

GENERAL GUIDANCE NOTE

Lower-cost services (including 0871/2/3)

EXECUTIVE SUMMARY

Quick summary on lower-cost services:

Lower-cost services are those which cost no more than 10p per minute plus network extras. 0871, 0872 and 0873 numbers are always included within the definition of lower-cost services.

In this Guidance Note, you will find more information about:

- Network operator and Level 1 provider duties before connecting services;
- Level 1 and 2 provider exemptions from the Registration Database;
- Service exemptions from the Registration Database;
- Prior permission requirements for chat services and international call routing services;
- Practical pricing in promotions;
- Pricing in greetings;
- Queuing and keeping consumers on hold;
- Complaint handling;
- Spending caps, and;
- Call recording and monitoring requirements.

1. Introduction

- 1.1. The purpose of this General Guidance Note ('the Guidance') is to assist Network operators, Level 1 providers and Level 2 providers ('providers') by clarifying our expectations by way of the following:
 - Explaining how outcomes relate to lower cost services;
 - Offering advice on how consumer complaints should be processed.
- 1.2. The majority of lower-cost services provide a benefit to consumers and businesses by allowing the utilisation of intelligent routing of calls and automation of simple requests. However, many consumers feel annoyed and frustrated on occasions when they are surprised by the cost of their call or are kept on hold for an unnecessary length of time.
- 1.3. Commercial pressures go a considerable way to ensuring consumers get fair treatment, because in most cases consumers who have a bad customer service experience are free to take their business elsewhere. However, minimum standards, particularly in relation to transparency and pricing, as well as fairness, are required in order to provide consumers with the information they need in order to make these judgments.

2. The role of General Guidance

- 2.1. General Guidance does not form part of the Code of Practice; neither is it binding on the Code Compliance Panel ('the Tribunal'). However, we intend it to help providers understand how compliance with the Code might be achieved.
- 2.2. **Please note:** This note is intended to provide the key guidance that is required to comply with the Code in relation to lower-cost services; however, some cross-references are made to other Guidance Notes to place this guidance in its proper context.

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3. Network operator and Level 1 provider duties before operation (due diligence and PhonepayPlus Registration)

3.1. The objective of due diligence is to ensure the identity and suitability of potential providers to offer premium rate services ('PRS') to consumers is established. If you have any doubt about your status under the Code, information can be found in the General Guidance Note on 'Definitions of those involved in providing PRS'.

3.2. In the PhonepayPlus Code of Practice, Network operators and Level 1 providers must (amongst other things):

3.1.1 *ensure that PhonepayPlus regulation is satisfactorily maintained by:*

- a) *taking all reasonable steps in the context of their roles, including the adoption and maintenance of internal arrangements to ensure that the rules set out in Part Two are complied with and the outcomes achieved in respect of all premium rate services with which they are concerned, and*
- b) *carrying out their own obligations under the Code promptly and effectively, and*
- c) *taking all reasonable steps to prevent the evasion of, and not to undermine, the regulation of premium rate services, and*
- d) *taking all reasonable steps to ensure that consumer complaints are resolved quickly and fairly and that any redress is provided quickly and easily.*

3.3.1 *perform thorough due diligence on any party with which they contract in connection with the provision of premium rate services and must retain all relevant documentation obtained during that process for a period that is reasonable in the circumstances.*

3.3. In the context of lower-cost services, such as 0871, it is entirely appropriate that the burden of due diligence is lighter than on other premium rate numbers. Accordingly, we consider the outcomes (above) to be met if Network operators and Level 1 providers:

- bring PhonepayPlus' Code of Practice to the attention of the next party only (not the whole delivery chain to the consumer);
- verify the identity of the provider and retain the provider's address and contact information;
- make arrangements in their contracts to be able to withhold payment to clients for a period of 30 days from the date of a consumer's connection, unless we instruct you to withhold it for longer;
- ensure that the next party has either assigned responsibility for customer service to another party or has sufficient arrangements in place itself, and;
- ensure that, if the connection is provided directly to a Level 2 provider (and not to an intermediary), and is relating to a category of service that requires prior permission, then that provider holds that permission from PhonepayPlus.

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4. Level 1 and Level 2 provider Registration

- 4.1. The general rule is that providers who **only** provide lower-cost services do not need to register with PhonepayPlus. For the avoidance of confusion, if a provider makes other higher-rate premium rate services available, then they must register.
- 4.2. Network operators that offer a connection for lower-cost services must contact us – in order to better understand their responsibilities with regards to directions and levy payments.
- 4.3. Furthermore, if a provider makes available a service (either lower-cost or higher-rate) which requires prior permission to operate, they must both register and obtain prior permission.

5. Level 2: Service Registration (Number Checker)

- 5.1. The general rule is that providers of lower-cost services do not need to register their services. However, if a provider offers services which require prior permission, they must register these services only
- 5.2. We will continue to register the most-checked, lower-cost numbers on behalf of Level 2 providers. Providers of lower-cost services may voluntarily register their business and their services if they believe this will be of benefit to their consumers.

6. Level 2: Prior permission

- 6.1. Some lower-cost services require prior permission in order to operate:
 - 3.10.1 *PhonepayPlus may require that particular categories of service must not be provided without its prior written permission...*
- 6.2. If you are a Level 2 provider, you should supply your permission certificate to the party providing your connection.
- 6.3. The following services currently require prior permission to operate at a lower cost:
 - Live 1-2-1 entertainment conversations
 - Multi-party chat
 - International call routing services
- 6.4. Prior permission includes special conditions which add further rules for these services. Further information is available on the PhonepayPlus website.

7. Price information on promotions

- 7.1. The Code states that Level 2 providers must ensure that:
 - 2.2.1 *Consumers of premium rate services must be fully and clearly informed of all information likely to influence the decision to purchase, including the cost, before any purchase is made.*

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- 7.2. The general rule is that promotions for lower-cost services should state pricing information clearly, prominently and in close proximity to the call to action. For more information on this, please see the General Guidance Note on 'Promotions and promotional material'.
- 7.3. Industry respondents to consultations on lower-cost services have stated that there are many circumstances where pricing information is difficult to include in a particular promotion. Reasons stated have included: lack of space (with business cards and letterheads), extra expense (for example, where a fleet of vans all promote a lower-cost number) and collateral/materials which predate regulation.
- 7.4. Consumers also have stated a preference for hearing pricing information on connection.
- 7.5. For these reasons, where it is **not practical** to include pricing in promotions, it is acceptable to provide pricing information immediately on connection. For the avoidance of doubt, we consider it is always practical to provide price information in a text message, print promotion, paid-for listings and web promotion. It may not be practical to change information on stock that has already been distributed or stationery intended for business use (such as business cards or letterheads).
- 7.6. If a provider has any doubt about the practicality of including pricing information, they can contact the PhonepayPlus Compliance Advice Team for further guidance.

8. Price information on connection

- 8.1. Callers who regularly use the same low-cost service can become frustrated by hearing the same pricing message repeatedly. Therefore, when it is reasonable to assume that a consumer is the same repeat caller and can be identified by a unique number – such as a MSISDN (mobile number) – rather than a geographic number, (which may be shared within a household), providers of low-cost calls only have to issue pricing information on the first three occasions, and then again on every fifth occasion. If more than six months have elapsed since the last call was made from the MSISDN, then the price information cycle referred to above should be started again.
- 8.2. Pricing information can be stated by an operator immediately on connection, or better yet, included in the greeting message. Where this introduction is not protracted, this information can be provided in the chargeable portion of the call; longer introductions in the chargeable portion of the call can constitute an undue delay. For more information, see the General Guidance on 'The avoidance of undue delay'.
- 8.3. When providing pricing information on these occasions, the provider should state that “calls from mobiles will cost considerably more”.

9. Queuing or keeping consumers on hold

- 9.1. Research shows that at least a quarter of consumers calling 0871 numbers have had cause for complaint. More than half of complaints (57%) relate to the time spent held in a queue. Of those:
 - 14% think it unacceptable to be kept on hold at all;
 - 42% think it unacceptable to be kept on hold for more than two minutes, and;

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- 49% think it unacceptable to be kept on hold for a simple query¹.
- 9.2. If consumers are held in a queue while they wait for an operator to become available, they should be given a suitable indication of the length of the likely delay. They will then be in a position to make an informed decision as to whether to remain on the call or to try again another time.
- 9.3. Where providers believe that a delay is likely to occur, they should consider implementing processes to ensure that consumers will understand right from the outset how long the delay is likely to be.
- 9.4. This could be done in a number of ways, for example:
- Stating an estimation of the length of the delay (in minutes).
 - Telling the caller they have been placed in a queue and where they are in relation to others in the queue.
- 9.5. Alternatively, providers could offer to call the consumer back at the company's expense, when an operator becomes available. We understand that, in unique circumstances (for example, an extreme weather event, or other emergency), providers may experience delays to a service and will not have had time to prepare a response. In these cases, it may be sufficient to include a general pre-call announcement, explaining the delay but without an accurate estimate of the wait.
- 9.6. However, we would expect this to be the exception to a service's operation, not the rule. While we do not intend to specify the exact extent to which the estimate is accurate (e.g. to the nearest minute), we will certainly expect providers to ensure that consumers are able to make an informed decision as to whether to stay on the line.
- 9.7. We understand that a number of factors affect the delivery of a service, and that consumers' expectations of different services may vary. For individual cases that relate to undue delay only, we will allow providers 30 days to satisfy complainants, before considering any investigation into a service. The provider will be asked to provide evidence that:
- There was no delay;
 - The consumer was accurately informed of the delay and consented to it; or,
 - There were other factors that made the delay justifiable (see below).
- 9.8. In the case of investigations, the Tribunal will be asked to consider the following:
- Might consumers reasonably expect a high level of demand from other callers and, therefore, be prepared to accept a more lengthy delay? For example, when tickets to a major concert become available for the first time;
 - Were there extraordinary events that precipitated a sudden surge in demand? For example, a shock flood that prompted a high volume of calls to an insurance claims line;
 - How important is that call to the consumer, and how long would they reasonably be expected to wait? For example, a local health service providing information and support to patients;
 - Is there choice in the market? Could consumers choose to look to other providers to provide a better service?;

¹ See Analysys Mason research, June 2009:
<http://www.phonepayplus.org.uk/output/news/RESEARCH-REVEALS-NEED-FOR-GREATER-PRICE-TRANSPARENCY-IN-087-SERVICES.aspx>

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- Was there an extraordinary internal event that affected call wait times? For example, was there a higher-than-average number of staff away sick at the time of the call in question?

10. Handling complaints

10.1. The general rule is that promotions for all services should effectively publicise a UK non-premium rate telephone number (such as an 01, 02, 03 or 084) for customer service purposes:

2.6.2 Level 2 providers must provide a proportionate complaints process which is easily accessible through a non-premium rate UK telephone number and must be effectively publicised.

10.2. Lower-cost services are exempt from this requirement. Research and consultation has shown that it is confusing for consumers to have many different customer enquiry numbers on promotions – and due to the generally lesser risk of generating high charges on lower-cost services, it is not proportionate to require a separate non-premium rate number, as this rule requires. Therefore, lower-cost service providers may use the same access number for delivery of the service as used for customer enquiry purposes.

10.3. This means that the same access number used to provide the lower-cost service can also supply the route of customer service enquiry – provided the complaints process remains a proportionate and effective means of resolving consumer enquiries.

10.4. When a provider makes a refund (for whatever reason), they should always include the cost of any calls made at a premium rate in order to resolve the query within that refund.

10.5. For individual cases which relate to undue delay only, we will continue to direct consumers to the party responsible for customer service in the first instance and then allow 30 days to satisfy these complaints, before commencing any investigation into a service.

10.6. For compliance issues relating to pricing and transparency, we will contact providers immediately.

10.7. For more information on our expectations in relation to complaint handling, please see General Guidance Note on the 'Complaint handling process'.

11. Service spending caps

11.1. Unless a lower-cost service requires prior permission and a condition is placed to the contrary, there is no spending limit on lower-cost services.

12. Call recording and monitoring

12.1. Unless a lower-cost service requires prior permission and a condition is placed to the contrary, there is no need to record or monitor calls. If a call is recorded or monitored, then the service should state this information immediately following connection. For more information, please see the General Guidance Note on 'The conduct of live services'.