

Dear Peter

Please accept this response, on behalf of Caller Support Limited, to the questions set within the Business Plan & Budget 2018/19 consultation.

**Q1 – Do our plans for 2018/19 sufficiently deliver our role as a regulator? What else do you think we should be doing or not doing?**

We believe the introduction of the non-geographic call services (NGCS) regime has undermined the PSA's effectiveness to regulate some aspects of the premium rate services (PRS) industry. While the PSA's remit extends to imposing regulations relating to the Service Charges, it does not cover Access Charges associated with PRS. The bifurcated responsibility for Service and Access Charges risks undermining the effectiveness of PSA's regulatory work and is a threat to consumer welfare. Our experience is that it is the Access Charge element of PRS charges that trigger the vast majority of pricing dissatisfaction and complaints in the PRS sector. Customers typically have no idea that their communications provider will impose an Access Charge or what that figure is. The separate Access Charging regime is producing unnecessary customer complaints, confusion and bill shock. We believe the NGCS regime should be re-examined to address the disparity in the way the Service Charge and Access Charge elements are treated and that the PSA's regulatory remit should extend to Access Charges associated with PRS. In this way, we would like to see the PSA continue its work from 2017/18 identified at paragraph 3.4.1 (third bullet) and continue exploring with Ofcom the scope of the PSA's remit.

**Q2 – Do you have any comments on the proposed budget for 2018/19? If you recommend any changes, please clearly identify which areas of activity you expect this to impact upon.**

We believe that a portion of the budget should be allocated to a piece of work focused on examining the consumer harm which flows from the absence of a robust and cohesive regulatory approach for Access Charges. We feel this would highlight the harm resulting from the PSA's lack of power to regulate Access Charges in connection with PRS. Specifically, it would be helpful if the PSA commissioned research – perhaps in the form of a consumer questionnaire – to determine the level of consumer understanding around charges for PRS (the Service Charges and Access Charges) which would help to inform the most appropriate regulatory response. We encourage the PSA to continue liaising with Ofcom and specifically to determine the level of complaints Ofcom is receiving from consumers relating to Service and Access Charges for calls to premium rate numbers.

**Q3 – Do you have any comments on the proposed levy for 2018/19**

We believe that fixed and mobile network operators should be required to contribute to the PSA levy for so long as their Access Charges continue to create such high levels of impact within the PRS industry. Prior to the implementation of the NGCS regime, PRS charged by means of a single drop charge provided a simple charging arrangement for the customer: there was one clear price the customer paid for the call irrespective of the length of that call. The benefits of a drop charge tariff for certain types of communications services had been well-understood by customers for many years. Under the NGCS regime, however, PRS charged by means of a drop charge now incur a per-minute (and often very high) Access Charge as well. This has removed the simplicity of the charging arrangement and contributes significantly to the problem of confusion and bill shock for customers. We regard the deliberately high Access Charges set by network operators as a significant source of this problem and dealing with consumer queries and complaints inevitably consumes the PSA's time and resources. Accordingly, we believe it is right and proper for the network and mobile operators to be required to contribute further to the PSA levy.

In addition, the bifurcated regulatory approach to Service Charges and Access Charges risks distorting competition and has potential to cause anti-competitive effects. For example, a mobile network operator (MNO) is free to offer their customers a DQ service by means of a short-code which can have the effect of making a competitor's rates uncompetitive using a 118 number. Given that we believe the Access Charge regime is responsible for creating bill shock and high levels of complaints in the PRS industry, it seems only fair and proportionate for the MNO to contribute to the PSA levy to help fund the PSA's regulatory work. We also believe that the 'polluting' MNO should pay towards the PSA complaint handling and investigation costs, and refund the relevant customer the Access Charge where Access Charges form part of the customer's complaint.

**Q4 – What is your view on the estimated size of the market for 2018/19? Q5 – Do you have any other comments on the Business Plan and Budget 2018/19?**

We believe the Access Charge regime is seriously damaging and undermining the health of the PRS industry – particularly by reducing the volume of some PRS calls and increasing the levels of complaints from customers who are confused and surprised to have received high Access Charges. The UK public for many years has enjoyed voting on popular terrestrial TV programmes. Under the NGCS regime, the 'simple' 15p vote from a mobile caller now attracts an Access Charge of 50p, which is significantly reducing the level of activity and public engagement with these sorts of interactive entertainment programmes. Particularly in light of the second Payment Services Directive, the current regime affords the MNOs such power that they could decimate the PRS industry by imposing extortionate Access Charges. This represents a threat to the very existence of the PRS sector, not just to its future size and growth. We believe these circumstances demand a prompt and effective regulatory reaction from PSA and Ofcom to protect the PRS industry and consumers who use PRS.

Kind regards  
Tony Couch