

David Levitt

From: alex [REDACTED]
Sent: 11 October 2016 19:21
To: PhonepayPlus Consultations
Subject: Special conditions for online competition and online adult premium rate services

Hi Jonathan

Hope this in time?

If you need it any other format or would like clarification or example please just ask.

Hopefully see you at the do on the 2nd November

Best Regards

Alex

Question 1:

Do you agree that additional responsibilities placed on network operators and Level 1 providers, to offer redress upfront and inspect consumer complaints and disputed PRS payments, are necessary to improve the post-transaction consumer journey and increase consumer confidence?

DISSAGREE that 'additional responsibilities placed on network operators and Level 1 providers, to offer redress upfront'.

Reasons: The NMOs will not have the time or inclination to review each case. They will simply issue blanket re-funds and then charge-back the effected revenue that is due to the Level 2 with added costs. This will have a similar effect as it has in the credit card industry:

1. The MNOs may view it as a profit centre and encourage refunds (as it will make them look good) to the greater detriment of all down the 'food chain'.
2. The consumers will get the mind-set 'I can use any PRS service, run up a bill and my NMO will give me the money back later'. This is similar to what we already see with stolen credit cards being used to top up mobiles and then PRS being used to drain the credit, then a refund being requested (some people at PPP are very aware of this fraudulent activity)

DISAGREE that MNOs inspect consumer complaints and disputed PRS payments, are necessary to improve the post-transaction consumer journey and increase consumer confidence?

Reasons: Form my experience on MNO contact centre staff they:

1. English is NOT their first language.
2. Have NO understand UK Premium Rate.
3. Have NO visibility of any of the message content (they only have billing records).
4. Have NO visibility of the relationship between MO and MT messages (as they are charged for separately and appear on separate parts of the bill).
5. Are usually paid by number of calls handled and as a result want quick solutions, not in-depth reviews to handle.
6. Sometimes cannot correctly identify the PRS number as they billing software uses an alias (that usually looks like a mobile number)
7. Do NOT know who the current Level 1 or Level 2 for a give PRS is. As a result they ask the customer to contact the wrong provider.

DISAGREE that 'Level 1 providers, to offer redress upfront and inspect consumer complaints and disputed PRS payments, are necessary to improve the post-transaction consumer journey and increase consumer confidence?'

I would agree with this if it had the added condition 'with the aid and ultimate sign off of the associated Level 2'

Reason – the level 1 should have all the information to help the customer and should fully understand UK PRS. The Level 1 should also have full visibility of MO vs MT trail. The danger is that the Level 1 customer support team may adopt a blanket 'let's refund everyone to keep the regulator happy' approach which may lead to an increase in 'friendly fraud' by end users.

Are there additional or other measures that could deliver this outcome?

I think some simple changes would help to start:

1. Make sure the MNO contact teams have up to date contact details for each PRS service/codes for both Level 1 and Level 2 providers.
2. Write guidance to the MNOs to keep the contact details fresh.
3. Write guidance to the MNOs to steer customers in the right direction to someone that can actually help them.
4. Write guidance to the Level 1 of expectations of what consumers should have clearly explained such as what happened, why and the process of redress.

Question 2:

Do you agree with us that Special conditions are necessary for online competition and adult services?

DISAGREE

Please provide an explanation to support your response.

Reasons:

1. Competitions and Adult services are distinct and separate as demonstrated by both the differing volumes of complaints and also a look at PPP's breach records.
2. The industry does not believe that it is the two market verticals that are the problem, but that the specific mechanic employed for billing is the problem.
3. Special conditions should be imposed on the specific billing mechanics that are causing the increase in complaints, not the vertical markets 'Competition' and 'Adult' as the proposed Special conditions imply.
4. The proposed Special conditions are open to interpretation and may be imposed (by PPP, the MNOs or Level 1s) on existing and well established service mechanic within the two target verticals that do NOT create any abnormally high consumer enquiries.
5. To potentially penalize long established services in the two target verticals, that have worked with the regulator to ensure delivery of compliant service is wrong and may leave regulators open to claims for damages.

Question 3:

Do you agree with our assessment of the risks posed to consumers by these services and our policy proposals as set out at pages 7 to 11 and 12 to 15?

3.3.1 Risk assessment process for online competition services (pages 7 to 11) – I offer no comment as we have little experience with any online competition services 'paid for on a pay to enter or subscription basis'

3.3.2 Risk assessment process for online adult services (pages 12 to 15)

DISAGREE

Please provide an explanation to support your response.

1. Unlike the description of services for 'Online Competition' I can see no detailed service definition for 'Online Adult'. One can only assume that this is so that any Special Conditions that are proposed are to cover ALL Adult services that are promoted Online, the majority of which cause no consumer harm whatsoever.
2. Under Current Mitigations there is scant inclusion. The overwhelming Mitigation is that the bulk of Adult service discovery is from Mobile handsets. The MNOs predominantly block access to 'Adult' sites through their networks if the subscriber is not Adult Verified. Purchase of Adult Services are restricted to the codes they can use. To my knowledge all codes flag the AV status of the subscriber. These two AV issues combined already dramatically reduce the potential of consumer harm.

Under Evidence both the reports commissioned are based on questions asked of complainants. The Jigsaw clearly indicate that the majority of complainants are 'unawareness that it is possible to be charged to your phone bill'. To suggest that imposing further restrictions on service providers will cure this ignorance is wrong. A better potential policy solution should include the education of the consumers.

Uninformed consent – the statement '96% of complainants claimed not to have requested the service' would suggest that the complainants surveyed are either:

1. Uncomfortable admitting that they did knowingly engaging an Adult service, or
2. Have forgotten that what and how they engaged in the Adult service, or
3. Have been unknowingly engaged in a 'Glamor Subscription Service' (which PPP have been actively and successfully closing down) as the majority of these services do not appear to have gained billing consent.

None of the reports commissioned by PPP appear to have addressed these basic issues.

Question 4:

Do you consider our definition of on line competitions and online adult PRS in the Special conditions notices to be clear and accurate?

NO

Please provide an explanation to support your response.

The definition of services to be effected by any Special conditions should be accurately describes by mechanic not two entire market sectors.

A better style of definition may be along the lines of:

Competitions subscription services charged by Premium SMS where the charging consent is give online, or

Glamor subscription services charged by Premium SMS where the charging consent is give online, or

Competitions subscription services charged by PayForIt where the charging consent is give online, or

Glamor subscription services charged by PayFotIt where the charging consent is give online, or

Detail can then be given to each part of the statement (ie Glamor, subscription, Premium SMS, online consent) In place of the 'generic' definition of 'Adult' currently proposed.

Question 5:

Do you have any views on current age verification arrangements for adult services?

If so, please share them and provide an explanation to support them.

YES – current standards of AV fine. If anything they need relaxing.

This is as all Adult codes can run an MNO AV status flag for each subscriber. Content can then be 'reduced' to the level of the flag (AV of NON-AV).

Most Adult services are required by PPP Code to request the subscriber to enter their Date of Birth (DOB) every time the engage an AV restricted service.

All Adult services are required by the PPP code to run on specific code ranges.

All services should be declared at PPP registration and as such should be easily discoverable.

All MNOs and Level1 and PPP run random test on all services. Any services that fail to make the required checks and request to Adult Verify are heavily penalised.

Question 6:

Do you think the proposals made and detailed in the Special conditions notices at pages 17 and 21 will reduce the risk of consumer harm?

NO

Please provide an explanation to support your response.

It may be that the past/existing harm is being caused by a small number of operators that are not conforming to the existing PPP code. Even if the proposed Special Conditions are imposed the consumers will still be at risk as the service providers currently causing the harm may simply also ignore any further restrictions.

The proposed additional restriction would add cost and reduce yield for the already abiding service provider.

Question 7:

Do you consider the proposed Special conditions notices to be fair and proportionate?

NO

Please provide an explanation to support your response.

It looks like an extremely protracted solution to a problem that may have already been solved by:

1. PPP closing down most 'Glamor Subscription Services' and keeping a firm eye on the two Level 1's that were involved.
2. The MNO's taking thing in hand by issuing the recent decree that all Premium SMS Competition subscription service are to move to the PayForIt payment mechanic by 1st November 2016.

Question 8:

Can the draft Special conditions notices be improved?

YES

Please provide an explanation to support your response.

1. Review if it need after 1st November 2016.
2. Review why it has taken so long to get to this stage.
3. Review what happened in the meantime as I don't think the industry has seen a single penalty against any on-line Competition or Adult service during this period of apparently high complaints about them.
4. Change the definition mechanic to mechanics that will be effected and not Market sectors (It may be easier to add new mechanics as new problem evolve!)

When contracting outside reports make sure the investigation party also runs a control to prevent potential any bias within the surveyed group.