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Guidance on application-based payment in support of the PhonepayPlus Code of Practice

Dear Duncan

Three welcomes this opportunity to participate in the consultation for the above Guidance document.

Three believes that guidance should be as comprehensive as possible and be a healthy mixture of minimum standards expected from the industry plus good / best practice recommendations.

We have had some involvement with this guidance formation through our participation in the ILP Futures working group and so our commentary below is in support of this document.

We have answered PhonepayPlus specific questions below, but we are also making recommendations for some minor drafting changes to the Guidance to improve its comprehensive nature and to reflect new information received since this document was scoped.

Additionally, we believe that the consultation document provides good insight into the background behind the recommendations and should be re-drafted to provide comprehensive pre-amble to the Guidance note and be electronically linked to the Guidance note as additional reading.

Yours sincerely

Rory J. Maguire

Head of Payment Services

Specific Questions:

Q1. Do you agree with this definition? If not, why not?	Three believes that this could be worded better and would propose the following; "A premium rate payment that is initiated as a result of a software application resident on a PC, mobile phone or other device."
Q2. Do you agree with the diagram which sets out different developer payment options at paragraph 2 of the proposed Guidance? If not, why not?	Yes
Q3. Are there any other areas of risk that you feel this Guidance should identify and address? If so, then please suggest them, and provide any supporting evidence you have as to the risk they pose and how to resolve it.	The risk areas include "stop billing" and elsewhere discusses the thoughts around methods of exit, however, the guidance note itself does not cover this and we feel a significant drafting error has occurred. The guidance note discusses three scenarios of payment but the scenario a) (payment prior to download) is adequately covered in other guidance. The guidance should focus on the post download premium rate payment forms.
Q4. Do you agree with our proposed expectations around key information where a service can be accessed on more than one device? If not, why not?	We agree.
Q5. Do you agree with our proposed expectations around application-based payment services using a 'freemium' model? If not, why not?	We believe that the guidance should be more robust in this area and include best practice recommendations. We have made our recommendations clear in the redrafting amendments below.
Q6. Do you agree with our proposed expectations around pricing and key information for 'in-app' purchases? If not, why not?	We believe that receipts sent by SMS or by email (provision needs to be made for this form of receipting as more devices become email centric) should be comprehensive and contain contact details of the party responsible for applying the charges so that any increase in complaints can be captured

	quickly and investigated. The charging party (usually the L1 provider should either send or be copied on each receipt for audit purposes. We have made these recommendations clear in the redrafting below.
Q7. Do you agree with our proposals around virtual currency? If not, why not?	We understand that this is a difficult area due to the scope of premium rate regulation ceasing after the virtual currency has been purchased, so we have made some additional recommendations for transparency at the point of currency purchase in the redrafting below.
Q8. Do you agree with our proposals around password protection? If not, why not?	We believe that there is an unreasonable expectation of refunds when an adult phone has been used with authorisation (i.e. passed unlocked to a child) but has incurred significant charges as a result of the childs usage. If the app provider is expected to refund in this instance, then they will suffer significant losses as the charges applied are not equal to the revenue the App provider has received (VAT and value chain deductions having occurred). This expectation should be limited to part refunds and mitigated by the educational information that the App provider has already supplied to the primary user who downloaded the application. We agree with the recommendations on password protection.
Q9. Do you agree with our proposals around technical quality? If not, why not?	Agree and have made some changes in the redraft below.
Q10. Is there any consideration or evidence, especially around other methods of exiting or suspending PRS charging on an application-based service, that we should be aware of before we make changes to existing guidance in respect of methods of exit from application-based services? Please supply any evidence you have.	The important consideration is not the method of exit from an application based service but from the premium rate charging aspect. This terminology should be used throughout the document. Some applications only trigger charges on use of a certain aspect (free newspaper with chargeable premium sections for example), so there is no requirement to remove or exit the application but there is a requirement to provide consumer information related to the application sections that would incur premium rate charges.

	The section "methods of exit from application based charging" is missing from Guidance document.
App Stores	As the App based and in-app based billing environment evolves, consideration should be made to catering for App Stores that utilise PRS as an alternative form of funding to traditional credit card and voucher schemes. App stores will be limited, but due to user sign on processes, a stronger relationship exists between the store provider and the consumer. A separate section of guidance should be developed specifically for App Stores. Three will assist with this.
Additional Considerations	Three has suggested drafting changes to the Guidance note detailed below and marked to help identify the areas that we have suggested changes.