



## Telewest response to - ICSTIS consultation on the provision of refunds to consumers and the development of industry best practice for customer service

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### 1. General Comments:

The UK PRS micro-payment system has enabled the development of a huge number of services that are valued by both consumers and service providers. It has also enabled exploitation by (a relatively small number) fraudulent providers. Its strength is also a weakness in that the payment system allows for consumers to purchase an increasing variety of end products/services using their telephone bill. The problems arise with the complexity and specifically the timing of the financial processes involved in transferring revenues from the originating communications provider (OCP), who acts as the billing agent, through the terminating CP (TCP) who handles call distribution, to the end service provider (SP) often via one or more re-sellers. This process works well when all parties are compliant, but causes real issues when some are not – hence the need for this consultation.

The problem with proposing a solution to refunding customers is that different scenarios occur depending upon where and particularly when in the chain/process a problem arises or is identified, and whether the customer has paid their telephone bill.

One approach would be to lay out in detail each of the feasible scenarios and then develop a tailored process to enable refunds in each case.

Another would be to address the central issue which is the differences in timings between the customer paying, the OCP forwarding money down the chain, payment to the SP by the TCP, and ICSTIS completing any investigating. If these were better aligned to allow time for the customer to validate their bill before the OCP forwards the monies on, much of the complexity inherent in enabling refunds within the current process would be avoided. While this principle has been raised before, and turned down primarily through objections from TCPs and SPs claiming unacceptable cash flow implications, it is well worth considering again, to preserve the overall compliance and future reputation of PRS in general.

It is suggested that an industry working group is set up to address these issues in detail, rather than trying to retro-fit a compromise solution into the existing process. This group could also address the issue of proportionality, to ensure that any solution(s) is(are) adequately tuned to the nature and scale of consumer harm involved.

### 2. Responses to ICSTIS Questions

*Q1. Do you agree that a refund should equate to the full cost of the service that the consumer actually paid for the service? If not, why not and what alternative would you suggest?*

Telewest agrees that any refund should be for the full cost incurred by the customer, including any VAT that may have been added by their telephone provider, and that any such refund should be provided by the Service Provider concerned.

This assumes that the customer has paid the bill to their originating communications provider (OCP). In the event that they have not done this – either through a dispute or simply due to a timing issue or delay – then no “refund” would be applicable. There may then be a case for the OCP to consider a “credit” to the customer effectively removing the charge – but see below.

*Q2. Do you agree that a refunds arrangement should have no formal lower cost threshold and that ICSTIS may vary from this in case specific situations where to not do so would be disproportionate?*

Telewest agrees with this proposal subject to our answer to question 3.

*Q3. We would welcome feedback and examples of how customer service refunds can be made in ways that meet the needs of both the consumer and the service provider who has to facilitate and administer the refund.*

Whilst in an ideal world a refund would be best undertaken directly to the customer’s bill/account managed by the OCP, practically if monies have already been passed to the Service Provider, this would be a very difficult and onerous process. Thus any refund should be handled and paid by the Service Provider (SP). This is also appropriate assuming it is the SP with whom the customer has an issue, and who has been deemed to be at fault. Involving the OCP would simply cloud the issue.

Refunds via a cheque or postal order are not always ideal as some customers do not have a bank account, and due the cost of processing such items when they are of a low value. Therefore it is reasonable for Service Providers to provide alternative solutions, such as high street gift vouchers, stamps (for low value refunds) or top up cards for mobile phones, as well as simple cheque payment.

*Q4. Do you agree that refunds may be made in a number of ways as long as the customers are in general agreement to accept an alternative to a monetary refund being offered by the service provider or other party involved in the provision of the service?*

As long as the customer is in agreement and any such agreement is freely given then this would appear to be a sensible solution. However, where refunds are provided by such methods as high street gift vouchers, these should relate to shops that are generally found in most high streets and not specialist outlets and a choice of shops should be also offered to accommodate the individual customer.

*Q5. We would welcome information about how service providers manage these issues today in order to benchmark various practices.*

Telewest is not a Service Provider and therefore it would be inappropriate to provide comment on this question.

*Q6. We would welcome views on what is a reasonable degree of evidence in such situations for a service provider to demand given the risks of fraud.*

Telewest considers it appropriate for Service Providers to be able to request reasonable evidence to satisfy themselves of the validity of a refund request. However, any such request must only be made where the Service Provider is unable to satisfy themselves of the authenticity of the request from their own records, for example checking records of user log-ins where they exist, CLI records where they are captured, registration

confirmation SMSs etc. Where evidence is required from the customer, this could be in the form of a copy of the customer's bill or relevant part of (we would argue a photocopy is perfectly adequate), or a communication from the customer's telephony provider confirming the charges have been invoiced and paid.

This process should not be used by the SP as a mechanism for trying to delay paying a refund, and sensible time limits would appear an appropriate requirement.

*Q7. What suggestions do you have for how best to manage the authentication of consumer requests whilst minimising the barriers to consumers when seeking refunds? How can this be kept under review?*

A copy of the customer's OCP bill should be sufficient to authenticate the request on the correct assumption that in most situations the customer will have paid the bill before any ICSTIS investigation has been completed and the SP directed to pay a refund.

Issues could arise, however, where the customer has disputed the PRS charge and withheld payment. If the monies have been passed down the PRS chain by the OCP – as is likely, unless the AIT process has been invoked – then any “refund” would be due to the OCP, and not the customer. The least worst way to handle this would be for the OCP to deduct this amount from any further payments due to be made to that SP (via a terminating CP). The administrative and cost implications of this however for both OCP and TCP are not trivial.

An extension of the payment timeframe – for both the AIT process, and simple onward payment to the TCP – to say 45 days, would enable at least a minimum degree of verification of the charges by both the customer (having received their monthly bill) and the OCP thus preventing the current problem with the PRS payment process. An extension of this length would still not be sufficient of course for situations where bills are raised quarterly.

Timescale is a particular issue here, especially if an ICSTIS investigation takes a number of weeks (or months) and the customer refuses to pay the PRS charges. In such a situation if the OCP is not able to justify waiving these charges – i.e. there is no other evidence of consumer harm, or awaiting the outcome of an ICSTIS investigation – then the OCP has to take the decision to either bear the cost of the charges, pending the ICSTIS report, or demand payment and possibly enter into its process for disconnection for non-payment. If the monies involved are not significant then it is likely the OCP will manage the outstanding debt, but if significant – as in many cases with rogue diallers – then that may not be commercially appropriate. Either way, it is the OCP and the customer who are penalised for the problem rather than the appropriate party, the SP

*Q8. What evidence is it reasonable to ask of a consumer to evidence their disputed PRS transaction where their network provider does not provide bills or where they are not itemised?*

All CPs will have access to itemised call records irrespective of what bill is offered, so theoretically the information is available albeit at a cost to the OCP.

*Q9. We would welcome views about how matters of refund authentication can best operate in an environment where consumers do not ordinarily receive a telephone bill such as the majority of mobile phone users who have pre-pay arrangements.*

Pre-pay situations obviously create a specific problem. If an SP has no other information available (as detailed in our response to question 6) to determine the authenticity of a refund request, and they are not prepared to undertake a refund based on the word of the complainant, then the only other evidence that may

be available could be the call records. However, obtaining copies of this information could incur a cost for the consumer as some OCP's may interpret such a request as a subject access request under the Data Protection Act 1998. Therefore, if such call records are to be required, then consumers incurring a charge to access these records should have that charge refunded by the SP additional to the refund for the calls.

*Q10. We would welcome any other views on customer authentication and fraud management which might aid the development of an appropriate refunds framework.*  
- see Q 9

*Q11. Do you think that industry or ICSTIS has a responsibility to notify all affected consumers of their rights to claim a refund when this has been made the subject of a sanction by ICSTIS? If you do, where does responsibility lie and why?*

While idealistically any customer that may have been impacted by consumer harm activity by an SP should be entitled to appropriate recompense, the practical difficulties involved in identifying, tracking and refunding all such customers is significant and expensive at best, and may be beyond the systems capabilities of some CPs.

A better pragmatic process would be to refund all customers who have directly complained – to either ICSTIS or their OCP – and who have therefore identified themselves, and to publicise the fact that the SP has been found in breach, together with details on the particular service and the associated PRS number.

Mechanisms for publicising would be the ICSTIS website, OCPs websites, and via OCPs customer service as a reactive response to customer enquiries.

The responsibility for providing the refund, and ensuring it is paid to the customer, sits squarely with the SP involved.

*Q12. What views do you have on how affected consumers, whether they complained or not, can be advised of their rights to a refund where that has been demanded by ICSTIS as a sanction?*

See answer to question 11

*Q13. What further potential is there in the ICSTIS adjudication information being shared with the customer contact staff of the OCPs who may be able to alert future complainants about services to their right to a refund (where sanctioned by ICSTIS)?*

The current information sharing process set up between CPs and ICSTIS has proven the value of sharing, with a consequential drop in PRS complaints.

Thus continued sharing of information is to be supported. A key element here though is timeliness of the information. For the information to be of value to the OCP it needs to receive this fairly soon after the customers receive their bills. Without this customers are likely to become concerned and irritated with the lack of a speedy resolution of their issue, which the OCP then has to try to manage.

*Q14. Do you have any views on this approach to considering how refund sanctions will be determined by ICSTIS?*

ICSTIS' proposals appear to be reasonable.

*Q15. Do you agree that the arrangements for the ICSTIS Compensation Schemes for Live Services and multi-party chatlines should remain as they are and should not be affected by proposals in this consultation paper? If not, why not?*

Telewest considers that these should remain as they currently are.

The schemes also provide an interesting model, in the way of a central fund out of which compensation can be paid, which may have value to other PRS services. The prime concern with the current “Standard” PRS payment system is that there is limited contact between buyer (customer) and seller (SP), and payment is handled by middlemen (OCP, via TCP) with no easy backward mechanism. This is fine if all is well, but it causes significant issues if it breaks down – as above. Thus a centralised bond/fund system from which customer refunds and/or compensation could be paid would circumvent these process issues, and remove an onerous responsibility from the OCP in particular (who again has no direct relationship with the SP). Funding of this could be based on a similar basis as for the live entertainment fund.

*Q16. Do you agree that ICSTIS should take forward the development of best practice guidance for customer service in the way outlined above? Can you identify any organisations from which a representative should join this working group?*

Encouraging “best practice” has got to be a positive action and one to be supported. The issue will be in agreeing what is appropriate best practice relevant to a wide spectrum of organisations without being either too prescriptive or detailed.

ICSTIS have indicated that the proposed working group to be set up to manage this should be “*focussed primarily in the service provider parts of the value chain*” While it will be key to ensure adequate representation from this sector, Telewest would also suggest that good representation is also required from the OCP and TCP end, as these latter organisations have significant experience in customer service, QOS management, complaint and dispute management, and handling PRS complaints – experience which it would be essential to share with the rest of the industry.

Bearing in mind ICSTIS’ responsibilities, it is likely that such “best practice” would form heavily encouraged industry guidelines rather than formal obligations, unless Ofcom were to be involved.

*Q17. Are there other aspects of customer satisfaction that you believe a Working Group ought to consider when developing best practice guidance for customer service?*

Other aspects would come out of the discussions within the WG as the best practice guidance is developed.

*Q18. Do you have any views about the make-up and structure of a Working Group, including who should chair it?*

As detailed in our response to question 16, a good balance of representation from across the industry is required.

ICSTIS providing the chair would impart a degree of impartiality, but could allow some organisations, if so inclined, to argue that the regulator was interfering in their internal operations. An industry chair could be seen as more self-regulation and hence could engender better co-operation and buy-in.

Either mechanism could be made to work with the right individual as chair, and the right, clear terms of reference.

Telewest Broadband  
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