



BT Response to PhonepayPlus Review of the  
current PhonepayPlus Live Entertainment  
Compensation Scheme Arrangements

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## **Comment**

BT agrees a review of the arrangements is warranted. We consider that whilst the current scheme is out-dated a scheme or fund of some description should continue to safeguard the interests of consumers. The most appropriate scheme must be adopted regardless of whether that would require a change to the Code or not.

## **Response to Questions:**

### **Q1 – What evidence are you able to share to support our data and intelligence about the growth in the number of mobile phone calls to live entertainment services?**

BT's current experience of complaint volumes is in line with the information shown within section 3 of the consultation. BT does not experience high volumes of unauthorised usage complaints. That said there is probably quite an unknown impact on business communications where employees may use their workplace communications and the charges are "lost" in the overall business bill.

Again referring to PPP information the number and value of claims compared to the size of the overall market is negligible and does not warrant a scheme which is overly costly to Service Providers or overly costly to manage in itself.

BT does not favour option 1. The scheme is outdated and needs to reflect the current state of industry and consumer risk, whilst restricting opportunity for that risk to be increased.

### **Q3 – Do you or do you not favour option 2? Do you see the current arrangements as being the valuable 'barrier to entry' into this section of the industry that some providers have stated? Please give detailed reasoning where applicable.**

BT does not favour option 2. Some protective measure needs to apply to manage what remains a real risk, if that is termed as a "barrier to entry" then so be it. Service Providers meeting the requirements of some scheme would demonstrate their commitment to that business model and that they are intent on providing genuine entertainment options to consumers.

### **Q4 – Do you agree with our assessment that risks attached to this option are greater than the short-term business impact that would arise? If not, why not?**

BT agrees that the short term gain resulting from option 2 does not outweigh the overall risk factor.

**Q5 – Do you or do you not favour option 3? Please give detailed reasoning where applicable.**

**Q6 – Do you or do you not favour option 4? Please give detailed reasoning where applicable.**

BT will address questions 5 and 6 jointly. A fund or deposit of some description is required going forward to act as a filter and to be used as a monetary fund for unauthorised usage compensation. That fund could take a number of forms but the cost of managing it must be kept to a minimum. Of the two options here BT would favour 3 but we have an additional suggestion for consideration.

BT suggests that on the granting of prior permission the SP makes a one-off payment of £7000. That payment is held in fund for two years. If, after that time, there have been no cases of undue unauthorised usage (or the SP has managed those cases adroitly) and PPP has had no cause to take action under its Code of Practice generally then the £7000 is returned to the SP. If there are any claims for unauthorised usage where PPP have seen fit to warrant a payment, or there have been issues with the Code then the £7000 is retained for a longer period, say further 12 months and/or PPP have the option to increase the amount held.

Any existing SP that has paid monies under the current arrangements and has been operating services for more than two years without problems under the code or with unauthorised use claims should have their bond and fund returned.

**Q7 – Do you or do you not favour option 5? Please give detailed reasoning where applicable**

BT does not favour option 5. It would be extremely difficult for insurers to assess the risk of an industry they have little knowledge and as would probably allocate a high cost of cover as for small SPs operating in this market it is unlikely that any insurer would cover such a risk for them at a cost that was feasible for them to accept.

END.