Tribunal Meeting Number, Case Number and Date	Case Ref	Network operator			Service Title and Type	Case Type	Procedure
127 Case 2 30/05/13	16565	All Mobile Network operators	Txtlocal Limited	WDMG LTD	Freelance employment assistance- "Drivingwork.net"	Level 2 provider	Track 2

The Level 2 provider, WDMG Ltd, created two websites which promoted a manual that purported to assist those looking for employment in the transport industry or delivery work (the "**Service**"). The Service was promoted via Google AdWords, which led consumers to drivingwork.net. The website directed consumers to send an SMS to the non-premium rate shortcode 60777 if they were "interested" in "well paid driving work" or "Jobs, Jobs, Job!". As a result of sending the message, consumers received a charged message from the premium rate shortcode 80876 which stated:

"Thank you, please now go to http://driverwork.co.uk for further information."

The driverwork.co.uk website contained promotional material for an e-book "Drivers Manual", which cost £39.99 (RRP £99).

The Service operated between 31 August 2010 and 31 January 2013. The Level 1 provider for the premium rate shortcode 80876 was Txtlocal Ltd.

Following the receipt of one complaint about the Service, PhonepayPlus conducted monitoring which highlighted issues regarding misleading promotional material and the lack of a non-premium rate UK contact telephone number in promotional material.

The Executive raised the following potential breaches of the PhonepayPlus Code of Practice (12th Edition) (the "**Code**"):

- 2.3.2 Misleading
- 2.2.1(a) Non premium rate UK contact number

The Tribunal upheld two breaches of the Code. The Level 2 provider's revenue in relation to the Service was at the lower end of the range of Band 4 (\pounds 50,000- \pounds 100,000). The Tribunal considered the case to be significant and imposed a formal reprimand, a fine of \pounds 26,000 and a requirement that the Level 2 provider must refund all consumers who claim a refund, for the full amount spent by them on the Service, within 28 days of their claim, save where there is good cause to believe that such claims are not valid, and provide evidence to PhonepayPlus that such refunds have been made.

Administrative Charge Awarded 100%

Tribunal Sitting Number 127 / Case 2

Case Reference: 16565

Level 2 providerWDMG LTDType of serviceFreelance employment assistance- "DrivingWork.net"Level 1 providerTxtlocal LimitedNetwork operatorAll Mobile Network operators

THIS CASE WAS BROUGHT AGAINST THE LEVEL 2 PROVIDER UNDER PARAGRAPH 4.4 OF THE CODE

BACKGROUND

The Level 2 provider, WDMG Ltd created two websites (**Appendices A and B**) which promoted a manual that purported to assist those looking for employment in the transport industry or delivery work (the "**Service**"). The Service was promoted via Google AdWords, which led consumers to the first Service website, drivingwork.net. The website directed consumers to send an SMS to the non-premium rate shortcode 60777 if they were "interested" in "well paid driving work" or "Jobs, Jobs, Job!" (**Appendix A**). As a result of sending the message, consumers received a charged message from the premium rate shortcode 80876 which stated:

"Thank you, please now go to http://driverwork.co.uk for further information."

The second Service website, driverwork.co.uk, contained promotional material for an e-book "Drivers Manual", which cost £39.95 (RRP £99.95) (**Appendix B**).

The Service operated between 31 August 2010 and 31 January 2013. The Level 1 provider for shortcode 60777 was ImpulsePay Ltd and the Level 1 provider for the premium rate shortcode 80876 was Txtlocal Limited.

Following the receipt of one complaint about the Service, PhonepayPlus conducted monitoring which highlighted issues regarding misleading promotional material and the lack of a non-premium rate UK contact telephone number in promotional material.

The Investigation

The Executive conducted this matter as a Track 2 investigation in accordance with paragraph 4.4 of the PhonepayPlus Code of Practice (12th Edition) (the "**Code**").

The Executive sent a breach letter to the Level 2 provider on 3 May 2013. Within the breach letter the Executive raised the following breaches of the Code:

- 2.3.2 Misleading
- 2.2.1(a) Provision of a non-PRS UK customer service number

The Level 2 provider responded on 15 May 2013. On 30 May 2013, after hearing informal representations, the Tribunal reached a decision on the breaches raised by the Executive.

SUBMISSIONS AND CONCLUSIONS

ALLEGED BREACH 1

Rule 2.3.2 Misleading

Premium rate services must not mislead or be likely to mislead in any way.

1. The Executive submitted that the Level 2 provider acted in breach of rule 2.3.2 of the Code on the basis that promotional material on Google AdWords and the first Service website, drivingwork.net, conveyed the impression that the Service offered real employment opportunities for car and van drivers. In reality, it did not. The Executive accordingly submitted that end users were likely to have been misled into using the Service and incurring a premium rate charge.

Google AdWords

The Executive noted that the Google AdWords keywords selected by the Level 2 provider (and used by the Executive during monitoring of the Service on 29 January 2013) were:

"Driving work" "Driver work" "Driving vacancy" "Driving job" "Driver job"

The Executive asserted that a person searching for employment as a driver would use the wording listed above when searching Google and therefore would be misled into believing that the website drivingwork.net offered employment when in fact, it provided limited information relating to working as a driver, followed by the opportunity to purchase a manual containing further information.

Service website: drivingwork.net

The Executive asserted that the wording within the first Service website, drivingwork.net, implied that by texting the shortcode 60777, the user would be provided with details of real vacancies for work opportunities as a car and/or van driver (**Appendix A**). The wording stated:

The Executive accordingly asserted that a user looking at the website would be under the impression that they could find employment and/or work opportunities through the website.

In its response dated 22 February 2013, the Level 2 provider confirmed that:

"We do not supply jobs as we were told that would be in breach of the code...As mentioned

previously, we do not supply jobs, we merely tell people the most up to date employment practices of employers in the driving industry. I.e. sub contract drivers and agency driver."

On the basis of the Google AdWords and first Service website promotions, the Executive submitted that consumers were likely to have been misled into the belief that the Service offered actual freelance and/or employment opportunities when this was not the case. Accordingly, the Executive submitted that a breach of rule 2.3.2 had occurred.

2. The Level 2 provider stated that in October 2012 (three months before the complaint) it was asked to submit screenshots of the Service advertising to the Level 1 provider. The Level 2 provider was advised that the size and position of the text on the website was potentially in breach of the Code. After the submission of three batches of screenshots to the Level 1 provider, a version acceptable to the Level 1 provider was, "given the all clear". The main text of the website did not change after this point. During this time, the Level 1 provider "quite rightly" suspended the Service temporarily, "until they [the Level 1 provider] approved the final website". The Level 2 provider submitted that it, and the Level 1 provider, did everything in its power to follow the Code to the letter. There was no intention at any point to mislead anyone. If anything, it stated that it was, "probably trying even harder to make sure that there wasn't any chance of breaking the [C]ode". The Level 2 provider stated, that at no point was it advised by PhonepayPlus or the Level 1 provider that it may have acted in breach of rule 2.3.2.

In addition, the Level 2 provider stated that:

"If a professional body that has a fully trained compliance team did not pick up on this possible breach when all the information is in front of them, then how can I, as a one man business, be expected to see a breach in the volumes of rules and regulations that form the code of practice? I can only go by what I have been advised. Without employing an expensive qualified lawyer, I would submit that it is virtually impossible for the average person in the street to fall foul of at least one of your rules at some point or other."

The Level 2 provider stated that it had tried to follow the Code and that it understood, from the content of rule 1.1.2, that it was able to direct consumers to the Service website using a premium rate number.

In addition, the Level 2 provider added that it had operated the premium rate service for two years but had only received one relevant complaint. The consumer was provided with an immediate refund. It accepted that it had received a number of other email complaints, which related to the sending of hard copy information and therefore were not relevant to the current investigation.

In relation to the Google AdWords keywords, the Level 2 provider stated that the:

"[C]hoice of words was designed as general keywords only and are only to direct a search engine to a relevant category. The keywords are used to gain a higher placing on the google search page. The customer does not see these words."

The Level 2 provider noted that the Executive suggested that the choice of keywords implied that consumers would be provided with real vacancies. This was strongly denied. The Level 2 provider stated that:

"The wording is asking a number of questions such as,

"Are you looking for work?"

"Are you looking for any type of well paid driving work?"

The object of this was to reach consumers who required the Service's assistance. It added that at no point did it state that:

"I provide employment. I cannot say that because I would be in breach of the [C]ode. If I asked the question "are you thinking of stopping smoking?" it does not mean that I am going to do it for you. It is a question."

In mitigation, the Level 2 provider asserted that the information provided on the second Service website was worth in excess of the cost of the premium rate charges.

"The information given shows people looking for driving work in the normal way are wasting their time and money because the industry has completely moved over to freelance and sub contract drivers. Once people have visited the site, they have a completely different perspective on searching for driving work. They do not have to waste money searching for jobs that aren't there, or have already been allocated to sub contactors. Therefore, I would say that there is value in sending the sms."

In relation to complaint numbers, the Level 2 provider submitted that it received:

"[O]nly one complaint in 70,000 premium SMS messages in two years in any business would be considered as a success. That is a complaint rate of 0.001428%. Marks and Spencer's has a 4% complaint rate by comparison."

The Level 2 provider voiced strong concerns that the, "only people that seem to have complained are PhonepayPlus". It added that PhonepayPlus would benefit from the investigation, as it would impose an administration fee. Further, the Level 2 provider voiced concerns regarding the length of time taken to conduct the investigation and the lack of time given to it to respond to the breach letter. The Level 2 provider stated that it had suffered severe financial difficulties as a result of the investigation. The Level 2 provider stated that it would consult a lawyer.

During informal representations, the Level 2 provider stated that he was a "one man band", he had been a van driver for 30 years and that he had no intention to provide premium rate services in future, as his experience with PhonepayPlus had been a "complete nightmare". He was now "bankrupt", had significant debts to his family and had experienced health and personal difficulties as a result. The Level 2 provider stated that PhonepayPlus' action was completely disproportionate given that it had only received one complaint.

In relation to the alleged breach of rule 2.3.2, the Level 2 provider restated his belief that the promotional material was compliant with the Code. This was because he understood the Level 1 provider to be an expert and thought that all the "flaws" had been corrected.

The Level 2 provider commented that the website had been in operation since 1999. During this time he had received no complaints stating that the Service had misled anyone. Initially, he had promoted the Service in the national press. Towards 2008- 2009, many of newspapers closed their classified advertisement sections, as a result he looked at other advertising methods. The Level 2 provider stated that his first two attempts to use Google AdWords were "disastrous". The third attempt at Google AdWords was successful and now he conducted all his advertising through Google AdWords. Although, this caused cash flow issues as advertising had to be paid for in advance.

The Level 2 provider explained that initially, the premium rate message paid for material to be sent by post to the consumer and did not generate a profit. However, this became

economically non-viable. As a result, consumers were then sent a link to the second Service website. The Level 2 provider also detailed that he had gathered consumers contact details to generate a marketing list, but added that he was registered with the ICO and had not shared the list. The Level 2 provider stated that he had only used the marketing list once and that it had been a "waste of time".

On being questioned in relation to why Google AdWords promotions did not directly lead to the second Service website (which contained the link to the manual), the Level 2 provider stated that Google stopped the Service advertising in October 2011. No reason was given for this, other than an "algorithm" had resulted in, "a flag being put on the system". The Level 2 provider stated that he had been advised by Google to set up a second website to circumvent the problem and that Google AdWords promotions had previously routed consumers directly to the second Service website.

He stated that he had attempted to look at the PhonepayPlus rules and regulations, but as a layman, he had found them impossible to follow.

3. The Tribunal considered the evidence, including the Level 2 provider's written and oral submissions and found that promotional material for the Service on Google AdWords and the first Service website was likely to have misled consumers in to the belief that the Service provided access to actual employment and/or freelance work opportunities. This was for the reasons given by the Executive, after thorough consideration of the promotional material and as a matter of common sense. The Tribunal added that the Level 2 provider should have provided a clear description of the Service in its promotional material and that consumers appeared to have been led to the first Service website in order to raise revenue through the premium rate service. Accordingly, the Tribunal upheld a breach of rule 2.3.2 of the Code.

In addition, the Tribunal noted that there was no evidence of the Level 1 or Level 2 providers seeking compliance advice in relation to the Service from PhonepayPlus. The Tribunal commented that anyone who engages in the provision of premium rate services should seek advice directly from PhonepayPlus if they have any difficulties in understanding or compliance with the Code. This advice is available free of charge and publicised on the PhonepayPlus website.

Decision: UPHELD

ALLEGED BREACH 2

Rule 2.2.1(a)

Consumers of premium rate services must be fully and clearly informed of all information likely to influence the decision to purchase, including the cost, before any purchase is made. (a) Promotional material must contain the name (or brand if part of the name) and the non-premium rate UK contact telephone number of the Level 2 provider of the relevant premium rate service except where otherwise obvious.

1. The Executive submitted that the Level 2 provider acted in breach of rule 2.2.1(a) of the Code as promotional material for the Service did not include a non-premium rate contact telephone number for the Level 2 provider.

The Executive noted that the first Service website, drivingwork.net, (**Appendix A**) did not contain a non-premium rate UK contact number. In correspondence, the Level 2 provider stated that:

"I was not aware that this was a requirement and had seen numerous companies providing simply an email address. I had considered a helpline but felt that I would be unable to offer that service. I am a one man operation who works 20-30 hours a week as a courier and felt that a 24hr helpline would be impractical and therefore provided an email alternative. 100% of emails I receive are courier work related and have yet to receive one about text delivery or charges. I looked also at outsourcing a 24hr helpline but the cost was unworkable. The cost for 24hr coverage, seven days a week with just ten calls handled a week was over £1200 a month. If this is a current requirement, then I will have to suspend the psms service."

The Executive further noted that there was no contact email address on the first (or second) Service websites at the time it monitored the Service. The Executive later accepted the Level 2 provider's explanation that the contact email address had accidentally and temporarily been removed from the website. However, this did not affect its submission that a breach of rule 2.2.1(a) had occurred.

In light of the above, the Executive asserted that the Level 2 provider's promotional material did not contain a non-premium rate UK contact telephone number and therefore a breach of rule 2.2.1(a) had occurred.

2. The Level 2 provider stated that, as it had previously set out, an email address was provided instead of a telephone contact number. It accepted that when it checked the first Service website, as a result of the investigation, the contact email address had disappeared. It stated that the email address was present until Christmas 2012, as up until this date it had received emails from consumers. It stated that it had not noticed the lack of emails after this date as emails from consumers were rare.

Once the error was spotted, the Level 2 provider asserted that it had emailed its web designer in India to find out what had happened. It stated that it had been assured that the email address had only been removed for approximately 10 days. The web designer's explanation was that the email was deleted as he was not aware of PhonepayPlus requirements and had thought that the email address was no longer required (as the site was being transferred to an email-gathering version of the site instead of using premium rate SMS).

The Level 2 provider stated the reason for removing the premium SMS element of the Service was that:

"I had initially asked for full name and address via text but it was costly to send out information packs by royal mail, so I then changed the message to point users to the main site. Again this became redundant and I felt that the email version would be better so that we could deliver the information digitally."

During informal representations, the Level 2 provider reiterated his written submissions and gave a detailed account in relation to the accidental deletion of the contact email address.

3. The Tribunal considered the evidence in detail and found that as the Service website did not contain a non- premium rate UK contact number a breach of rule 2.2.1(a) had occurred. The provision of an email address was mitigation and did not constitute a defence to the breach. The Tribunal noted that, contrary to the Level 2 provider's assertions, the obligation on providers in relation to the provision of a non-premium rate contact number is not onerous; for example, if it is proportionate, a provider can employ a voicemail facility which is regularly checked to ensure that complaints are handled in a timely manner. In addition, the Tribunal noted that the Level 2 provider had failed to seek compliance advice on this point from PhonepayPlus.

Decision: UPHELD

SANCTIONS

Initial Overall Assessment

The Tribunal's initial assessment of the breach of the Code was as follows:

Rule 2.3.2 – Misleading

The initial assessment of rule 2.3.2 of the Code was **serious**. In determining the initial assessment for this breach of the Code the Tribunal applied the following criterion:

□ The Service generated substantial revenue through a recklessly non-complaint promotion that was likely to have misled consumers.

Rule 2.2.1(a) – Provision of a non-PRS UK contact number

The initial assessment of rule 2.2.1(a) of the Code was **significant**. In determining the initial assessment for this breach of the Code the Tribunal applied the following criterion:

□ The nature of the breach was likely to have caused or had the potential to cause a drop in consumer confidence in premium rate services.

The Tribunal's initial assessment was that, overall, the breaches were serious.

Final Overall Assessment

In determining the final overall assessment for the case, the Tribunal took into account the following aggravating factor:

• The Level 2 provider was aware of the existence of Guidance in relation to promotions and complaint handling but failed to follow it.

The Tribunal noted that:

- i. The Level 2 provider suggested that the premium rate element of the Service was used as an alternative to traditional marketing but in effect the consumer was paying for the opportunity to purchase the manual.
- ii. The choice of Google AdWords keywords made it likely that people searching for actual employment or freelance opportunities may have been caused delay as a result of being led to the Service websites and/or incurred charges in the mistaken belief that they were accessing job vacancies.

In addition, the Tribunal stated that providers should exercise particular caution when providing a service which may be attractive to those seeking work.

In determining the final overall assessment for the case, the Tribunal took into account the following four mitigating factors:

- The Level 2 provider stated that it had instructed the Level 1 provider to pay refunds to any complainant who contacts it.
- Notwithstanding the breach of rule 2.2.1(a), the Level 2 provider had provided a contact email address (albeit that the email address was removed for a short period of time).
- On becoming aware of the investigation, the Level 2 provider suspended the premium rate element of the Service.
- The Level 2 provider stated that it had permanently removed the premium rate element from the Service and would not provide premium rate services in the future.

The Tribunal noted that the Level 2 provider had displayed some level of compliance with the Code and had co-operated with PhonepayPlus to the level expected.

The Level 2 revenue in relation with the Service was at the lowest end of the range of Band 4 $(\pounds 50,000 - \pounds 100,000)$.

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

Sanctions imposed

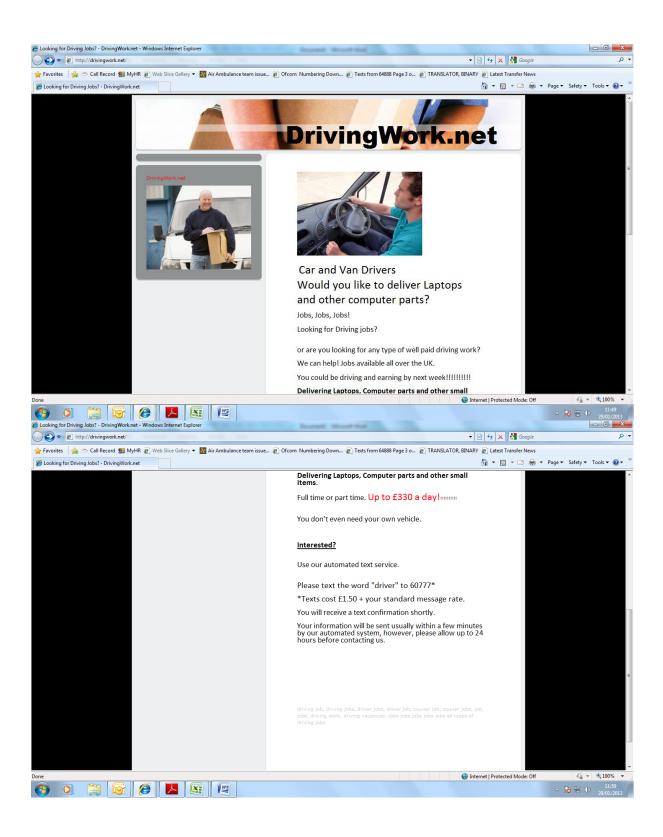
Having regard to all the circumstances of the case, the Tribunal decided to impose the following sanctions:

- a formal reprimand;
- a fine of £26,000; and
- a requirement that the Level 2 provider must refund all consumers who claim a refund, for the full amount spent by them on the Service, within 28 days of their claim, save where there is good cause to believe that such claims are not valid, and provide evidence to PhonepayPlus that such refunds have been made.

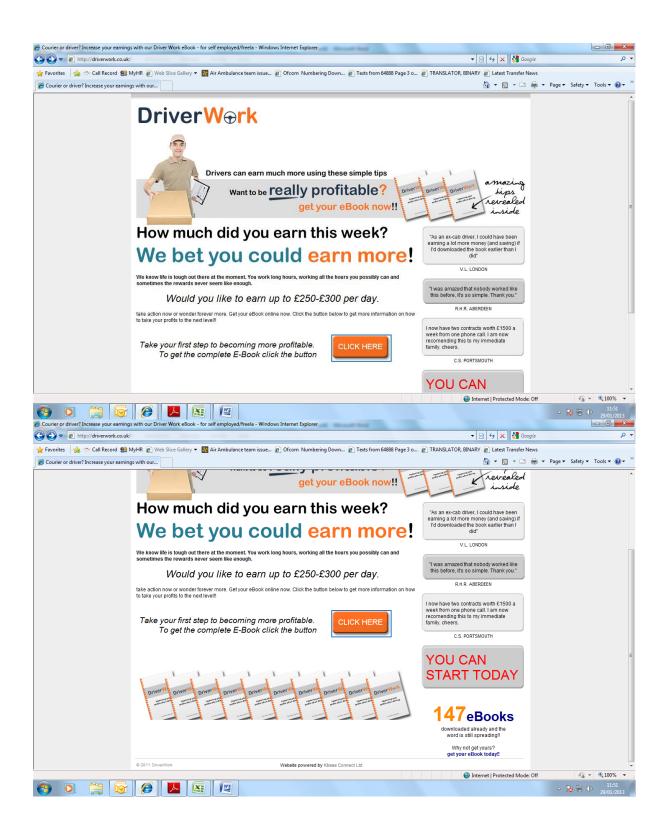
Given the Level 2 provider's assurance that it would not engage in the provision of premium rate services in future, the Tribunal decided against the imposition of a compliance advice sanction. If the Level 2 provider does intend to provide premium rate services in future, the Tribunal strongly advised it to seek compliance advice from PhonepayPlus.

APPENDICES

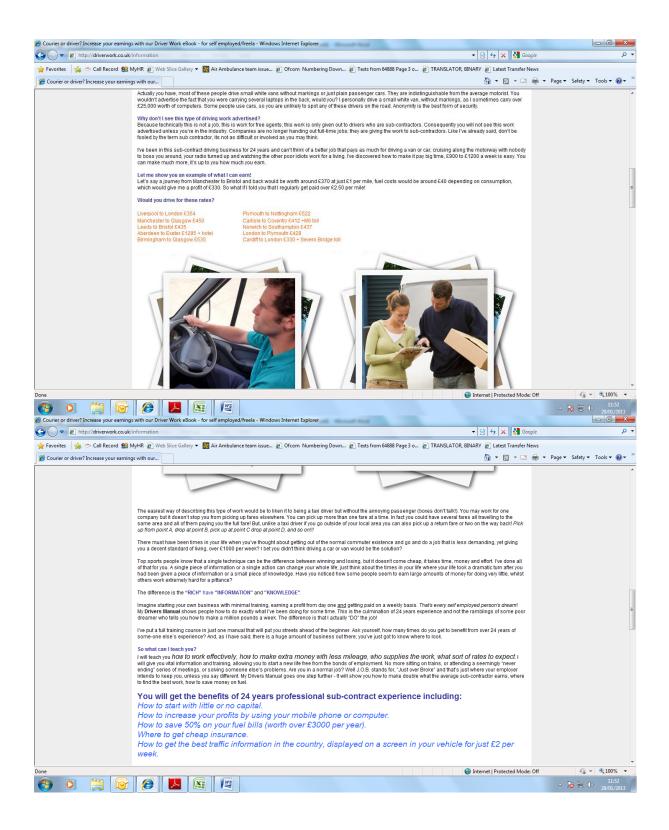
Appendix A: Screenshots of the first Service website, Drivingwork.net:

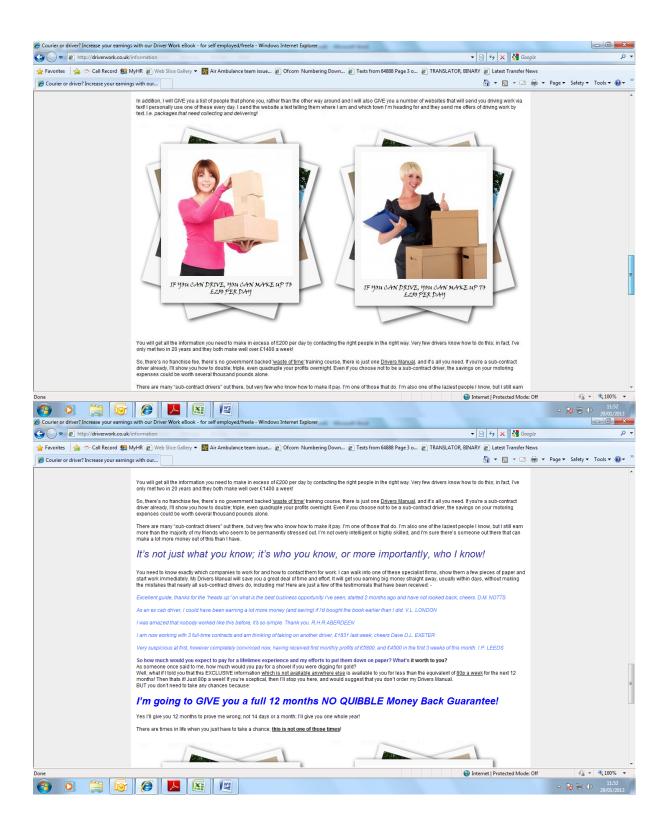


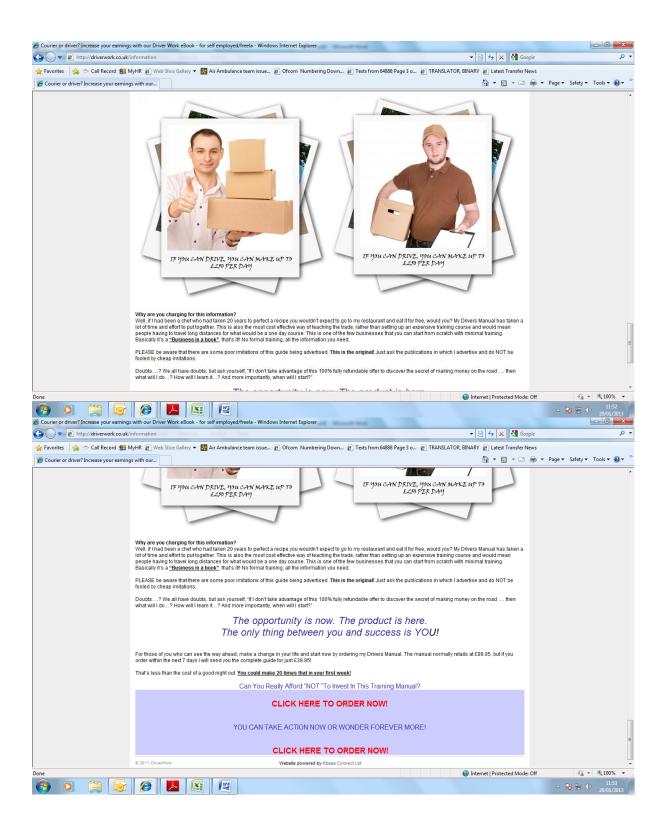
Appendix B: Screenshots of the second service website, Drivingwork.co.uk:











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