

Annual Report 2015/16

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PhonepayPlus is the UK's independent regulator of premium rate services (PRS).

Our regulation is open, fair and robust, underpinned by a Code of Practice approved by Ofcom.

Premium rate services is a generic name for content, goods and services that you purchase and are charged to your telephone bill or pay-as-you-go credit.

Our vision is that anyone can use premium rate services with absolute confidence in a healthy and innovative market.

In Autumn 2016 we will be adopting a new more consumer friendly name, **Phone-paid Services Authority**.

This new name explains more clearly who we are, what we do and reflects our forward-looking approach to the market we regulate.

What we do

As the telecoms, internet and payments sectors continue to grow, we seek to provide a well regulated environment which builds confidence, certainty, investment and growth in the best interests of consumers.

What we do for a healthy industry

Work collaboratively with the industry. We work with mobile network providers and premium rate service providers to build a healthy market with high standards of compliance. We support innovation, competition and growth in the market providing consumers with choice, quality and confidence in their use of premium rate services.

Work with other regulators, consumer bodies and international partners on matters within our remit and expertise to gain and share knowledge. Regulators we work with include, Ofcom, the Advertising Standards Authority, the Gambling Commission, the Information Commissioner's Office and the Financial Conduct Authority.

Keep our Code of Practice cutting edge and relevant. The Code of Practice sets out the rules and regulations all organisations involved in providing premium rate services in the UK must follow. We review and update our Code regularly to accommodate ongoing developments in telecoms, digital and payment sectors and to reflect our proportionate approach in the regulation of premium rate services.

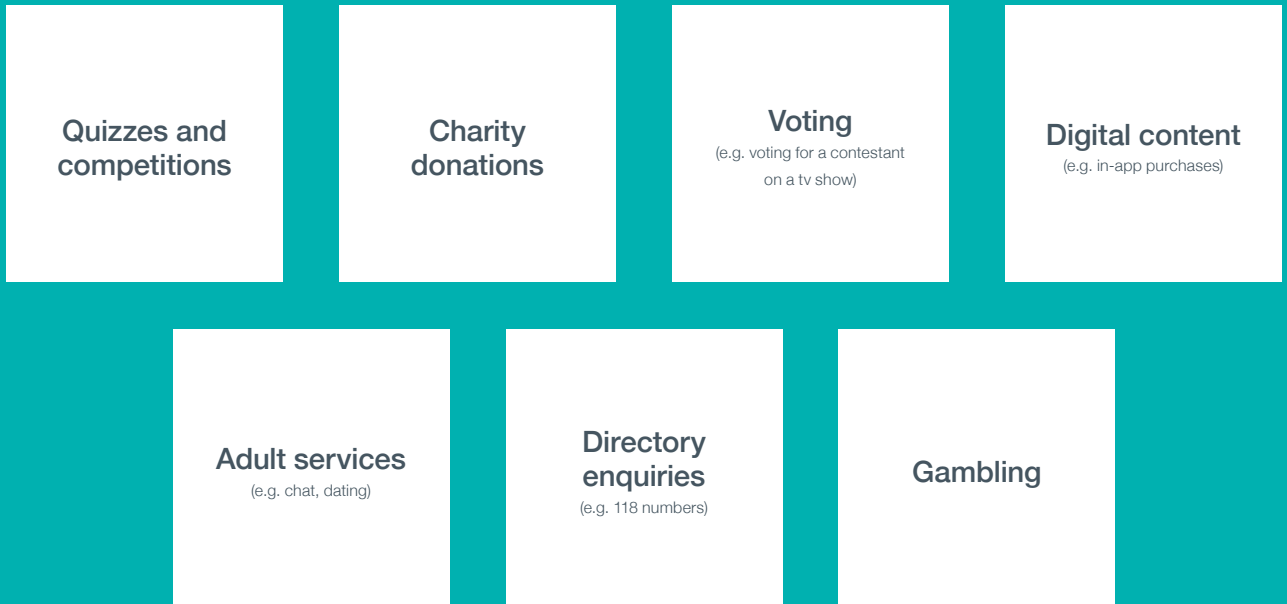
What we do for consumers

Empower consumers. Through our websites, social network channels and our partners' online and offline platforms we explain to consumers the types of premium rate services and how these can be charged to their phone bill. We also take part in consumer education events organised by partnering organisations, such as Get Safe Online and Childnet International. Empowered with knowledge, consumers can use premium rate services confidently.

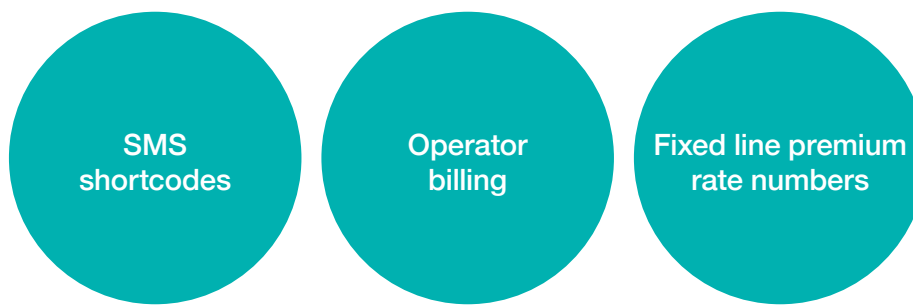
Deal with consumer enquiries. Consumers get in touch with us when they have questions on charges for a premium rate service on their phone bill. We are able to direct consumers to the best organisation to assist them.

Take measures against service providers operating unfairly. In cases where service providers are not operating compliantly, as set out by our Code of Practice, we take early and proportionate action to prevent consumer harm. Where it appears a provider may have breached the Code we may consider taking the service provider to a Tribunal which determines whether breaches have occurred and if so can impose sanctions; these range from ordering the provider to issue refunds to consumers, to imposing a fine or barring the running of the service.

Popular premium rate services



Ways you can purchase premium rate services



These are 5 or 6 digits long and usually begin with 6, 7 or 8. They are often used for charity donations and to enter quizzes and competitions.

Also known as 'charge to mobile' or 'direct-to-bill', it enables you to pay for goods and services from app stores and online via your phone bill.

Fixed line premium rate numbers comprise 118, 0870, 0871, 0872, 0873 and 09 numbers.

A message from the Chairman

“Good regulation protects consumers and allows markets to innovate and flourish. Since I started as Chair in September 2015, our focus has been on delivering this by supporting consumers and a healthy market.”

Our regulatory approach is based on outcomes rather than prescriptive rules. This is important in allowing the opportunity for innovation and new services to develop in the market. After a period of market contraction, there are clear areas of growth. Sectors including charity text giving, gaming and gambling have grown substantially in the last year as ownership of smartphones has increased and the opportunities for conveniently purchasing services and content through the phone bill develops.

The development and implementation of our 14th Code of Practice – the rules providers of premium rate services (PRS) have to follow – has been one of the year’s key achievements. Strong engagement with industry and with Ofcom have enabled us to get the new Code and new Code Adjudication Panel, under the chairmanship of Mohammed Khamisa QC, in place in record time.

This collaborative approach enables us to see what and how services are running and which direction the market is moving. It also helps when there are issues, as PhonepayPlus is well placed to assist consumers with clear routes of redress.

Although the Code provides the framework, the way we administer the rules in a proportionate way is important. There are thousands of organisations providing services consumers like to use and we distinguish between those organisations that work with us to put things right when they make a mistake and those businesses that are reckless or deliberate in breaching the Code.

We have also been improving our online information and resources for consumers and the industry. For consumers, it is new and refreshed online content, including videos, informing about what can be charged through a phone bill, and what to do if they encounter an issue. For industry, it is the development of clear and accessible Guidance. We are still here to provide assistance when required, but this approach enables us to focus our resources in a more efficient manner.

The proliferation of smartphones and new opportunities with m-commerce, digital payments and the growth in the digital content market present many opportunities. As markets converge and new services emerge, we will continue to work with other regulators including Ofcom, the FCA and ICO to ensure consumers are protected.

One key change we have made is the development of a new name which clearly identifies our purpose and goals. Phone-paid Services Authority makes it clear our role and the industry we regulate and will replace PhonepayPlus in autumn 2016.

At the end of 2015 there were also changes at Board level. Howard Webber and Hugh Griffiths came to the end of their terms of office and I would like to thank them both for their contributions to PhonepayPlus over a number of years. I was delighted to welcome Ann Cook as the newest industry representative on the Board.

As we look ahead to the coming year, we will continue our work to support a healthy and innovative market, putting consumers and industry at the heart of what we do.



David Edmonds CBE,
Chairman of PhonepayPlus

A message from the CEO

This year we have seen a number of changes in the premium rate services (PRS) market and at PhonepayPlus. Our annual report provides an overview of our work over the last twelve months and highlights areas of focus in the coming year.

It seems appropriate that in our 30th year of regulating premium rate services (the Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS) was created in 1986) we have developed a new edition of our Code of Practice, and a new name for the organisation, the Phone-paid Services Authority (PSA). Taken together these changes will further strengthen our transparency, independence and fairness of our regulation's adjudicatory process and make it clearer to consumers our role.

With an estimated 23 million users of PRS services in the UK, there is also a new vitality represented by growth in a number of areas in a total market of almost £680m. Donating to charity by text and gaming continued to grow as popular service types, with over £122m donated to charity via text in 2015/16 alone. Consumers and merchants are also increasingly enjoying the benefits of operator billing enabling purchasing of content and services directly to the phone bill. As technology develops and presents new opportunities for businesses and consumers alike, we will continue to provide a clear framework for the industry to evolve and grow and for future risks to be mitigated. Work in this area has included the launch of new guidance for industry.

There has been a more prominent role played by our Industry Liaison Panel and wider groups, including the Rapid Response Team, who have been vital in improving communication between the industry and regulator and in identifying potential opportunities and emerging issues. This collaborative approach is key to developing an industry offering competitive services that consumers will trust and enjoy.

We know that consumers like the convenience of PRS and generally have a positive user experience, whilst trust and perceived non-compliance with some service types remain issues that industry need to address.

We play our part, and have refined our research and monitoring to support our efforts to protect consumers.

Looking ahead, I am determined that PhonepayPlus at 30 years old should continue to be a relevant, forward looking regulator of the PRS market. Our corporate values have been refreshed and provide a clear set of behaviours for us to follow. We strive to be fair and proportionate and aware of the bigger picture, open and collaborative, effective, productive and professional. We have put in place work to look at our regulatory framework to ensure that it supports innovation and growth, while still offering high standards of consumer protection. And we will be reviewing our funding model to ensure that we are as efficient as we can be in all that we do.

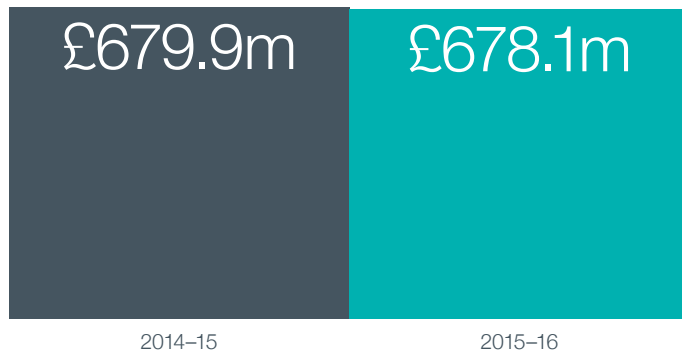
"I am looking forward to another year of close co-operation with all our stakeholders so that we can continue to work towards our goal of ensuring everyone can use PRS with confidence."



Jo Prowse,
Chief Executive, PhonepayPlus

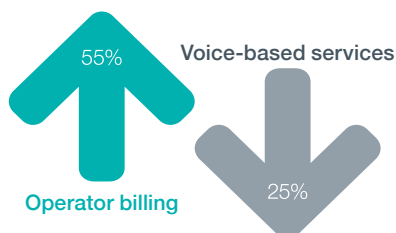
Annual Market Review 2015–16: Key Findings

Market snapshot



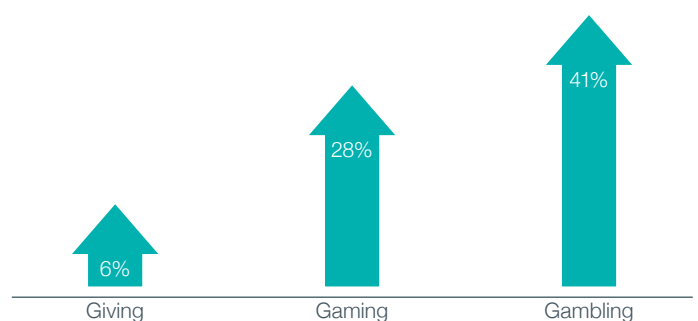
Revenue

The PRS market is stable after a period of decline. The market was worth £678.1 million (excl. VAT) in 2015–16FY¹ a decrease of 0.26% on 2014-15FY.



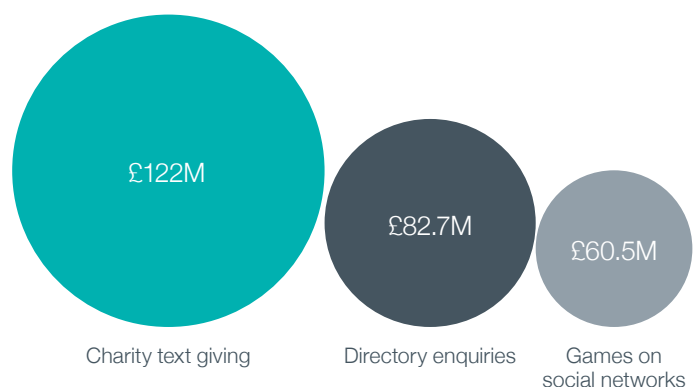
PRS market at crossroads

The PRS market is increasingly mobile with 70% of all revenues coming from a mobile. Operator billing continues to expand at an impressive rate, recording growth of 55% in the last year. On the other hand, voice-based services are operating in a challenging environment, declining by 25% over the same period.



Market growth

Market growth continues to be driven by what the researchers have termed the 3Gs, namely giving, gaming and gambling services. These sectors recorded growth of 6%, 28% and 41% respectively.

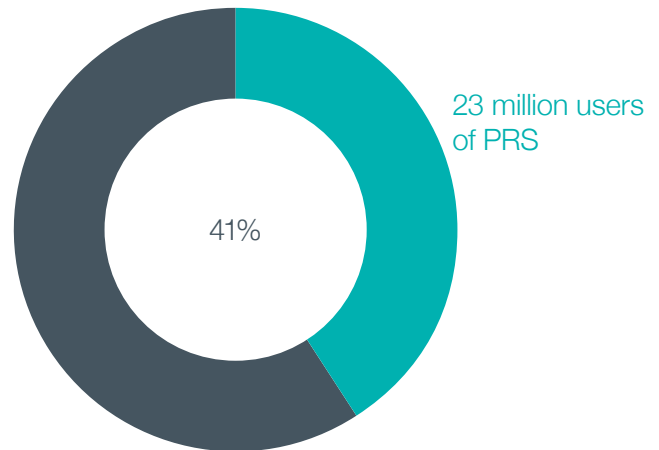


Largest market sector

Charity text giving is now the largest market sector, recording revenues of £122 million in 2015-16FY. Charity replaced directory enquiries as the largest market sector, which has seen revenues decline to £82.7 million.

¹ This figure is derived from network returns submitted to PhonepayPlus, combined with consumer survey data about stated use of different services, and on charity donations, which have zero-rated revenue shares.

Consumer snapshot



Consumers in the UK

Mobilesquared, who conducted the Annual Market Review, estimate that 41% of the UK population aged over 11 years old used a PRS in 2015-16FY, equivalent to 23 million people.

Most popular services

The most popular services in terms of user base were games on social networks, charity text donations and customer services.

63%

of consumers donating to charity via text are either satisfied or extremely satisfied with the service.

33%

of users of PRS say that their trust has been compromised when using a service.

Areas for improvement

Trust remains an issue for many consumers. Online competitions, directory enquiries and adult services perform relatively poorly from a consumer perspective.

Positive user satisfaction

Charity text giving is the most positively viewed PRS in the eyes of consumers, followed by broadcast competitions and broadcast voting.

Who we work with

“In supporting a healthy market we are aiming for regulation that is ‘right touch’ – that’s right for consumers and right for industry.”

Jo Prowse, Chief Executive, PhonepayPlus, Spring Forum 2016

The premium rate services market is diverse and includes TV voting lines, competitions, adult entertainment, chat lines, business information services, technical helplines, game downloads, horoscopes, directory enquiry services, and charity text giving.

We work with a wide variety of organisations, including mobile network operators (EE, Vodafone, O2 and Three), app stores, broadcasters including ITV, Channel 4, BBC and Channel 5 through to smaller organisations offering very specific services as well as other regulators and consumer groups and charities.

Network operators

We work with operators to ensure that providers of services are compliant with the Code and provide good outcomes for consumers.

Network operators including:

- Vodafone, Three, EE, O2
- BT Agile
- Vodafone Voice

Aggregators

Aggregators act as the payment gateway between the consumer, the service provider and the network. We provide advice to aggregators on compliance issues and have assisted new types of services to enter the market.

Merchants

Merchants provide the services consumers purchase. We work with merchants to make sure they treat consumers fairly on matters such as pricing, consent to charge and helping consumers when they have an enquiry or complaint.

- App Stores such as Google Play and Microsoft

Broadcasters including:

- ITV
- BBC
- Channel 4
- Channel 5

Charities including:

- Comic Relief
- Text Santa

Government and other regulators

PhonepayPlus has been designated a DCMS Arms-Length Body. Our work with other regulators and government agencies enables us to establish protocols where remits overlap. We work with, for example, the FCA around digital payments and the ASA on adverts using PRS as a payment device.

- Advertising Standards Authority
- Competition and Markets Authority
- Department for Culture, Media and Sport (DCMS)
- Financial Conduct Authority
- HM Treasury
- Information Commissioner’s Office
- Ofcom
- Payment Systems Regulator

Industry bodies

When developing our regulatory framework, our Code and guidance, we regularly meet and engage with industry to ensure we understand the broader industry needs and views. This is in addition to formal consultations and allows us to quickly and smoothly test and refine our regulatory outcomes.

- AIME (Association for Interactive Media and Entertainment)
- Action 4
- FCS (Federation of Communication Services)
- MEF (Mobile Ecosystem Forum)
- Mobile UK

Charities and consumer organisations

Working with consumer groups and charities helps us reach a larger number of consumers. This work has included, involvement in Safer Internet Day and in Get Safe Online’s campaigns.

- Get Safe Online (a UK online safety body supported by HM Government and businesses)
- Trading Standards
- Childnet
- Citizens Advice
- Consumer Forum for Communications
- Communications Consumer Panel

Research and security

We share intelligence with a variety of information security organisations where problems are identified such as malware and malicious practices.

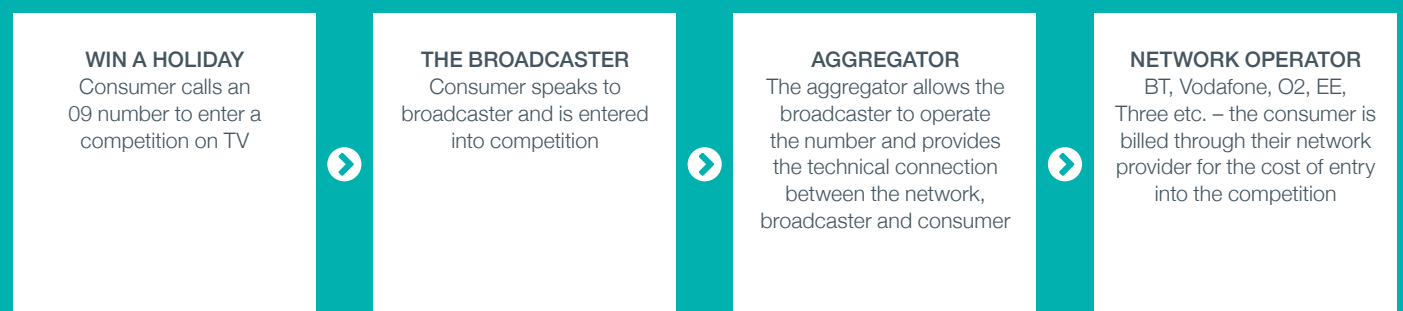
- Symantec
- Norton
- Adaptive

A typical PRS value-chain

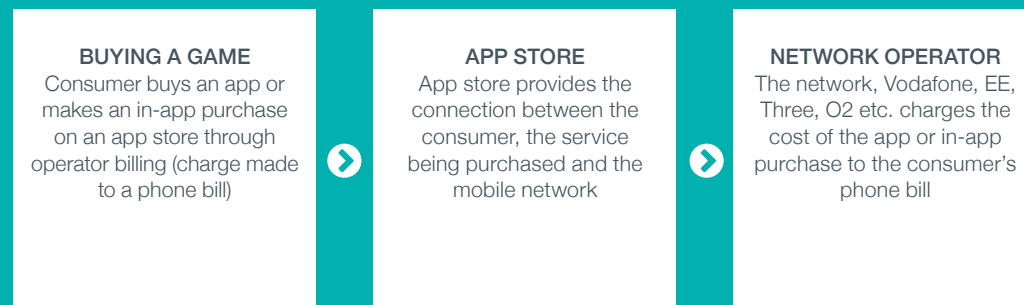
A consumer's perspective

We regulate a diverse market which includes thousands of organisations varying in size, service type and scale of operations. Below are a few examples of organisations involved in a typical PRS consumer journey.

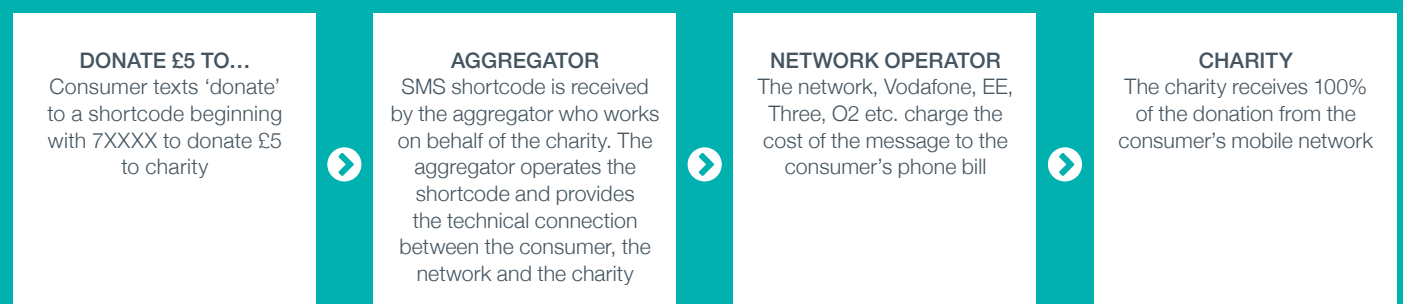
FIXED LINE NUMBERS



OPERATOR BILLING



SMS SHORTCODE – CHARITABLE TEXT DONATIONS



Enabling consumers

With the launch of our new website we've given consumers the right tools to provide advice in a straightforward and timely manner. Consumers can now enquire about the premium rate service directly with the service provider or the network provider. If not satisfied with the outcome, then consumers can get in touch with us. The new website also features useful information on all types of premium rate services, FAQs on operator billing and resources for vulnerable consumers, such as elderly and young people.

A snapshot of our contact with UK consumers of premium rate services in 2015/2016:

23 million

estimated users of premium rate services in the UK



358,000

contacts from consumers across, web, phone and internal monitoring



30,000

complaints filed with PhonepayPlus



6,900

actionable complaints



445

investigations



30

tribunal cases heard

Prevention is better than cure

We often receive enquiries from consumers who have noticed an unexpected charge on their bill. As digital content keeps developing and smartphones and connected devices become more and more sophisticated there is a lot more for consumers to consider, in particular for parents who give their children a mobile device.

To make things simple and straightforward this year we created a range of information to empower consumers and help them to find the answers to their questions and solutions to their problems. We created new online videos, infographics and advice pages for consumers' most common questions, in addition to our existing PhoneBrain information website for parents and children.

We believe that better informed consumers will have a more positive experience with premium rate services and in the long term will be more open to embracing emerging payment technologies. And from a practical perspective, it contributes to more efficient and cost-effective regulation.

www.phonebrain.org.uk



Understanding the market and consumers

We undertake regular research to provide insight into the premium rate services market and how consumers engage with it.

A key focus is to check our regulation enables industry to innovate with confidence in the best interests of consumers.

Understanding the industry allows us to develop regulation that supports a changing market.

In the last few years, we have developed our regulatory approach for app stores, following a pilot involving the Google Play Store, and produced a discussion paper on consumer vulnerability. Both pieces of work have led to positive changes including the introduction of new Guidance on consumer vulnerability.

Our flexible approach to regulation has allowed us to implement other changes including the use of the 'Skip' command for recurring charitable text donations. Working with providers, charities and networks, we enabled donors to miss a charitable payment without stopping future donations. This now provides increased choice for donors and ongoing support for charitable causes.

Findings from our research helps inform our policy making and regulatory approach allowing us to develop standards which aid innovation and build on our preventative approach to protecting consumers.

Our research allows us to take an objective view. We look at the market as a whole or at specific sectors enabling us to use evidence to make the right decisions.

The future of the market

Each year we undertake an annual market review that looks at the state of the premium rate services market. The review includes information about service types in the previous financial year and makes predictions for future areas of growth and development in the premium rate services market. Key predictions include:

- the projected worth of the PRS market in 2016/17 is expected to remain stable, estimated at £669.7m;
- operator billing set to grow further and account for almost one third of total PRS revenues.

How consumers feel about PRS?

In March, we published our PRS Consumer Report, which looked at consumers' views of the services they engage with. The report helps us understand the consumer perspective of PRS, and their attitudes, providing an understanding of who the PRS user is, what they like about PRS and what drives them away. Key findings include:

- the PRS user base is predominantly young and male, although this varies across service types;
- consumers like the convenience of PRS and, generally have a positive user experience;
- PRS users are price sensitive. Users who increased their PRS usage did so because they found it affordable. However, value for money and the draw of free alternatives are challenges many service providers will have to overcome;
- trust and perceived non-compliance remain issues that industry need to address.



Children and vulnerable consumers

Younger consumers can be vulnerable in different ways if you add in factors like financial awareness and digital skills.

Findings used for our Vulnerability Discussion Paper showed that 12% of parents said their child had run up a high bill when purchasing digital content on app stores.

We have launched new videos as part of our work to inform and educate consumers on how their phone can pay for digital content and services. This joins up with our programme of work on consumer vulnerability which started with our discussion paper [Vulnerability. A PhonepayPlus Discussion Document \(2015\)](#).

Watch our videos on:

[What to do if you spot an unexpected charge on your phone bill, and](#)

[Do you know what you are paying for with your mobile?](#)

Industry engagement

“I believe that good regulation allows industry to innovate and flourish whilst protecting consumers.”

David Edmonds CBE, Chairman, PhonepayPlus

We believe in a collaborative approach to regulation that protects consumers. By working with the whole premium rate service value-chain, providers of services are aware of our expectations on how services should operate and are promoted. Likewise, we ensure that our rules protect consumers but are not prescriptive and allow for existing services to develop and new ones to start up.

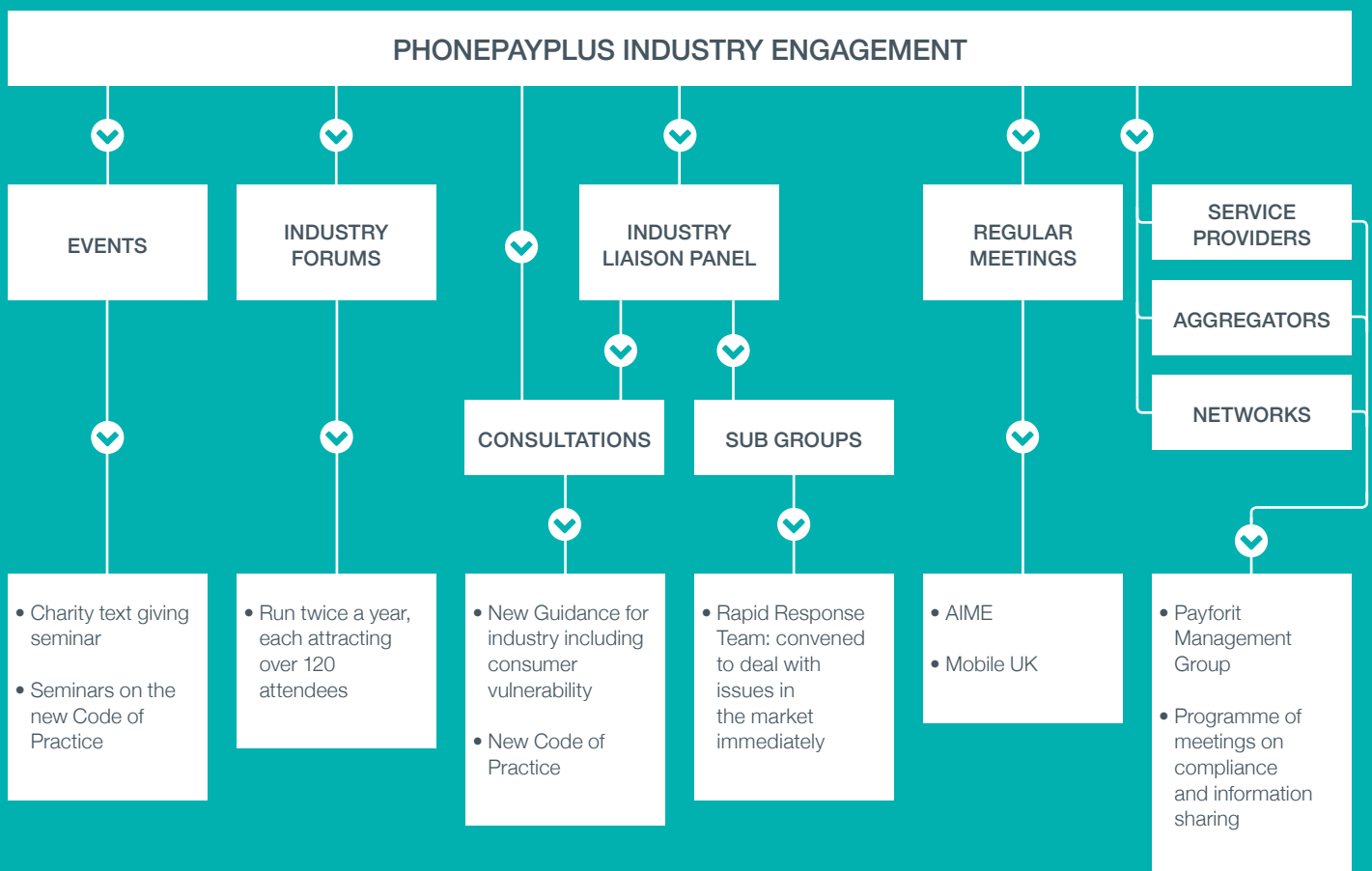
Working with industry

Over recent years the premium rate services market has changed considerably. The PRS market is now one of many payment options for an increasing range of digital information, content and entertainment. App stores and online payment options allow consumers to charge a wider selection of goods and services to

their phone bill. In an ever-changing environment it is essential that consumers are confident in the services they are using and that businesses are able to innovate quickly. Throughout the year we meet regularly with organisations across the value-chain including, small providers offering niche services, to the large mobile networks. This regular dialogue enables us to review the types of services operating in the market and to ensure our regulation is fit for purpose.

Regular engagement: what does this look like?

We undertake a range of engagement activity including, twice yearly industry forums through to meetings with organisations looking to develop or set-up new services.



The role of the Industry Liaison Panel



The Industry Liaison Panel (ILP) is our primary forum for effective dialogue between the industry and regulator. The panel meets quarterly and ensures regulation is well informed through early sharing of information, ideas, concerns and proposals. Representatives include mobile network operators, industry trade bodies, broadcasters such as ITV and BBC, and a range of premium rate service providers.

This year we revised the format of the ILP to ensure that the group concentrates more on current and future challenges and opportunities presented by the market.

“The panel meets four times a year and gives the industry an opportunity to have genuine dialogue with PhonepayPlus to help increase the regulator’s understanding of industry and therefore help its effectiveness. We work together to solve challenges collaboratively, which benefits both the industry and consumers alike.”

Ann Cook, Director of Interactive and Managing Director of ITL at ITV and Chair of the ILP

Wider reach

We have also restructured our twice yearly forums. The revamped forums have opened space for a focus on strategic and future subjects such as, the opportunities for innovation and growth in the market.

Charities seminar

Did you know that in 2015/16 £122 million was donated to charity through text giving?

In February we held our first seminar on charity text giving, jointly organised by the trade association AIME. The event brought together charities considering using text donations and those looking to improve their current text based fundraising. The day provided an encouraging insight into how the premium rate services industry and the third sector are working together to grow this important area.

“The seminar gave charities and agencies valuable time and space to delve deeper into the opportunities that mobile is currently offering the sector, as well as how we best negotiate challenges on the horizon. The enthusiasm for mobile as a payment and communication channel is clearly not waning so I’m excited for the year ahead.”

Fiona Pattison, Account Director, Open

Flexible approach to regulation

In line with our new set of values and behaviours we are constantly reviewing our regulation to ensure consumer protection and to support market growth and innovation.

14th Code of Practice

The new 14th Code of Practice (Code 14) implemented in July 2016 has been developed to provide increased transparency, independence, certainty, fairness, proportionality and consistency in our investigations and adjudicatory procedures.

Code 14 procedures involve providing a clearer statement of the case against a service provider and the sanctions that are likely to be imposed, which offers enhanced opportunities to settle the case. Earlier consideration of interim measures in a case provides stronger consumer protection, while at the same time, the ability to review a decision to impose interim measures ensures that service providers are fairly treated. Service providers can also apply (on limited

grounds) for a review of a decision to uphold breaches of the Code and impose sanctions, which provides a cost effective route of appeal.

Guidance for the industry

In the same fashion we have reviewed our Guidance to make sure it keeps pace with innovation; this means either updating existing Guidance or creating new materials around a new segment of the market.

Guidance continues to provide best practice for those who want a simple means of achieving the outcomes set out in the Code. From this year we aim to review our suite of Guidance on an annual basis to ensure any updates or additions are provided in a timely manner.

PhonepayPlus' new set of values and behaviours

Right Touch

Be fair and proportionate and aware of the bigger picture

Collaborative

Be open and decisive, making decisions in a timely manner with confidence and clarity

Value for Money

Be effective, productive and professional in all that we do

Adjudications and our regulation

In enforcing our Code of Practice, we must ensure two things:

Firstly, that our enforcement is fair, proportionate and transparent, in order that those being regulated can be confident in it. The changes we have proposed within the 14th edition of our Code and the new Supporting Procedures around investigations aim to increase clarity and understanding for providers who are being investigated.

Secondly, that enforcement action takes place swiftly and fairly on breaches of our Code which have led to consumer harm. This provides the affected consumers with redress, but also sends a clear signal that such activity will not benefit the providers responsible.

Some cases we have investigated recently:

Missed calls from a premium rate number
A loan company was fined £20,000 and ordered to refund consumers after it was found to have treated consumers unfairly through its use of a premium rate phone line. Consumers complained that they had received numerous missed calls from an 09 number. On calling the number back they were charged over £1.05 per minute. The Tribunal found that the company had misled consumers as it encouraged consumers to return the missed or silent calls without knowing it was a premium rate number.

08 Buster – call routing subscription service
PhonepayPlus received 184 complaints from consumers about a service that enabled them to call 08 numbers by calling an 0300 number first and accordingly the call costs would be included within their inclusive call minutes. Consumers were given free access to the Service for the first seven days and then charged £1.50 per week. The Tribunal fined the company £40,000 and ordered them to refund consumers.

Shortcodes from a virtual text chat service
54 consumers complained to PhonepayPlus for being misled into believing that they were interacting with genuine dating website users. Investigations revealed that consumers were in fact interacting with paid operators. Issues were also found with the use of a non-adult shortcode, registration with PhonepayPlus and the lack of relevant information in promotional material. The Tribunal imposed a £75,000 fine and ordered the company to refund consumers.

Fines collected are used to offset the PhonepayPlus levy and therefore reduce the cost of regulation for all other premium rate service providers.

30 years of regulating PRS



In our 30th year of regulating premium rate services, we take a look back at how the telecoms industry has changed during this time and key dates in ICSTIS and PhonepayPlus history.

1986

ICSTIS set up after the premium rate services industry began with BT introducing the 0898 prefix.

1987

A programme to provide itemised telephone bills for all customers was announced in December.

1991

Call barring was introduced, enabling consumers to prevent calls being made to premium rate services.

5.4 mil



1

1998

The first recorded monthly text message total was 5.4 million in April.

1997

BT launched a computer games network, Wireplay, allowing players to compete with each other over the telephone.

1995

SMS was launched commercially and the first interactive TV trials began with services including, video-on-demand and home banking.

1992

The first text message was sent.

090

1bn

118



1999

090 numbering range for PRS was introduced.

2000

Annual premium rate call minutes passed the one billion barrier for the first time.

2002

Directory enquiries (118) service market opened up. Service providers were able to operate services on 118 providing they had prior permission from ICSTIS.

2003

The Communications Act 2003 was passed creating Ofcom. A new levy based system of funding for ICSTIS was introduced.



£250,000



2004

A review of the regulation of PRS was launched by Ofcom to improve measures to protect consumers from fraudulent and unscrupulous activity.

2005

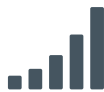
ICSTIS's fine limit was increased to £250,000 by Parliament.

2007

ICSTIS was re-branded and launched as PhonepayPlus on 15 October 2007. 65% of kids aged 8 – 15 owned a mobile phone.

2008

An estimated 60,000 students were reached through PhonepayPlus' new PhoneBrain education programme.



2013

3,115 providers of premium rate services were registered with PhonepayPlus.

2012

PhonepayPlus hosted an industry-wide malware summit to address the problem.

2011

The first major PRS malware attack on UK consumers was discovered and shut off by PhonepayPlus.

2010

Changes were made to the way consumers donate to charity by text. PhonepayPlus worked with UNICEF on 'choice with confidence' and the option of skipping donations by text.



2014

PhonepayPlus launches an app store pilot scheme exempting providers operating through app stores from needing to register with the regulator.

2015

PhonepayPlus' PhoneBrain children's competition delivered in partnership with e-safety charity Childnet culminates in an awards ceremony at the BFI.

2016

PhonepayPlus formally announces it will be changing its name later in the year. Annual Market Review estimates there are 23 million users of PRS.

Our People



PhonepayPlus Board

The Board is accountable for the performance of PhonepayPlus and oversees the strategic direction of the organisation.

The Board currently consists of six remunerated part-time members, and the Chief Executive of PhonepayPlus. Four of the directors have no current connection with the premium rate industry whilst two members are appointed based on their knowledge of and interests in the industry.

To assist the Board in carrying out its functions it has established two sub-committees: the Resources Committee and the Audit, Risk and Corporate Governance Committee.

The full Board meets five times a year to discuss and determine board strategy and policy.



David Edmonds CBE
Chairman



Peter Hinchliffe
Deputy Chairman



Kevin Brown



Ann Cook



Jo Prowse
Chief Executive



Steve Ricketts



Ruth Sawtell

Leadership Team

Responsible for the day-to-day executive function, the Leadership Team ensures that Board approved strategies, plans and policies are implemented efficiently.



Jo Prowse
Chief Executive



Peter Barker
Director of Corporate Services and Operations



Ayo Omidoyi
General Counsel



Simon Towler
Director of Policy and External Relations

Code Compliance Panel

The Code Compliance Panel (CCP) is PhonepayPlus' adjudicatory function. The CCP consists of nine people – legally qualified and lay adjudicators and members from the PhonepayPlus Board – from which three members are drawn to form PhonepayPlus' Tribunals. Tribunals hear and adjudicate on cases against premium rate providers that PhonepayPlus suspect to be in breach of its Code of Practice.

The new 14th Code of Practice, introduced in July 2016, includes changes to the adjudicatory function to increase its independence from PhonepayPlus. The CCP has now been replaced by the Code Adjudication Panel (CAP). Further information can be found on our website.

Under our new 14th Code the Independent Appeals Body (IAB) has been disbanded. We would like to thank the IAB members who served on the panel, Robin Callender Smith, Dame Elizabeth Neville, Michel Olszewski and Peter Wrench.



Mohammed Khamisa QC
Chair



Linda Lee
Adjudicator
(legally qualified)



Julian Weinberg
Adjudicator
(legally qualified)



Tony Moss
Adjudicator (Lay)



Louise Povey
Adjudicator (Lay)



Elisabeth Ribbans
Adjudicator (Lay)

Finance

Income	Notes	2016 £	2015 £
Net Levy on premium rate telephone services	1	2,930,684	2,982,717
Administrative Charges	1	188,064	193,379
Fines	1	1,243,000	1,593,000
Registration Fees		240,699	261,079
Other Income		500	14,330
Funds Received		4,602,947	5,044,505
Interest Receivable		41,063	41,901
Total Income		4,644,010	5,086,406

Notes

- 1) The company is non-profit making. A service provider levy is collected via the network operators based on their outpayments in order to cover the proposed expenditure in any year. Any difference between the amount collected and expenditure incurred is taken into account in setting the following years levy. The company also received fines and administration charges from services that are in breach of its code.
- 2) Staff and related costs include staff remuneration, recruitment, training, temporary staff and fees for the Board members, Code Compliance Panel, Independent Appeals Body members and the Adjudicator.
- 3) Premises costs include rent, rates, service charge, repairs and maintenance, electricity and cleaning. For 2015/16 this also includes one-off costs relating to office relocation.
- 4) Office overheads includes postage, stationery, equipment and software maintenance, business continuity and offsite backup, insurance, travel and subsistence, entertainment, bank charges and general office expenses.
- 5) External professional services include legal fees, consultancy fees and accounting and audit fees.
- 6) Other costs include telephone, printing, website, events and research.
- 7) Bad debts cover fines and admin charges occurring both in the current and previous years.

Expenditure	Notes	2016 £	2015 £
Staff & Related Costs	2	2,612,082	2,595,350
Premises	3	595,170	452,815
Depreciation		219,727	210,029
Overheads	4	394,939	372,117
External Professional Services	5	179,883	551,107
Other	6	277,533	332,684
Total expenditure before bad debt		4,279,334	4,514,102
Bad debt	7	356,463	563,476
Total Expenditure		4,635,797	5,077,578
Profit Before Taxation		8,213	8,828
Corporation Tax on interest		(8,213)	(8,828)
Profit After Taxation		0	0



Balance sheet	Notes	2016 £	2015 £
Fixed Assets	8	409,480	289,228
Current Assets			
Trade Debtors	9	1,354,244	362,629
Other Debtors		565,171	853,166
Cash at bank and in hand		4,377,391	3,900,307
Total Current Assets		6,296,806	5,116,102
Current Liabilities			
Provisions	11	(1,394,154)	(227,476)
Total Assets less Current Liabilities		2,375,037	2,375,037
Capital and reserves			
Retained Surplus	12	(2,375,037)	(2,375,037)

- 8) Tangible fixed assets include fixtures and fittings, office furniture and equipment, computer equipment and registration database.
- 9) Trade debtors include amounts due from the network operators for the levy, and from service providers for fines and administration charges.
- 10) Current liabilities includes income received in advance, which represents the difference between total income and expenditure incurred, which is used to reduce the levy in future years.
- 11) Provisions reflect the fines that are in dispute and may not be recovered, and for dilapidations on office premises.
- 12) The retained surplus is a contingency fund to cover all risks, including the unlikely circumstance of winding-up.

Glossary

Code of Practice

The PhonepayPlus Code of Practice is a document that sets out the rules and regulations for every company involved in providing premium rate services in the UK.

Fixed line premium rate numbers

They comprise 118, 0870, 0871, 0872, 0873, 070 and 09 numbers that provide different services, such as directory enquiries, customer services lines, competitions or chat lines.

Level 1 provider

An L1 provides the technical element of a premium rate service, i.e. owning the shortcode of phone number of the premium rate service. Also known as [aggregator](#).

Level 2 provider

Using the L1's technology, the L2 designs and promotes the premium rate service. Also known as [merchant](#).

[Operator billing](#), also known as [charge to mobile](#) or [direct-to-bill](#) enables you to pay for goods and services from app stores and merchants via your phone bill.

Premium rate services

Is a generic name for goods and services that you purchase and are charged to your telephone bill or pay-as-you-go credit.

SMS shortcodes

They are 5 or 6 digits long and usually begin with 6, 7 or 8. They are often used for in-app purchases, charity donations and to enter quizzes and competitions.

Tribunal

The Tribunal is an independent panel that reviews the evidence presented by PhonepayPlus' investigators on alleged breaches of the Code of Practice. If a Tribunal decides a service provider has breached PhonepayPlus' Code of Practice, it can impose sanctions that range from ordering the provider to issue refunds to consumers to imposing a fine or barring the running of the service.

Vulnerable consumers

The term refers to consumers at risk whether temporarily (such as financial hardship) or permanently (consumers with mental illness, children or the elderly).



Phone-paid Services Authority coming soon...

In Autumn 2016 we will be adopting a new more consumer friendly name:

Phone-paid Services Authority.

This new name explains more clearly who we are, what we do and reflects our forward-looking approach to the market we regulate.

Our new website address will be:

www.psauthority.org.uk

All other contact details, including telephone numbers, will remain the same.

Email addresses will become:

xxxxx@psauthority.org.uk.



020 7940 7474
www.phonepayplus.org.uk

