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29 September 2008

Mark Szemelka  
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Dear Mark

#### **Live Entertainment Services Compensation Scheme Arrangements**

Thank you for the opportunity to participate in the consultation process on the above topic.

By way of background, D2see has a live entertainment services license as we run 3G live services for our own brands and for 3<sup>rd</sup> party information providers. We have been through the process of getting Prior Permission and to have our 3G platform's recording technology assessed and approved by your technical specialist.

We have never had cause for our bond to be used. We have yet to have a user press for compensation, as we can provide detailed recordings of the service usage at the level of an individual user.

**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?**

All users of our services use 3G mobiles.

In general, mobile has increased its share of access to premium rate services, and I would expect live services to have similar characteristics.

**Q2 - Do you or do you not favour option 1? Please give detailed reasoning where applicable.**

We do not support option 1. The scheme has historically done a good job in cleaning up this once-problematic PRS category, however it is now essentially an under-used scheme that costs too much money for both PPP, and the holders of live services licenses, relative to the very low level of consumer harm in the last few years. It is time to review the levels of financial "hurdle".

**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.**

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

Live services, charged by a well-understood per-minute billing model, are probably less problematic for all users, including vulnerable users, compared to some mobile subscription services and other models that obfuscate price. In our form of live service - 3G video chat - vulnerable users, such as children who try and use the service with a parental phone are quickly disconnected by the chat operators as they perform visual age-verification, and don't simply rely on the MNO systems for age verification.

However, live services were run badly in the past, and the current "hurdles" to jump, namely Prior Permission and some initial financial deposit, should not be removed entirely at this stage. The total removal of a financial deposit can be revisited in a few years if the first step (i.e. Q5) continues the trend of a trouble-free PRS category.

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

We support this option. The current levels of bond are a useful "hurdle" to ensure that a new applicant to run live services is incentivised to run live services in a fully legitimate manner. However, once the SP has gained a track-record of its bond not being used for consumer compensation beyond, say, 10% of the bond, then the SP should be allowed to reduce its bond. I would suggest that the bond requirements fall to 25% after 2 years in which claims never exceeded 10% in any one year. If the 10% level were to be breached subsequently, then the SP would need to restore the bond back to 100%.

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

We do not support this option. It is a waste of administration time to reduce the size of the fund, but still maintain all the costs of a trust fund, which has never been used to compensate consumers.

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

We think this suggestion is just not workable and probably too expensive and definitely too time consuming to implement.

Yours sincerely

Jeremy Flynn  
Chief Executive Officer  
D2see Ltd