

**TUFF Responses to Consultation on PhonepayPlus Three-Year Strategic Plan –
2011/14**

TUFF welcomes the opportunity to comment on the subject document. It sees this plan as an opportunity for PPP to tighten up controls on this area of telecommunications and to take on board the many changes in how premium rates services are delivered. The oversight and control that has been brought to this area of business in recent years now needs to be consolidated and built upon so that the UK continue to lead the world in provision and oversight of this important business area.

Q1. Do you support the retention of the PhonepayPlus vision statement for the new Strategic Plan? Are there other elements of our role that you feel should form part of our vision statement? Are we right to replace our mission statement with a simple description of our activities?

TUFF believes that regulation should apply equally to fixed and mobile networks alike thus ensuring that all customers have the same level of confidence in using PRS services.

A regulatory level playing field would ensure that all customers know what rates they will pay for their calls irrespective of where the call originates.

TUFF recognises that PhonepayPlus needs a strong consumer focus but believes it is about time PPP recognise and reinforce their other role as the regulator for Industry, PPP must uphold the reputation of the industry and this should be reflected in the Vision and Mission statements.

One of the areas that “fall between the cracks” is that of Artificial Inflation of Traffic (AIT) this activity gives a clear indication to Industry and PPP that there are individuals and Networks who are continuously and seriously harming the PRS industry. There appears to be a view, albeit taken by a minority, that AIT is a business practice which they exploit with apparent ease and thus bring the standing and reputation of this aspect of service in to disrepute. An extended vision statement might be: “Our vision is that anyone can use phone-paid services with absolute confidence **and that the industry operates with integrity and honesty and rejects any misuse of phone paid services and number ranges**”.

Q2. Effective, Accessible, Collaborative, Principled, Efficient and Transparent. Do you agree that these values create the right framework for PhonepayPlus as a modern regulator? Are there other values you think PhonepayPlus should consider adopting that would further strengthen its aims to be an open, responsive and flexible organisation?

TUFF believes that the word ‘Effective’ needs to be expanded, to reinforce PPP’s capability to pre-empt potential problems. Hopefully PPP, as a result of improved intelligence and awareness, will be able to demonstrate this to Industry.

Industry cooperation – PPP need to recognise that they must regulate for Industry as well as consumers i.e. PPP is expecting industry to provide information, sponsorship, promotion. An example of disconnect is with AIT which would not be possible if PPP regulated against it. AIT costs Industry money which in turn must result in greater costs to Consumers.

Q3. Do you agree with PhonepayPlus assessment of future market developments? Do you have any other insights, data or intelligence that would help to inform PhonepayPlus Strategic Plan for a specific market sector or for premium rate services as a whole?

TUFF is not convinced that PPP use all resources available to ensure that the view they get of the industry both from a day to day perspective and future threats is as efficient and detailed as it can be. There is a wealth of relevant information held by telco's that would enable PPP to be more effective in detecting and preventing abuse. However there needs to be a clear attraction for telco's to engage either directly or via standing Forums in this area. This must involve clearly identifiable benefits to both them and the industry as a whole.

In the period dealt with by this consultation the financial restraints that telco's are and will be operating under are obvious and therefore there MUST be clear and measurable benefits to them if they are to engage proactively in this activity. A clear and focused commitment to the prevention of the widespread abuse of AIT would be a good start!

Q4. Do you agree with this objective? Will our key deliverables ensure the new regulatory regime is successfully implemented and gain industry buy-in?

TUFF supports the introduction of the new Code of Practice and particularly the mandatory industry Registration Scheme, as well as investigation procedures & sanctions which are key to ensuring compliance in the industry.

TUFF would recommend a review of the new CoP at the end of 2011 based on the operation of the code for 12 months which would give the Industry and PPP the opportunity to make sure any concerns are identified, discussed and addressed.

Q5. Do you agree with this objective? Will our key deliverables assist in meeting the aim of assisting the industry in building in compliance to services and also assist in driving up overall levels of compliance in the market?

TUFF agrees with compliance being built in. The idea of pre-empting potential harm without hampering the development of new compliant services is a laudable aim but TUFF is not certain that PPP have the experience and resources to ensure this is so.

The history of PPP in pre-empting bad behaviour has been to say the least patchy and at worse deplorable. Industry have often warned PPP of their weak regulation and PPP have ignored those warnings and then as predicted the misuse becomes a tidal wave that PPP have no choice but to deal with – 070 / Quiz TV / Voting lines etc etc.

Constant review on the effectiveness of compliance and proper use of intelligence an essential prerequisite if compliance is to be in anyway effective.

Q6. Do you agree with this objective? Will our key deliverables ensure that we have a firm evidence base to inform our decision making and regulatory actions, or should we be considering other sources of data and information?

Technical intelligence is critical to anticipating new forms of misuse before they become widespread which in turn should reduce the cost of regulation.

PhonepayPlus must be seen to respond more timely and proactively to evidence from the industry and publish and enforce rules which prohibit all forms of bad behaviour at the

industry level. For example networks and providers must be actively encouraged to identify and report AIT and other abuse including identifying those who create it. Allowing such behaviour to go unreported or actioned simply damages the industry and its reputation and encourages arbitrage/fraud.

PPP should take advantage of the data AIT retentions as a vehicle to identify those companies who are abusing the system.

Q7. Do you agree with this objective? Will our key deliverables assist in meeting the needs of vulnerable consumers and build trust in the PRS industry?

TUFF supports the Objective but PPP must focus more on its stated intention to “Work with Industry”. The focus misses the target for customers to be able to safely and confidently use PRS, they need to have a full understanding of the content and the full cost of services prior to engagement with the service. PPP must work with the PRS industry and regulatory bodies to ensure fully informed customers.

Ofcom must put in place an enforceable, numbering plan that applies to all call originators in order to deliver a simpler and clearer regulatory environment.

Current pricing is, in the opinion of TUFF, too complex - Current pricing plans enable calling the same number to be charged differently depending on the originating network, Having the regulation on PRS numbers is meaningless if it only applies to calls from a BT line, and does not cover other fixed or mobile originating providers. With the increases seen in virtual providers is now not the time for change?

Q8. Do you agree with this objective? Will our key deliverables assist in ensuring PhonepayPlus achieves maximum efficiency while ensuring it remains effective as a regulator?

The Key deliverables identified in this consultation are to be commended but will only be effective if they are given the right level of commitment and oversight. PPP must identify and prevent potential issues using the knowledge and intelligence that is readily available so as to ensure that issues such as AIT levels and activity are curtailed before they become the charter for thieves and fraudsters.