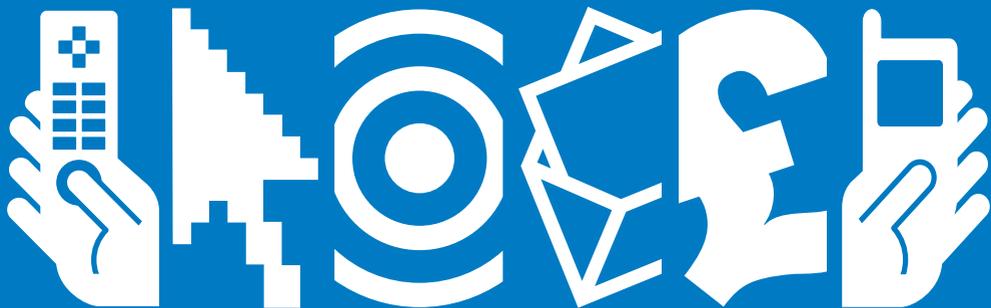


PhonepayPlus    
 



# CODE OF PRACTICE

**ELEVENTH EDITION  
AMENDED APRIL 2008**

Code for Premium Rate Services  
Approved under  
Section 121 of  
the Communications Act 2003

Code of Practice 2006  
Amended April 2008 PhonepayPlus  
(Eleventh Edition)

CODE OF PRACTICE 2006  
amended 2008  
PhonepayPlus

PART ONE

as approved by the Office of Communications for the purposes  
of Sections 120 and 121 of the Communications Act 2003  
on 28 March 2008.

New provisions have been added at paragraphs 1.7 and 1.8,  
and at paragraphs 8.1 and 8.3. As a consequence the numbered  
sub-paragraphs in section 8 are increased by a factor of two, so that  
8.1 becomes 8.3 in the new version, 8.5 becomes 8.7 and so on.

This amended Eleventh Edition of the Code of Practice  
came into force  
on 28 April 2008.

## Introduction to PhonepayPlus

PhonepayPlus is the regulatory agency for premium rate services. The Board consists of up to 10 members, all appointed in their individual capacities<sup>1</sup>. Up to three members of the Board have contemporary industry knowledge. PhonepayPlus is committed to a collaborative approach to regulation and works closely with the premium rate industry and with Ofcom to ensure that its operation meets the principles of good regulation and, wherever possible, draws on the support of industry in ensuring that compliance with this Code, along with our vision and mission, is achieved. PhonepayPlus is a non-profit making limited company. The Board is supported by a permanent Executive.

## Mission Statement

### Our vision

As the regulator for premium rate services, our vision is that anyone can use premium rate services with absolute confidence.

### Our mission

In pursuit of our vision, we create a Code of Practice which sets appropriate standards for the promotion, content and overall operation of premium rate services, taking account of people, particularly children, who may be especially vulnerable. We promote compliance by giving advice on our Code to providers of premium rate services. If there are breaches of the Code, we promptly enforce its provisions in order to minimise consumer harm and encourage compliance in the future.

So that we can continue to protect and inform consumers faced with constantly changing technology, we regularly review our standards, consulting widely to obtain a cross-section of opinion.

### Our values

In carrying out our mission, we are committed to the following:

- staying aware of, and responsive to, the ways in which consumers, or particular sets of consumers, may be vulnerable to harm when using premium rate services and striving to ensure that they receive the necessary protection,
- openness, fairness, even-handedness and impartiality when dealing with any individual or company involved in the provision of premium rate services,

<sup>1</sup> Board members are recruited following an open recruitment and selection process. For full details of the recruitment process and information on current Board members, please see [www.phonepayplus.org.uk](http://www.phonepayplus.org.uk).

- consistency when making decisions and imposing sanctions relating to breaches of our Code and having in place mechanisms to ensure that consistency,
- co-operative engagement with the constantly developing premium rate industry to secure its support for our work,
- working with legislators and other regulators to ensure that those who influence the operation of premium rate services fully understand and support our work,
- maintaining our understanding of relevant technological developments so that our regulation remains targeted and proportionate, and allows innovation and investment,
- being accessible to consumers and helping them understand how premium rate services work so that they can better protect themselves,
- acknowledging the important contribution made by all members of the organisation.

## Independence

PhonepayPlus operates in an entirely independent manner. Apart from up to three members who are appointed on the basis of their contemporary industry knowledge, no member of the Board may have any commercial interest in the premium rate sector. Any Board member with such commercial interests will take no part in any adjudication process.

## Remit

PhonepayPlus is responsible for regulating premium rate services in the UK. Through this Code, PhonepayPlus regulates services in their entirety – their content, promotion and overall operation. Premium rate services offer some form of content, product or service that is charged to users' phone bills.

Premium rate services typically offer information and entertainment services via fixed or mobile phone, fax, PC (e-mail, internet, bulletin board), or interactive digital TV. There are many sorts of services, examples of which are:

- ringtones
- sports alerts
- TV voting
- competitions

- directory enquiries
- chat and business information.

They currently vary in cost from approximately 10 pence to £1.50 per call or minute (typically from a landline). Premium rate mobile services use short access codes – typically four or five-digit numbers, and will usually be shown on phone bills as ‘premium rate call’ or ‘high premium rate service’. Premium rate charging for mobile content is generally on a per text message or per transaction basis, and includes services such as ringtones, logos, goal alerts and video clips.

UK-based landline premium rate services are normally carried on ‘09’ dialling codes and directory enquiry (DQ) services on 118XXX codes.

PhonepayPlus carries out its duties through the imposition and enforcement of responsibilities on defined parties who are collectively termed providers of premium rate services. These are those who provide the networks which carry the services (network operators), those who provide the services which the networks then carry (service providers) and those who provide the content of the service if the service provider does not do that itself (information providers).

PhonepayPlus provides Help Notes which, although not part of the Code, do provide detailed advice on certain areas. These notes, together with a copy of the relevant legislation and other relevant material, are available on the PhonepayPlus website ([www.phonepayplus.org.uk](http://www.phonepayplus.org.uk)) and on request from PhonepayPlus.

## Sanctions

PhonepayPlus investigates complaints and has the power to fine companies, bar access to services and order refunds. PhonepayPlus can also bar the individual person behind a company from running any premium rate services under any company name on any telephone network for a set period.

## Funding

PhonepayPlus is funded by a levy on the industry and is committed to ensuring wherever possible that funding is supplemented by other sources of income from those who from time to time breach this Code, thus reducing the financial burden on the vast majority of legitimate providers of premium rate services. For further details, see our website ([www.phonepayplus.org.uk](http://www.phonepayplus.org.uk)).

## This Code

In order to make this Code as accessible as possible, it consists of two parts.

Part 1. This contains information about the scope of the Code and how it can be changed. It goes on to set out the rules which apply directly to network operators and to service providers in setting up and operating their services. It then sets out the rules which apply to the content and promotion of services generally, and the rules which relate to certain specific kinds of service.

Part 2. Premium rate services exist in a complex world of statutes and regulations which apply to the fast-moving, technologically-advanced world of communications. It is necessary to have careful and formal definitions and procedures to ensure that the Code is legally comprehensible and enforceable. This part of the Code contains the definitions, the formal terms of reference of PhonepayPlus and the various procedures, including those which relate to Code breaches and the imposition of sanctions, appeal processes and the collection of money for funding PhonepayPlus.

## General, compliance and media enquiries

**Switchboard** 020 7940 7474  
**Fax** 020 7940 7456  
**Web** [www.phonepayplus.org.uk](http://www.phonepayplus.org.uk)  
**Compliance Team** 0845 026 1060

(Calls provided by BT will be charged at up to 4 pence per minute at all times. A set-up fee of up to 6 pence per call applies to calls from residential lines. Mobile and other providers' charges may vary).

**Media Office** [compliance@phonepayplus.org.uk](mailto:compliance@phonepayplus.org.uk)  
 020 7940 7440  
[pressoffice@phonepayplus.org.uk](mailto:pressoffice@phonepayplus.org.uk)

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## 1 Principles of good regulation

- 1.1 In carrying out its activities, PhonepayPlus undertakes to have regard to five principles of good regulation, namely:
- transparency
  - accountability
  - proportionality
  - consistency
  - targeting

## 1.2 The scope of this Code

- 1.2.1 The Communications Act 2003 ('the Act') sets out in Section 120 the definition of premium rate services and who may be regulated in respect of them. The Act provides Ofcom with the power to approve a Code for the purposes of that regulation and Ofcom has approved this Code under Section 121 of the Act.
- 1.2.2 Providers of premium rate services are obliged, pursuant to the condition set by Ofcom under the Act and Section 120(3)(a) of the Act, to comply with directions given by PhonepayPlus in accordance with this Code for the purpose of enforcing its provisions.
- 1.2.3 The condition set by Ofcom applies to controlled premium rate services ('CPRS'), the definition of which is contained within Part 2 of this Code. The definition of CPRS is slightly narrower than the definition of premium rate services contained in the Act. Insofar as a particular premium rate service is not within the definition of CPRS, this Code applies to it but compliance is voluntary.
- 1.2.4 Nothing in this Code shall be construed as requiring any person, or as enabling PhonepayPlus to require any person, to provide any information in circumstances where:
- a the requiring of that person to provide information would be, or
  - b the making of provision in this Code for PhonepayPlus to be able to require that person to provide that information would have been,
- contrary to Directive 2000/31/EC including Article 15 thereof.

## 1.3 Geographic reach of the Code

1.3.1 Save as is provided below, this Code applies to all premium rate services which are accessed by a user in the United Kingdom or provided by a service provider which is situated in the United Kingdom.

1.3.2 Some premium rate services may also be 'information society services' (as defined in Article 1.2 of Directive 98/34/EC as amended by Directive 98/40/EC). Information society services are required to be regulated in accordance with Directive 2000/31/EC on Electronic Commerce ('the E-Commerce Directive'). This Code will apply to such services when the service provider responsible for the provision of those services under this Code is:

- a established in the United Kingdom, or
- b established in another EEA member state, but only where:
  - i the services are being accessed or may be accessed from within the United Kingdom, and
  - ii the conditions set out in Article 3.4 (read, as appropriate, in accordance with Article 3.5) of the E-Commerce Directive are satisfied.

## 1.4 Amendments and advice

1.4.1 This Code may be amended or otherwise modified from time to time by way of a process consistent with Section 121(6) of the Communications Act 2003.

1.4.2 PhonepayPlus may issue and/or amend advice concerning provisions of this Code from time to time. This may be in the form of *Help Notes* or *Statements* which set out what PhonepayPlus' expectations are. These will include advice on the way it is anticipated that certain types or categories of service are likely to be dealt with under the Code and/or the way in which specific provisions are likely to be applied in relation to such services. Help Notes are intended to assist those involved in the provision of premium rate services to comply with the Code but do not bind PhonepayPlus and do not form part of this Code.

## 1.5 Confidentiality

Confidential information (such confidentiality being judged on an objective basis) received by PhonepayPlus will be kept in confidence by PhonepayPlus and will not be divulged to any third party other than PhonepayPlus employees, officers, professional advisors and Ofcom or other proper authority without consent (such consent not being unreasonably withheld or delayed). PhonepayPlus may divulge such information if it is necessary for it to do so in order to discharge its responsibilities under this Code or for the purpose of prevention of fraud or because disclosure is required by law.

## 1.6 European Commission

This Code was notified in draft to the European Commission in accordance with Directive 98/34/EC, as amended by Directive 98/48/EC.

## 1.7 Constitution

**1.7.1** PhonepayPlus is constituted as a not for profit company limited by guarantee. The members of PhonepayPlus are also its directors, of which there may be up to 10 at any time, and who together form the Board of Directors ("the Board") which is responsible for the discharge of all duties which fall upon PhonepayPlus under this Code.

**1.7.2** Board members are appointed in their individual capacities. Up to three Board members are appointed in the light of their personal contemporary industry knowledge and may have commercial interests in the premium rate sector. They can take no part in any adjudicatory function or process.

**1.7.3** The Board has determined that the function of undertaking adjudications or reviews of adjudications in respect of alleged breaches of the Code and in respect of the grant or refusal of permissions and the imposition of conditions in permissions granted under the Code ("the adjudicatory function") will be delegated to Tribunals which will include one or more persons who are not Board members but are members of the Code Compliance Panel ("the Panel") and may include non-industry members of the Board. The relevant processes are set out in Part 8 of this Code.

- 1.7.4 The Board is supported by a permanent Executive body, the Chief Executive of which may be appointed to be a Board member but will take no part in any adjudicatory function or process.

## 1.8 The Code Compliance Panel

- 1.8.1 The Panel consists of:
- The Chairman of the Panel who shall be a qualified barrister or solicitor who has not less than 15 years' relevant experience.
  - Two legally qualified members who shall be qualified barristers or solicitors who have not less than 10 years relevant experience.
  - Three lay members.
- 1.8.2 The Chairman of the Panel shall be appointed by the Board.
- 1.8.3 The legally qualified members and lay members shall be appointed by the Board in consultation with the Chairman of the Panel.
- 1.8.4 The Chairman of the Panel shall attend all relevant parts of all meetings of the Board as determined by the Chairman of PhonepayPlus.

## 2.1 General responsibilities (including funding)

- 2.1.1 Network operators must ensure that PhonepayPlus regulation is satisfactorily maintained by:
- a carrying out their own obligations under this Code promptly and effectively,
  - b taking all reasonable steps to prevent the evasion or undermining of the regulation of premium rate services.

- 2.1.2 Network operators, prior to or without any delay following commencement of any premium rate service, must supply PhonepayPlus with such information as it may require:
- a to show that they meet the criteria necessary to be recognised as a network operator for the purposes of this Code,
  - b to ensure effective identification of and communication with them and their responsible officers, which will include:
    - i a fully functioning active address within the UK,
    - ii the name of the person responsible for the day-to-day operation of the network operator's premium rate business,
    - iii phone and fax numbers and e-mail addresses for the network operator enabling contact at all necessary times.

Where any of the information provided to PhonepayPlus under this paragraph changes, network operators must provide PhonepayPlus with the changed information without any delay.

- 2.1.3 Network operators must have regard to and comply with the funding provisions which are set out in Annex 1 to Part 2 of this Code.
- 2.1.4 Network operators must respond without any delay to PhonepayPlus communications. If PhonepayPlus specifies a time period for response, they must adhere to it.
- 2.1.5 Any direction given by PhonepayPlus shall be effective if sent in writing to the postal address, fax number or the e-mail address provided by the network operator. Directions will state clearly the action required by the network operator and the time within which such action must be taken. In the case of post, delivery is presumed to have taken place on the first working day following posting.
- 2.1.6 Network operators who also operate as service providers are responsible for the application to themselves (or the relevant part of themselves) of the provisions in this Code relating to service providers as though those provisions were being applied to third party service providers.

## 2.2 Data protection

- 2.2.1 Network operators must make a notification to the Office of the Information Commissioner under the Data Protection Act 1998 and must, in their notification:
- a disclose PhonepayPlus as a potential recipient of personal data,
  - b state that data collected from service users may be used by PhonepayPlus for regulatory purposes.
- 2.2.2 Network operators must not give any undertaking to service users, suppliers, service providers, information providers or others which could preclude any information being given to PhonepayPlus in confidence.

## 2.3 Network operators' due diligence requirements

- 2.3.1 Before making their network and/or services available to service providers for premium rate services, network operators must (unless PhonepayPlus waives any such requirement in writing):
- a collect and maintain such information as PhonepayPlus may require them to hold in respect of their service providers in order to ensure effective identification of and communication with service providers, and in every case must collect and maintain the following information:
    - i the full address where their service providers are located and (if different) the address within the UK where they may be contacted,
    - ii in the case of a limited company, its registered number and the name and home address of each of the directors,
    - iii the name of the director with primary responsibility for premium rate services,
    - iv the name of the person responsible for the day-to-day operation of each service provider's premium rate services,
    - v phone and fax numbers and e-mail addresses for their service providers and the individuals named under **iii** and **iv** above, enabling contact to be made with any of them at all necessary times.
  - b obtain satisfactory evidence that their service providers have sufficient financial and other resources necessary to discharge their obligations under this Code in the light of their intended premium rate activities,

- c make sufficient inquiry so as to satisfy themselves fully that the information supplied to them by service providers is accurate. In undertaking these inquiries, network operators must obtain clear evidence, in particular in respect of the identity of the people named in accordance with paragraph 2.3.1a iii and iv above,
- d retain the information collected and the records of the inquiries made and responses to those inquiries and a copy of all evidence obtained, and make those records and copies available to PhonepayPlus upon being directed by PhonepayPlus to do so,
- e bring this Code to the attention of their service providers and retain a copy of the registration form lodged by each service provider with PhonepayPlus and the acknowledgement of receipt by PhonepayPlus (see paragraph 3.2.1),
- f satisfy themselves, by taking reasonable measures, that their service providers have in place adequate customer service and refund mechanisms including a non-premium rate UK customer service phone number in order to enable service providers to discharge their obligations under the Code.

2.3.2 In the contract with any service provider under which network operators make their network and/or services available to a service provider, network operators must:

- a require that the service provider complies with this Code (or such successor versions as may from time to time be issued) and any directions that are made by PhonepayPlus in accordance with it,
- b include provision(s), pursuant to Section 1 of the Contracts (Rights of Third Parties) Act 1999, so that PhonepayPlus may directly enforce the relevant term(s) of that contract.

2.3.3 Network operators shall not make, and shall withhold, payments to service providers for a period of at least 30 days after the use of the premium rate service to which the payments relate.

2.3.4 For a period of 10 months after the coming into force of this Code, paragraph 2.3.1 above shall not apply so as to require network operators to do the things set out in paragraph 2.3.1 in relation to any service provider to whom the network has made its network and/or services available not less than eight weeks prior to this Code coming into force.

## 2.4 Number exportation and control

2.4.1 Network operators must maintain a record of numbers which, having been allocated or exported to them, are exported by them to another network operator or over which they cease to have control for any reason.

- 2.4.2 Network operators must supply to PhonepayPlus on request without any delay in relation to any number to which paragraph 2.4.1 applies, the name of the network operator to whom the number has been exported or who has control over it and, if known, the name of the service provider.

## 2.5 Specific obligations

- 2.5.1 When directed to do so by PhonepayPlus, network operators shall provide to PhonepayPlus within such time as it shall specify such information (including copy documents) as it requires in relation to any complaint received or investigation being carried out by it. Such information may include, but is not limited to:
- a service provider details and copies of contracts with service providers and/or any agents or other parties concerned in the process of providing the network operator's network facilities or other communications services to service providers,
  - b the number and length of calls to or from any number,
  - c information concerning historic traffic levels to services of the relevant service providers,
  - d the times when calls were made,
  - e all details of outpayments including amounts, bank details and dates of payment to service providers (which may include such proof of payment as PhonepayPlus shall specify),
  - f details of other numbers held by relevant service providers.
- 2.5.2 When directed to do so by PhonepayPlus, network operators shall immediately:
- a terminate access to such premium rate services and/or numbers as PhonepayPlus may specify,
  - b terminate access to all numbers that are allocated to any specified service provider,
  - c terminate access to some or all numbers over which a specified premium rate service or type of service may be operated,
  - d withhold such an amount of money as PhonepayPlus may require out of monies payable by the network operator to a specified service provider until permitted by PhonepayPlus to do otherwise, or withhold some or all money payable to a specified service provider in respect of certain numbers or premium rate services (as may be specified) until permitted by PhonepayPlus to do otherwise, or withhold all money payable to a specified service provider until informed by PhonepayPlus that it may do otherwise,

- e pay over to PhonepayPlus such an amount of any money withheld pursuant to paragraph 2.3.3 or to sub-paragraph 2.5.2d above as PhonepayPlus may require in order to satisfy outstanding fines and/or administrative charges, such payment to be made within 30 days of such direction,
- f pay refunds on behalf of service providers when so required by PhonepayPlus in accordance with paragraph 8.9.6.

2.5.3 Network operators must not contract to provide services to any service provider and/or associated individual in respect of whom a sanction, which has been published, has been imposed under paragraphs 8.9.2f or 8.9.2g so as to enable the service provider and/or associated individual to operate in breach of that sanction.

2.5.4 Network operators that pay money to a service provider contrary to paragraph 2.3.3 or after receipt of a direction by PhonepayPlus to withhold money from that service provider may be directed by PhonepayPlus to pay to it an amount no more than the amount of the fines, administrative charges or refunds that have not been paid by or on behalf of the service provider when due, provided that the amount payable by the network operator to PhonepayPlus is no more than the amount that should have been withheld by the network operator in accordance with the Code or as directed under the Code.

## 2.6 Network operator non-compliance

- 2.6.1 Non-compliance by a network operator with any of its obligations set out in this Code shall be dealt with in accordance with Section 9. If PhonepayPlus determines that a network operator is in breach of any of its obligations then, having taken all relevant circumstances into account, it may make a direction imposing a sanction on the network operator in the form of any or all of the following depending upon the degree of seriousness with which it regards the breach:
- a a reprimand and/or a requirement that the network operator must comply and remedy the consequences of the breach,
  - b an instruction to pay an appropriate fine,
  - c an instruction to cease to provide its network and/or services for the carriage of any particular type or category of premium rate services for a certain period,
  - d an instruction to pay reasonable and valid claims for refunds.

### 3.1 General responsibilities (including funding)

- 3.1.1** Service providers are responsible for ensuring that the content and promotion of all of their premium rate services (whether produced by themselves, information providers or others) comply with all relevant provisions of this Code.
- 3.1.2** Service providers are responsible for funding PhonepayPlus in accordance with the funding provisions in Annex 1.
- 3.1.3** Any direction or notice required to be given in accordance with any of the rules or procedures in this Code shall be effective if sent in writing to the postal address, fax number or e-mail address provided. In the case of post, delivery is presumed to have taken place on the first working day following posting.

### 3.2 Provision of information

- 3.2.1** Before providing any premium rate services, service providers must register with PhonepayPlus by completing online or lodging with PhonepayPlus a registration form (available for completion on the PhonepayPlus website or from PhonepayPlus) and receive an acknowledgement (which may be electronically generated) from PhonepayPlus.
- 3.2.2** Service providers must provide to PhonepayPlus without delay such information as it may require for any purpose relating to this Code which may include but is not limited to:
- a** any number ranges (including dialling codes) or other connection arrangements allocated to it by Ofcom or any network operator,
  - b** if the service requires or involves access to any website, the URL of the site,
  - c** the name, address, e-mail address, phone and fax number of the person representing the service provider who is nominated to receive all communications in connection with the application of the Code, enabling contact to be made with that person at all necessary times, and, if that person is not a director of the service provider, the name of the director with primary responsibility for premium rate services,
  - d** the name and home address of each of the directors and their phone and fax numbers and e-mail addresses.

- 3.2.3 Changes or additions to information provided to PhonepayPlus in the registration form or otherwise in accordance with this Code must be notified to PhonepayPlus and to the relevant network operator without delay.

### 3.3. General duties of service providers

- 3.3.1 Where certain codes or number ranges have been designated by either Ofcom or a network operator for use only for particular purposes or for the provision of particular categories of service, or where Ofcom or a network operator has restricted certain codes or number ranges from being used for particular purposes or for the provision of particular categories of service, those codes or number ranges must not be used in contravention of these restrictions. Ofcom's designations will have precedence over any issued by a network operator.

- 3.3.2 Before promoting or providing services, service providers must have readily available all documentary and other evidence necessary to substantiate any factual claims made. This material, together with a statement outlining its relevance to the factual claim in question, must be provided without delay if requested by PhonepayPlus.

- 3.3.3 Service providers must use all reasonable endeavours to ensure that all of their services are of an adequate technical quality.

- 3.3.4 Service providers must bring the Code to the notice of any information providers with whom they contract in respect of the provision of premium rate services and must, in that contract, require that information providers comply with the Code.

- 3.3.5 Service providers must ensure that there are in place customer service arrangements which must include a non-premium rate UK customer service phone number and an effective mechanism for the consideration of claims for refunds and their payment where justified.

### 3.4 Data protection

- 3.4.1 Service providers must make a notification to the Office of the Information Commissioner under the Data Protection Act 1998 and must, in their notification:

- a disclose PhonepayPlus as a potential recipient of personal data,
- b state that data collected from service users may be used by PhonepayPlus for regulatory purposes.

**3.4.2** Service providers must not give any undertaking to service users, suppliers, network operators, information providers or others which could preclude any information being given to PhonepayPlus in confidence. Service providers must warn consumers that any data collected may be passed to PhonepayPlus.

**3.4.3** Services which involve the collection of personal information, such as names, addresses and phone numbers (which includes the collection of Calling Line Identification (CLI) or caller display information), must make clear to service users the purpose for which the information is required. The service must also identify the data controller (if different from the service provider or information provider) and any different use to which the personal information might be put, and give the service user an opportunity to prevent such usage.

## 3.5 Engagement of associated individuals

Service providers must not engage or permit the involvement in the provision of premium rate services of any service provider and/or associated individual in respect of whom a sanction, which has been published, has been imposed under paragraphs 8.9.2f or 8.9.2g so as to enable the service provider and/or associated individual to operate in breach of that sanction.

## 4 Information Providers

- 4.1 Information providers must comply with the provisions of this Code where applicable to them or to the service and/or promotion with which they are concerned.
- 4.2 PhonepayPlus operates this Code through processes which primarily involve network operators and service providers. PhonepayPlus deals with information providers in its procedures and imposes sanctions directly on them only in limited circumstances as set out in paragraph 8.3.4 or where an individual is subject to the process set out in paragraphs 8.9.4 and 8.9.5 which may lead to the imposition of a sanction under paragraph 8.9.2f or 8.9.2g.

## 5.1 Prior permission

- 5.1.1 PhonepayPlus may require that particular categories of service must not be provided without its prior written permission for any service within that category. PhonepayPlus will give reasonable notice of such a requirement and the category of service to which it applies, and will publish a full list of such service categories from time to time. Prior permission may be granted subject to the imposition of additional conditions. Such permission may be withdrawn or varied upon reasonable grounds and with notice in writing
- 5.1.2
- a Where a service provider can demonstrate to the satisfaction of PhonepayPlus in relation to a particular service that any objective of the Code can be adequately satisfied by means other than strict adherence to the Code provisions, PhonepayPlus may give prior written permission (which may be given subject to conditions) for the service to be provided by such alternative means. Such permission may be withdrawn or varied by PhonepayPlus subject to the giving of reasonable notice.
  - b Whenever PhonepayPlus grants permission under 5.1.2a above, it will publish on its website, in relation to that permission before the permission is to take effect, the following information:
    - i the paragraph numbers of the Code provisions to which the permission relates,
    - ii details of the terms and scope of the permission, including any conditions attached to it,
    - iii a brief statement identifying the objective of the Code which PhonepayPlus has decided is capable of being satisfied by means other than strict adherence to the Code provisions in question, and stating PhonepayPlus' reasons for being so satisfied, and
    - iv the date from which the permission is to take effect.
  - c Nothing in 5.1.2b above requires the publication of "commercially confidential information" (information which is not already in the public domain and the publication of which would be likely to damage the commercial interests of a service provider or any other person). Where some of the information described in 5.1.2b is commercially confidential, PhonepayPlus shall publish as much of that information as is not commercially confidential at the time of first publication and may publish the remainder of the information if and when it ceases to be commercially confidential.

5.1.3 A breach of any condition imposed in connection with a permission granted by PhonepayPlus in accordance with this Code shall be a breach of the Code.

5.1.4 PhonepayPlus may require the payment of reasonable charges by applicants for prior permission in order to defray administrative costs.

## 5.2 Legality

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.

## 5.3 Harm and offence

5.3.1 Services and promotional material must not, or must not be likely to:

- a result in any unreasonable invasion of privacy,
- b induce an unacceptable sense of fear, anxiety or distress,
- c encourage or incite any person to engage in unreasonably dangerous practices or to use harmful substances,
- d induce or promote racial disharmony,
- e cause grave or widespread offence,
- f debase, degrade or demean,
- g promote or facilitate prostitution.

5.3.2 Services and promotional material must not, in circumstances where it is not reasonable for a consumer to expect such content or material (and subject to 5.3.1 above):

- a contain material indicating violence, sadism or cruelty, or be of a repulsive or horrible nature,
- b involve the use of foul language.

## 5.4 Fairness

5.4.1 Services and promotional material must not:

- a mislead, or be likely to mislead, in any way,
- b take unfair advantage of any characteristic or circumstance which may make consumers vulnerable.

5.4.2 Services must not be unreasonably prolonged or delayed.

5.4.3 Services must not be of a nature which encourages unauthorised use.

## 5.5 Service replacement

A service must not be replaced by another service which might give offence to, or might be inappropriate for, service users reasonably expecting the original service.

## 5.6 Internet dialler services

5.6.1 No premium rate service which requires that internet dialler software is delivered to the user's equipment in order to access the service or any part of it ('internet dialler services') may be provided without prior written permission from PhonepayPlus.

5.6.2 In respect of internet dialler services, prior to connection to the premium rate service, prominent pricing information and the premium rate number being used must be displayed on the user's screen.

5.6.3 An on-screen clock must be displayed throughout the duration of any internet dialler service showing the cumulative cost.

5.6.4 Unless permission to do otherwise is specifically granted by PhonepayPlus, internet dialler services which provide access to a website must not allow any further access via the service to the world wide web until the user has disconnected from the premium rate service.

## PROMOTIONS

### 5.7 Pricing information

- 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.
- 5.7.2 Written pricing information must be easily legible, prominent, horizontal and presented in a way that does not require close examination. Spoken pricing information must be easily audible and discernible.
- 5.7.3 In cases where it is unlikely that a consumer will have seen or heard any promotional material containing pricing information, the service provider must place a short, distinct pricing message at the beginning of the service.
- 5.7.4 Unless PhonepayPlus has given written permission to the contrary, the pricing information in promotional material transmitted on television or in another audio-visual format must be spoken as well as being visually displayed if the cost of the service generally exceeds £2.
- 5.7.5 Premium rate services which do not generally cost more than 50 pence are exempt from all PhonepayPlus requirements on pricing information, unless the services are:
- a children's services (see paragraph 7.5), or
  - b accessed by automated equipment (such as a burglar alarm or a modem operating in conjunction with software that causes a number to be dialled automatically when the user wishes to access the internet), or
  - c subscription services (see paragraph 7.12).
- 5.7.6 All operational or instructional messages necessary to obtain access to a service and provided separately to the service must be available free of charge to a user.

## 5.8 Contact information

For any promotion, the identity and contact details in the UK of either the service provider or information provider, where not otherwise obvious, must be clearly stated. The customer service phone number required in paragraph 3.3.5 must also be clearly stated unless reasonable steps have previously been taken to bring it to the attention of the user or it is otherwise obvious and easily available to the user.

## 5.9 Service identification

5.9.1 In all promotional material, any code, prefix, short access number or similar provision must be presented in such a way that it can be readily identified as a premium rate code or, as appropriate, an international prefix.

5.9.2 If the premium rate service operates on an international number, it must be made clear in the promotional material that an international call is required.

## 5.10 Promotions with long shelf-lives

In the case of premium rate services which are promoted in publications or other media which are likely to have a shelf-life of three months or more, the promotion must include a statement to the effect that the information given is correct as at the time of publication and that time must also be stated. If the charges for the service increase during the life of the promotion, such services must be prefaced with a short message informing users of the new charge levels.

## 5.11 Use of the word 'free'

No premium rate service or product obtained through it may be promoted as being free unless:

- a a product or service has been purchased by the consumer using a premium rate service and a second product or service of an equal or greater value is provided at no extra charge, or
- b a product is provided through the premium rate service and the cost to the user does not exceed the delivery costs of the product and the promotional material states the maximum cost of the call.

### 5.12 Inappropriate promotion

Service providers must use all reasonable endeavours to ensure that promotional material does not reach those for whom it, or the service which it promotes, is likely to be regarded by them as being offensive or harmful. Service providers must use all reasonable endeavours to ensure that their services are not promoted in an inappropriate way.

### 5.13 Promotion by non-premium rate services

Wherever a premium rate service promotes, or is promoted by, a non-premium rate electronic communications service, both services will be considered as one where, in the opinion of PhonepayPlus, it is reasonable to do so.

### 5.14 'STOP' command

Where a 'STOP' command is used in a service, clear instructions on its use must be given, including any necessary information on the placing of 'STOP' within any message to be sent by the user. When a 'STOP' command has been sent, the service provider must make no further charge to the user for the service.

## 6.1 Permission requirements

- 6.1.1** No live services may be provided without prior permission from PhonepayPlus, save that PhonepayPlus may identify categories of live services which are exempt from the prior permission requirement. Such exemptions may be withdrawn or modified by PhonepayPlus at any time on reasonable notice and a list of exempt categories will be published by PhonepayPlus from time to time.
- 6.1.2** PhonepayPlus may set such conditions as it sees fit in the granting of permission under paragraph 6.1.1.

## 6.2 Promotional material

- a** Unless the live service is available 24 hours a day, or permission not to provide such information has been granted by PhonepayPlus, hours of operation must be stated on the promotional material.
- b** Unless PhonepayPlus has granted permission for it to do so, no promotion may be directed primarily at persons under 18 years of age or encourage such persons to call the service.

## 6.3 The conduct of live services

- 6.3.1** Unless PhonepayPlus grants permission to do otherwise:
- a** all providers of live services must ensure that on connection each service user receives a brief introductory message giving details of the call costs and the name of the service provider providing the live service,
  - b** service providers must actively discourage service users from seeking or giving out surnames, places of work, addresses or geographic phone numbers, or arranging or attempting to arrange any meeting while connected to a live service,
  - c** service providers must ensure that operators use reasonable endeavours to prevent persons under 18 years of age from taking part in any live service,
  - d** if an operator has reasonable grounds, upon questioning a service user, to suspect that the user is under 18, the service provider must immediately end the service for that user.
- 6.3.2** The service provider shall take reasonable steps to identify and cut off calls made without the permission of the bill-payer.

## 6.4 Chatline services (multi-party)

- 6.4.1 Chatline services must not be promoted or operate as sexual entertainment services and operators must use all reasonable endeavours to prevent conversation which is primarily of such a nature.
- 6.4.2 Before a service user may participate in a chatline service, the service provider must obtain the user's date of birth and confirmation that he has the permission of the bill-payer to use the service.

## 6.5 Claims for compensation

- 6.5.1 Where it considers it appropriate, PhonepayPlus will not grant permission under paragraph 6.1.1 unless it is satisfied that compensation arrangements exist for the prompt and effective provision of compensation. Compensation must be available to any person whose connection to the electronic communications network has been the subject of unauthorised use of the relevant live service(s) and in respect of which the Adjudicator has made an award in accordance with paragraph 6.5.4 of the Code.
- 6.5.2 At the time of publication of this Code, neither live entertainment services nor chatlines may be provided unless a compensation scheme approved by PhonepayPlus is in place and the relevant service provider has complied with the terms of the relevant compensation scheme.
- 6.5.3 Claims for compensation may be made by any person whose connection to the electronic communications network has been the subject of unauthorised use. When claims are received by PhonepayPlus, the relevant service provider(s) will be given an opportunity to settle them to the satisfaction of the claimant.
- 6.5.4 If the service provider does not settle the matter to the satisfaction of the claimant within a reasonable time, the matter will be referred to the Adjudicator, who will determine the matter in accordance with his procedures and who may require that the service provider pays the claim or part of it, together with an administrative charge and appropriate provision for the claimant's costs.

**SECTION 7 SUPPLEMENTS, BUT DOES NOT REPLACE, THE GENERAL PROVISIONS IN SECTION 5.****7.1 Advice services**

- 7.1.1 All advice services must:
- a be conveyed in a responsible manner,
  - b indicate clearly in the promotional material or at the beginning of the service, the identity, current status and any relevant professional qualifications and experience of the person(s) or organisation supplying the information or advice. If the advice is given by a person with no relevant qualifications, the service must explain the source of the information,
  - c be prefaced with a statement that the service user should not act upon advice which needs individual interpretation without first consulting a suitably qualified practitioner.

**7.2 Betting tipster services**

- 7.2.1 Service providers must ensure that services and promotional material do not:
- a make claims about future selections being certain winners or about the certainty of profits,
  - b quote odds for future selections unless the availability of these odds can be substantiated.
- 7.2.2 Service providers must make clear that opinions on particular selections given in services or promotional material are opinions and not statements of fact.
- 7.2.3 Service providers must ensure that any claims made, including previous selections and general statements about tipsters' records of success, are capable of being substantiated.

## 7.3 Virtual chat services (including text chat)

- 7.3.1** **Definition of virtual chat services**  
 Virtual chat services are not live conversation services but enable two or more users to exchange separate messages whether by recorded voice, text or pictures while engaged in the service.
- 7.3.2**
- a** Service providers must take all reasonable steps to ensure that the participant in any virtual chat service is an authorised user and that nobody under the age of 18 uses virtual chat services.
  - b** The only exceptions to this rule are non-adult (non-sexual entertainment) text and picture-based virtual chat services offered to the 16-17 age group, provided that the advertising of such services occurs in media where the target readership or audience is not below 16 years of age.
  - c** In the case of group text virtual chat services, consumers must be informed of any conditions before they enter the service and, in particular, of the minimum number of messages they will receive and the price per message.
  - d** In the case of text virtual chat services, the 'STOP' command must be available and consumers must be so informed before entering the service.
  - e** Service providers must take all reasonable steps to discourage sexually explicit chat on services which are advertised in generally available media.
- 7.3.3** All virtual chat services must, as soon as is reasonably possible after the user has spent £10, and after each £10 of spend thereafter:
- a** inform the user of the price per minute of the call,
  - b** require users to provide a positive response to confirm that they wish to continue. If no such confirmation is given, the service must be terminated.
- 7.3.4** Service provider employees who are to be involved in operating virtual chat services (whether or not for the purposes of monitoring) must be given adequate training in the relevant requirements of this Code before commencing operation. No such employee shall be under the age of 18.

## 7.4 Contact and dating services

### 7.4.1 Definition of contact and dating services

Contact and dating services are services which enable persons who were previously unacquainted with each other to make initial contact and arrange to meet in person or otherwise continue to have contact with one another outside the service if they wish to do so.

Service providers who operate services which enable contact details to be exchanged, either in the course of exchanging messages in virtual chat services or otherwise, must:

- a warn users and advertisers of the risks involved when contact details are given out and give clear advice on sensible precautions to take when meeting people through such services,
- b ensure that publicly-available elements of the service do not contain contact details, addresses or any other means of direct contact,
- c when requested by the advertiser, ensure that their details are removed from the service at the earliest opportunity and in all cases within 24 hours,
- d make clear in the promotional material any restrictions on the location, sex and age range of users and of advertisers to the service,
- e bar access to a voicemail box where the advertiser has not collected responses for more than four weeks. If the service provider is unable to tell when responses are collected, no advertisement may be published for more than four weeks.

## 7.5 Children's services

### 7.5.1 Definition of children's services

Children's services are services which, either wholly or in part, are aimed at or should have been expected to be particularly attractive to children, who are defined for the purposes of this Code as people under 16 years of age.

### 7.5.2 Promotional material for children's services must clearly state:

- a the usual cost of the service,
- b that the service should only be used with the agreement of the person responsible for paying the phone bill.

- 7.5.3 Children's services, and any associated promotional material, must not:
- a contain anything which is likely to result in harm to children or others or which exploits their credulity, lack of experience or sense of loyalty,
  - b include anything which a reasonable parent would not wish their child to hear or learn about in this way,
  - c make direct appeals to children to buy or donate, unless the product, service or donation is one which they could reasonably be expected to afford for themselves,
  - d encourage children to use other premium rate services or the same service again.
- 7.5.4 Children's services must not:
- a generally cost more than £3, or in the case of subscription services (see paragraph 7.12), more than £3 per month,
  - b involve competitions that offer cash prizes or prizes readily converted to cash.

## 7.6 Competitions and other games with prizes

- 7.6.1 Competition services typically fall into five basic categories:
- lotteries,
  - competitions,
  - other games with prizes,
  - an entry mechanism into a draw,
  - information about prizes and how to claim them.
- Most of these are subject to legal restrictions. Before setting up such services, service providers are strongly advised to seek advice on legal and excise duty implications.
- 7.6.2 Promotional material for competition services which generally cost more than £1 must clearly display:
- a the cost per minute and likely playing time, or the full cost of participation,
  - b details of how the competition operates and an indication of any tie-breakers.

- 7.6.3** Promotional material must clearly state any information which is likely to affect a decision to participate, in particular:
- a** any key terms and conditions, including any restriction on the number of entries or prizes which may be won,
  - 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 restriction on their availability or use,
  - c** where a prize consists wholly or in part of vouchers, the promotional material must specifically and prominently state the value of a single voucher as well as any total value.
- 7.6.4** The following additional information must also be made readily available on request, if not contained in the original promotional material:
- a** how and when winners will be informed,
  - b** how winner information may be obtained,
  - c** any criteria for judging entries,
  - d** any alternative prize that is available,
  - e** the details of any intended post-event publicity,
  - f** any supplementary rules which may apply.
- 7.6.5** Except where there are only instant prize-winners, promotional material for competition services must state when the competition closes. An insufficient number of entries or entries of inadequate quality are not acceptable reasons for changing the closing date of a competition or withholding prizes.
- 7.6.6** Competition services and promotional material must not:
- a** use words such as 'win' or 'prize' to describe items offered to all or a substantial majority of participants,
  - b** exaggerate the chance of winning,
  - c** suggest that winning is a certainty,
  - d** suggest that consumers must use a premium rate service in order to participate if an alternative postal entry route is available.
- 7.6.7** Service providers must ensure that:
- a** prizes are awarded within 28 days of the closing date, unless a longer period is clearly stated in the promotional material,
  - b** all correct entries have the same chances of winning,
  - c** if there is any subjective assessment in the selection of the winning entries (e.g. tie-breakers) in a competition open to the general public, then judging is by a person or persons independent of the service provider and any intermediaries involved, or by a judging panel including at least one independent member.

## 7.7 Consumer credit services

Prior permission must be obtained from PhonepayPlus for the provision of any service which provides, or provides advice relating to, consumer credit, regardless of the level of credit to which such a service relates.

## 7.8 Directory enquiry services ('DQ')

### 7.8.1 Definition of a directory enquiry service

A directory enquiry ('DQ') service is a service one of the main or advertised purposes of which is to provide callers with the telephone numbers of subscribers and/or other end-users of electronic communications services ('end-users') by searching one or more sources of information ('sources') (whether held in paper or electronic form, and whether held or maintained by the service provider or by any other person) using information provided by callers as to particular end-users' names and/or addresses.

- 7.8.2
- a In respect of a DQ service which is held out as providing numbers for the generality of end-users in the United Kingdom (or a part of the United Kingdom), that service must be provided using sources which include up-to-date information about all end-users in the United Kingdom (or that part of the United Kingdom) in relation to whom directory information can be obtained under General Condition 19.1 of the General Conditions of Entitlement (as amended by Ofcom from time to time).
  - b In respect of a DQ service which is held out as providing information about end-users outside the United Kingdom, that service must be provided using sources which include up-to-date information about all end-users whose telephone numbers can be obtained from the current edition of the published national directories or national DQ service available in respect of the country or countries which the DQ service is held out as covering.

- 7.8.3 Any promotion for a DQ service which provides numbers for less than the generality of end-users in the United Kingdom must expressly and clearly indicate the group of end-users in relation to whom the service is able to provide information.

- 7.8.4
- a A DQ service provider must, immediately upon a caller providing sufficient information to enable the telephone number he is searching for ('the number') to be identified, provide, or offer to provide, the caller with that number (unless legal or regulatory obligations prevent the number from being provided). If the caller then indicates that he wishes the number to be so provided, the service provider must immediately provide that number without the caller having to redial or incur any additional charge (save for the cost of continuing the call for a sufficient duration to receive the number).
  - b The number can be provided, in accordance with subparagraph a above, by way of speech, e-mail, text message or other communication format. In the case, however, of a caller who has accessed the service by way of a voice call, the service provider must provide the caller with the option of being provided with the number by way of speech (whether that speech is spoken by a live operator or generated electronically).
  - c Where a DQ service offers callers the service of call completion (connecting the caller to the number without his having to dial it), the service provider must, before making the onward connection, first inform the caller of the cost of that service and allow him to choose whether or not to agree to the connection being made. The caller must be provided with a clear opportunity to decline call completion and to instead be provided with the number (in accordance with subparagraph a above) unless legal or regulatory obligations prevent the number from being so provided.
  - d DQ services must not offer call completion or connection to:
    - i any premium rate service which is a chatline service,
    - ii any premium rate service which is a sexual entertainment service, or
    - iii any individual, business or organisation with whom the DQ service provider has an agreement to share call revenue.
  - e PhonepayPlus may exempt a particular DQ service, or a category or species of DQ services, from any of the obligations or requirements of this paragraph (paragraph 7.8.4) where PhonepayPlus considers it appropriate to do so in order to permit the provision of DQ services in a form, or using a business model, that would not otherwise be reasonably possible and the provision of which would be of net benefit to both competition and consumers. The terms and extent of any such exemption shall be published on PhonepayPlus' website.

- 7.8.5 DQ services provided on '118' prefixed telephone numbers are exempt from the restrictions imposed by the following provisions of the Code in respect of the provision of live services:
- a paragraph 6.3.1a – the provision of pricing information on connection; and
  - b paragraph 6.3.1c and d – concerning the prevention of persons under the age of 18 from calling the service.
- 7.8.6 A caller to a DQ service who:
- a in the course of calling that service, provided adequate relevant information to enable identification of the number (assuming that the DQ service provider was complying with paragraphs 7.8.2 and 7.8.3 above), but
  - b was not provided with that number, and
  - c makes a complaint to the provider of the DQ service in relation to those circumstances,

must be offered a refund in respect of the full cost of the call to the DQ service and any subsequent call by which the complaint was made. This is in addition to any obligation that may arise by reason of paragraph 3.3.5.

## 7.9 Fundraising and charitable promotions

Service providers should be aware that the scope of such services is limited by legislation relating to charities.

The promotional material for fundraising (whether or not for charitable purposes) and charitable promotions must make clear:

- a either the total sum per call or the amount per minute which will be paid to the beneficiary,
- b the identity of the beneficiary,
- c any restrictions or conditions attached to the contribution to be made to the beneficiary.

## 7.10 Pay-for-product services

### 7.10.1 Definition of pay-for-product services

Pay-for-product services are those, costing more than £1 in total, in which the benefit to the user is either the delivery during or consequent to the use of the service of a product or service (not itself being premium rate content) paid for wholly or in part by the user through a network operator, or the provision during the service of electronic data which the user is able to receive and store and which is not primarily intended for use on the device used for access to the service. Such services are required to conform to the requirements of the Distance Selling Regulations 2000<sup>2</sup>.

7.10.2 Pay-for-product services do not include products received as part of a subscription service (in respect of which see paragraph 7.12).

7.10.3 Unless permission to do otherwise is specifically granted by PhonepayPlus, service providers must ensure that pay-for-product services:

- a do not cost more than £30,
- b include an introductory message giving the likely total cost of the service and adequate information about how the service works,
- c require access to the service to take place only once to enable delivery of the product,
- d terminate automatically once the £30 limit has been reached.

7.10.4 The promotional material for pay-for-product services must clearly state:

- a any costs additional to the cost of the service relating to delivery charges (where applicable),
- b any necessary information about the arrangements for delivery of any product or service and/or performance of any service.

7.10.5 If a pay-for-product service generally costs more than £5:

- a the service provider must keep records of the contact details of the service user and the names and dispatch addresses to which any physical product has been sent for a minimum of six months,
- b the service must require an active confirmation from users that they accept that their personal details and delivery address will be retained and made available in the case of a claim for unauthorised use.

<sup>2</sup> Details of the Distance Selling Regulations can be found at [www.berr.gov.uk/consumers/buying-selling/distance-selling/index.html](http://www.berr.gov.uk/consumers/buying-selling/distance-selling/index.html)

**7.10.6** In addition to fulfilling the requirements of paragraph 3.3.5, providers of pay-for-product services must meet all reasonable and valid claims for refunds where the user who ordered the goods or services was not the bill-payer or did not have the bill payer's permission to use the service.

**7.10.7** Pay-for-product services where the product is of a clearly sexual nature are sexual entertainment services. Such services must operate on the designated code(s) for sexual entertainment services.

## 7.11 Sexual entertainment services

### 7.11.1 Definition of sexual entertainment services

Sexual entertainment services are services of a clearly sexual nature or any services for which the associated promotional material indicates, or implies, that the service is of a sexual nature.

**7.11.2** Sexual entertainment services, and promotions for them, must not contain references which suggest or imply the involvement of persons under 18 years of age.

**7.11.3** Promotions for sexual entertainment services must not appear in media targeted at persons under the age of 18.

**7.11.4** Promotions for sexual entertainment services must be in context with the publication or other media in which they appear. Services should be in context with the advertising material promoting them. The content of a service should not be contrary to the reasonable expectations of those responding to the promotion.

**7.11.5** Save where the relevant network operator has provided an alternative solution acceptable to PhonepayPlus, all sexual entertainment services must provide a message at the beginning of the service stating that:

- a** the user must be over the age of 18,
- b** the user should be either the bill-payer or have the bill-payer's permission to call the service,
- c** service details may appear on the phone bill.

**7.11.6** In addition, all sexual entertainment services which are not live services must:

- a** cost no more than £30 (unless PhonepayPlus grants specific permission to a service provider to allow a higher maximum charge),
- b** terminate the call automatically once the £30 (or other agreed) limit is reached.

- 7.11.7** Service providers must ensure that promotions for sexual entertainment services, and the services themselves, are compatible with access control and rating arrangements available for and appropriate to the medium through which they are accessible. Providers of sexual entertainment services which can be accessed by any means at premium rate must ensure that all websites which can be accessed are content-rated with the Internet Content Rating Association (ICRA) or any other rating system that is generally accepted.

## 7.12 Subscription services

- 7.12.1** **Definition of subscription services**  
Subscription services are those which incur a recurring premium rate charge.
- 7.12.2** It must always be possible for a user to leave a subscription service by using the 'STOP' command.
- 7.12.3** Promotional material must:
- a** clearly indicate that the service is subscription-based. This information should be prominent and plainly visible and/or audible to consumers,
  - b** ensure that the terms of use of the subscription service (e.g. whole cost pricing, opt-out information) are clearly visible and/or audible,
  - c** advertise the availability of the 'STOP' command.
- 7.12.4** **Subscription initiation**  
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.
- 7.12.5** **Subscription reminders**  
Once a month, or every time a user has spent £20 if that occurs in less than a month, the information required under paragraph 7.12.4 above must be sent free to subscribers.

7.12.6

**Subscription termination**

- a After a user has sent a 'STOP' command to a service, the service provider must make no further charge for messages.
- b Users must be free to leave a service at any time and service providers must do nothing to indicate that this is not the case, unless specific permission to do so has been granted by PhonepayPlus.

Code for Premium Rate Services  
Approved under  
Section 121 of  
the Communications Act 2003

Code of Practice 2006  
Amended April 2008 PhonepayPlus

CODE OF PRACTICE 2006  
amended 2008  
PhonepayPlus

PART TWO

as approved by the Office of Communications for the purposes of  
Sections 120 and 121 of the Communications Act 2003  
on 28 March 2008

## 8.1 Tribunals

Whenever the rules of this Part or Part 11 of the Code require the constitution of a Tribunal, then it shall consist of three members who shall be:

- the Chairman of the Code Compliance Panel or such of the two legally qualified Panel members as he shall nominate (who shall sit as Chairman of that Tribunal),
- two persons who shall be drawn from the lay members of the Panel and/or the Board members entitled to undertake adjudicatory functions. The selection of the Tribunal members other than the Chairman shall be carried out as the Board may from time to time decide.

## 8.2 Permissions

All applications for permission required under this Code will be considered by a Tribunal which may grant or refuse any application for permission and in granting a permission may impose any condition which it considers to be appropriate.

## 8.3 Complaint investigation

8.3.1 PhoneyPayPlus will consider and, where appropriate, investigate all complaints which it receives, provided that the complaint is made within a reasonable period from the time when it arose.

8.3.2 PhoneyPayPlus, through its Executive, monitors premium rate services. The Executive can itself initiate an investigation where there appears to be a breach of the Code.

8.3.3 During investigations, or as part of the adjudication process, PhoneyPayPlus may direct any service provider or network operator concerned to disclose to the Executive, subject to the confidentiality provision set out in paragraph 1.5 and within a reasonable time period, any relevant information or copies of documents. This may include, for example, information concerning:

- a call volumes, patterns and revenues,
- b details of the numbers allocated to a service provider,
- c details of services operating on particular premium rate numbers,
- d customer care records,

- e arrangements between networks and service providers,
- f arrangements between service providers and information providers.

## 8.3.4

Throughout these procedures, PhonepayPlus will deal directly with service providers and network operators. PhonepayPlus may also deal with information providers in any case in circumstances where the service provider requests that PhonepayPlus deals directly with the information provider and:

- a the information provider:
  - accepts full responsibility for the service and/or its promotion,
  - undertakes that, in the event that a breach is established and a sanction and/or administrative charge is imposed, it will be responsible for compliance and/or payment, and
- b the relevant service provider undertakes that, in the event that the information provider fails to comply with any sanction and/or make any payment due, the service provider will retain responsibility for compliance and/or payment in respect of any sanction and/or administrative charge that has been imposed, and will comply on demand from PhonepayPlus without any entitlement to further process, and
- c PhonepayPlus accepts that the case is one in which it is appropriate for it to deal with the information provider. The procedure in respect of cases in which PhonepayPlus is asked to deal directly with information providers is set out at paragraph 8.7.

## 8.4 Informal procedure

In appropriate cases where an apparent breach of the Code has caused little consumer harm, the Executive may use the 'informal procedure'. Factors including the seriousness of the breach and the service provider's case history will be taken into account when deciding whether the informal procedure should be applied. In such cases:

- a The service provider will be contacted and informed of the apparent breach.
- b If the service provider agrees that a breach of the Code has taken place, the service provider will be required to remedy the breach and accept any condition that the Executive may require. No other sanction will be imposed nor any administrative charge levied.
- c The service provider will be sent a letter confirming what has been agreed.
- d If the service provider disputes the breach, the standard procedure may be invoked.
- e A record will be maintained in respect of breaches of the Code dealt with through the informal procedure.

## 8.5 Standard procedure

When the Executive receives or initiates a complaint, the 'standard procedure' will usually be used:

- a The Executive will provide the service provider with all the necessary information about the complaint, including details of the service or promotional material which gives rise to the apparent breach of the Code, and will be referred to the relevant provisions of the Code.
- b The service provider will be given a reasonable time in which to respond and to provide any information requested. This response will normally be required within five working days. In exceptional circumstances, a shorter time limit may be set but this will not be less than 24 hours.
- c If the service provider fails to respond within the required period, the Executive will proceed on the assumption that the service provider does not wish to respond.
- d The Executive will prepare a report, together with relevant supporting evidence, which will be placed before a Tribunal which shall adjudicate upon the matter ('Tribunal').
- e The Tribunal may invite the service provider to make informal representations to it in person in order to clarify any matter or the service provider may request the opportunity to make such informal representations to the Tribunal.
- f At any point in the course of a standard procedure, PhonepayPlus may inform the relevant network operator(s) of the apparent breach of the Code and direct that it withholds from the service provider any payments (relating to the relevant services) outstanding under the contract between it and the service provider.

## 8.6 Emergency procedure

### 8.6.1

Where it appears to the Executive that a breach of the Code has taken place which is serious and requires urgent remedy, the 'emergency procedure' will be used:

- a The Executive will undertake an immediate investigation of the complaint.
- b On completion, the Executive will notify its findings to any three people each of whom is either a member of the Code Compliance Panel or of the Board and entitled to undertake adjudicatory functions.

- c If all three people so notified agree that there appears to be a serious breach of the Code requiring urgent remedy, the Executive will:
  - i use reasonable endeavours to notify the service provider (by phone, fax or e-mail) that the service appears to be in breach of the Code, that the emergency procedure has been invoked and that the service must be removed immediately,
  - ii advise the relevant network operator(s) of the breach and direct that it withholds from the service provider any payments outstanding under the contract between it and the service provider,
  - iii if the service provider cannot be contacted, or, having been contacted does not remove the service immediately, direct that the network operator(s) bar access to the relevant service(s) or number(s) forthwith.
- d Once the service has been removed, the service provider will be provided with all the necessary information relating to the complaint and will be referred to the relevant provisions of the Code. The service provider will then be required to respond in writing within five working days.
- e All relevant information including any response from the service provider will, in the absence of special circumstances, be laid before a Tribunal within 10 working days from the provision of the service provider's response or as soon thereafter as is practicable.
- f The Tribunal may invite the service provider to make informal representations to it in person in order to clarify any matter or the service provider may request the opportunity to make such informal representations to the Tribunal.
- g The time limits set out in this Section may be extended at the discretion of the Chairman of the Tribunal if he considers that their strict application might cause injustice.

### 8.6.2

If, within 10 working days following the confirmation of use of the emergency procedure in a particular case, another case comes to the notice of the Executive which exhibits substantially the same characteristics, the Executive may, subject to the approval of one member of the Code Compliance Panel or one member of the Board entitled to undertake adjudicatory functions, proceed with the emergency procedure in that other case. The Executive will promptly inform the Chairman of the Code Compliance Panel of such action.

- 8.6.3
- a Within two working days following the making of a direction under paragraph 8.6.1, service providers may apply to PhonepayPlus for an urgent review of the use of the emergency procedure in the particular case.
  - b The application must be made in writing together with any supporting evidence setting out:
    - i the grounds on which the service provider considers that the emergency procedure should not have been used in respect of the services and/or;
    - ii the grounds on which the service provider considers that access to the services or numbers should no longer be prevented.
  - c Subject to any requirement for further information, a Tribunal will consider the matter within two working days of receipt of an application for review and shall decide, through whatever process it decides, whether the prevention of access to the services or numbers should continue pending completion of the normal process under paragraph 8.6.1, or whether access should be permitted to some or all of the services or numbers concerned, and if so upon what, if any, conditions.

## 8.7 Information provider cases

- 8.7.1 In any case in which a service provider and information provider wish PhonepayPlus to deal directly with the information provider, the service provider must provide to PhonepayPlus:
- a the service provider response to the case required under 8.5 or 8.6, together with a request in writing for PhonepayPlus to deal directly with the information provider in respect of the case, and
  - b the acceptance and undertakings of the service provider and information provider required in accordance with paragraph 8.3.4, in such form as PhonepayPlus may prescribe.
- 8.7.2 PhonepayPlus will (subject to any requirement for further information) determine within five working days thereafter whether it is willing to exercise its discretion to deal directly with the information provider in the relevant case.
- 8.7.3 If PhonepayPlus determines that it is willing to deal directly with the information provider, the case will be processed for the purposes of these rules as if the information provider was the service provider so that the information provider shall (together with any other rights or obligations) be entitled to require an oral hearing and to appeal to the Independent Appeals Body (IAB) in respect of the case, and shall be subject to any sanction duly imposed.

8.7.4 For the avoidance of doubt, the Tribunal may, in determining any sanction against an information provider, take into account to the extent appropriate any breach history of the information provider, including any involvement of the information provider in services where a breach was upheld against a service provider. Once a determination has been made under this paragraph, the service provider will have no further right to take part in the process as a party.

8.7.5 The Tribunal may, for good cause, determine at any time in the course of the process of a case that the case is not suitable to be dealt with other than directly with the service provider. If the Tribunal so determines, the case shall recommence as a case in which PhonepayPlus deals directly with the service provider and, in so far as practicable, no Tribunal member previously involved in the matter shall take further part in the process.

## 8.8 Adjudications

On the basis of the evidence presented, the Tribunal will decide whether there has been a breach of the Code. Each case will be considered and decided on its own merits. Service providers will be notified of the adjudication in writing. Where the adjudication has been made on the papers alone, or following informal representations in person, the notification will include reference to the service provider's right to an oral hearing.

## 8.9 Sanctions

8.9.1 Once the Tribunal has determined that there has been a breach of the Code, the Executive will put before it the service provider's details. These will include a list of any relevant breaches previously upheld, sanctions imposed on the service provider and any other relevant information.

## 8.9.2

The Tribunal has a range of sanctions which it may apply according to the degree of seriousness with which it regards any breaches. Having taken all relevant circumstances into account, PhonepayPlus may singularly or in any combination in relation to each breach:

- a require the service provider to remedy the breach,
- b issue a formal reprimand,
- c require the service provider to submit certain or all categories of service and/or promotional material to PhonepayPlus for copy advice and/or for prior permission for a defined period,
- d impose an appropriate fine on the service provider to be collected by PhonepayPlus,
- e require that access to some or all of the service provider's services and/or numbers be barred for a defined period and direct the relevant network operator(s) accordingly,
- f prohibit a service provider, information provider and/or any associated individual found to have been knowingly involved in a serious breach or series of breaches of the Code from involvement in or contracting for the provision of a particular type or category of service for a defined period,
- g prohibit a service provider, information provider and/or any associated individual found to have been knowingly involved in a serious breach or series of breaches of the Code from involvement in or contracting for the provision of any premium rate services for a defined period,
- h require, in circumstances where there has been a serious breach of the Code and/or where an intent to mislead or defraud has been demonstrated, that the service provider pays all claims (or any specified category of claims) made by users for refunds of the full amount spent by them for the relevant service, save where there is good cause to believe that such claims are not valid.

## 8.9.3

The failure of any service provider to comply with any sanction within any reasonable time period imposed on it by PhonepayPlus will result in:

- a PhonepayPlus issuing a direction to all relevant network operators requiring suspension of access to some or all of the numbers allocated to the service provider until full compliance with PhonepayPlus sanctions has been achieved,
- b a further breach of the Code by the service provider, which may result in additional sanctions being imposed.

- 8.9.4** If a Tribunal considers that it may wish to make a recommendation under paragraph 8.9.2f or 8.9.2g in respect of any named individual, PhonepayPlus shall first make all reasonable attempts to so inform the individual concerned and the service provider or information provider in writing. It shall inform each of them that any of them may request an opportunity to make informal representations to the Tribunal in person and of the right of any of them (or of PhonepayPlus itself) to require an oral hearing.
- 8.9.5** Where an individual (or PhonepayPlus) requires an oral hearing pursuant to the right set out in paragraph 8.9.4 but the associated individual fails, without good cause, to appear (either himself or through his representative) at an oral hearing which is properly established, then that oral hearing panel may make such a finding as it considers fit.
- 8.9.6** **Refunds**
- a** Where payment of refunds has been imposed as a sanction in accordance with 8.9.2h, it is the responsibility of the service provider to pay all claims for refunds as required by PhonepayPlus, except those where there is good cause to believe that any such claim is not valid.
  - b** If money that would otherwise have been paid to the service provider has been retained by a network operator in accordance with a direction from PhonepayPlus or other obligation under the Code ('a retention'), and if the service provider satisfies PhonepayPlus that it is unable to comply with the sanction without recourse to the money so retained, it may pass details of payable claims to the network operator which shall make the refund payments due from the retention.
  - c** If the service provider fails to deal promptly with claims made for refunds, PhonepayPlus (without prejudice to taking action against the service provider under paragraph 8.9.3) may direct any network operator which has a retention to deal with claims for refunds and pay the refunds from the retention.
  - d** If PhonepayPlus has not issued directions under paragraph 8.9.6c, the obligation of the network operator shall cease three months after completion of the PhonepayPlus adjudication process and any time period for appeal to the IAB or the conclusion of such appeal or, if sooner, when the retention has been fully expended.
  - e** If there is a retention remaining following payment of all claims for refunds or at the end of the three-month period, it must be used to discharge in whole or in part PhonepayPlus fines and/or administrative charges outstanding and payable by the service provider. If any retention remains thereafter, the network operator shall be entitled to deduct from the retention its costs and expenses arising from dealing with refunds.

## 8.10 Reviews

- 8.10.1 On reasonable grounds, a Tribunal may, at its discretion, review determinations made in respect of applications for prior permission and adjudications and/or sanctions.
- 8.10.2 A service provider or applicant for prior permission may request a review by setting out in writing the case for such a review.
- 8.10.3 **Review procedure**  
Having received a written request setting out the reason why a determination made in respect of an application for prior permission or an adjudication and/or sanction should be reviewed, the Chairman of the Code Compliance Panel will decide whether the review is merited in which event a Tribunal will carry out the review.
- 8.10.4 Following such written request, the Chairman of the Code Compliance Panel may suspend any sanction imposed pending a review.

## 8.11 Oral hearings

- 8.11.1 Any service provider, applicant for permission or associated individual ('the applicant') may, by notice in writing to the Executive, require that an oral hearing be held:
- a in the event of a refusal by a Tribunal to grant prior permission to provide a service, or only to grant it upon condition,
  - b following receipt of any communication from the Executive alleging a breach or breaches of the Code,
  - c in respect of any adjudication made by a Tribunal without an oral hearing,
  - d in the circumstances of an intention to make an order under 8.9.2f or 8.9.2g.
- 8.11.2 The applicant must, within such written notice, provide details of the allegation or decision in respect of which the oral hearing is required and set out clearly the applicant's case in respect of the relevant allegation or decision.
- 8.11.3 Such written notice may be provided to the Executive at any time up to 10 working days after receipt by the applicant of written notification of a decision by PhonepayPlus or at any time prior to the adjudication being made where the oral hearing is required following an allegation of a breach of the Code.

- 8.11.4 PhoneyPayPlus may require at any stage of its processes that an oral hearing be held.
- 8.11.5 Oral hearings shall take place before a Tribunal appointed for the purpose.
- 8.11.6 The applicant is entitled to appear at the oral hearing in person or to be represented. The Executive will attend the oral hearing in order to put the case against the applicant and may instruct a representative to act on its behalf.
- 8.11.7 The enforcement of sanctions imposed pursuant to an adjudication is not automatically suspended by written notice requiring an oral hearing. The applicant may apply in writing to the Chairman of Tribunal ('the Chairman') setting out the grounds on which the sanction should be suspended. Unless the Chairman considers that there are exceptional reasons in the particular case to grant the application, he will only do so if he is satisfied that not to do so would give rise to undue hardship, and that to do so would not give rise to a significant risk of public harm. If an applicant has not been granted a suspension of sanction but has not complied with the sanction, the Chairman may stay the oral hearing.
- 8.11.8 **Procedures for hearing**
- 8.11.8.1 **Pre-hearing process**
- a The Chairman will give such directions as he considers necessary for the fair and speedy hearing of the oral hearing.
- Such directions may include, for example, directions for:
- the exchange of statements of case,
  - the admission of facts before the hearing,
  - the disclosure of documents,
  - the provision of expert reports,
  - the exchange of witness statements,
  - the preparation of agreed bundles of documents,
  - the submission and exchange of outline arguments,
  - the provision of security for the administrative charges of PhoneyPayPlus.
- Directions may be given as to the date by which such actions shall be taken. Where it appears reasonable in all the circumstances, the Chairman may strike out a case or take such other steps as he sees fit where any direction is not followed.
- b The Chairman may convene a conference for the purpose of providing directions or may deal with directions by correspondence or phone, as he sees fit.

- c Not less than 10 working days before the date of the oral hearing, the applicant shall be notified in writing (at the address of the applicant last made known to PhonepayPlus) of the day, time and place of the oral hearing.
- d Within five working days of receipt of the notice specifying the date of the hearing, the applicant shall inform the Executive in writing of whether he intends to appear in person at the hearing and the name of any person who will be representing him at the hearing.
- e The Chairman may vary any of the time limits set out in these procedures.

**8.11.8.2** If the applicant is neither present nor represented at the hearing, and the Tribunal has no cause to believe there is a good reason for the applicant's absence, the matter shall be determined by Tribunal as it sees fit in the absence of the applicant.

**8.11.8.3** **The hearing**

In respect of alleged breaches of the Code of Practice:

- a The Executive shall outline the grounds of the case, and call such witnesses and refer to such documents as it is entitled to do.
- b The applicant shall then be entitled to respond to the case put by the Executive and to call such witnesses or present any written statements or other documents as he is entitled to do.
- c The Executive shall then be entitled to address the hearing panel.
- d The applicant shall be entitled to reply.
- e A witness in person may be cross-examined. A witness who has been cross-examined may be re-examined.
- f The Chairman of the Tribunal may question any witness at any time.

In respect of a case concerning an application for permission, the Chairman shall adopt such procedures as he shall deem to be most convenient.

The Chairman of the Tribunal shall have the power to vary any of these procedures at any time and to adjourn the hearing if satisfied that it is in the interests of justice to do so.

**8.11.8.4** **Confidential information**

The Tribunal shall be entitled to consider and act upon confidential information without directly or indirectly disclosing to the applicant (or the Executive as the case may be) the source of that information, provided that the other party is given a reasonable opportunity to rebut its substance.

- 8.11.8.5 Recording**  
A sound recording shall be made of the oral hearing. Recordings will be made available to the Executive and the applicant.
- 8.11.9 Public hearing**  
An oral hearing shall be conducted in private, unless the applicant or the Executive otherwise requires. If an oral hearing is in public, either party may request that any part of the hearing be conducted in private and any such application shall itself be heard in private.
- 8.11.10 Powers of the Tribunal**  
The Tribunal shall decide the matter dealt with in the oral hearing entirely afresh. For the avoidance of doubt, the Tribunal:
- a** may impose a greater or lesser sanction than that previously imposed by the Tribunal which dealt with the matter previously,
  - b** may reverse a decision to issue or refuse a permission,
  - c** may set such conditions on a permission as it sees fit,
  - d** must agree to impose such sanctions, permissions and/or conditions, and administrative charges or otherwise dispose of the matter as may be jointly agreed by the Executive and the applicant and which has been agreed by the Chairman of the Code Compliance Panel, or if he is unavailable by one of the legally qualified Panel members ('adjudication by consent').
- 8.11.11 Decision and publication**  
The Tribunal shall, as soon as is practicable after the hearing, provide a reasoned written decision. All decisions, whether reached through written or oral process, shall be published by PhonepayPlus and may identify any network operator, service provider and information provider concerned. Publication will be effected by placing the written decision on the PhonepayPlus website and in any other way that PhonepayPlus shall determine.

## 8.12 Administrative charge

All service providers found to be in breach of the Code may be invoiced for the administrative and legal costs of the work undertaken by PhonepayPlus. Non-payment within the period laid down by PhonepayPlus will also be a breach of the Code and may result in further sanctions being imposed. PhonepayPlus may direct that the relevant network operator withholds and passes to PhonepayPlus the sum(s) due from the payments outstanding under the contract between the network operator and the service provider.

## 9 Additional procedures concerning network operators

- 9.1 If it appears to PhonepayPlus that a network operator has failed to comply with its obligations under this Code (whether the subject of a direction or not):
- a PhonepayPlus will set out in writing the details of the apparent failure to comply.
  - b The network operator will be given a reasonable time to respond. This response will normally be required within five working days.
  - c Upon receipt of the network operator's response or if the network operator does not respond within the time required, the Executive will prepare a report, together with supporting evidence, which will be placed before Tribunal appointed to adjudicate upon the matter. The adjudication will be provided promptly in writing to the network operator.
  - d The Tribunal may invite the network operator to make informal representations to it in person in order to clarify any matter or the network operator may request the opportunity to make such informal representations to the Tribunal.
  - e The network operator or the Executive may require at any point in the procedure that the matter be dealt with by means of an oral hearing provided that no requirement for an oral hearing may be made more than 10 working days after the provision of any adjudication made under paragraph 9.1c.
- 9.2 Oral hearings taking place under this Section shall be heard by a panel of no less than two Board members, one of whom shall be appointed as the Chairman.
- 9.2.1 The procedures for hearings and related matters shall be as set out in paragraphs 8.10, 8.11 and 8.12 as though 'network operator' had been substituted for 'applicant' throughout.
- 9.2.2 The hearing shall be conducted in private unless the network operator or the Executive otherwise requires. If a hearing is in public, either party may request that any part of the hearing be conducted in private and any such application shall itself be heard in private.
- 9.2.3 The Tribunal shall, as soon as practicable after the hearing, provide a reasoned written decision. This written decision shall be published by PhonepayPlus.

- 9.2.4 If the Tribunal determines that the network operator has failed to comply with its obligations under the Code, then the Executive will place before it the network operator's details. These will include a list of any previous determinations of failure to comply, sanctions directed and any other relevant information.
- 9.2.5 The Tribunal may impose, by means of a direction to the network operator imposing a sanction upon it, one or more of the sanctions set out in paragraph 2.6.1, which are:
- "2.6.1 Non-compliance by a network operator with any of its obligations set out in this Code shall be dealt with in accordance with Section 9. If PhonepayPlus determines that a network operator is in breach of any of its obligations, then, having taken all relevant circumstances into account, it may make a direction imposing a sanction on the network operator in the form of any or all of the following depending upon the degree of seriousness with which it regards the breach;
- a a reprimand and/or a requirement that the network operator must comply and remedy the consequences of the breach,
  - b an instruction to pay an appropriate fine,
  - c an instruction to cease to provide its network and/or services for the carriage of any particular type or category of premium rate services for a certain period,
  - d an instruction to pay reasonable and valid claims for refunds."
- 9.2.6 All network operators on whom a sanction is imposed may be invoiced for the administrative and legal costs of the work undertaken by PhonepayPlus. Non-payment within the period laid down by PhonepayPlus will be a failure by the network operator to comply with its obligations under the Code and may result in the imposition of a further sanction direction.
- 9.3 A direction or the obligation to comply with any other obligation under this Code is not automatically suspended by the initiation or utilisation of any of the procedures set out above. The network operator may apply in writing to the Chairman of the Code Compliance Panel setting out the grounds on which a direction or obligation should be suspended. Unless the Chairman of the Code Compliance Panel considers that there are exceptional reasons in the particular case to grant the application, he will only do so if he is satisfied that not to do so would give rise to undue hardship, and that to do so would not give rise to a significant risk of public harm. If the network operator has not been granted a suspension of the direction or obligation and has not complied with the direction or obligation, the Chairman of any Tribunal may stay an oral hearing pending compliance.

## 9 ADDITIONAL PROCEDURES CONCERNING NETWORK OPERATORS

- 9.4 A network operator may appeal to the IAB against any Tribunal decision which directs that a sanction be imposed.
- 9.5 If a network operator fails to comply with a sanction direction issued following the process set out in Section 9 (including any appeal to the IAB), PhonepayPlus may (without prejudice to any enforcement action which it may take) refer the matter to Ofcom in accordance with Section 120 of the Act for it to take such action as it shall see fit.

## 10 Appeals

10.1 Service providers, applicants for permission, information providers, associated individuals and network operators ('appellants') may, after an oral hearing at which the appellant or his representative has appeared, appeal to the Independent Appeals Body ('IAB') against Tribunal decisions and adjudications (other than any adjudication by consent).

Appeals may be made on the following grounds:

- the disputed decision was based on error of fact,
- the disputed decision was wrong in law, or
- the tribunal exercised its discretion incorrectly in reaching its decision.

10.2 In order to institute an appeal, the appellant must provide a written notice of appeal setting out the grounds upon which the appeal is made and the facts and matters upon which it is based, to be received by the clerk to the IAB ('the Clerk') within 20 working days of the issue of the Tribunal adjudication or determination which is the subject of the appeal.

10.3 The notice of appeal must be accompanied by:

- the written adjudication,
- the case bundle used at the PhonepayPlus oral hearing,
- a security deposit of £5,000 or an application (to be determined by the Chairman of the IAB) to waive or reduce such a security deposit setting out the grounds for such waiver or reduction,
- a description of any new evidence upon which the appellant intends to rely and which, for good reason, was previously unavailable,
- if the notice of appeal and/or any necessary accompanying documents are being provided to the Clerk more than 20 working days after the issue of the Tribunal adjudication, the appellant must also provide an application (to be determined by the Chairman of the IAB) for the appeal to proceed, setting out the reasons for the delay and the grounds for such application.

10.4 If an appellant or his representative failed to appear in person at an oral hearing for good reason, but the oral hearing proceeded in his absence and the Tribunal has refused to permit a further oral hearing, the appellant may apply to the Chairman of the IAB to request him to require that the Tribunal holds a further oral hearing.

## 11.1 Terms of reference

### 11.1.1

The powers of PhonepayPlus in relation to this Code of Practice enable it to supervise the provision and content of promotional material for premium rate services and, with the support of Ofcom, to enforce this Code. In the performance of this role, PhonepayPlus may:

- a set and maintain standards and, as appropriate, requirements for the content, promotion, marketing and provision of premium rate services and for the payment of refunds in appropriate cases, and keep these standards and requirements under review,
- b monitor premium rate services to ensure compliance with these standards,
- c consult widely with interested parties before changing these standards,
- d make arrangements and determine procedures for the proper support (including funding) of PhonepayPlus, and the efficient and effective operation of its regulation of premium rate services,
- e determine any categories of premium rate service which may be provided only on the basis of prior written permission from PhonepayPlus, identify conditions which should be attached to the grant of such prior permission, keep such categories and conditions under review, and receive, consider and determine applications for prior written permission,
- f administer a system for the payment of claims for compensation for unauthorised use of live services, and provide a system for adjudications where such claims are disputed,
- g investigate and adjudicate upon complaints relating to the content, promotion and marketing of premium rate services, and issue directions designed to achieve compliance with the Code, which may include the imposition of sanctions,
- h issue directions either generally or to individual providers of premium rate services (as defined in Section 120(9) of the Act) to procure compliance with the Code and/or to secure enforcement of its provisions,
- i publish its decisions promptly and publish reports on its work at regular intervals, and generally publicise its role and take steps to inform consumers about premium rate services and regulation of them by PhonepayPlus,
- j report to Ofcom as and when required concerning the regulation of premium rate services,
- k do all such things as it reasonably considers to be conducive to or to facilitate the achievement of these terms of reference or effective premium rate regulation generally.

## 11.2 Delegation of powers

The Board may delegate its powers to sub-committees which will be formed of no fewer than two Board members.

## 11.3 Definitions

- 11.3.1 Framework**  
Premium rate services are defined in Section 120 of the Communications Act 2003 ('the Act') as follows:
- Subsection (7) provides:  
"A service is a premium rate service if:
- a it is a service falling within subsection (8);
  - b there is a charge for the provision of the service;
  - c the charge is required to be paid to a person providing an electronic communications service by means of which the service in question is provided; and
  - d that charge is imposed in the form of a charge made by that person for the use of the electronic communications service."

Subsection (8) provides:  
"A service falls within this subsection if its provision consists in:

    - a the provision of the contents of communications transmitted by means of an electronic communications network; or
    - b allowing the user of an electronic communications service to make use, by the making of a transmission by means of that service, of a facility made available to the users of the electronic communications service."

Subsection (14) provides:  
"References in this section to a facility include, in particular, references to:

      - a a facility for making a payment for goods or services;
      - b a facility for entering a competition or claiming a prize; and
      - c a facility for registering a vote or recording a preference."

**11.3.2** 'General conditions of entitlement' means the general conditions set by Ofcom pursuant to Section 45 of the Act which are applicable at the material time.

'Total metering and billing system' has, for the purposes of this Code, the same meaning as in Condition 11 of the general conditions of entitlement.

'A lead network' means an electronic communications network provider who is obliged to obtain approval for its total metering and billing system in accordance with Condition 11 of the general conditions of entitlement.

- 11.3.3** Subject to paragraphs **11.3.4** and **11.3.5** below, 'network operator' means, for the purposes of this Code in respect of any premium rate service, a person who falls within Section 120(10) or Section 120(11) of the Act and:
- i** who is a lead network; or
  - ii** has a direct network connection and has direct billing arrangements in respect of that connection with the lead network; or
  - iii** through arrangements made with a lead network, provides electronic communication services to the public and bills the public directly, and can perform or can require the performance of all the obligations that are set out in **Section 2** of the Code; or
  - iv** if no-one falls within **i**, **ii** or **iii** above, the network operator shall be the person who falls within Section 120(10) or (11) and, in respect of the premium rate service or services in question, provides or has, in the reasonable opinion of PhoneyPayPlus, the closest or most substantial connection with the provision of the communications network used for the provision of the premium rate service.

A direct network connection exists when a person provides switching equipment (to currently accepted industry standards), which by interconnection arrangements made between that person and the lead network, enables the conveyance of signals between the lead network and that person.

- 11.3.4** If a premium rate service is provided which is accessible only through the use of VoIP technology and, in respect of that service, there is no network operator identifiable under paragraph **11.3.3** above, then the network operator, for the purposes of this Code, is the person who provided the facility through which the user gained access to the service.
- 11.3.5** If the primary function of a person is to aggregate or collate content of services for third parties and/or to acquire network access through wholesale arrangements which it then provides to third parties on a retail basis, that person is a service provider for the purposes of this Code and is not a network operator, unless there is no other network operator identifiable who is involved in the provision of the relevant premium rate service.

**11.3.6** 'Service provider' is the first person who falls within Section 120(9) (a)-(d) or Section 120(10) of the Act who, not being a network operator himself, contracts with or enters into arrangements with a network operator for use of the network operator's facilities in the provision of the relevant premium rate service<sup>3</sup>.

Where a network operator itself provides premium rate services in any given case in which he falls within Section 120(9)(a)-(d) as well as being the network operator in respect of the relevant service then that network operator or such part of its organisation as is responsible for the provision of the same will be a service provider for the purposes of this Code.

**11.3.7** 'Information provider' is any person falling within section 120(9) (a)-(d) of the Act, not himself being a service provider for the purpose of this Code.

**11.3.8** 'Controlled Premium Rate Service' has the meaning set out in the Condition issued by Ofcom under Section 120 of the Act effective from time to time.

#### General

**11.3.9** 'Adjudicator' is the person, independent of PhonepayPlus, network operators, service providers or information providers, who adjudicates upon claims for compensation in respect of unauthorised calls to live services.

**11.3.10** 'Associated individual' is any sole trader; partner in or director or manager of a service provider or information provider, anyone having day-to-day responsibility for the conduct of its relevant business and any individual in accordance with whose directions or instructions such persons are accustomed to act, or any member of a class of individuals designated by PhonepayPlus.

**11.3.11** 'Call', for the purposes of this Code, means any communication which passes through an electronic communications network, whether initiated by a user or initiated by or facilitated by a service provider, and 'caller' shall be construed accordingly.

<sup>3</sup> In order to ensure clear and effective regulation, responsibility for the promotion and content of premium rate services rests with service providers. We recognise that, as set out in the Communications Act 2003, service providers can organise their businesses in numerous ways. Many provide their own content, while others package content that may be developed or marketed by others. Some service providers focus on providing connections to the phone networks and have limited involvement in the content or promotion of a service. If service providers choose to adopt a model under which immediate control of matters for which they are answerable under this Code is passed to others, they should take appropriate steps to protect their interests because they remain directly responsible for sanctions imposed by PhonepayPlus for Code breaches.

- 11.3.12 ‘Chairman of the Independent Appeals Body’ is the person, being a qualified solicitor or barrister of not less than 10 years’ standing, appointed to be Chairman of the Independent Appeals Body.
- 11.3.13 ‘Chatline service’ has the meaning set out in the Condition issued by Ofcom under Section 120 of the Act effective from time to time.
- 11.3.14 ‘Children’ means people under 16 years of age.
- 11.3.15 ‘Children’s services’ are services which, wholly or in part, are aimed at or should have been expected to be particularly attractive to children.
- 11.3.16 ‘Communications provider’ is defined in Section 405 of the Act as a person who, within the meaning of Section 32(4) of the Act, provides an electronic communications network or an electronic communications service.
- 11.3.17 ‘Contact and dating services’ are services which enable persons who were previously unacquainted with each other to make initial contact and arrange to meet in person or otherwise continue to have contact with one another outside the service if they wish to do so.
- 11.3.18 ‘Directory enquiry’ (‘DQ’) service is a premium rate service, one of the main or advertised purposes of which is to provide callers with the telephone numbers of subscribers and/or other end-users of electronic communications services (‘end-users’) by searching one or more sources of information (‘sources’) (whether held in paper or electronic form, and whether held or maintained by the service provider or by any other person) using information provided by callers as to particular end-users’ names and/or addresses.
- 11.3.19 ‘Electronic communications network’ has the meaning given to it in Section 32(1) of the Act.
- 11.3.20 ‘Electronic communications service’ has the meaning given to it in Section 32(2) of the Act.
- 11.3.21 ‘Independent Appeals Body’ (‘IAB’) is a body of persons, independent of PhonepayPlus, appointed to provide tribunals to hear appeals in respect of service providers and following oral hearings:
- against adjudications made by PhonepayPlus,
  - against refusals by PhonepayPlus of applications for permission to provide services,
  - against conditions imposed by PhonepayPlus upon such permission,
  - in respect of network operators, against adjudications made by PhonepayPlus which direct that a sanction be imposed.

- 11.3.22 'internet dialler software' is software that replaces the telephone number used by an end-user's computer that connects it to the internet (dial-up telephone number) with a different dial-up telephone number.
- 11.3.23 'Live services' are premium rate services which involve two-way or multi-way live voice conversation.
- 11.3.24 'Ofcom' is the Office of Communications. References to Ofcom and to any statutory authority or other regulatory body include any replacement successor bodies.
- 11.3.25 'Pay-for-product services' are those, costing more than £1 in total, in which the benefit to the user is either the delivery during or consequent to the use of the service of a product or service (not itself being premium rate content) paid for wholly or in part by the user through a network operator, or the provision during the service of electronic data which the user is able to receive and store and which is not primarily intended for use on the device used for access to the service.
- 11.3.26 'Person' means any natural or legal person.
- 11.3.27 'Promotion' means anything where the intent or effect is, either directly or indirectly, to encourage the use of premium rate services, and the term promotional material shall be construed accordingly.
- 11.3.28 'Sexual entertainment services' are services of a clearly sexual nature or any services for which the associated promotional material indicates or implies that the service is of a sexual nature.
- 11.3.29 'Subscription services' are those which incur a recurring premium rate charge.
- 11.3.30 'Virtual chat services' are not live conversation services but enable two or more users to exchange separate messages, whether by recorded voice, text or pictures, while engaged in the service.

1	General provisions
1.1	Information obtained by PhonepayPlus under these provisions shall be confidential, save that PhonepayPlus may share it with Ofcom to the extent that is reasonable for the proper regulation of premium rate services.
1.2	<p>For the purposes of these funding provisions, the following definitions shall apply:</p> <ul style="list-style-type: none"> <li>a 'Outpayments' are sums payable by network operators to service providers in respect of revenue generated by premium rate services.</li> <li>b 'Revenue' is the sum received by a network operator in respect of or attributable to the provision of a premium rate service, gross of any sum that may be due to third parties arising out of the provision of the said service.</li> </ul>
2	Timetable
2.1	PhonepayPlus will publish a timetable for its annual budgetary and forecasting procedures as set out below. It will specify the dates by which various activities should be carried out by network operators and/or PhonepayPlus.
2.2	PhonepayPlus may, upon giving reasonable notice to interested parties, vary some or all of the dates set out in the timetable.
3	Budget and activity plan
3.1	As far as is practicable, by 31 December each year, PhonepayPlus will publish a proposed budget and activity plan for wide consultation and scrutiny.
3.2	Having considered the comments received under paragraph 3.1, PhonepayPlus will review and then present its proposed budget and activity plan to Ofcom for comment within such a period of time as PhonepayPlus may specify.
3.3	After receiving comments from Ofcom, PhonepayPlus will make such amendments to the proposed budget and activity plan as are necessary to secure Ofcom approval.

- 3.4 PhonepayPlus will then announce its budget for the forthcoming financial year, specifying the amount it intends to collect ('the Budgeted Figure').

## 4 Forecasting

- 4.1 Subject to paragraph 4.3 below, network operators must, in accordance with the timetable, provide PhonepayPlus with a forecast of the value of outpayments (gross of the levy – see Section 5 below) that each of them anticipates making in or for the forthcoming financial year.
- 4.2 If a network operator fails to provide a forecast in accordance with paragraph 4.1 above, PhonepayPlus may issue a direction to the network operator requiring the provision of a forecast and/or may make its own forecast of the outpayments likely to be made by the relevant network operator during the forthcoming financial year. This will be based on such information as PhonepayPlus may have concerning the network operator's outpayments in previous years, information received from other network operators and PhonepayPlus' own knowledge of the industry.
- 4.3 Where a network operator intends to provide premium rate services over its electronic communications network and has not previously done so, the network operator is not obliged to provide forecasts pursuant to paragraph 4.1 above.

## 5 Levy

- 5.1 PhonepayPlus will determine the proportion of every outpayment that needs to be retained and paid to PhonepayPlus ('the levy'). PhonepayPlus may from time to time vary the rate at which the levy is set to ensure that it continues to receive adequate funding to carry out its activities.
- 5.2 PhonepayPlus will advise network operators (in writing) and other interested parties (by publication on its website) of the levy to be applied to outpayments from time to time and issue directions accordingly. The levy will be expressed as the proportion of each outpayment that must be retained (e.g. 0.XX pence per £1).

- 5.3 Following receipt of notification under paragraph 5.2 above, network operators must inform everyone to whom they make outpayments of the level at which the levy has been set and that they (the network operator) will deduct the levy at source from every outpayment that is made and pay the deducted amount to PhonepayPlus.
- 5.4 Network operators are responsible for deducting the levy notified under paragraph 5.2 from every outpayment that they make. Where a network operator fails to deduct the levy, the network operator will remain liable to PhonepayPlus as though it had in fact deducted the levy.

## 6 Payments

- 6.1 In accordance with the timetable, PhonepayPlus will advise each network operator whose outpayments for the forthcoming year have been forecast under Section 4 of this Annex of the total amount that the network operator is expected to collect in the forthcoming financial year by the application of the levy notified for the time being under paragraph 5.2 ("its Contribution").
- 6.2 Each network operator's contribution will be calculated by multiplying its forecasted outpayments for the forthcoming year by the applicable levy for the time being (e.g. £1,000,000 x 0.XX).
- 6.3 Upon being advised of its contribution by PhonepayPlus pursuant to paragraph 6.1 above, a network operator must pay its contribution to PhonepayPlus by 12 equal monthly instalments payable by the last day of each month commencing on the following 31st March. Wherever possible, network operators should arrange to make payments by electronic transfer.
- 6.4 Where a network operator falls within paragraph 4.3 above, the network operator will make payments to PhonepayPlus calculated by multiplying its actual outpayments by the applicable levy each month during the balance of the first year of service provision.
- 6.5 All invoices provided by PhonepayPlus to network operators will add a charge for VAT.
- 6.6 All network operators must provide PhonepayPlus with quarterly reports upon the actual levels of outpayments that they are making as soon as is reasonably practicable following 30th June, 30th September, 31st December and 31st March.

- 6.7 Network operators may, in exceptional circumstances, seek PhonepayPlus' agreement to a recalculation of their forecasts and the consequential payments required of them under paragraph 6.3 above.

## 7 Late payment

- 7.1 If a network operator fails to pay to PhonepayPlus monies due in accordance with the timescales set out in this Code and/or in accordance with directions issued by PhonepayPlus, the network operator will be liable to pay interest in respect of such monies at the rate of 3% above the prevailing base rate for the time being of HSBC plc from the date on which the relevant payment became due.

## 8 Adjustments

- 8.1 At the end of each year and in any event by no later than 30th April, network operators must provide PhonepayPlus with a statement of the actual aggregate outpayments that they have made, and the revenue that they have received in their capacity as a network operator during the preceding year. The statement must identify all cases in which the network operator has provided premium rate services in respect of which there is no identifiable outpayment (see Section 10 of this Annex). Where it has supplied no such services, the network operator must state this in the statement.
- 8.2 Following receipt of the statement referred to in paragraph 8.1 above or an auditors' report pursuant to paragraph 9.1 below, PhonepayPlus will determine in respect of each network operator the aggregate amount that ought to have been collected pursuant to paragraph 5.4 above and the aggregate amount that has been paid pursuant to Section 6 of this Annex by that network operator.
- 8.3 Where a network operator's payment to PhonepayPlus based on forecast outpayments exceeds actual outpayment levels, the network operator will be entitled to have the excess amount repaid. PhonepayPlus will recalculate this sum based on information provided under paragraph 8.2 above.

8.4 Where PhonepayPlus concludes, pursuant to paragraph 8.2, that a network operator ought to have collected an amount in excess of that actually paid to PhonepayPlus, the network operator will be liable to PhonepayPlus for the difference which will be payable forthwith.

8.5 PhonepayPlus will not make a calculation pursuant to paragraph 8.2 in respect of a network operator which has not provided a declaration of its actual outpayments for the entire year pursuant to paragraph 8.1 above.

## 9 Auditors

9.1 The PhonepayPlus auditor for the time being ('the Auditors') shall have the power to request from a network operator direct confirmation by audited statement of the actual level of outpayments it made and the actual revenue it retained in respect of premium rate services supplied by it as a network operator during any relevant period. A network operator's auditors must provide such a statement within such reasonable time as the Auditors may request and/or PhonepayPlus may direct.

9.2 Network operators will not be subject to a request under paragraph 9.1 above more than once in every four years, save where previous audited statements have revealed significant inconsistencies or where information provided to or obtained by PhonepayPlus or the Auditors may give the Auditors cause for concern.

9.3 A network operator or a network operator's auditors shall, at the request of the Auditors, supply such further information and/or explanation of such matters as the Auditors may consider necessary to satisfy themselves as to the accuracy of the network operator's figures in such a format as may be prescribed (including by further statement).

9.4 If an auditors' report obtained under paragraph 9.1 above indicates that the actual outpayments made by a network operator during the relevant year were different from those declared under paragraph 8.1 above, the Auditors will make such adjustments as are necessary pursuant to Section 8.

- 9.5 If the Auditors advise it to be necessary for the proper administration of this part of the Code, PhoneyPayPlus may direct that a network operator subjects itself to assessment by an agreed independent auditor for the purpose of establishing whether the network operator has fully complied with its obligations under this part of the Code. The costs of any such assessment shall be borne by PhoneyPayPlus unless the independent auditor concludes that the network operator was not in all material respects complying with its obligations under this part of the Code or where the independent auditor was unable to reach any conclusion because of non-co-operation by the network operator, in which case the costs will be borne by the network operator.
- 9.6 Where an audit conducted under paragraphs 9.1 or 9.5 above has revealed material inconsistencies in the information previously supplied to PhoneyPayPlus by a network operator, PhoneyPayPlus may take enforcement action under [Section 9](#) of the Code.

## 10 No identifiable outpayment

- 10.1 Where PhoneyPayPlus has received notification under paragraph 8.1 above that a network operator has supplied service(s) for which there is no identifiable outpayment, it may direct the relevant network operator to explain the reasons for the lack of any identifiable outpayment(s) and/or to supply details of the level of revenue it has generated in respect of those services.
- 10.2 If PhoneyPayPlus considers it appropriate to do so, it will direct the network operator to treat the revenue it has generated in respect of such service(s) or such a portion of that revenue as PhoneyPayPlus may determine as though it were in fact an outpayment.

Appeals against PhoneyPayPlus adjudications

The Independent Appeals Body ('IAB') is a body of persons independent of PhoneyPayPlus appointed to provide tribunals to hear appeals.

The PhoneyPayPlus Code of Practice (Eleventh Edition) provides a right of appeal for service providers, applicants for permission, information providers, associated individuals or network operators who are aggrieved by an PhoneyPayPlus decision or determination. The relevant provisions in the PhoneyPayPlus Code of Practice (Eleventh Edition) are as follows:

1 Appeals

1.1 "Service providers, applicants for permission, information providers, associated individuals and network operators ('appellants') may, after an oral hearing at which the appellant or his representative has appeared, appeal to the Independent Appeals Body ('IAB') against Tribunal decisions and adjudications (other than any adjudication by consent).

Appeals may be made on the following grounds:

- the disputed decision was based on error of fact,
- the disputed decision was wrong in law, or
- the Tribunal exercised its discretion incorrectly in reaching its decision.

1.2 In order to institute an appeal, the appellant must provide a written notice of appeal setting out the grounds upon which the appeal is made and the facts and matters upon which it is based, to be received by the clerk to the IAB ('the Clerk') within 20 working days of the issue of the Tribunal adjudication or determination which is the subject of the appeal.

1.3 The notice of appeal must be accompanied by:

- the written adjudication,
- the case bundle used at the Tribunal oral hearing,
- a security deposit of £5,000 or an application (to be determined by the Chairman of the IAB) to waive or reduce such a security deposit setting out the grounds for such waiver or reduction,
- a description of any new evidence upon which the appellant intends to rely and which, for good reason, was previously unavailable,

- if the notice of appeal and/or any necessary accompanying documents are being provided to the Clerk more than 20 working days after the issue of the Tribunal adjudication, the appellant must also provide an application (to be determined by the Chairman of the IAB) for the appeal to proceed, setting out the reasons for the delay and the grounds for such application.

1.4

If an appellant or his representative failed to appear in person at an oral hearing for good reason, but the oral hearing proceeded in his absence and PhonepayPlus has refused to permit a further oral hearing, the appellant may apply to the Chairman of the IAB to request him to require that PhonepayPlus holds a further oral hearing.”

The procedures which follow are those laid down by the IAB and are under its control.

2

## The procedures of the Independent Appeals Body

The IAB is able to hear any appeal lodged with the Clerk to the IAB ('the Clerk') in accordance with the provisions of [Section 10](#) of the PhonepayPlus Code of Practice (Eleventh Edition).

The Clerk shall forthwith, upon receipt of the notice of appeal, provide a copy of it and of the accompanying documents to the Chairman of the IAB ('the Chairman') and to PhonepayPlus.

In the event that an appellant was, for good reason, unable to attend an oral hearing but the oral hearing proceeded in his absence, then the appellant may apply to the Chairman of the IAB. The Chairman shall obtain the views of the Chairman of the hearing panel in writing, or in a hearing at which the appellant may also attend. The Chairman may require that PhonepayPlus provides a further oral hearing. The Chairman shall have the discretion to award the costs of the application.

3

## The Appeal Tribunal

Upon receipt of a notice of appeal, the Chairman shall appoint an Appeal Tribunal, consisting of three members, to deal with the appeal. The Chairman or Deputy Chairman (if any) shall be the Chairman of the Tribunal ('the Tribunal Chairman').

If the appellant has applied for a waiver or reduction in respect of the provision of the required security deposit and for the appeal to proceed despite the notice of appeal having been lodged out of time, then as soon as reasonably practicable, the Tribunal Chairman shall convene a hearing at which any such application shall be considered and at which PhonepayPlus may be heard.

In respect of an application for a waiver of the requirement to provide the security deposit, the Tribunal Chairman shall waive the deposit (or reduce the required level of security) if he determines that there appears to be plain merit in the grounds of appeal and that exceptional hardship will result from the requirement that the security be provided.

PhonepayPlus shall be entitled to apply to the Tribunal Chairman for a determination that the appeal should not be permitted to proceed unless the security deposit is increased to a higher level and/or that a sum is lodged as security for costs. The Tribunal Chairman may make such a determination entirely at his discretion.

In respect of an application for an appeal to proceed despite having been made late, the Tribunal Chairman shall grant such application if he is satisfied that, in all the circumstances, it is fair to do so and he may impose such conditions as he sees fit as to the further conduct of the appeal or as to lodgment of security for costs.

## 4

### Suspension of sanctions

The enforcement of sanctions imposed by PhonepayPlus is not automatically suspended by the provision of a notice of appeal. An appellant may apply to the Tribunal Chairman, by written application to the Clerk, setting out the grounds upon which the sanction should be suspended. The Clerk will forthwith provide a copy to the Tribunal Chairman. Unless the Tribunal Chairman considers that there are exceptional reasons in the particular case to grant the application, he will do so only if he is satisfied that not to do so would give rise to undue hardship, and that to do so would not give rise to a significant risk of public harm. He shall seek the views of PhonepayPlus on those matters prior to making a decision and may convene a hearing to deal with such applications.

If an appellant has not been granted a suspension of sanction, and has not complied with the sanction imposed, the Tribunal Chairman may stay the appeal on the application of PhonepayPlus or on his own volition. Appeals stayed for more than six months shall be automatically struck out and may not be recommenced.

## 5 Representation

The appellant shall be entitled to appear before the Appeal Tribunal in person and be represented.

PhonepayPlus shall attend as respondent to any appeal before the Appeal Tribunal and may instruct a representative to act on its behalf.

## 6 Pre-hearing process

The Tribunal Chairman may, at his own discretion, or upon the application of either party to the appeal, convene a conference of the parties at which he may give such directions as he considers necessary for the fair and speedy hearing of the appeal. Such directions may include, for example, directions for:

- the admission of facts before the hearing,
- the disclosure of documents,
- the provision of expert reports,
- the exchange of written statements,
- the preparation of agreed bundles of documents,
- the submission and exchange of outline arguments.

Directions may be given as to the date by which such actions shall be taken.

For the avoidance of doubt, the Chairman shall have the power to make directions for disclosure of documents and any other directions relating to evidence as though the appeal was a first hearing of the matter which is the subject of the appeal.

Not less than 10 working days before the date of the hearing of the appeal, the Clerk shall send written notice of the day, time and place of the hearing of the appeal to the last known address of the appellant and to PhonepayPlus.

Within five working days of receipt of the notice specifying the date of the hearing, both the appellant and PhonepayPlus shall each inform the Clerk in writing of whether they intend to appear at the hearing and the name of any person who will be representing them at the hearing.

## 7 The hearing

The appellant shall outline the grounds of his appeal and call such witnesses and refer to such documents as he is entitled to do.

PhonepayPlus shall then be entitled to respond to the case put by the appellant and to call such witnesses or present any written statements or other documents.

The appellant shall then be entitled to address the Appeal Tribunal.

A witness in person may be cross-examined by the other party in the appeal.

A witness who has been cross-examined may be re-examined.

The Tribunal Chairman may question any witness at any time.

The Tribunal Chairman shall have the power to vary any of these procedures at any time and to adjourn the hearing if satisfied that it is in the interests of justice to do so.

If the appellant is neither present nor represented at the hearing and the Appeal Tribunal has no cause to believe there is a good reason for the appellant's absence, the appeal may be dismissed.

## 8 Confidential information

The Appeal Tribunal shall be entitled to consider and act upon confidential information without directly or indirectly disclosing to the appellant (or PhonepayPlus as the case may be) the source of that information provided that the appellant (or PhonepayPlus) is given a reasonable opportunity to rebut its substance.

## 9 Recording

A sound recording shall be made of the proceedings before the Appeal Tribunal. Recordings will be made available to PhonepayPlus and the appellant.

## 10 Public hearing

An appeal hearing shall be conducted in private, unless the appellant or PhonepayPlus otherwise requires. If an appeal hearing is in public, either party may request that any part of the hearing be conducted in private and any such application shall itself be heard in private.

## 11 Costs of hearing

The Appeal Tribunal shall make such award for costs of the parties as it shall see fit, subject to a maximum of £25,000 (inclusive of disbursements and VAT). In addition, the Appeal Tribunal shall award the costs of the provision of the Tribunal as it sees fit, subject to a maximum of £10,000 (inclusive of VAT).

## 12 Powers of the Appeal Tribunal

The Appeal Tribunal shall consider all documentation and evidence produced at the PhonepayPlus oral hearing and may, at its discretion, rehear any witness called before the PhonepayPlus oral hearing and hear new evidence which for good reason was not available at the PhonepayPlus oral hearing.

The Appeal Tribunal may:

- a confirm, vary or rescind an adjudication or determination or any part of it made by PhonepayPlus and substitute such other finding as it considers appropriate,
- b confirm, vary or rescind any sanction imposed by PhonepayPlus pursuant to its adjudication. For the avoidance of doubt, the Appeal Tribunal may impose a greater sanction (or sanction direction) than that imposed by PhonepayPlus, provided that such a sanction could have been imposed by PhonepayPlus.
- c confirm, vary or rescind the imposition of an administrative charge made by PhonepayPlus.

## 13 Decision and publication

The Appeal Tribunal shall, as soon as is practicable after the hearing, provide a reasoned written decision. This written decision shall be published by PhonepayPlus.

14 Further appeal

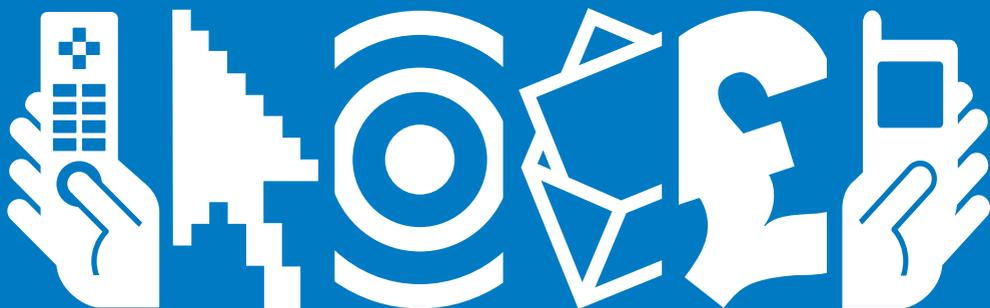
There is no further appeal through PhonepayPlus' procedures or those of the IAB.











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