

PhonepayPlus Consultation

2009/10 Business Plan and Budget

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Introduction

The OFT welcomes the opportunity to respond to the consultation on PhonepayPlus's 2009/10 Business Plan and Budget.

The OFT is the UK's national competition and consumer authority. Our mission is to make markets work well for consumers and this directs the approach we take to all our work. Supporting economic progress is integral to our role and by striving to make markets work well, we aim to deliver significant benefits to consumers, businesses and the economy. We want consumers to be able to make informed choices between suppliers competing for their custom. Businesses which are good at delivering what consumers want then prosper and enhance the productivity and competitiveness of the economy as a whole.

The OFT recognises PhonepayPlus as an important compliance partner in protecting consumers and ensuring that businesses comply with their legal obligations. This is reflected in the Memorandum of Understanding between our two organisations and our close working relationship on enforcement matters (PhonepayPlus is, for example, an active member of the OFT-chaired Scams Enforcement Group). The OFT has civil and criminal powers under the Consumer Protection (from Unfair Trading) Practices Regulations 2008 and Part 8 of the Enterprise Act 2002 to tackle unfair and deceptive practices. We have exercised our powers over the past few years in relation to a number of misleading prize promotions that used phone paid services, working closely with PhonepayPlus, the Advertising Standards Authority, Ofcom, and local authority Trading Standards Services to drive up standards in this particular market sector. We look forward to continuing to strengthen our relationship with PhonepayPlus at both a strategic and operational level.

OFT COMMENTS ON THE PHONEPAYPLUS ANNUAL PLAN

Q1. Five Objectives

1. We agree that in a period of challenging economic conditions and an expected contraction in the market a well-resourced and active regulator is essential to maintaining consumer trust and confidence in phone-paid services. In this context we fully support the objectives of risk based intervention, effective enforcement of the code, consumer education and openness. In our view the five objectives remain relevant.

Q2. Specific strategic objectives

Objective 1

2. We particularly welcome the proposal to produce an annual plan of research proposals which promises to place interventions on an evidence base according to the best information possible and the aim of maximises the potential for joint research. We would welcome an early discussion to explore whether any joint research proposals between PPP and the OFT can be taken forward.

Objective 2

3. We believe that an effective and well supported Code is the corner-stone of effective compliance in the premium rate industry and that the introduction of a Compliance Panel to concentrate on effecting timely, proportionate and respected adjudications is a welcome development. We also welcome the development of the intelligence-led processes effected by the Research Team at PPP and would find it helpful if the information they identify in terms of trends, developments and consumer issues are widely disseminated to fellow regulators.

Objective 3

4. We believe that the provision of accessible and timely consumer information and education is crucial to a competitive phone-paid services market. Well informed and confident consumers not only drive competition but also demand higher levels of compliance with the law. Recent evaluation of a

consumer education toolkit produced by the OFT shows that such initiatives have real results in terms of increasing consumer confidence and knowledge. The evaluation showed that such consumer education initiatives can double the number that feel very or quite confident about finding out their rights.

Objective 4

5. We welcome the further steps proposed by PPP in terms of increased transparency and accountability. We look forward to reviewing, revising and bringing up to date the Memorandum of Understanding between the OFT and PPP in the coming year to ensure that business and consumers are clear about when PPP and OFT will act where there are overlapping consumer protection regimes. We very much welcome working with PPP as a compliance partner under the Consumer Protection (from Unfair Trading) Regulations, and in particular to ensure that prize competitions where premium rate numbers are used as a payment mechanism are well regulated, and clear and transparent for consumers.

Objective 5

6. We have no comment in relation to the budget.

Q3 & 4. Market trends and sectors

7. We have no sector specific knowledge or intelligence to provide.

Q5. Priorities for 2009/10

8. We are very supportive of the recognition of the abuse of 070 Follow Me Anywhere numbers. We strongly support continued action using the full force of the suite of sanctions against those who utilise this service to scam consumers and stand ready to work with PPP to stamp out such abuse.
9. We also support the aim to broaden education campaigns building upon excellent initiatives, such as PhoneBrain. OFT would like to explore ways of jointly expanding consumer education initiatives.

Q.6, 7 & 8 Support from industry suppliers, budget changes to other risks

10. We have no specific comments in relation to these questions.