

Implications of regulatory changes in the 0871 market: comments on the final report.

1.1 *Misunderstanding of the type of service.* It is now the case that many private telephone subscribers make 'free' calls to any UK landline number, either during off-peak hours or throughout the day/week, by paying a flat rate charge. These callers are disadvantaged by the increasingly common practice of many companies (banks, hospitals and government offices are particularly bad examples) of providing only a non-geographic number in their contact details. Customers are therefore completely justified in regarding 0870 and 0871 numbers as premium numbers and it is disingenuous to pretend that they are not.

General lack of awareness. This is certainly the case. There should be a simplification of the charge system to make it more transparent.

1.2 *Surveys.* How many business users were surveyed? One thousand consumers does not sound like a comprehensive survey considering the millions of telephone users.

2.1 *Falling call volumes for non-geographic numbers.* These numbers are generally perceived by the public as a cash-generating scheme and this perception is enhanced when, as often happens, callers are kept waiting for long periods. What will ICSTIS regulation do to alter this?

2.4 *Application of ICSTIS levy.* If the levy is made on the value of outpayments, then ICSTIS has an interest in maximizing the use of this service and the charges made by the terminating operator. Is this appropriate?

3.1 *Market characteristics.* There is no mention of the likely transfer from 0870 to 0871 numbers which may occur when regulation changes and revenue sharing is removed from 0870 numbers (but see 4.1 below). The 'main consumer concern' of long periods on hold is not given sufficient weight; it could well increase with the proposed changes.

3.5.4 *Misuse.* Because a misuse is 'customer perceived' it is not the less a misuse of the service. It is complacent to imply that unacceptably long queues are not a scam.

4.1 *Changes to 0870 regulation.* Moves to off-shore locations will increase the public's dissatisfaction with the system. Moves to 0800 numbers would remove most of the public's complaints about the service except that of long hold times (which might increase in order to compensate for the loss in revenue by reducing staff costs).

Exhibit 4.3 *Call waiting time regulation.* Service providers may consider this of low impact. It is clear from the report that the public considers it a major issue.

4.2 *Negative impact of 0871 regulation.* The stakeholders' view that consumers would best be protected by clear pricing is akin to punters feeling protected by the long odds when backing an outsider. Knowing how much you are being ripped-off does not

alter the fact that you are being ripped-off. Market forces hardly count. Even if you are willing to move from your existing supplier because it publishes only an 0871 number there is nowhere to go if all the other suppliers also operate the same system. As for existing trading standards regulation, where is the evidence that this has had any effect? One must be grateful that there was some acknowledgement that some call centres were slow at handling calls. Stakeholders may not consider there is any great harm in the present system; the public feels otherwise. As to the benefits of free call-handling services not being defended by OFCOM and ICSTIS, the public may feel that companies may obtain this information in other ways, such as the use of 0845 numbers without the stealth tax of 0871.

4.2.1 *Consumer annoyance.* That 47% (79% of 59) of the population are likely to have experienced annoyance by being kept waiting and 30% believed they were deliberately kept on hold should shame any customer service organisation. Whilst it may not be the responsibility of ICSTIS to save these companies from themselves it must surely address this problem if it is to have any credibility with the public and justify its existence. From Exhibit 4.7 it is clear that the public want information printed with the number not provided at the beginning of a call.

4.4 *NTS providers' reaction to regulation.* The Service Providers' reactions to regulation of Call Waiting was entirely predictable and self-interested. They cannot be blamed for this. It is up to ICSTIS to ensure that the public interest is paramount.

5.2.5 *Cost of rebranding.* Of course those who want rebranding want someone else to pay for it. Why should OFCOM or ICSTIS (ultimately the tax-payer) fund it? It could be argued that, if companies have to pay for it they will pass the cost on to the consumer; so be it, that is a commercial decision they should make.

6.1 *Call waiting.* This was the most disappointing conclusion amounting to a recommendation to throw in the towel. Reduction in call waiting times would *ipse facto* reduce the cost of calls. ICSTIS needs to be much more positive about this to satisfy the public's concern.

Gordon Curtis

20th June 2007