. We maintain that it is possible to provide all the information in the alert in a non-confusing way which makes the purpose of the opt-in clear to consumers.
91. In terms of the feedback regarding the technical feasibility of requiring a positive opt-in and whether this has been fully considered by the PSA, IVR opt-in functionality is widely used across all telecoms sectors and in the phone-paid services market for certain service categories, including, for example, chat lines and live entertainment.
92. It is worth noting that Annex 1 of the Code requires providers of Sexual Entertainment, Live Entertainment, Chatline and Professional Advice Services to obtain positive opt-in from consumers to continue calls to a maximum of £40 once a £30 Service charge is reached. If the consumer using the service does not provide any opt-in, then the call must be terminated immediately.
93. The PSA does not intend to prescribe precisely how providers should achieve positive opt-in. Calls should be terminated if positive action is not taken by the consumer and an SMS should only be sent following an opt-in.
94. In terms of the opt-in needing to be robust, auditable, and providing proof of consent, if the IVR is set up in the way described above, opt-in would be achieved.
95. We do not agree with the feedback that requiring positive opt-in for ICSS operating on per call/drop charge tariffs is unhelpful and misleading as consumers will not be able to control their spend. Opt-in would give the consumer a similar level of choice and control over continuing with connection to the end organisation as they would have using Directory Enquiry services.
96. Requiring consumers to positively opt-in to receiving a chargeable SMS would mean that providers would no longer be able to apply SMS charges without separate consumer consent to receiving the SMS. Providers who currently do this would need to only send chargeable SMS if the consumer requests them by providing the opt-in/consent. Positive opt-in to receive a chargeable ICSS SMS is helpful to consumers because it ensures they are not misled into incurring additional charges as they are able to provide informed consent. We are aware that some Directory Enquiry services provide an SMS containing the number the consumer is looking for upon completion of the call, however, they do so free of charge.
97. We continue to believe that distinct positive opt-in to ancillary SMS should be required. Therefore, any provider sending chargeable SMS will have to adapt their model to ensure the consumer has opted in.
98. Following careful consideration of the evidence provided in response to the consultation, we have decided to proceed with our proposals. We believe the requirement for a positive opt-in to continue the call and to receive additional chargeable SMS will increase consumer understanding and confidence, ensure consumer consent, and thereby reduce consumer detriment.

Additional information to be included within the alert upon connection to an ICSS

99. **A2B Telecom** argued that the proposal to include the statement that the sought-after organisation can be contacted directly for no or lower cost and provide the direct contact number was already provided on the promotional material. They felt that repeating this information within the alert would only make other important information less prominent. They stated that it is the ICSS provider's responsibility to inform the consumer of all important information that may affect their decision to continue the call. They then suggested that the direct contact number of the sought-after organisation does not form part of the important information about the service. In their view requiring an ICSS provider to provide the direct contact number of organisations they connect to is contrary to the nature of the service, and harmful to the basic nature of the ICSS provider's business.
100. In terms of stating that the organisation can be contacted directly for no or lower cost in its view, the provision of this information within promotional material should be sufficient and would leave introductory alerts to clearly reiterate the most important information, namely the cost and nature of the service.
101. **Action 4** said that the number of calls being terminated within 60 seconds would seem to indicate that the more information given to consumers the better. They suggested that this will enable the consumers decision to proceed and will minimise bill shock.
102. **Aimm** said that the proposal to include additional information within the alert upon connection could be confusing for consumers. In terms of providing the cost of continuing the call and including information about access charges, aimm said that the access charge element is unquantifiable and often unknown by the consumer. Aimm assumes that the standard access charge statement is what is required.
103. Regarding the proposal for alerts upon connection to state that the organisation the ICSS connects to can be contacted directly for no or lower cost and provide the organisations direct phone number – aimm said its merchant members suggested that this would be damaging to provide details of where their goods or services can be found at no or lower cost, and they feel that would be non-competitive.
104. In terms of stating the maximum call charge within the alert upon connection, aimm said again that this could be confusing for a consumer. On the basis that will have already been told the cost of the service, information about access charges and the cost of an SMS if applicable. It said the total cost could be a piece of information too many. Additionally, Merchants are unsure whether this will provide any real transparency to a caller who is unlikely to calculate when £40 has been reached and the subsequent cutting off of the call will occur (unlike an indication of call length).
105. **BT** agreed with the proposal to include the additional key information within the alert upon connection on the basis that this information would be useful for customers. It suggested that the PSA also requires that where providers are sending two follow-up SMS, the total cost is included in the alert. However, it went on to say

that the alert should be as short as possible to avoid customers spending money unnecessarily to hear the full set of information (in the event the first minute is not free). Separately, BT said it welcomes the recent PSA guidance on avoiding sending more than one chargeable follow-up SMS where there is no added value for consumers.

106. **Customer Calls Ltd** commented again that it has concerns about the thematic review data in which the proposals are based on given that it includes data from two providers that have been removed from the market. It suggested that the data is skewed and not representative of the ICSS market and therefore the PSA's proposals may be disproportionate. It went on to say that even if the data were robust and sound, it fears the PSA has drawn unsafe conclusions as to the reasons why consumers terminate calls to ICSS within the first 60 seconds.
107. Regarding the proposal for all ICSS to include the cost of the call, the cost of receiving chargeable SMS and the maximum call charge, CCL stated that, services using per-call tariffs are charged immediately once the call is connected to the PRS number. This means the PSA's proposal to inform the consumer of the call cost makes little sense for per-call tariffs; it said it would amount to telling the customer about the charge they have already incurred and are therefore no longer in a position to choose to accept or avoid it.
108. It said as charges for the call and SMS occur at the point the consumer connects to a per-call-tariff ICSS, it does not make sense to require providers using those tariffs to state the service charge and SMS cost, that the organisation can be contacted directly for no or lower cost, that the call will end once £40 is reached or require a positive opt-in to be connected and receive an SMS.
109. CCL noted that the PSA is not proposing that the alert upon connection is free of charge and therefore it is unclear how the proposed changes applied to per-call tariffs would tackle financial detriment due to consumers disconnecting within the first minute. It said that the proposal could create consumer harm rather than remedy it, as consumers calling a per-call tariff ICSS may misunderstand pricing information on the IVR to mean they will incur a further charge and terminate the call immediately. It said this would result in a particularly poor consumer outcome as the consumer would have been charged the full Service charge for the call without receiving the connection service. Therefore, CCL strongly believes that including the cost of the call should only apply to ICSS using per minute tariffs.
110. CCL noted that it provided the same view when Special conditions for ICSS were updated under Code 14 in 2019. It also noted that this position was acknowledged by the PSA and the final version of the Special condition in question did not require the cost of the call to be stated for per call tariff ICSS. Instead, it only required the cost of continuing the call i.e., that the phone company access charge would apply. It stated that this approach recognised the lack of sound rationale behind requiring providers of per-call tariff ICSS to inform consumers of the Service charge they have already incurred. It went on to say that logic behind the PSA's previous position applied equally today as it did in 2019.

111. In terms of the proposal to require providers to announce the cost of receiving an ICSS SMS, CCL said the information SMS aspect of its service has been effective in tackling repeat calls or excessive use. It said that the SMS is sent to the consumer's mobile phone (providing the number is not withheld) as soon as the PRS call ends. It then stated however, that the SMS charge is incurred upon connecting to the 09 number. Therefore, CCL reiterated the argument it already set out that informing consumers of charges they have already incurred serves no purpose and could create confusion causing consumers to disconnect and receive no service.
112. CCL went on to say it is disproportionate and unfair to single out ICSS that adopt SMS as part of their proposition providing a trusted and valued service to customers for a flat fee, particularly if the services charged in this way have not been proved to have significant levels of customer complaints. It reiterated that it believes the focus should be on ICSS using per minute price points which also bring with them problems associated with calls terminating unexpectedly when the £40 price cap is reached.
113. Regarding the proposal to announce on the IVR the that the organisation to which the service connects can be contacted directly for no or lower cost and provide the organisation's direct contact number, CCL commented that it already provides the end organisation's direct contact number. It also commented that its promotional material makes it clear that the information can be found at no or lower cost via a website link to the end organisation's homepage. It said that stating this within the alert will cause consumer confusion in relation to ICSS using a per call tariff, since the consumer at that point will have already been charged for the call (and the SMS where relevant). This means that the 'less or no cost' message will no longer be true at the IVR stage – and the point should be made only while it is factually correct (i.e., at the promotion stage). Including content on an IVR that is no longer true in itself can be said to be misleading to consumers and may cause (not remedy) consumer confusion and harm. CCL therefore believes that the PSA's proposal on this point should not apply to per call tariffs.
114. **CCP-ACOD** said it agrees with the proposal to include the additional information within the alert upon connection. It recommends that the maximum call charge is required to be stated before the direct phone number for the sought-after organisation is stated. This is so the caller has an incentive to listen to the phone number and make a note of it before terminating the call. It went on to say that it believes the information proposed strikes the right balance between helpful advice and 'information overload'.
115. A **government department** agreed with the proposal to include additional information within the IVR prior to opt-in. It said it would welcome a message that would indicate that callers are using an ICSS.
116. An **anonymous respondent** agreed with the proposed amendments to Requirement 3.2.10 however, it raised concerns regarding the proposed wording. It questioned if the inclusion of 'the cost of the call' within the first sentence was an

oversight because it would appear to be applicable to all voice services that provider connection which would include directory enquiry services, and not only ICSS which are the focus of the consultation. It said paragraph 46 of the consultation indicates that the proposed amendment should only apply to ICSS. It suggested that if it was not the PSA's intention to apply the proposal to voice services including Directory Enquiries, then the final version of Requirement 3.2.10 should make it clear that this element is only applicable to ICSS.

117. The respondent said they agreed with including within the alert upon connection that the service is a call connection service. However, they did not agree with the proposal to include the destination number within the alert on the basis that they believe this would be confusing for consumers and that it is unlikely that consumers would end the ICSS call and call the direct number.
118. In terms of impact and financial costs and benefits, the respondent said that if the PSA is proposing a free to caller announcement and the addition of an auditable IVR would reduce revenue and add costs to the provider.
119. **Shell Energy (SERL)** said it also agreed with the proposal to include additional information within the alert upon connect to an ICSS. It said that it would be important that this information is provided quickly, and that emphasis is put on the cost so that consumers are clearly and promptly informed that continuing the call will result in high call charges.
120. **TUFF** and an **anonymous respondent** representing a call centre, stated they agreed with the proposal to include additional information within the alert upon connection prior to opt-in. They said the alert should provide the actual number that the ICSS is connecting to as that is what the consumer is buying, not a generic number contact number for the end organisation. They went on to say that 'fixed fee' per call tariff ICSS are a problem as the victim has already paid to hear the warnings contained within the alert. They called for ban on ICSS using fixed fee charges.
121. **Telecom 2** said in relation to the proposal to include additional information within the alert upon connection, that it would be good to provide some of the proposed information. However, it felt that it would be confusing to tell the consumer that they are not contacting a particular organisation and then being told they are being connected to that organisation. It suggested that the former requirement of ICSS Special condition 11 is similar to the proposal but much clearer.
122. Telecom 2 said that stating the sought after organisations direct contact number would be impractical and of little help to consumers because the consumer would need to find a way of remembering and recording the number if they want to use it. Otherwise, this would be likely to cause the consumer to dial an incorrect number and increase detriment.
123. It suggested that stating the maximum Service charge would only work where a cap is in place, however, it believes many consumers would confuse a maximum Service charge announcement for a drop charge and think that is what they are going to be

billed. It suggested that stating a maximum Service charge will not help consumers to understand how long a call will last and therefore, the consumer will not know if the cap will allow enough time to make the call. Furthermore, it said that the maximum Service charge is not a true reflection of the total cost because of the access charge and will only serve to confuse consumers.

124. Additionally, it raised concerns regarding the recommendation that ICSS should not connect to organisations outside of the organisations' working hours, covered in the ICSS compliance update that was published in April. It said not all organisations publish their working hours and some may have one contact number for a number of departments that may have different opening hours. It said it is impossible to comply with this recommendation.
125. In terms of the financial costs of the proposed amendments to Requirement 3.2.10, Telecom 2 said the majority of costs would fall on the consumers phone service provider and mobile network operators, it does not have sight of their costs. However, network operators would need to spend time and money on development to cope with the proposed changes. It also suggested that implementation would need to be scheduled so that it does not interfere with the provision of services.
126. It said in terms of benefits of the proposed amendments, it said there is a very strong chance that full implementation will increase consumer detriment due to the risk of consumers dialling incorrect numbers and redialling the ICSS.
127. **Sky** agreed with the proposal to include additional information within the alert upon connection to ensure transparency and awareness.
128. In terms of the PSA's impact assessment and costs and benefits, Sky said its data shows a high percentage of calls by its customers to ICSS numbers terminate within 40 seconds of connection. However, this varies significantly by number range which suggests that some announcements are less informative than others.
129. **Vodafone** said it supports the proposal to include additional information within the alert upon connection to an ICSS. It said the PSA should ensure all relevant information is delivered in the alert within a reasonable time (maximum 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. 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 coverage, your network access charge continues for the duration of the call'). Vodafone suggested service providers must produce in-call information pertinent to the price point being dialled (as per adult services today.)

130. Vodafone suggested that enhancing the information an ICSS must provide before opting in to onward connection and receiving a clearly priced SMS and a receipt is a better consumer experience.
131. **VMO2** agreed in principle with the proposal to include the additional information within the alert upon connection prior to opt-in, to ensure transparency and consumer awareness, as long as the responsibility for implementing this requirement resides with the ICSS provider.

PSA assessment of responses in relation to additional information on connection

132. We note that the majority of respondents were supportive of the need for additional information to ensure consumers are properly informed before continuing with a service. Regarding the feedback received about pricing information, providing the cost of continuing the call and including information about access charges, we can confirm that the cost of continuing the call should include the statement 'plus your phone company's access charge' rather than a specific access charge amount, we are not proposing anything new in this regard. We understand that access charges vary between networks, and it would not be possible for ICSS providers to determine an exact access charge amount for individual calls.
133. Our view is that all ICSS, including those that operate on per call/drop charge tariffs, should include relevant pricing information in the IVR, regardless of whether the charge has already been incurred. Where providers do not include pricing information as part of their IVR, we note that far fewer consumers hang up. We conclude that this has a material impact on consumer behaviour and therefore is necessary. We note that our position on including pricing information for per call ICSS has changed since the 2019 consultation on ICSS Special conditions and this is in light of continued consumer harm and new evidence from the thematic review.
134. In terms of including the cost of receiving an ICSS SMS within the IVR prior to opt-in, we do not agree that this is unhelpful or misleading, as amended Requirement 3.2.10 will not allow an SMS charge to be applied without the consumer providing distinct opt-in. Pricing information is vital to the consumer's decision to opt-in to the SMS element of the service.
135. We do not agree with the argument that none of the additional IVR information should apply to ICSS that operate on per call tariffs. Although we recognise that the associated financial detriment is lower for ICSS operating on per call tariffs than ICSS that charge on a per minute basis, detriment still occurs and the risk of consumers unknowingly using the service is the same for all ICSS.
136. We agree that the maximum call cost and advising consumers that calls will be terminated once reached should be clear within promotional material as this is information that is key for consumers to make an informed decision about using a service before incurring a charge. However, complaints relating to bill shock and unexpected charges suggests that consumers are not fully understanding the

associated costs before dialling. It is therefore beneficial to state this information again within the alert upon connection to improve understanding.

137. Some respondents suggested that stating the maximum Service charge and that calls will be terminated once it is reached will be confusing and unhelpful as it will be unlikely that consumers will be able to determine how long a call may last. We do not agree with this position. It is essential that consumers are informed about the potential maximum charge to avoid bill shock. It would not be appropriate to only state the maximum call duration as consumers may not be able to calculate or understand that maximum amount they may be charged. Furthermore, it is unlikely that a consumer would have a clear sense of how long a phone call may last or how long they might expect to be on a call. There are many unknown variables for example the consumer will not know if there is an expected wait time with the end organisation prior to being connected, nor will they always have a clear expectation of how long their query will take to be resolved – this can depend on who they speak to.
138. There is no evidence to support the argument that consumers may think a £40 maximum Service charge is charged immediately upon connection to the ICSS.
139. We do not agree with providers' assertion that it would be too confusing to consumers to provide the total cost of the call because they may not be able to calculate call length from the total cost. We do not agree that it is too much information, it will enable consumers to make better informed decisions and guards against both financial detriment and detriment caused by forced cut-offs. We do agree that consumers may not choose to proceed with a call if they knew it could only last a set and potentially short time. If providers are concerned about this issue, we advise them to provide both the maximum call amount and duration to avoid consumer confusion.
140. For the avoidance of doubt, if a £40 cap cannot be reached (as in the case of a per call charging model), then providers' IVRs do not need to include this information.
141. We do not agree that stating that organisations being connected to can be contacted directly for no or lower cost and providing the direct contact number for the sought after organisation should be harmful to ICSS. Our view is that it will aid consumers in understanding the true nature of the service and enable them to make a more informed decision about whether they want to be connected or call the organisation they are seeking directly. Consumers using ICSS inadvertently is harmful as it causes financial detriment. Complainants report to us that they have been misled and feel very dissatisfied which in turn can damage the reputation and consumer confidence in the phone-paid services market. By providing this information combined with other key information within the alert should give providers confidence that consumers who choose to continue calls after hearing this are fully informed and want to use the ICSS.
142. We do not agree with the argument that providing the information and direct number is anti-competitive. This feedback implies that ICSS are operating in direct competition with the organisations they connect to. ICSS providers are only competing

with other ICSS providers (and, arguably, directory enquiry services) - we do not agree that they are in competition with the organisations that they connect to.

143. As stated in a number of responses, we agree that the best solution would be for the alert upon connection/first minute of the call to be provided free of charge. We are aware that it is possible for providers to request new tariffs where the first minute is free of Service charge.
144. We can confirm that it was not the PSA's intention to require directory enquiry services to state the cost of the call upon connection to the service. As the respondent pointed out, Directory Enquiries were not the focus of the consultation. The proposals in our consultation were designed to address the detriment associated with ICSS. Directory Enquiries service charges were capped by Ofcom following extensive consultation - we do not have new evidence that would justify applying this measure to Directory Enquiries services and did not propose or intend to do so. We have amended the wording of 3.2.10 so that it is clear that the new requirement applies only to ICSS. Directory Enquiries services will continue to be required to state the cost of continuing the call plus the access charge and any other chargeable elements prior to onward connection.
145. We continue to believe that distinct positive opt-in to ancillary SMS should be required. Therefore, any provider sending SMS will have to adapt their model to ensure the consumer has opted in.
146. In conclusion, our view remains that there are considerable information asymmetries in the market that leads to some, if not many, consumers engaging in ICSS unintentionally. Increasing the information made available to consumers shortly after a call is made will support better informed decision making. Ensuring consumers are aware that a call will be terminated at the maximum theoretical cost will benefit consumers because it will a) inform that calls cannot go on ad infinitum and b) that calls may well cost more than expected. This is particularly important to reduce the risk of any unintended detriment caused by a forced cut-off. We also remain of the view that it will be helpful for consumers to be given the end organisation's contact number and do not consider it to be anti-competitive.

Other options considered: free alert upon connection

147. Respondents had varying views of a free alert upon connection.
148. **A2B Telecom** said that it did not have any understanding or information on whether free alerts upon connection could be an option in the future. It said that not all ICSS services are identical, and if a free alert was possible, it may not be relevant or appropriate to apply to all ICSS. It also said that significant disparity in promotional material, and unequal levels of compliance causes confusion for consumers and ICSS providers alike. For example, if a provider sees another provider using certain wording and layouts within its promotional material over a long period of time, it may lead that provider to believe that the PSA is satisfied with the compliance of those promotions when they may be non-compliant.

149. **Action4** stated that its understanding is that not all network platforms can provide free pre-call announcements and certainly not when drop charge [per call] tariffs are being used. Action4 suggested instead that requiring positive opt-in to continue a call once a call cap/certain amount service charge has been reached is possible for most network platforms. It suggested that calls could then be disconnected if positive confirmation is not received after 30 seconds.
150. **aimm** said that network operators will need to confirm individually whether or not they can provide free pre-call announcements. However, the number range/number tariff SC073⁷ does this. As such, replicating this with varying call costs after the first free minute might theoretically be possible (billing platform depending), but would need to be confirmed by individual networks.
151. Additionally, aimm said that on paragraph 53 of the consultation, it is suggested that it that some price points are not allocated and could be used to provide a free alert on all number ranges used for ICSS. However, some members are not confident that there are available service charge points that are not currently allocated. As part of the NGCS unbundling exercise, Ofcom required operators to be able to include first eighty price points and later an additional 20 price points in their billing systems. This is now covered in the General Conditions of Entitlement by GC B1.28.⁸ Ofcom outsourced the original allocation of rates to price points to Inter Connect Communications. An arbitration process followed, and rates were allocated to all 100 price points. The full list of price points and the rates allocated to them can be found in “Report on the Selection of 20 Additional NGCS Service Charge Price Points”, published by Inter Connect Communications. These rates will now be included in all operators’ billing and rating systems. It said that to create price points that may be used to provide a free alert, Ofcom would first need to agree that this may be done and then either run another arbitration process or outsource it once more. Repricing existing price points would require significant additional work by all operators to amend their pricing tables.
152. Aimm suggested another option would be to create additional Service charge price points, but this would very much depend on timescales. Building in the 100 price points required almost a year of work by Operators. Adding additional price points may/may not be possible with existing rating and billing systems but if it were, it would be a costly and time-consuming exercise and an amendment to GCs consulted on and implemented. It said ICSS are provided across the 09 and other ranges, there is no specific ICSS number range, so billing systems across the Interconnect would have to be able to identify which individual numbers have ICSS on them and be able to track changes to the use of numbers.

⁷ SC073 is the designation of one of the industry-specified service charge price points. The first minute is zero rated with subsequent minutes charged at £2.50 per minute.

⁸ The text of B1.28 is as follows:

For the purpose of calculating and billing the Service Charge Element of the retail price for calls to Unbundled Tariff Numbers, the Communications Provider must ensure that it has systems able to accommodate up to one hundred (100) different Price Points.

153. Aimm also commented that merchants would like more clarity on the recommendation for a free pre-call announcement, when the service they have called is purely an information service providing contact details of the end user which the consumer is seeking (with no call connection or SMS element). As the proposal seems to suggest that the contact details of the end user should be included in this free message, then the merchant will effectively be providing that service, but receiving no revenue for it, and in fact could be incurring a cost for the provision of exactly what the consumer was requiring.
154. Finally, aimm noted that some Members suggest that there may be a transparency issue with the first free minute, which is proposed to be free of service charge but not access charge. Access charges are applied on a per minute basis, so a full minute will be charged even if the caller clears down after a few seconds. Members do not know if this is widely known by consumers.
155. **BT** said it does not have the technology available today to provide free pre-call announcement for these services. It is also unclear how this could ever be applied only to one type of service within a number range, historically pre-call announcements were applied to all numbers within that range. The PSA will be aware of the industry proposal to create new service charge price points which will have the first minute free. It is supportive of the industry initiative and urges the PSA and Ofcom to provide support for this initiative to work.
156. **A government department** said it would welcome a free pre-call announcement by Network operators, it said this would inform consumers of lower cost alternatives.
157. **TUFF and an anonymous respondent** representing a call centre suggested that ICSS know that the vast majority of users are calling from a mobile. Therefore, they could easily send a free SMS instantly after connection to warn of the costs. Additionally, they could start a timer and send an SMS after £10 spend and every subsequent £10 spend. They can cancel these if the call ends early.
158. **An anonymous respondent** commented that there is only one 09 tariff that has a free element to it and that is SC073. They said that not all terminating network operators will have SC073 ranges allocated to them, however, they can make an application to BT and Ofcom to obtain them, and this process would take approximately 60 days to complete. They also suggested that a committee could be formed to make applications to create new tariffs with free elements, however, their understanding is that there is only provision for 100 tariffs so some other need to be sacrificed. The respondent suggested that the process would be successful if the PSA lent support to it.
159. Additionally, this respondent noted that regardless of any tariff having a free element/first minute free, consumers would still be charged their phone companies access charge during the free portion of a call. They also suggested that access charges are too high and our unregulated.

160. **Shell Energy (SERL)** said that it agreed that a free pre-call announcement would be helpful. However, it said it believes 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 expensive and time consuming to implement. It provided the example of Service charge band 73 which is charged at 0p for the first minute and then £2.50p per minute thereafter.
161. **Sky** said that the first 60 seconds of an ICSS call should be zero-rated so no Service charge can be applied. It said a high proportion of consumers end calls to ICSS after hearing the IVR message and are therefore incurring charges without accessing the service. Sky's data shows that, for the period August 2022 to March 2023, approximately 49% of calls to the 09 number range were terminated within the first 40 seconds which resulted in high total consumer cost. It said multiple Sky customers were charged more than £6 for a call lasting less than a minute. It said there is no justification for consumers who call an ICSS to be charged for listening to an IVR message.
162. Sky said there is currently a wide range of high Service charges which mean that consumers are being required to pay substantially more for using ICSS numbers than if they called the relevant organisations using their official phone numbers (which are often free of charge). As noted in UKCTA's response to the PSA's Discussion Document on its Code of Practice in 2020, for the period January 2020 to June 2020, the fixed line customers of one UKCTA member collectively had to pay around 20 times as much for using ICSS numbers (compared to if they had called the organisations' official phone numbers):
- Response to PSA consultation on ICSS services Page 7 of 11 - "Calls were charged at £3.60 per min for one range, £1.55 per min for another and £6 per call for the two other ranges. That analysis showed that from January to June their customers paid £591,500 for calls to ICSS when the estimated costs those customers would have paid if they had called the official numbers for organisations was between £25-30k. One customer incurred charges of over £450."*
163. It said if these figures were grossed up to include customers of other communications providers and all the calls made from mobile phones were also added, the total cost of consumer harm caused by ICSS will be exponentially higher – likely many millions of pounds per year.
164. It said zero-rating the first 60 seconds should provide sufficient time for consumers to listen to the IVR announcement advising on the cost of the call and decide whether to proceed. That way, consumers are free to decide whether to proceed with the call once they have been informed how much it will cost. It said this approach has two benefits:
- consumers who decide to proceed with the call can then do so on an informed basis

- consumers who do not proceed will not be required to pay a Service Charge for a service that they have not received.
165. Sky disagrees with the PSA's conclusion that it would not be possible to require providers to make the alert free of charge to consumers at this time, as it would effectively force providers to use a single price point (and in any case, this price point is not available for use on the 084 and 087 number ranges).
166. It said the Service charge is defined by the number range holder which can currently select from 100 different price points. The Service charge could be easily configured to allow the first 60 seconds of a call to be zero-rated, akin to the 118 cap for which new price points were introduced in 2019 across the UK. It said there are precedents in caps for some Service charges. For example, Service charge 73 (SC073 – see above) Therefore, zero-rating the Service charge for ICSS the first 60 seconds should be possible.
167. Sky notes that the PSA says that it “*will support industry initiatives to provide service charge price points with a free first minute*”. However, it said the PSA cannot/should not rely on industry to make this change. The PSA needs to take action to ensure that it is implemented.
168. **Telecom 2** said that Network operators would need to confirm individually if they are able to provide the functionality to enable the first minute of calls to ICSS to be free of Service charge. It commented that the SC073 price point has this feature and so a facility for a free first minute should technically be in place. As such, replicating this with varying tariffs after the free first minute would be technically possible, however, it said the regulatory position regarding provision of new price points would need to be confirmed.
169. Additionally, Telecom 2 noted that the first minute cannot be regarded as truly free as the access charge will still be applied. It said some access charges are as high as 65p per minute and are applied on a per minute basis so the full amount would be charged even if the consumer hung up within a few seconds. It also noted that many consumers are not familiar with access charges.
170. Telecom 2 commented that in paragraph 53 on the consultation document, the PSA suggested that some price points are not allocated and could be used to provide a free first minute. However, Telecom 2 said there are no price points currently available as all 100 have been allocated.
171. Telecom 2 suggested that another option would be to create additional Service charge price points. It said building in one hundred price points required almost a year of work by operators. Adding additional price points may not be possible with existing rating and billing systems but if it were, it would be a costly and time-consuming exercise and an amendment to Ofcom's General Conditions would need to be consulted on and implemented. It went on to say that Telecom 2, aimm and other providers would be happy to be involved in either process and support from the PSA would be essential.

172. In addition, Telecom 2 noted that ICSS are provided across various 09 and other number ranges – there is no specific dedicated ICSS number range. It said that billing systems across the interconnect would need to identify which individual numbers have ICSS operating on them and be able to track changes to the use of the numbers. It also said that a free first minute could be an issue for ICSS that only provide the contact details for sought after organisations without providing connection – as this would be provided within the first minute it would mean the service would be provided for free.
173. **Vodafone** said its 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. Vodafone said it supports the re-use of existing retired Service Charge price points to create a number of new price points. It said that it was their understanding that there are unused and withdrawn price points that could be repurposed. It said as an example the Service charge code SC073 already exists 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.
174. **Vodafone** said the costs of providing new Service charge price points could be borne by industry however a full impact assessment should be conducted to ensure development costs are not prohibitive. The cost of 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.
175. **VMO2** said in theory, it is technically possible to implement such announcements, but at significant cost and significant development to network operators. It said that it would be disproportionate to impose this cost on network providers. Moreover, these announcements would not be ICSS specific and would have to contain generic information rather than tailored to each specific service being provided. The effectiveness of them in addressing harm caused by ICSS is therefore questionable. On that basis it suggested it would be more appropriate to impose the requirement on the ICSS provider to provide specific information relating to the service the customer is intending to call.
176. It said Virgin Media already provides free access to Directory Enquiries to enable consumers to access the relevant numbers for organisations that they are trying to reach, without having to use ICSS. Its customers therefore already have access to a facility that serves the same purpose as ICSS, but without the (in many cases unexpected) cost. In its view, this adds to the case for an outright prohibition of ICSS.

PSA analysis and consideration

177. We remain of the view that a free alert upon connection would significantly reduce detriment in the market. Ultimately, we believe that consumers should not be charged until they have all the necessary information to make an informed decision and actually connect to the organisation they are seeking to speak to. However, we are not yet in a position to proceed with such a proposal as the Service charge price points that would make it possible are not currently available and PSA does not have the powers to require their introduction. We are encouraged by positive responses to our recommendation from industry and will continue to work with stakeholders to introduce such a requirement as soon as is practicable.
178. As far as we are aware there are only ICSS that offer call connection operating in the market currently. It is our view that if free alerts or free first minute was possible it would be entirely relevant and appropriate to apply to all ICSS.
179. The argument about promotional material of other providers is a poor one. Compliance advice is available for providers to seek a view on whether promotional material is capable of complying with the Code or not. Ultimately, providers have a responsibility to ensure they are complying with the Code.
180. Regarding the suggestion to require positive opt-in to continue a call after a specific service charge is reached, we understand that this is possible for most if not all Network operators, indeed this is a requirement for SES, live entertainment, chatline and professional advice services⁹. In the case of ICSS it is our understanding that because the call is connected to another organisation (unlike the service types mentioned above) it may not be possible for providers to interrupt the call with an opt-in request to continue. In any event having such a requirement for ICSS would not help reduce the financial detriment caused by consumers disconnecting in the first 60 seconds.
181. Some providers have mentioned the impact of access charges. Access charges are not within the PSA's remit and so none of our proposals relate to access charges. We understand that of course access charges contribute to the overall cost of a call made to an ICSS but note that the access charge is only incurred because the ICSS has been used.

Feedback on proposed amendments to Annex1: Specified service charges and durations of calls

182. In the consultation we proposed that when a Service charge of £40 (inclusive of VAT) for a call has been reached, the call must be terminated. We also proposed that at the beginning of a call and before connection to another organisation consumers must be informed that the call will be terminated once the maximum Service charge of £40 (inclusive of VAT) is reached.

⁹ [Code 15 Annex 1: Specified service charges and durations of calls](#)

183. **A2B Telecom** said it does not agree with the proposal to cap the Service Charge of calls to ICSS at £40. It commented that in its experience a cap could do more harm than good and that for many years the PSA has been of the same opinion. When A2B Telecom previously raised that matter of capping calls at £40 it said it had been advised each time that a call cap would be unhelpful and likely to cause detriment. A2B Telecom suggested that if ICSS were limited to operating on a lower maximum tariff for example £2 per minute, it suggested that almost all calls would reach a natural conclusion before any £40 forced disconnect would happen. It went on to suggest that a maximum tariff cap would more precisely target problems in the market and reduce detriment resulting in a better value proposition to consumers.
184. In relation to the proposal to include the maximum call charge within the alert upon connection, A2B Telecom suggested that providing this information within the alert would be confusing to callers. In its view information about maximum call charges and any associated forced termination of calls would be more appropriately placed within promotional material. In terms of advising within the alert that calls will be terminated once a £40 service charge is reached, A2B Telecom went on to say that it would make sense to inform consumers of this. However, this would ideally be set out in the promotional material rather than the alert so that the caller has knowledge.
185. **Action4** suggested it agrees with the concept of preventing consumer harm from high call charges, however it also believes in consumer choice – if a consumer wishes a call to continue then it should be allowed to do so. Action4 suggested again the idea of requiring positive opt-in to continue a call once a call cap/certain amount service charge has been reached as it believes it is possible for most network platforms to do. It suggested that calls could then be disconnected if positive confirmation is not received after 30 seconds rather than all calls terminating once a Service charge of £40 is reached.
186. Action4 also said another method it would support would be to give spend reminders as this works well with live entertainment and virtual chat services. It said its concern with call capping is that consumers who do wish the call to continue will be charged £40 and have no service provided to them. Action4 questioned how many calls that cost more than £40 are complained about and, or refunded, it asserted that there is no breakdown as to how many people complain.
187. In terms of the costs and benefits analysis of the proposed changes to Annex 1, Action4 said any cost to a consumer is too much if they were genuinely not aware of what they were phoning and what service they thought they would receive. It said its members advise that many consumers feel that they are being ‘conned’ into spending more money when a call is cut off and then have to phone back. Being cut off and calling back may also mean that the consumer loses the opportunity to continue their conversation with the people they were talking to. It said it does support the termination of a call if the caller is not interacting. It went on to say that part of the issue is the lack of clarity in pricing information due to the difference in access charges which vary from network to network.

188. **aimm** said its merchant members felt that the PSA stated the case for detriment when calls are capped at £40 in paragraphs 27, 28 and 29 of the consultation document. As such merchants feel that introducing such a cap for all ICSS is counterproductive as a measure to reduce detriment. It reiterated that consumers are unlikely to understand what a £40 cut-off relates to in minutes unlike an indication of call length. It said that disconnecting calls at £40 will cause frustration and detriment if a consumer has just got through to their intended destination prior to reaching £40 only to be cut off. It may cause consumers to call back and face further hold times and charges. **aimm** members also noted that historically the PSA has argued against a cap for this reason.
189. **aimm** also suggested capping or lowering the tariffs available as an alternative solution to the maximum spend per call. It stated that the cost to market has increased over the years due to competition between ICSS providers, and lowering the tariff should serve to reset it somewhat. It also commented that lowering tariffs would make ICSS cheaper for a larger percentage of callers without the additional issues related to forced disconnects.
190. **BT** said that the proposed £40 cap does align with the existing PSD2 cap and caps set by the PSA for other service types and will go some way to prevent customer harm for those customers who are spending excessively on these services. However, as the PSA points out, it would take a customer 11 minutes to reach this cap and therefore only a small number of calls would be impacted by the capping at £40. Given the evidence, we would like to understand from the data the PSA has gathered, how a lower figure i.e., £30 would impact the number of calls that would be cut off at the cap. **BT** said it supported the proposal for consumers to be informed before onward connection that calls will be terminated once £40 is reached. It said that this measure will ensure that customers are unsuspectedly cut off and re-dial and incur more charges.
191. **Customer Calls Ltd** noted the issue of ICSS calls terminating before the consumer has the opportunity to speak to the sought after organisation due to long hold times where providers are subject to the £40 maximum transaction figure imposed under the PSRs. It also noted the proposal to include notification at the beginning of ICSS and before onward connection that calls will be cut off once £40 is reached. **CCL** stated that the PSA's proposed requirement should not apply to per-call tariffs where the maximum charge is incurred by the consumer immediately on call connection and that charge can never come close to £40. Because of that, it would make little sense (and it may cause customer confusion) if the ICSS's IVR refers to calls cutting off once a certain figure is reached.
192. **CCP-ACOD** said it would recommend a cap that is lower than £40 as £40 is a large proportion of a person's weekly benefit entitlement or state pension entitlement and therefore feels too high. It suggested the PSA considers reducing the Service charge cap to more affordable level for people who are less able to afford sudden expenses.

193. A **government department** said it would not want a cap to impact legitimate use of ICSS, however it would consider a lower cap at £20 to be sufficient. It said that it agreed that consumers should be informed of the maximum Service charge before onward connection. It went on to suggest that consumer awareness would be improved, consumers will not be charged vast amounts for a service they were not expecting to pay for. It said consumers would have more opportunities to make informed decisions about whether to continue the call knowing what the Service charges are.
194. **TUFF** and an **anonymous respondent** representing a call centre, stated if no other proposals are implemented then the £40 cap is essential. They said a £20 cap would be better. They should also be told that because of that cut-off their call may never reach the front of any queue.
195. An **anonymous respondent** stated that they did not agree that ICSS calls should be capped at £40. They said this can only be achieved by forced disconnection and this would mean it is likely that a consumer is cut off mid conversation with the end organisation. They went on to say that a forced disconnect would create the unnecessary risk of the consumer making repeat calls resulting in a large bill. They also said it is a shame repeat call data was not provided in the thematic review. On this basis the respondent said they do not agree with the proposal to inform consumers before onward connection that calls will be terminated once a maximum Service charge of £40 is reached.
196. The respondent suggested that only allowing ICSS to operate on lower cost tariffs should be considered as this will obviate bill shock. They said for example, if an ICSS operated with on the £1.50p per minute plus £1.50 per call tariff then according to the data provide in the thematic review 99.2% of calls would remain under £40. They went on to say that further research would allow providers to optimise the best practice retail rate ceiling and would allow longer calls which would be beneficial for the market. Drop charge/per call tariffs should also be used.
197. In addition, the respondent commented that the ICSS market is driven by Google and social media costs, therefore providers using high tariffs can pay more Google keywords and it becomes a race to the top. They implied that lowering the rate than can be used will create a level playing field. The respondent recognised that capping/lowering maximum tariffs for ICSS would be within Ofcom's remit and noted that Ofcom placed a cap on the amount that can be charged per 90 seconds for directory enquiry services. They suggested creating a working group.
198. Finally, this respondent said they had spoken to the six largest ICSS merchants referred to in the thematic review findings as accounting for 80% of calls and consumer spend. They suggested that those merchants would be able to agree a Code of Practice encompassing the points the respondent has made and that such a Code of Practice could feed into a prior permission regime that the merchants would be supportive of.
199. **Shell Energy (SERL)** said it believes that a maximum Service charge cap of £40 is too high a cap to protect consumers. It said the key point is that calls to the underlying

service would generally be charged at a much lower cost or even free of charge when called directly. It said there is simply no justification for the high call charges and no value add for the consumer. It suggested that based on 118 Directory Enquiries Service charges it estimates that a cap of £3.60 would cover the costs of signposting to a help line.

200. SERL said it subscribes to the caps set out under PSD2 in which Service charges are capped at £40 per call. It said that like many telecoms companies it implements the cap at the billing stage as it is unable to implement the cap in real time or by terminating the call. It went on to say that as a retail telecoms provider it has a contractual obligation to pay its wholesale provider for calls made to ICSS. Therefore, it is in affect subsidising the ICSS provider. It went on to say that the proposed cap does not really protect consumers as they may make multiple calls. It also said that the key thing establishing a cap is that it should be implemented by the ICSS provider and not the retail provider.
201. SERL suggested that it think it is important for ICSS providers to cap call charges rather than terminating the call and allowing the call to continue. It feels it would be inappropriate to terminate a call while a vulnerable person is being helped by a government agency. It gave an example of a consumer calling an ICSS to be connected to an organisation and being held in a queue to get through for a considerable amount of time and when the consumer gets through the call could be terminated before the consumers issue is resolved. It suggested in this instance the consumer may end up re-calling the ICSS, being placed on hold again and end up in a cycle of exorbitant charges while still not getting an issue resolved.
202. **Sky** said it agreed that it a maximum service charge cap of £40 is appropriate and proportionate. However, it said it does not agree that calls should be forcefully terminated. Sky said it considers that a more appropriate solution would be to implement a cap on the per minute Service charge. It suggested such a cap would help deal with the issue of forced terminations as it would enable calls to last longer. Sky considers that the only way that the PSA/Ofcom can adequately protect consumers is to cap price points used after the first 60 seconds (e.g., at no more than £0.50 for the next 180 seconds). The current price cap for Directory Enquiries is £3.65 (including VAT) for the first 90 seconds. In Sky's view, as Directory Enquiries is a true value-added service, a price cap of around £1 would be appropriate for the first 180 seconds of calls to ICSS numbers.
203. Call charge caps per minute after the first 60 seconds would also help to address the issue of forced terminations, which are causing customers to re-dial (in some instances more than once) and incur additional unnecessary charges. In its adjudication decision relating to Connect You Limited, the PSA notes how Connect You Ltd earned a total revenue of £100,571.29 from consumers who disconnected a call within 60 seconds. It cited a high number of its customers who used an ICSS could be subject to forced termination and relatively high percentage of those customers made repeat calls.

204. Sky noted that since the revised Payment Services Directive ('PSD2') came into effect on 13 January 2018 (implemented in the UK by the Payment Services Regulations in 2017), UK operators have a responsibility to ensure that customers are not charged more than £40 for the Service charge per call. Originating operators apply the Payment Services Regulations, there is no valid reason for the Terminating network to disconnect calls.
205. In addition, it said given that consumers are often held in queues for a significant amount of time to DWP etc., thereby having a disproportionate adverse impact on consumers who are likely to already be financially vulnerable. In its recent adjudication decision relating to ICSS which connected to DWP, one of the sample complaints noted by the PSA referred to how the customer's call got cut off three times after being on hold, resulting in a total bill of £56.32 and "*still no answers*". Other examples cited by the PSA included complaints from consumers who had incurred significant costs even if they had not been connected to the desired organisation because of being put on hold and then the call being artificially ended, in some cases several times.
206. **Telecom 2** said there is no justification for a Service charge cap for ICSS. It said that PSA compliance advice and comments in adjudications have noted that significant consumer harm occurs when a call is disconnected before the consumers issue has been resolved with the end organisation. It said that the level of calls that exceed £40 is very low and therefore it is not clear why the PSA's view has changed. It said the basis for the proposed £40 cap appear to be convenience rather than a calculated figure. It suggested a cap should be much higher. It pointed out that 2.91% of calls exceed £40 and some of these will have been repeat calls following disconnection.
207. It suggested capping Service charges instead of maximum spend as an alternative in the same way that the Service charge was capped for directory enquiry services.
208. Regarding informing consumers before onward connection that calls will be terminated once the maximum Service charge is reached, Telecom 2 said it did not agree with this proposal. It said that this information would serve no useful purpose and would confuse consumers as they may believe £40 is a drop charge. It went on to say that consumers will not be able to determine how long they may be held in a queue or how long it would take the end organisation to resolve their query. It said again that most consumers would not relate a Service charge cap with a call duration.
209. **UKCTA** said that the PSA and Ofcom should cap price points used after the first 60 seconds (e.g., at no more than £0.50 for the next 180 seconds). It said the current price cap for Directory Enquiries is £3.65 (including VAT) for the first 90 seconds. In UKCTA's view, as Directory Enquiries is a true value-added service, a price cap of around £1 would be appropriate for the first 180 seconds of calls to ICSS numbers. Call charge caps per minute after the first 60 seconds would also help to address the issue of forced terminations, which are causing customers to redial (in some instances more than once) and incur additional unnecessary charges. It concluded that this would

enable the PSA/Ofcom to protect customers, some of whom may have particular vulnerabilities, against paying disproportionately high charges to access organisations which can otherwise be accessed free of charge.

210. In addition, UKCTA noted that since the revised Payment Services Directive (“PSD2”) came into effect on 13 January 2018 (implemented in the UK by the Payment Services Regulations in 2017), UK operators have a responsibility to ensure that customers are not charged more than £40 for the Service charge per call. Originating operators apply the Payment Services Regulations, there is no valid reason for the Terminating network to disconnect calls.
211. UKCTA said given that consumers are often held in queues for a significant amount of time to DWP etc., thereby having a disproportionate adverse impact on consumers who are likely to already be financially vulnerable. In its recent adjudication decision relating to ICSS which connected to DWP, one of the sample complaints noted by the PSA referred to how the customer’s call got cut off three times after being on hold, resulting in a total bill of £56.32 and “*still no answers*”. Other examples cited by the PSA included complaints from consumers who had incurred significant costs even if they had not been connected to the desired organisation because of being put on hold and then the call being artificially ended, in some cases several times.
212. **Vodafone** said a £40.00 (inc. VAT) Service charge cap would 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 underestimated.
213. It said the £3.60 a minute services will reach the £40 limit before the end of the 12th minute therefore per minute ICSS 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*”. It said the in-call message must state the minutes taken to reach the £40.00 spend limit.
214. Vodafone went on to say that pay per call ICSS have different considerations. The consumer needs to understand the expected duration of a drop charge call (“this call can last up to 60 minutes dependant on your network duration rules or local network coverage, your network access charge continues for the duration of the call”) It said service providers must produce in-call information pertinent to the price point being dialled (as per Adult services do today.) It suggested that if the proposed changes are taken forward then the PSA should review call patterns within six 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 insufficient.
215. Vodafone said it supports the inclusion of this statement informing consumers that calls will be terminated once £40 Service charge is reached. It said 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. Service Providers must have the capability to place the appropriate message on the appropriate price point to operate any ICSS service.

216. VMO2 said the £40 cap, which is designed for services customers actively seeking to engage with, such as chatlines and sexual entertainment services, does not appear to address the issue of customers being duped by the way ICSS providers tout themselves. It said ultimately, if the issue is that the consumer is unaware that they are not calling the organisation they intend to call directly, they are still incurring a significant, unexpected cost. It said this is why VMO2 is calling for ICSS services to be removed from the market entirely. It said if the PSA considers, that the £40 cap is proportionate and addresses the issue then in the spirit of transparency ICSS providers should notify customers what will happen when a cap is reached. However, this appears to create further detriment in that customers are likely to seek to reconnect and incur even more charges which VMO2 argues seems counter intuitive.

PSA assessment and consideration

217. We have carefully considered the feedback in relation to including ICSS under the £40 cap at Annex 1 of the Code.

218. Our view on call service charge caps has changed based on the evidence from the thematic review. One provider, said that they have previously been advised by us not to cut calls off, this was true prior to the Payment Services Regulations¹⁰ limits being introduced. Some providers at that time were operating with the maximum hybrid tariff of £3.60 per call + £3.60 per minute and were capping calls so a £30 Service charge was not exceeded this meant that the calls were only lasting around 8 minutes resulting in some consumers not receiving any service i.e., not getting through to the sought after organisation, or were getting cut off mid conversation and potentially re-dialling. At that time, our view was that this was bad practice. Indeed, it is still our view that cutting calls after such a short time is bad practice. Providers can use a lower priced tariff to ensure calls do not get cut off quickly – we would recommend this. In the recently published ICSS compliance update, we advise providers not to provide connection to organisations that have call wait times that are longer than the duration dictated by the £40 cap otherwise consumers will be charged without receiving any service at all.

219. Regarding the suggestions of placing a cap on the maximum per min or per call tariffs for ICSS, for example a maximum of £2 per minute as suggested by one respondent, and only allowing ICSS to operate on lower cost tariffs, this is not something that is in the PSA's power to do. Instead, this would be something that falls within Ofcom's powers. However, we would remind providers that it is perfectly possible for providers to operate ICSS on lower costing tariffs already.

220. In terms of the comments suggesting further research and data would enable providers to optimise the best practice retail rates –our view is there is nothing preventing providers from doing this now. Providers are choosing to use high/maximum rate tariffs; we would recommend providers utilise other price points available to avoid short calls and premature cut offs. We would also remind providers that compliance is their responsibility, in the recently published ICSS compliance

¹⁰ https://www.legislation.gov.uk/ukxi/2017/752/pdfs/ukxi_20170752_en.pdf

update, we strongly encourage providers to avoid connecting to organisations with long wait times as this can result in consumers receiving no service at all.

221. Since the PSRs came into force, all phone-paid services providers should be capping calls/ transactions at £40 unless they operate under an FCA small payments licence. The thematic review found that 2.91% of calls went above £40 and 0.82% above £100. While this is a relatively small proportion of the calls, the level of individual detriment associated with a single call is excessive and, on that basis, we proposed that the £40 cap should apply to all ICSS calls.
222. However, in order for consumers to be able to make fully informed decisions it is essential that the maximum Service charge spend is made clear and they are informed that calls will be disconnected once that amount is reached – which is why we proposed that IVRs advise this. We would consider it key information and it should also be present within promotional material to comply with Requirement 3.2.2.
223. We considered whether ICSS should mirror what is already required for certain services in Annex 1 i.e., a positive opt-in to continue to £40 required once £30 service charge is reached for example. This has the benefit of consistency and transparency. However, in the case of ICSS it is our understanding that because the call is connected to another organisation (unlike the service types mentioned above) it is not possible for providers to interrupt the call with an opt-in request to continue.
224. We also carefully considered whether £40 was the right level – several stakeholders made compelling arguments to lower the cap. However, we have chosen to retain the cap at £40 for three reasons. First, the £40 cap already exists in regulation and therefore we believe it is fair and proportionate to both implement easily and ensure a level playing field. Second, we do not have sufficient consumer evidence to set the cap at another level, be that £10, £20 or a different amount. And third, a cap imposed at £10 or £20 would only allow for very short calls at the current maximum permitted service charge of £3.60 per minute. On balance, therefore, we consider that £40 is the right level for the cap for now.
225. We also advocate for consumer choice. A critical element in consumer choice is transparency so that callers can make informed choices. Therefore, being as transparent as possible that calls will be terminated at £40 enables the consumer to make a more informed decision at the start of the call and therefore financial detriment is reduced. We understand the concerns about consumers calling ICSS back after forced cut off and having to start from scratch. It is therefore essential that additional information be stated at the start of the call.
226. We understand that setting a maximum call cost cap may have unintended consequences and cause detriment. However, having considered the evidence put forward, we have reached the view that a £40 cap is proportionate and in the consumer interest. During the period of the thematic review, a £40 cap would have affected roughly 3.75% of calls, but the financial detriment associated with these calls was substantial. In addition, we are mitigating the risk of additional unintended detriment

by requiring providers to state that a £40 cut off applies if a call is charged on a per minute basis.

227. We note that an additional minor clarificatory amendment is needed in relation to the £40 cap on ICSS calls. ICSS needs to be added to the list of service categories in paragraph 6.2.15. This addition does not change the substance of our proposal and is included in the finalised Code amendments set out in Annex A below.

Next steps

Ofcom has approved the changes to Requirement 3.2.10 and Annex 1 of Code 15 in accordance with paragraph 6.4.4 of Code 15. The amendments will come into force on 18 September 2023 allowing eight weeks for providers to implement the necessary changes to their services.

ANNEX A

Amended Transparency Requirement 3.2.10

3.2.10

Where a voice service connects the consumer to another organisation, the cost of the call and the cost of continuing the call, including information about access charges and any additional chargeable element of the service such as a premium SMS, must be clearly stated in an alert before onward connection. Where the service is an Information, Connection, and Signposting Service the alert upon connection must:

- i) State the cost of the call per minute and/or per call
- ii) state that the organisation to which the service connects can be contacted directly for no or lower cost and provide the organisation's direct contact number
- iii) state the maximum call charge
- iv) obtain positive opt-in from the consumer to
 - a) continue the call; and
 - b) connect to the organisation referred to in ii) above or referred to within the alert
- v) where the service provides any additional chargeable element, such as a premium SMS, obtain separate positive opt-in from the consumer for that element of the service.

Amended Annex 1: Specified service charges and durations of calls

1.1

The rules set out in this Annex apply to all PRS providers involved, or intending to be involved, in the provision of the relevant service types set out at paragraph 1.3 below.

1.2

Failure to comply with the actions specified in relation to any service type will amount to a breach of the Code in accordance with paragraph 6.2.14 of the Code.

1.3

The rules set out in this Annex apply to the following service types:

- i. Sexual Entertainment Services
- ii. Live Entertainment Services

- iii. Chatline Services
- iv. Professional Advice Services
- v. Virtual Chat Services
- vi. Counselling Services
- vii. Children's Services

viii. Information, Connection and Signposting Services

Rules for Sexual Entertainment, Live Entertainment, Chatline and Professional Advice Services

1.4

When a service charge of £15 (inclusive of VAT) has been spent on the call, callers must be notified that such a charge has been incurred.

1.5

When a service charge of £30 (inclusive of VAT) has been spent on the call, the call must be terminated immediately unless the consumer positively confirms a wish to continue to use the service.

1.6

When a service charge of £40 (inclusive of VAT) has been spent on the call, the call must be terminated immediately.

Requirements for virtual chat services

1.7

All Virtual Chat Services must, as soon as is reasonably possible after the consumer has spent £10 (inclusive of VAT), and after every £10 (inclusive of VAT) of spend thereafter:

- (a) inform the consumer separately from the service or any promotion that £10 (inclusive of VAT) has been spent; and
- (b) terminate the service promptly if the consumer does not interact further with it following the provision of the message sent in accordance with (a) above.

Requirements for counselling services

1.8

Counselling Services offered on a one-off basis must terminate after 20 minutes.

1.9

Where a pre-arranged number of counselling sessions is offered, each call must terminate after 60 minutes.

Requirements for Children's Services

1.10

Children's Services must not charge more than £5 (inclusive of VAT) per call in a single transaction or per month for a subscription.

1.11

Children's Services must not charge more than £20 (inclusive of VAT) over a single monthly billing period.

Requirements for Information, Connection and Signposting Services

1.12

When a Service Charge of £40 (inclusive of VAT) for a call has been reached the call must be terminated immediately.

1.13

At the beginning of a call, and before connection to another organisation, consumers must be informed that the call will be terminated immediately once the maximum Service Charge of £40 (inclusive of VAT) is reached.

Amendment to Requirement 6.2.15

6.2.15

The service categories to which paragraph 6.2.14 above refers include:

- a. Sexual Entertainment Services;
- b. Virtual Chat Services;
- c. Live Entertainment Services (including Sexual Entertainment Services);
- d. Chatline Services;
- e. Remote Gambling Services;
- f. Professional Advice Services;
- g. Counselling Services;
- h. Subscription Services; and
- i. Services aimed at, or which could be reasonably expected to be particularly attractive to, children.
- j. Information, Connection and Signposting Services.

Annex B

Glossary

Access charges and service charges

This consultation refers throughout to **access charges** and **service charges**. After extensive consultation, Ofcom's December 2013 statement set out its decision to introduce an unbundled tariff on the 084, 087, 09 and 118 number ranges with effect from 1 July 2015.

The unbundled tariff split the retail price payable by the consumer into an **access charge** and a **service charge**:

The access charge is payable to the phone company which originates the call (i.e., the consumer's phone company).

The access charge is set by the phone company and at the time of writing ranges between 8p per minute and 73p per minute. The PSA is not responsible for the regulation of access charges.

The service charge is paid to the phone company which terminates the call, and which may be shared with the company providing the service.

The service charge is determined by the service provider (i.e., the merchant). Ofcom has set rules for the service charge which include maximum charges for each number range. Ofcom has a guide to call costs on its website¹¹. The PSA's 15th Code of Practice allows the PSA to set a maximum service charge for a single phone call or calls made within a 24-hour period or monthly billing cycle (Code Requirement 6.2.14).

Service charges may consist of a **per call charge** (also known as a **drop charge**) or a **per minute charge** or a combination of both. The maximum permitted drop charge for an 09 number is £6 for a single call. The maximum permitted per minute charge is £3.60 per minute for an 09 number.

Interactive voice response (IVR) is a technology that allows consumers to interact with a computer-operated telephone system through voice input or input via a number keypad. Typically, it allows consumers to navigate or choose service options. In this Statement we envisage the use of IVR as a means of consumers confirming their choices in relation to ICSS – e.g., choosing whether or not to connect to the sought after number and/or choosing whether or not to receive SMS.

¹¹ [Call costs guide - Ofcom](#)