THE CODE COMPLIANCE PANEL OF PHONEPAYPLUS TRIBUNAL DECISION

Thursday 7 JULY 2011 TRIBUNAL SITTING No. 80/ CASE 1 CASE REFERENCE: 853802/ 01265

Information provider: Service provider:	Win A Ticket Limited, St Albans Wireless Information Network Limited, High
•	Vycombe
Type of service:	Subscription competition/download service
Service title:	'VIP Take That' competition
Service number:	84111
Cost:	£1.50 per month
Network operator:	All Mobile Network Operators
Number of complainants:	27

THIS CASE WAS BROUGHT AGAINST THE INFORMATION PROVIDER UNDER PARAGRAPH 8.7 OF THE CODE

BACKGROUND

The Executive received 27 complaints between the 24 December 2010 and 15 April 2011 in relation to a subscription/download service operating on shortcode 84111. Complainants stated not to have subscribed to the service and received unsolicited text messages charged at £1.50 each, an example of which is as follows:

Merry Xmas!To download Take That-Back for good go 2 http://d2c.funtafone.com/download?pin=37515225 .for T&C's www.abcwinaticket.co.uk or call 08006226942

Following receipt of consumer complaints and a number of resulting concerns regarding the service, including the lack of pricing information and inadequate competition information, the Executive decided to conduct an investigation under the PhonepayPlus Code of Practice (11th Edition, Amended April 2008) ('the Code').

The Service

How the service was promoted according to the Information Provider

The Information Provider is a promotions company that works in conjunction with various UK event organisers for festivals, concerts, sport events, motor racing and exhibitions. It has arranged exclusive promotional competitions since 2007, providing exclusive giveaways such as tickets, prizes and holidays for events in and around the UK, gathering a client base in excess of one million event-goers. Events include: Hard Rock Calling, V Festival, Muse & Mary J Blige live, and various other events.

Competitions were advertised on flyers, posters, radio, national and local publications, as well as at specific events. At such events, the Information Provider would have one or more kiosks from which its workers would hand out flyers and seek to secure the positive opt-in to its service by members of the public. A potential customer could opt-in by entering the competition advertised on the flyer (by texting an answer to a quiz question on the flyer to a shortcode), or by means of a tear-off slip at the bottom of each flyer. This slip would

ordinarily be completed by the worker on the instructions of a member of the public. The information to be completed on the slip was the name and mobile number of the member of the public. The slip also contained a tick-box which, if ticked, gave consent to being subscribed to the Information Provider's monthly service at £1.50 a month. By texting the correct answer to the quiz question, the participant also received a free ringtone. The Information Provider stated that it did not use affiliate marketing to promote its services as it provisioned all its own marketing strategies and activities to generate traffic. The service was also promoted through free SMS campaigns by which customers opted into the service. Once the free SMS message was received, stating the service and terms, customers were provided with the option to enter monthly subscription service charged at £1.50 per month

How the service was intended to operate according to the Information Provider

The service was promoted at live events to attract key audiences of concert-goers. The promotion in question was based on a competition to win two VIP tickets to a Take That concert at Wembley in July 2011. Flyers advertising this competition were handed out from kiosks at various events. The complaints of having received an unsolicited reverse-billed text arise from those who allegedly entered the service by giving their details to workers at the kiosks for entry on the tear-off slips.

Customers could also enter the service by texting 'WIN' and an answer to the quiz question to 84111. The text was charged at £1.50. The closing date for the competition was 20 May 2011. Subscribers that answered the question correctly were then entered in to a draw to determine the winners of the VIP tickets. Winners were notified by SMS and well as being called up and announced live on radio. Customers could cancel the service by sending 'STOP' to 84111 at any time. This would terminate the service to the end user and remove their details from database.

The Investigation

The Executive conducted this matter as a Standard Procedure investigation in accordance with paragraph 8.5 of the Code. The Executive issued a breach letter to the Service Provider dated 24 May 2011. The Executive received undertaking forms and accepted that the case be dealt with as an Information Provider case on 17 June 2011. The Service Provider and Information Provider responded to the breaches in a letter dated 18 March 2011.

The Tribunal made a decision on the breaches raised by the Executive on 7 July 2011, following informal representations made by the Service Provider and the Information Provider.

SUBMISSIONS AND CONCLUSIONS

ALLEGED BREACH ONE LEGALITY (Paragraph 5.2)

"Services and promotional material must comply with the law. They must not contain anything which is in breach of the law, nor omit anything which the law requires. Services and promotional material must not facilitate or encourage anything which is in any way unlawful."

1. The Executive made reference to Regulation 22 of the Privacy and Electronic Communications (EC Directive) Regulations 2003 ('the Regulations') which makes it an offence to send unsolicited promotions using electronic mail (including text messages) for direct marketing purposes, unless (1) the recipient has specifically consented to receiving such promotions, or (2) the recipient's details were obtained whilst purchasing a similar or related product or service to that now being promoted, and the recipient was given the opportunity, when his details were collected, to opt out (without charge) of receiving further communications, and is given the same opportunity in each subsequent communication (this is known as the "soft opt-in").

It submitted that all 27 complainants stated or indicated that the following message(s) received on their mobile handset had been unsolicited:

"Message 1 [received on 24 December 2010] Merry Xmas!To download Take That-Back for good go 2 http://d2c.funtafone.com/download?pin=37515225 .for T&C's www.abcwinaticket.co.uk or call 08006226942"

"Message 2 [received on 1 January 2011] Happy New Year!To download Take ThatEvery thing changes go 2 http://d2c.funtafone.com/download?pin=54356340 .T&C's www.abcwinaticket.co.uk or call 08006226942"

The Executive noted the Information Provider's comment that the complainants had opted into this service by completing a flyer in August or September 2010 and that it had supplied examples of completed slips from the Take That flyer. The Executive further noted that none of the names or numbers supplied corresponded with the names or numbers of the complainants. The Executive further submitted that it had contacted the complainants and asked if they had attended any outdoor event in either August or September 2010. The Executive also enclosed a copy of the flyer, asking if they had ever seen it or completed the slip. It submitted that eight complainants responded promptly, stating they had not attended an event in August or September 2010 nor had they seen or completed the slip on the flyer. The Executive submitted that the Information Provider had been unable to supply evidence of opt-in for the complainants and that the complainants were adamant that they had not seen the flyer or completed the slip.

2. The Information Provider stated that the unsolicited text messages probably resulted from the mobile phone numbers on the tear-off slip being incorrectly transferred from the flyer to its database. It stated that, following a review its own internal investigation and analysis of data relating to the 27 mobile phone numbers of consumers that had completed these forms at events, it found that the manual inputting of that particular data on to the system had led to incorrect entries being made and this caused the consumers to be subscribed in error to its service.

It also stated that the opt-in method via the tear-off slip on the flyer had not been the only one available, and that there had been numerous opt-ins via user text message and interaction with the competition. In its written submissions, the Information Provider stated that the consumers that were in receipt of the service text message had not consented to opt-in by electronic means, but via its promotional flyer which was distributed over August and September. It stated that, based on its understanding, all the promotions had complied with the legal requirements established by the statutory regulator (the Information Commissioner's Office), and in particular the Regulations. It made reference to the Regulations and stated that it had obtained the contact details of the recipient in the course of a sale or negotiations for the sale of a product or service to that recipient, and this was evidenced by the flyer receipts containing data retrieved from promotional marketing and distribution campaigns for this service. It also stated that the direct marketing material it had sent had related to similar products and services and the other text messages had been

purely in connection to the service that was promoted. It further stated that the recipient of the text message had been given a simple means of refusing the use of their contact details for marketing purposes at the time those details were initially collected and, where they did not refuse the use of those details, at the time of each subsequent communication.

3. The Tribunal considered the evidence, including the Information Provider's acceptance of the breach during its informal representations to the Tribunal. It concluded that the complainants had not consented to receive the premium rate service promotion and, as such, the text message had been in contravention of the Regulations. It followed that there had been a breach of the Code. The Tribunal upheld a breach of paragraph 5.2 of the Code.

Decision: UPHELD

ALLEGED BREACH TWO PRICING INFORMATION (COST) (Paragraph 5.7.1)

'Service providers must ensure that all users of premium rate services are fully informed, clearly and straightforwardly, of the cost of using a service prior to incurring any charge.'

1. The Executive submitted that this was a subscription competition to win 'VIP Take That' tickets at a cost of £1.50 per month.

It submitted that complainants reported that the first they had heard of this service was via receipt of one or both of the following text message(s):

Message 1 [received on 24 December 2010] Merry Xmas!To download Take That-Back for good go 2 http://d2c.funtafone.com/download?pin=37515225 .for T&C's www.abcwinaticket.co.uk or call 08006226942

Message 2 [received on 1 January 2011] Happy New Year!To download Take ThatEvery thing changes go 2 http://d2c.funtafone.com/download?pin=54356340 .T&C's www.abcwinaticket.co.uk or call 08006226942

The complainants stated that they were charged £1.50 for each message received. The Executive submitted that this promotional text message failed to state the cost of using this premium rate service and, although the Executive acknowledged that the promotional text message had contained a web address for a website that provided the cost of the service, recipients would have already incurred a cost of £1.50 without knowing they had been charged.

2. The Information Provider submitted that the text messages were only transmitted to the complainants on the understanding that they had consented on the tear-off slip on the flyer. The information provided on the flyer stated a cost of £1.50 to be charged for the service. Therefore its intention was that the messages were only to be sent to those who had given prior consent. The Service Provider stated that users who opted into the service by sending in the keyword 'WIN' received a free service text message that contained the cost of the service.

The Information Provider stated that text messages had not been sent to mislead, but to provide value. It also stated that it understood, following its investigation, that the complainants had received the text message in error and, in this instance, it acknowledged that this would have been the first these recipients would have heard of the service.

3. The Tribunal considered the evidence, including the Information Provider's acceptance of the breach during its informal representations to the Tribunal, and concluded that the unsolicited text message received by complainants had not contained sufficient pricing information as required by the Code. The Tribunal upheld a breach of paragraph 5.7.1 of the Code.

Decision: UPHELD

ALLEGED BREACH THREE COMPETITION – DESCRIPTION OF PRIZES (Paragraph 7.6.3(b))

"Promotional material must clearly state any information which likely is to affect a decision to participate, in particular:

b) an adequate description of prizes and other items offered to all or a substantial majority of participants, including the number of major prizes and details of any restrictions on their availability or use,"

- 1. The Executive made reference to the promotional material to win two 'VIP Take That' concert tickets in the form of posters and flyers (Appendix A) and the website (Appendix B). It submitted that there were, in fact, eight tickets to be won and that the promotion did not therefore give the total number of prizes available. As such, it had not given an adequate description of the prizes and this was likely to affect the participants' decision to enter the competition.
- 2. The Service Provider stated that each flyer and advertisement had stated "Progress Tour Wembley July 2011" and that the tour dates for London were all at Wembley. It submitted that the promotional material clearly stated the description of the prize and informed the participant that the event was to take place at Wembley in July. Promotional material had also stated that there were two 'VIP Take That' tickets.
- 3. The Tribunal considered the evidence, including the Information Provider's acceptance of the breach during its informal representations to the Tribunal, and concluded that the promotional material had contained an inadequate description of the prizes; in particular, it contained an inaccurate description of the number of tickets available. The Tribunal further commented that the date of the concert was insufficiently particularised by reference to the month of July only. The Tribunal upheld a breach of paragraph 7.6.3(b) of the Code.

Decision: UPHELD

ALLEGED BREACH FOUR SUBSCRIPTION INITIATION MESSAGE (Paragraph 7.12.4)

"Users must be sent a free initial subscription message containing the following information before receiving the premium rate service:

- a. name of service,
- b. confirmation that the service is subscription-based,

- c. what the billing period is (e.g. per day, per week or per month) or, if there is no applicable billing period, the frequency of messages being sent,
- d. the charges for the service and how they will or can arise,
- e. how to leave the service,
- f. service provider contact details."
- 1. The Executive made reference to the complainants who stated that they had received one of the following text messages:

Message 1 [received on 24 December 2010] Merry Xmas!To download Take That-Back for good go 2 http://d2c.funtafone.com/download?pin=37515225 .for T&C's www.abcwinaticket.co.uk or call 08006226942

Message 2 [received on 1 January 2011] Happy New Year!To download Take ThatEvery thing changes go 2 http://d2c.funtafone.com/download?pin=54356340 .T&C's www.abcwinaticket.co.uk or call 08006226942

It submitted that complainants had stated that they had been charged £1.50 for each message received. It also made reference to the message logs that further demonstrated that the complainants did not receive the free initial subscription text message required by the Code.

2. The Service Provider confirmed that there were no free subscription initiation text messages sent via its database to the complainants. The Information Provider submitted that users had been entered into its service at an event in August and September, which was used to generate awareness of the promotion and build a customer base. It stated that it encouraged users to opt-in to the subscription service for future promotions in connection to the campaign. It also submitted that customers that opted-in for subscription would have received a reminder in February 2011; however, by the time that it had voluntarily suspended the service it had not had the chance to send the reminder as scheduled in February 2011.

3. The Tribunal considered the evidence, including the Information Provider's acceptance of the breach during its informal representations to the Tribunal, and concluded that the complainants and those that had not subscribed to the service did not receive a free subscription initiation text message with the relevant service information required under the Code. It found that the first message had been a chargeable text message. The Tribunal upheld a breach of paragraph 7.12.4 of the Code.

Decision: UPHELD

SANCTIONS

The Tribunal's initial assessment was that, overall, the breaches taken together were **significant**.

In determining the sanctions appropriate for the case, the Tribunal took into account the following aggravating factor:

• The behaviour of the Information Provider was reckless in its failure to ensure that the service was only sent to those people who had opted in.

The Tribunal took into account the following mitigating factors:

- The Information Provider did seek compliance advice from the Service Provider prior to starting the service.
- The Information Provider did co-operate with PhonepayPlus and immediately suspended the service on notification by PhonepayPlus.
- The Information Provider asserted that it had made refunds to affected complainants.

The revenue in relation to this service was in the range of Band 5 (£5,000-£49,999).

Having taken into account the aggravating and mitigating factors, the Tribunal concluded that the seriousness of the case should be regarded overall as **significant**.

Having regard to all the circumstances of the case and the revenue generated by the service, the Tribunal decided to impose the following sanctions:

- A Formal Reprimand;
- The Tribunal ordered the Information Provider to remedy the breach by seeking and implementing compliance advice in relation to this and any current, similar subscription service within two weeks of the publication of this decision, such advice to be implemented within two weeks thereafter to the satisfaction of the Executive;
- A fine of £10,000;
- The Tribunal commented that it expected claims for refunds to continue to be paid by the Information Provider for the full amount spent by complainants, except where there is good cause to believe that such claims are not valid.

Appendix A – Promotional poster and flyer



payer's permission before entering. By entering this service you are agreeing to subscribe to a monthly competition charged at £1.50 per month. You can unsubscribe at any time by sending STOP to 84111. Please visit www.abewinaticket.co.uk for T&C's. Competition ends May 20th 2011. If you enter after the

competition has finished you will not be entered but may still be charged. This service is provided by Winaticket Ltd helpline 08006226942.

TAKE THAT PROGRESS TOUR Wembley July 2011

Answer the following question to enter our competition. Which Singer is in Take That? A. Gary Barlow B. Noel Gallagher C. Will Young

Please TEXT WIN + A, B, C TO 84111 TOP TAKE THAT RINGTONE

SENT when you ENTER

Texts cost £1.50 + std ntwk chrg. Age 18+ please ensure you have the bill payer's permission before entering. By entering this service you are agreeing to subscribe to a monthly competition charged at £1.50 per month. You can unsubscribe at any time by sending STOP to 84111. Please visit www.abcwinaticket.co.uk for T&C's. Competition ends May 20th 2011. If you enter after the

competition has finished you will not be entered but may still be charged. This service is provided by Winaticket Ltd helpline 08006226942.

Winaticket Ltd mgt txt / marketing and promotions services

Winaticket Ltd Tel: 0800 6226942

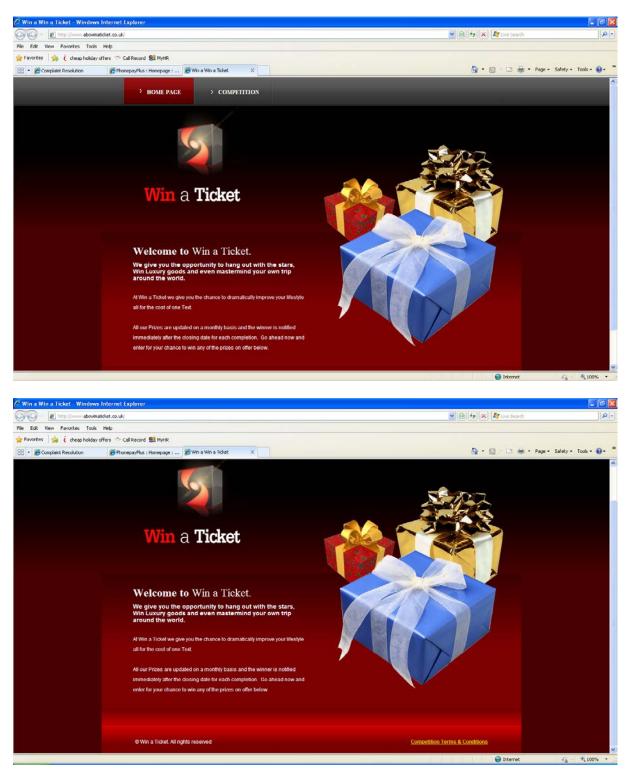
Name . Mobile

If you wish to receive information about

Future promotions , events and concerts

Subscribe to our monthly service charged at £1.50 per month

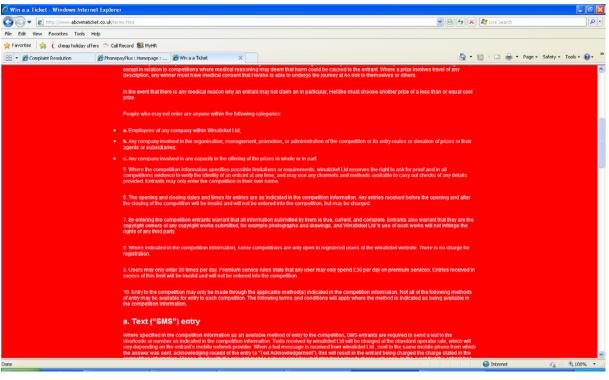
Mobile marketing solutions For more info, cash prizes Events pleasevisit www.abcwinaticket.co.uk



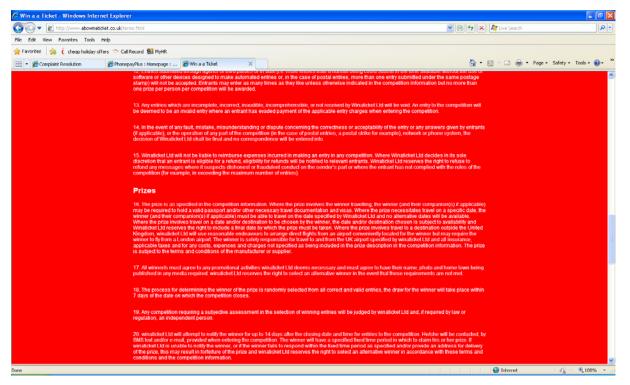
Appendix B – Screenshots of the website promotion







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	11. Neither Winätisket Lid nor its servants, agents, nor any other party or organisation involved in the micrompetition or its entity routes or donation of prices or their agents or substitutiaties involved in the competition, contension, international detect, shalp in prevalent or transmission, cammanizations lines unautrosteed zooss to entities, or entities lost or delayed whether or not assing during operation or Tablogia.	elition will accept responsibility or liability for any failure, theft, destruction, alleration of, or	
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		e includes a cheque, such cheque will be n ny third party. No other form of payment will	nade payable to the name of the winning entry in pounds sterling. A cheque prize cannot be be made.		
	Data Protec	tion and Publicity			
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	28. Any personal d	ala will only otherwise be used in accordar	sce with Winaticket Ltd 's privacy policy.		
	Liability				

