

## GENERAL GUIDANCE

### Enabling consumer spend control

#### 1. Excessive use

1.1. Excessive use of a PRS can result in uncontrolled spending or over-spending and lead to a number of adverse user reactions, including 'bill shock'.

1.2. Rule 2.3.6 of the Code requires that:

*Level 2 providers must take reasonable and prompt steps to identify excessive use of its service or services by any consumer and to inform the relevant consumer of that usage*

1.3. Excessive use, excessive spending and 'Bill Shock' are closely linked, and will often result in a negative reaction from a consumer upon receipt or acknowledgment of unexpected, unusual or excessively high charges applied to their mobile or fixed-line account.

1.4. Such examples often result in significant distress for the user; a financial detriment; dissatisfaction with the PRS; and subsequent reputational damage to the industry as a whole.

#### 2. What constitutes an 'excessive use'?

2.1. As above, excessive use can lead to bill shock as a result of unexpected charges, or excessively high or unchecked charges applied to a user's account. To mitigate the risks associated with such activity, providers should bear in mind Rule 2.3.6 of the PhonepayPlus Code of Practice.

2.2. 'Excessive use' refers to any potential incident(s) of high usage, sustained repetitive use over a short period of time and is often closely linked to, or resulting in, significant consumer spend. Attention may be drawn to incidents of excessive use through irregular spikes in traffic, or a cumulative spend which through comparison with an average user, may appear excessive.

2.3. Providers should monitor average user engagement across a defined period or billing cycle (daily, monthly, etc., as appropriate) to understand the average user activity, engagement and experience. Providers should also be observant of user patterns and any irregular activity, such as sustained, repetitive use in a short period, or in short bursts – for example if using 'Any Question Answered' (AQA) style services<sup>1</sup>, and a user sends repetitive and/or other message requests persistently and within a short space of time – this may be considered a trigger to enquire further about a potential example of excessive use.

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<sup>1</sup> These can be defined as services operating on a mobile shortcode to which the consumer texts a question, and then receives a message in response which contains the answer. These questions can be about trivia, or sometimes for entertainment purposes – e.g. the compatibility of two individuals named in the consumer's text.

- 2.4. When setting flags to highlight potential examples of excessive use, PhonepayPlus recommends that the modal<sup>2</sup> average is used to gauge average user spend – this will give an indication of what spend level may be considered acceptable to the average service user, and give an indication to the provider as to when may be appropriate to contact a consumer in relation to any potential excessive spend or possibly compulsive, problematic use of a PRS, in line with the requirements of Rule 2.3.6 of the PhonepayPlus Code of Practice.
- 2.5. Once the average spend and/or other service usage level is established, PhonepayPlus suggests that a daily/monthly/etc. usage level or spend which is 50% higher than the modal average may be considered potentially excessive, and can serve as a flag or indication that it is an appropriate time to contact the consumer. In such cases, PhonepayPlus recommends that providers contacts the consumer directly to inform them of their current spend and usage level so that they may take action, or continue using the service as is appropriate to their own situation.
- 2.6. It should be noted that the recommendation at paragraph 2.4 is flexible, and is intended as an initial pragmatic guide for L2 providers to assist in highlighting examples of excessive use, or potentially problematic usage patterns in comparison to the average user. From a practical perspective, some regular service users may frequently use and spend in excess of an established average and may not view this as excessive or potentially problematic. In such cases, PhonepayPlus acknowledges that it would offer no benefit to contact such users within each billing cycle, and would suggest that such users, who acknowledge and are in control of their usage, can be added to a separate list of recognised high-use individuals, albeit with a degree of observation of their spend and usage levels.

### 3. How to mitigate the risks associated with excessive use

- 3.1. PhonepayPlus expects providers to take certain steps in order to mitigate the risks associated with excessive use. This expectation is in support of the Fairness Outcome at Section 2.6 of the Code, and specifically in relation to Rule 2.3.6 noted above.
- 3.2. PhonepayPlus would suggest that providers put in place measures to enable consumer awareness and control of their usage – this supports Code outcomes and promotes confidence and trust in the PRS market. Some steps which providers could implement include the following examples:
  - (a) Issue spend reminders directly to the service user, as required in relation to virtual chat services and live entertainment services under special conditions<sup>3</sup>.
  - (b) Implement account purchase/deposit history access, as required in relation to the provision of remote gambling services by special conditions<sup>4</sup> – this practice could be adopted for in-app purchases, for example.
  - (c) The inclusion of 'shield' pages within services consumed via the mobile internet, in the device's browser. These 'shield' pages can be inserted at specified points (at every £10 spend, for example) and detail current cumulative spend and ongoing service costs.

<sup>2</sup> The mode is the value that appears most often in a set of data. Using the modal average highlights the most common average usage, not taking account of extreme usage.

<sup>3</sup> Details on our website: <http://www.phonepayplus.org.uk/for-business/setting-up-a-new-premium-rate-service/what-services-are-subject-to-special-conditions-under-the-13th-code-of-practice>

<sup>4</sup> As at same website.

- 3.3 This is not an exhaustive list, and providers may develop new proposals and methods to keep consumers informed of current usage and ongoing spend levels. Furthermore, whilst some of the examples noted above are mandatory for certain service types due to the aforementioned Special conditions notices, PhonepayPlus would recommend that a similar approach is taken to all services, with the aim of keeping consumers fully informed of all aspects relating to their purchases and service use.
- 3.4 Providers can also contact users directly in order to make them aware of current usage levels, where the provider's internal systems and monitoring has flagged the account as exhibiting characteristics of excessive use.
- (a) Rule 2.3.6 requires that providers must take reasonable and prompt steps to identify excessive use and make users aware of that usage and their associated spend.
  - (b) This can be done through phone calls for example; via email, where the address is known through a linked-account; or other methods of communication appropriate to the means of access to the PRS
  - (c) Where the level of use is double that of an average user over a set period of time; or is significantly higher than normal single purchases; is a noticeable, irregular incident; or other notable scenario, PhonepayPlus recommends that the provider of the PRS should not continue to bill the user, or offer access to the service until the user has acknowledged their usage and associated spend level to the provider directly.
  - (d) PhonepayPlus would suggest that such a response can be obtained via phone call, SMS, email, or acknowledgement through an active field within the service/website, etc. A record of any acknowledgement should be kept by the provider [for a recommended period of 12 months] in the event of an investigation into a specific complaint. PhonepayPlus recommends that such records be recorded and maintained by an independent third party.

#### **4. Managing examples of excessive use**

- 4.1. Providers may contact some users who use a PRS a great deal more and spend significantly higher amounts than the average in that user group, but who are still satisfied with the service. Such consumers are aware of the associated charges and are in control of their usage. In instances such as these, the provider need take no action as noted at paragraph 2.6, but a failure to contact such users may constitute a breach of Rule 2.3.6
- 4.2. Some users, having been contacted by a provider of a service may not have been fully aware of the costs associated with the service, or there may be examples of unauthorised use. PhonepayPlus expects that the provider will endeavour to resolve the issue with the consumer directly. Where a resolution cannot be achieved, the provider should give the consumer PhonepayPlus' contact details, as per the requirements of Rule 2.6.5, and any information on Alternative Dispute Resolution schemes to which the provider is associated.