

**NOTES OF THE ILP MEETING NO. 62nd HELD ON
TUESDAY 30th OCTOBER 2018
10.00am-12.30pm
The Phone-paid Services Authority Offices,
40 Bank Street, London, E14 5NR**

ILP Members

David Edmonds (PSA Chairman and acting ILP Chair)
Andrew Ailwood – BBC
Stephanie Ayres – Payforit Management Group Secretariat
Tom Corcoran – Three
Joanna Cox - aimm
Eric Feltin – Safari Mobile
Peter Garside – EE
Rosaleen Hubbard – UKCTA
Hamish MacLeod - MobileUK
Nitin Khattar – The Number UK
Ladi Sanusi - Three
Jeremy Stafford Smith – Vodafone
Mark Stannard – Boku Inc
Mike Steel – BT Agilemedia

Phone-paid Services Authority

Joanne Prowse (Chief Executive)
Peter Barker
Mark Collins
Jonathan Levack
Ayo Omideyi
Simon Towler
Stephanie Ratcliffe (minutes)

Apologies

Ann Cook – ITV (ILP Chair)
Danny Barclay - Telefonica
Michael Barford – The Number UK
Holly Fairweather – Channel 4
Suzanne Gillies – Action 4
Rickard Granberg – UKCTA
Clark Johnson – Telefonica
Neil Johnson – aimm
Tony Maher – TUFF
Simon Miller - Three
Steve Ricketts – PSA Board
Rob Weisz – Fonix

1.0 WELCOME, INTRODUCTIONS

David Edmonds, on behalf of Ann Cook, welcomed attendees to the meeting and advised he would be chairing the meeting in Ann's absence. Apologies were noted.

2.0 REVIEW ACTIONS

a) Minutes and Matters arising from the minutes of the ILP meeting held on 10th July 2018

Minutes and Matters Arising

The ILP approved the minutes from the ILP meeting held on 10th July, as an accurate record of that meeting.

b) Actions

The ILP noted all actions were closed.

3.0 FOCUS ON TOPIC - PRESENTATION on Consent to Charge Security Testing Platforms by PSA

The ILP noted that David Rogers from Copper Horse had sent apologies and was unable to present to the ILP on the Copper Horse Report. In his absence, Mark Collins and Jeremy Stafford Smith provided an overview of the findings identified from the security testing of the platforms.

The PSA and three MNOs' contracted with the security consultancy Copper Horse to conduct penetration testing of consent to charge platforms where the L1 is connected directly to MNOs. The findings were then presented to the PSA and MNOs and a 'find and fix' principle implemented to improve risk control and due diligence. A detailed report on findings was presented to the L1s on 19th September.

The ILP noted that the methodology and use of vulnerability scoring used by Copper Horse was based on the internationally, recognised standard scoring mechanism, CVSSV3.0, which is recognised and used by CREST accredited penetration testers. The CVSS assessment measures various different areas of concern and adopts scoring mechanisms with thresholds to identify areas which require action.

The ILP noted the ten application risks, identified by the OWASP (Open Web Application Security Project) and next steps:

- further testing planned with L1s, expected to conclude early 2019;
- the development of security standards with implementation expected by early/mid April 2019.
- a review of PSA's guidance on consent to charge, with consultation likely in Q1 2019 for revised Guidance or other standards to take effect in April 2019.

David Edmonds thanked Mark Collins and Jeremy Stafford Smith for the presentation and the ILP for working together to resolve issues.

4.0 MARKET ISSUES

a) Complaints Data Analysis

PSA presented the latest suite of operational data, which included analysis of contact volumes, complaint volumes, case workload and the financial size of the market.

The ILP noted the data, and discussion centred on the following broad conclusions:

- Total contacts have increased in the second quarter of 2018/19, with PSA largely able to handle this increase through automated means.
- Total assessed complaints have similarly increased. Casework is broadly in the area of digital content services i.e. games and apps charged to bill, music/video, content/ringtones and Internet based information services. Over 90% of the services generating complaints are subscription services (and was in fact 99% for September 2018), which PSA expect to address through current policy work in this area alongside enhanced guidance regarding due diligence and consent to charge.
- 10% of assessed complaints received in September created 28 new cases (with 90% relating to 80 existing cases). This benchmark will be used to assess how much potential new consumer harm is being identified each month.
- Total cases are likely to be 350-400 in 2018/19, slightly lower than previous years. However, PSA expects formal investigations and enforcement cases to remain at the same levels, since there is not sufficient capacity to formally investigate all cases and so will continue to prioritise against agreed criteria.
- Case workload continues to be varied, with around 50% of the 156 open cases at the end of September relating to the digital content services highlighted above. Otherwise, the remaining 50% of cases have relatively low complaint volumes and are typically monitoring led in their assessment of potential non-compliance.
- Although Q2 network returns data was still being confirmed, significant growth in revenues and out payments was expected – arising principally through growth in operator billing for Apple digital services.

b) Market Issues Report

PSA reported that it continues to monitor closely a wide range of issues in the delivery of phone-paid services in the market, and highlighted to the ILP three areas of current concern:

- 'alert services' promoting on co-reg sites;
- adult dating sites with very high price points;
- content locking on certain apps.

5.0 ILP UPDATE

The Chair asked the ILP for any items for discussion. The ILP confirmed there were no items for discussion.

7.0 PHONE-PAID SERVICES AUTHORITY UPDATE

Highlights since the ILP meeting held on 10th July 2018

PSA reported the following updates:

- David Edmonds recently began his second term in office as Chairman to the PSA;
- Ann Cook has been reappointed to the PSA Board for a second term;
- The Annual Market Review was published on 25 September;
- The industry forum, held on 2nd October, went well and panel sessions were very informative and interactive. Highlights from discussions focus on building confidence in phone-paid services, improving joint engagement and focusing on growth and consumer confidence in operator billing;
- Good strong working relationships continue with Ofcom and the PSA.
- Publications and forthcoming events include:
 - special conditions for society lottery services is now in force since 1st October;
 - the notice of specified charges and duration of calls is now in force since 1st October;
 - consultation on special conditions for directory enquiry services closed on 22nd August;
 - consultation on updates to the digital marketing guidance and annexes closed on 12th October and a statement due in November;
 - the subscription call for inputs closed on 15th October.

The Chair thanked the ILP for their contributions to the consultations.

Next steps include:

- A statement on updating registration scheme requirements for service providers was published on 11th September. PSA will continue to liaise with industry on implementation.
- The consultation on proposed guidance on data retention periods is due for publication in November, with responses required in the New Year.
- The draft business plan will be presented to the ILP at the next meeting. Publication will then follow and responses required by mid-January.

8.0 AoB

a) Forthcoming meeting for 2018 will take place as follows:

- Tuesday 11th December 2018: 10am-11.30am (Business Plan)

b) Forthcoming meetings for 2019 will take place as follows:

- Tuesday 12th February 2019: 10am-12.30pm
- Tuesday 16th April 2019: 10am-12.30pm
- Tuesday 16th July 2019: 10am-12.30pm
- Tuesday 22nd October 2019: 10am-12.30pm
- Tuesday 10th December 2019: 10am-11.30am (Business Plan)

End of Minutes

ILP meetings are held at Phone-paid Services Authority Offices, 25th Floor, 40 Bank Street, E14 5NR