Operational Report

2016-2017 - Quarter 2

Based on data run on: 08 November 2016

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Index

Annual summary

Contacts per month

	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
All complaints	1,744	1,497	1,715	2,359	2,499	2,356	2,693	2,501	3,084	3,051	3,684	3,886
Phone enquiries	2,297	1,931	1,318	1,261	1,167	1,307	1,247	1,119	1,312	1,391	1,731	1,820
Web enquiries	18,532	16,813	16,106	21,339	20,718	21,253	23,148	25,391	28,847	30,066	35,347	37,775
Total	22,573	20,241	19,139	24,959	24,384	24,916	27,088	29,011	33,243	34,508	40,762	43,481

Complaints per month

	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Phone	1,034	860	1,095	1,489	1,662	1,560	1,726	1,348	1,820	1,895	2,294	2,273
Web	710	632	618	860	826	782	951	1,125	1,224	1,139	1,373	1,609
Other		5	2	10	11	14	16	28	39	17	17	3
Sum:	1,744	1,497	1,715	2,359	2,499	2,356	2,693	2,501	3,083	3,051	3,684	3,885

Cases open during month

	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Formal	29	30	30	28	25	22	22	27	26	27	26	26
Informal	294	293	296	156	144	141	85	106	127	150	155	173
Total balance	323	323	326	184	169	163	107	133	153	177	181	199

Actionable vs Non-Actionable

	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Actionable	471	421	465	680	709	654	735	713	878	826	1,272	1,511
Non-actionable	1,273	1,076	1,250	1,679	1,790	1,701	1,945	1,769	2,188	2,172	2,315	2,246
Pending						1	13	19	18	53	97	129
Sum:	1,744	1,497	1,715	2,359	2,499	2,356	2,693	2,501	3,084	3,051	3,684	3,886

Tribunals

	2016	2016	2016	2016	2016	2016	2016	2016	2016	2015	2015	2015
	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct
Tribunals	3	1	3	2	5		4	3	2	1	2	3

Annual summary

Contacts per month
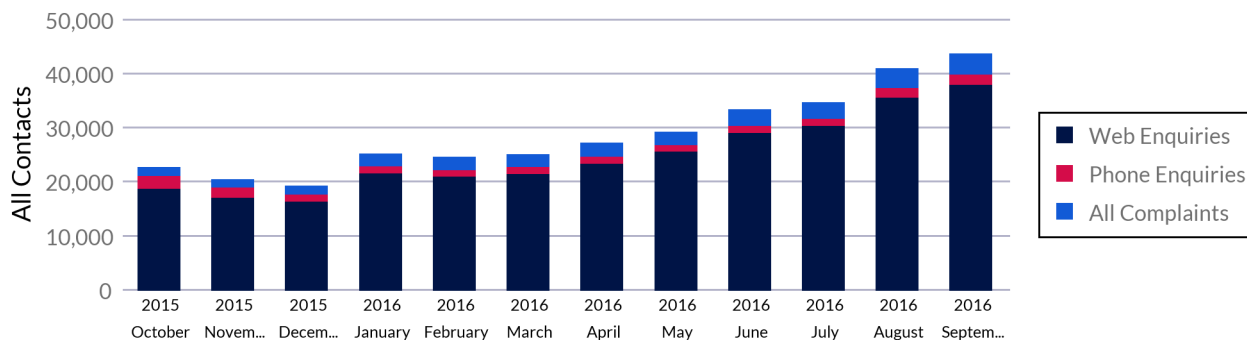
Complaints per month
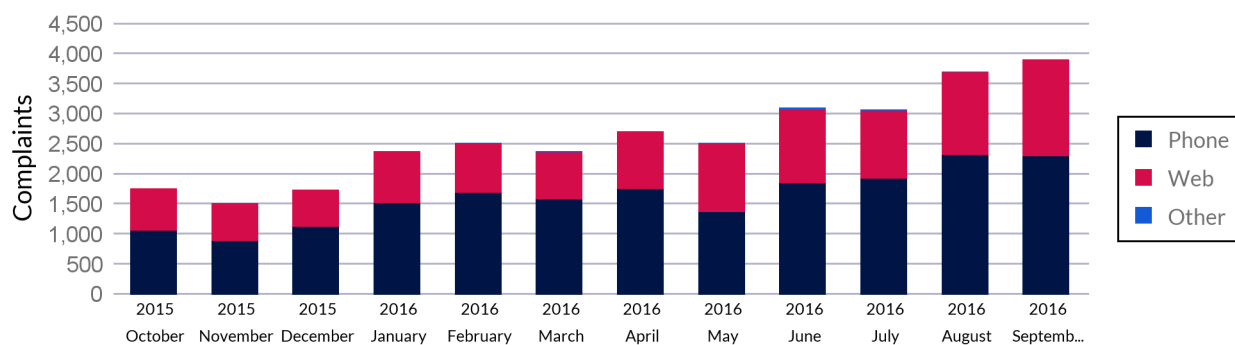
Cases open during month

Actionable vs non-actionable

Annual summary
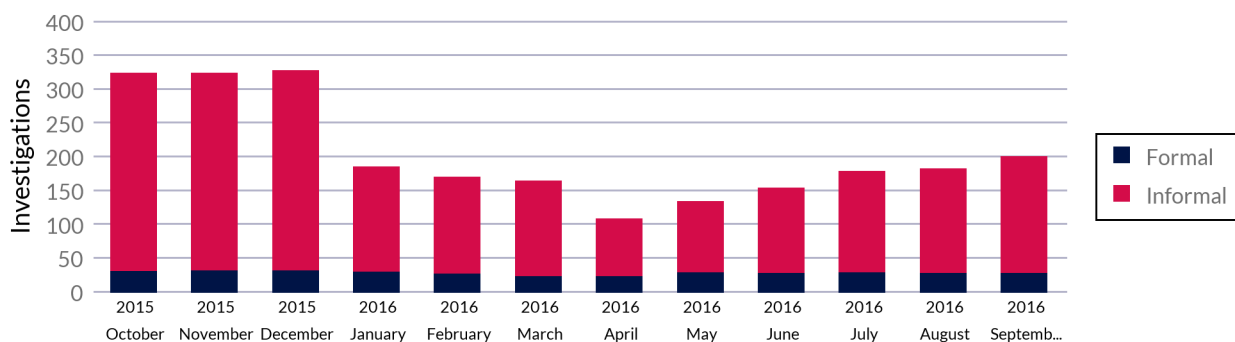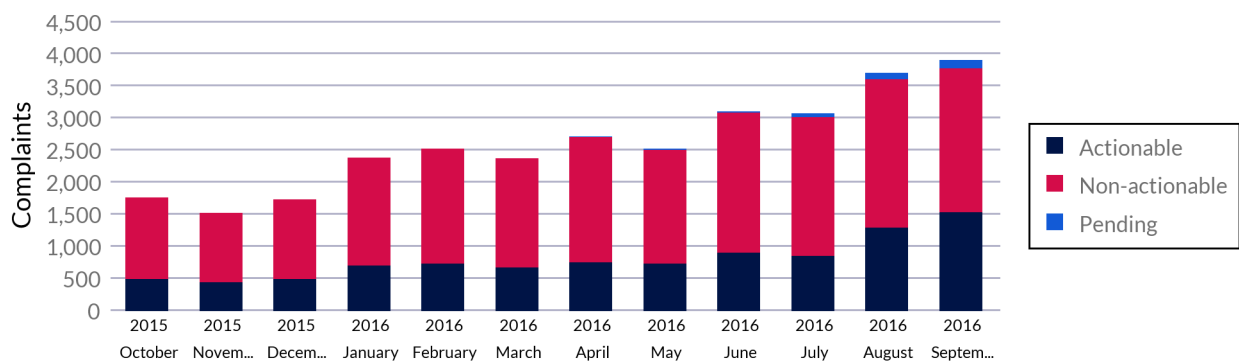
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1.0 Introduction

Introduction

We are the UK's independent regulator of premium rate services, and our vision is that anyone can use premium rate services (PRS) with absolute confidence in a healthy and innovative market.

As the telecoms, internet and payments sectors continue to experience an unprecedented rate of change and innovation, we take positive action to safeguard consumers and help cutting-edge providers of digital content and services to thrive. Within our remit and expertise, we seek a more consistent approach to regulating micropayments that are like PRS.

Our mission is to achieve our vision and be a world-class regulator by:

- Putting the consumer at the heart of everything we do through providing effective regulation, information and assistance;
- Understanding the market in which we operate and how it is evolving, so that we can take early, proportionate and targeted action where needed to prevent consumer harm;
- Working with providers to build a healthy market with high standards of compliance;
- Having a Code of Practice, approved by Ofcom, that is cutting edge in protecting consumers while also supporting innovation in a fast-changing digital landscape;
- Applying our Code in a way that is impartial, fair, transparent, effective and proportionate;
- Working with Government, other regulators, industry, consumer bodies and international partners on matters within our remit and expertise.

As published in our Strategic Plan 2014-17, we have five key objectives that shape our work as a quality regulator and ensure we adhere to high standards however the market fluctuates. Adherence to these strategic objectives is enabling us to pursue our mission with clarity and confidence in a fast-moving market:

- Objective 1: to continue to drive up compliance levels and trust in the market
- Objective 2: to identify and prevent emerging risks to consumers
- Objective 3: to help consumers use premium rate services with confidence
- Objective 4: to ensure that regulatory frameworks keep pace with market changes
- Objective 5: to deliver effective and efficient regulation

This Operational Report provides us with the opportunity to indicate how we are doing against our strategic objectives, and to provide an overview of our regulatory context.

From quarter 3 2016/17 we will be reporting our operational activity against our new strategic priorities, published in October 2016.

1.0 Introduction

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2.0 Performance against strategic objectives

Objective 1: To continue to drive up compliance levels and trust in the market

Updating our Code of Practice and Guidance to ensure they remain effective and future-proof.

- Code 14 consultation completed, including workshops with industry stakeholders.

- New Code Adjudication Panel members recruited.

- New guidance developed on Advice Services, Enabling Consumer Spend and Digital Marketing & Promotions.

Engaging actively and sharing information with industry and other stakeholders throughout the value chain.

- Spring Industry Forum held in May 2016.

- Continuing high levels of industry engagement, through the Industry Liaison Panel; the Rapid Response Team; and our programme of one-to-one meetings and engagement with industry representative bodies (including AIME and Mobile Broadband Group), network operators, service providers (both L1 and L2), and their compliance companies.

- Cultural shift programme beginning to even further align our people and processes with a balanced approach to regulation.

Making effective and proportionate use of enforcement powers under our Code of Practice.

- Clear communication on the benefits of the new adjudicatory process as part of the Code 14 consultation.

- Supporting Procedures shared for comments and feedback.

Objective 2: To identify and prevent emerging risks to consumers

Using research and market intelligence to identify emerging issues in the market.

- Market intelligence capabilities developed through launch of new PRS website analysis tool.

- Preliminary work undertaken on reviewing and developing our operational reporting.

- Annual Market Review commissioned and prepared for Q2 launch.

- Programme of industry engagement on findings of Craft research into consumer behaviour around online competitions and adult services.

Developing our market expertise and partnerships with other regulators, consumer bodies, trade bodies and organisations such as internet security companies.

- Ongoing work with other regulators (including Ofcom, Financial Conduct Authority, Advertising Standards Authority) in order to understand and coordinate areas of regulatory overlap.

- In collaboration with Ofcom, and with ongoing dialogue with AIME, consideration given to Trading Standards draft position on Consumer Contracts Regulations in relation to PRS.

In collaboration with phone providers and others, taking early action through enforcement, policy development and other tools to prevent emerging issues from becoming active problems.

- Industry Liaison Panel (ILP) meeting held in May, with detailed consideration given to the findings from the Craft research.

- New market issues report disseminated through ILP.

- No new issues requiring the deployment of the Rapid Response Team.

2.0 Performance against strategic objectives

Objective 3: To help consumers to use premium rate services with confidence

Helping consumers to obtain redress where they have suffered harm.

- Ongoing development of an integrated consumer strategy, including scoping Registration Scheme requirements to allow for enhanced self-help tools for consumers.

- Ongoing engagement with networks, merchants and aggregators on complaint handling processes.

Putting in place additional protection for vulnerable consumers, such as children.

- New guidance on protecting vulnerable consumers published.

In collaboration with partners, providing information and support to consumers about potential risks and how to avoid them.

- Consumer research findings shared with industry partners (including consumer behavioural research from Craft).

Objective 4: To ensure that regulatory frameworks keep pace with market changes

Developing our knowledge of how the market in digital content and services is changing and of the implications of this for consumers, providers and regulation

- Collaborative work with industry and regulatory stakeholders to explore further regulatory flexibility or deregulation of the market, while ensuring that the proper levels of protection for consumers are maintained. Consultation paper prepared for Q2.

- Ongoing support for the compliant development of new and emerging PRS models, including app stores, quasi-physical goods, and new service areas.

- Annual Market Review developed to identify more granular key market change information.

Working with industry, other regulators and government to build a consensus on the best and most effective responses to these changes.

- Engagement with HM Treasury regarding the Government consultation process on the implementation of PSDII in the UK.

- Regulatory clarity developed around e-money business models.

- Ongoing engagement with Department for Culture, Media and Sport officials as they work through the UK's response to the review of the EU regulatory framework for electronic communications.

Objective 5: To deliver effective and efficient regulation

Ensuring that our regulation continues to deliver the outcomes for consumers and the industry set out in our Code of Practice.

- Outcomes-based approach to regulation reinforced through embedding revised values and behaviours throughout the organisation which better reflect the new regulatory approach we have been delivering ('cultural shift programme').

Ensuring that we use resources efficiently and provide good value for money.

- Budget savings of £500k in real terms being delivered in 2016/17.

- Preparatory work on undertaking a comprehensive funding review with major funders.

3.0 Contact management

Overview

We provide professional handling and assessment of all enquires and complaints received, either through automated means (on-line and interactive voice response) or direct contact with consumers.

Our contact management is designed to identify non-compliance or compliance with our Code, through the collection of evidence from consumers, and to prepare the way for further investigation and enforcement where required. We do not seek to provide resolution of individual complaints (consumers are directed back to their network, or the provider of the service, and only to revert to us if they remain unsatisfied), but we will support individuals where appropriate and proportionate in the line of making further regulatory enquiries.

Our broad scope of operations is:

- We receive over 1/4 million contacts from consumers annually, either online (including use of Number Checker) and by telephone;

- We deal with 82% of these contacts through automated means (as well as Number checker, we use interactive voice response on our phone systems);

- Around 11,000 complaints are received online annually following use of Number Checker;

- We are currently responding to over 40,000 telephone calls per annum; after filtering of enquires, roughly 40% are complaints;

- Total complaints are currently running at nearly 30,000 annually.

Comments

In comparison with the second quarter of 2015/16, the second quarter of 2016/17 showed:

- Total contacts are up by 25%,
- Complaints are up by 22%
- Complaints in September 2016 (3,885) were the highest monthly total since Code 12 was introduced
- Online non-broadcast competitions and adult services remain the primary service categories related to complaints

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3.1 Total contacts

Contact management

Overview

3.1.1 Contacts per month

	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**
All complaints	1,744	1,497	1,715	2,359	2,499	2,356	2,693	2,501	3,084	3,051	3,684	3,886
Phone enquiries	2,297	1,931	1,318	1,261	1,167	1,307	1,247	1,119	1,312	1,391	1,731	1,820
Web enquiries	18,532	16,813	16,106	21,339	20,718	21,253	23,148	25,391	28,847	30,066	35,347	37,775
Total	22,573	20,241	19,139	24,959	24,384	24,916	27,088	29,011	33,243	34,508	40,762	43,481

3.1.2 Contacts per month
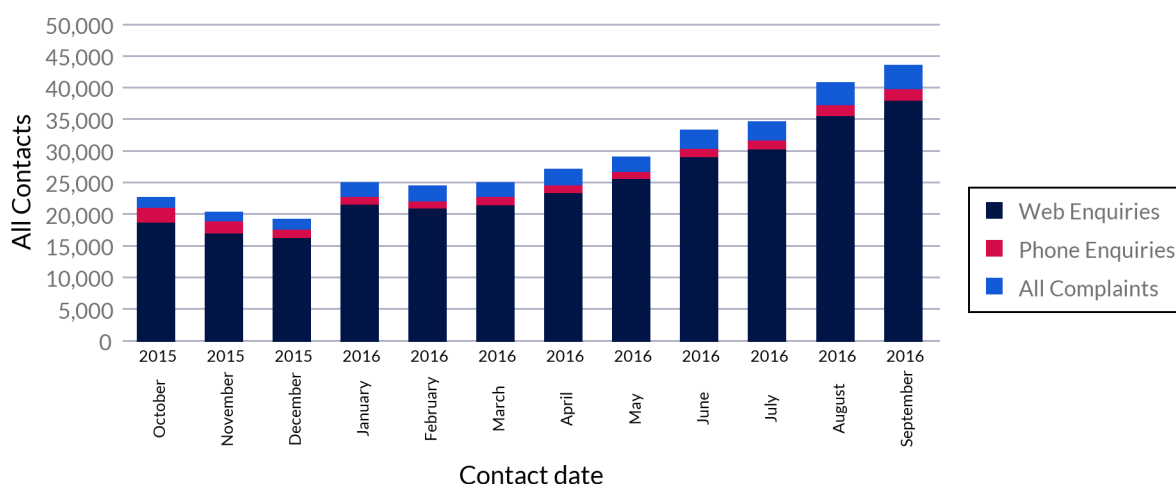
Definitions

Complaints: a consumer expression of discontent about a discernable potential CPRS
**Phone enquiries**: consumer contacts not related to new Complaints
Web enquiries: a web-based form which returns provider information and contact details for a PRS number or shortcode

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Quarterly view

3.1.3 Contacts per quarter

	2015-2016 - Q2		2015-2016 - Q3		2015-2016 - Q4		2016-2017 - Q1		2016-2017 - Q2	
All complaints	6,956	9.4%	4,956	8.0%	7,214	9.7%	8,278	9.3%	10,621	8.9%
Phone enquiries	7,720	10.4%	5,546	9.0%	3,735	5.0%	3,678	4.1%	4,942	4.2%
Web enquiries	59,216	80.1%	51,451	83.0%	63,310	85.3%	77,386	86.6%	103,188	86.9%
Total	73,892		61,953		74,259		89,342		118,751	

3.1.4 Contacts per quarter (volume)
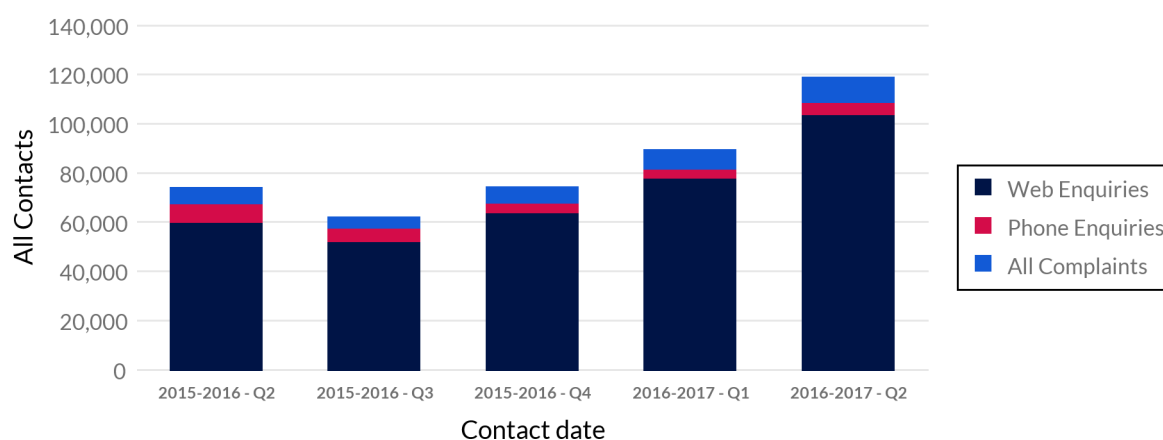
3.1.5 Contacts per quarter (proportion)

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Contact management
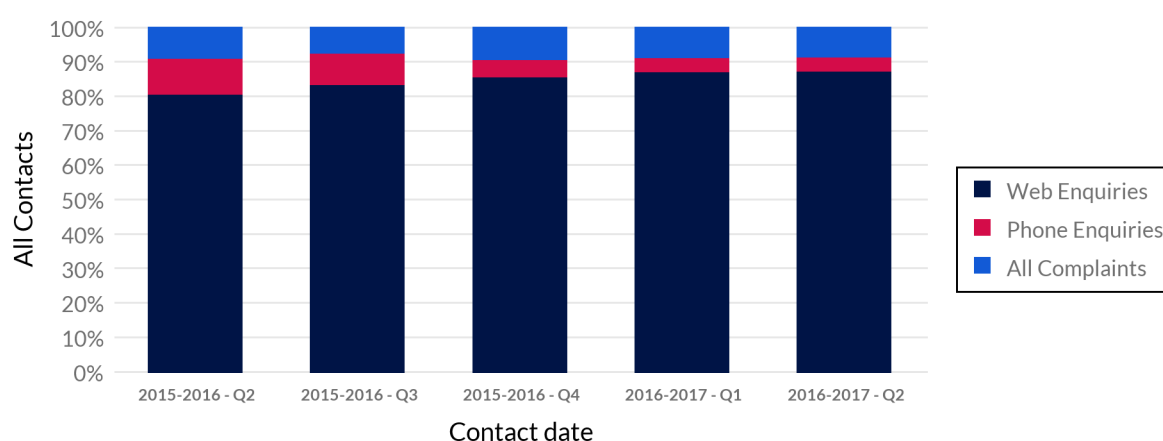
Annual view (Q1 - Q2 comparable)

3.1.6 Contacts per Financial year to date

	2013		2014		2015		2016	
All complaints	7,171	4.0%	10,379	7.4%	17,551	11.3%	18,899	9.1%
Phone enquiries	10,063	5.6%	5,406	3.8%	14,204	9.1%	8,620	4.1%
Web enquiries	163,909	90.5%	124,971	88.8%	124,206	79.6%	180,574	86.8%
Total	181,143		140,756		155,961		208,093	

3.1.7 Contacts per Financial year to date (volume)
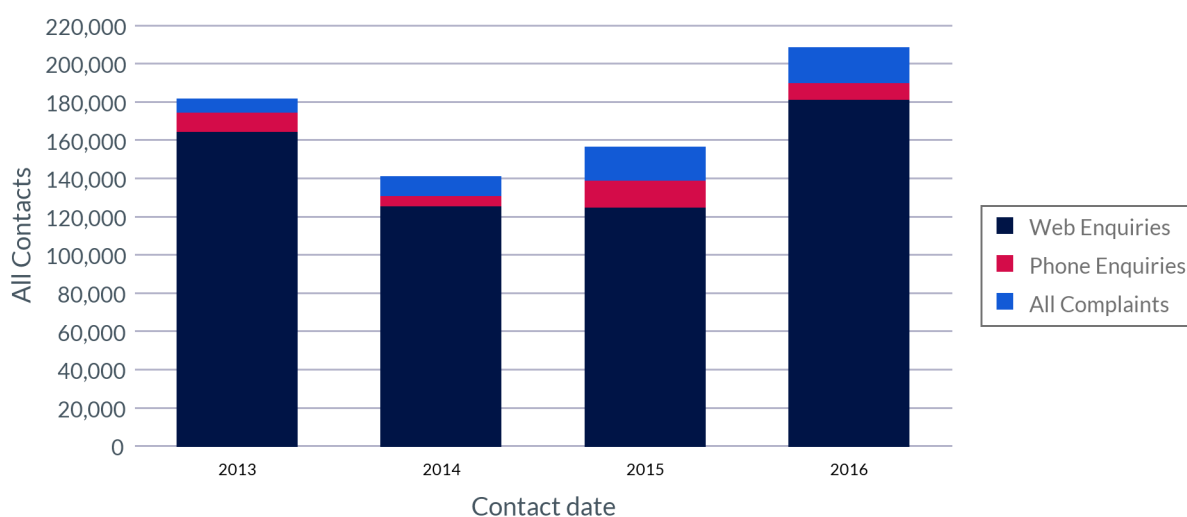
3.1.8 Contacts per Financial year to date (proportional)
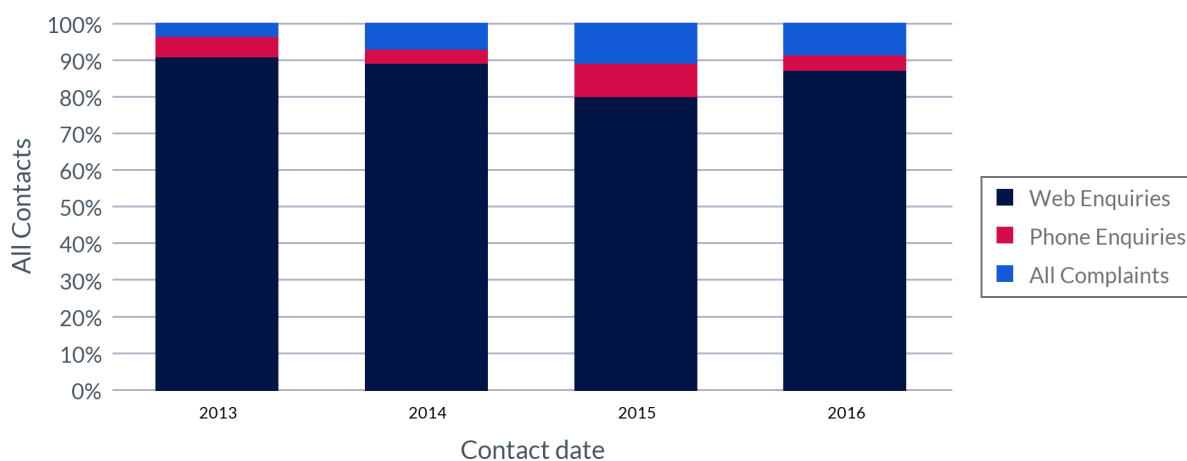
Comments

We implemented CAPTCHA on our web enquiry form in 2014.

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3.2 Total complaints

Overview

3.2.1 Complaints by origin per month

	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Phone	1,034	860	1,095	1,489	1,662	1,560	1,726	1,348	1,820	1,895	2,294	2,273
Web	710	632	618	860	826	782	951	1,125	1,224	1,139	1,373	1,609
Other		5	2	10	11	14	16	28	39	17	17	3
Sum:	1,744	1,497	1,715	2,359	2,499	2,356	2,693	2,501	3,083	3,051	3,684	3,885

3.2.2 Complaints by origin per month
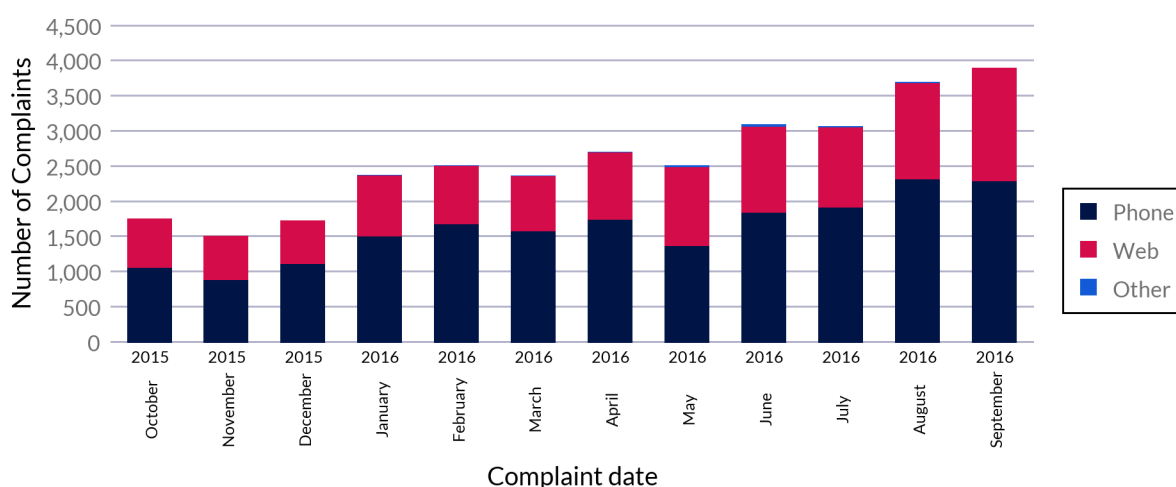
Definitions

Complaint: a single incident of a consumer expression of dissatisfaction with a PRS, or a single monitoring exercise
Phone: complaints registered by speaking with a call centre operative
**Web**: complaints registered over the automated internet complaint form
Other: includes complaints received by direct email, letter, internal monitoring and industry

Contact management

Quarterly view

3.2.3 Complaints by origin per quarter

	2015-2016 - Q2		2015-2016 - Q3		2015-2016 - Q4		2016-2017 - Q1		2016-2017 - Q2	
Phone	4,600	66.1%	2,989	60.3%	4,711	65.3%	4,894	59.1%	6,462	60.8%
Web	2,348	33.8%	1,960	39.5%	2,468	34.2%	3,300	39.9%	4,121	38.8%
Other	8	0.1%	7	0.1%	35	0.5%	83	1.0%	37	0.3%
Sum:	6,956		4,956		7,214		8,277		10,620	

3.2.4 Complaints by origin per quarter (volume)
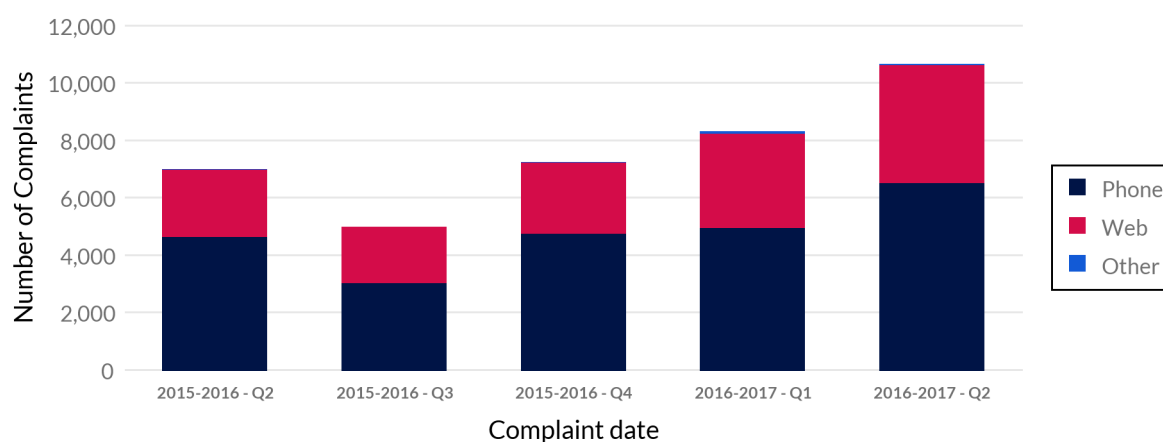
3.2.5 Complaints by origin per quarter (proportion)

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Contact management
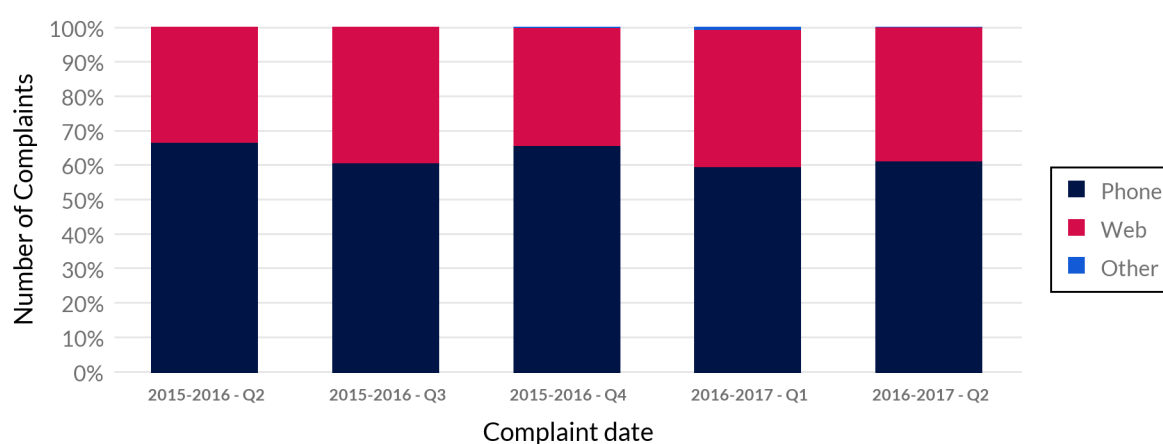
Annual view (Q1 - Q2 comparable)

3.2.6 Complaints by origin per Financial year to date

	2013		2014		2015		2016	
Phone	3,316	46.3%	6,239	60.1%	10,849	61.8%	11,356	60.1%
Web	3,724	52.0%	3,978	38.3%	6,689	38.1%	7,421	39.3%
Other	127	1.8%	159	1.5%	13	0.1%	120	0.6%
Sum:	**7,167**		**10,376**		**17,551**		**18,897**	

3.2.7 Complaints by origin per Financial year to date (volume)
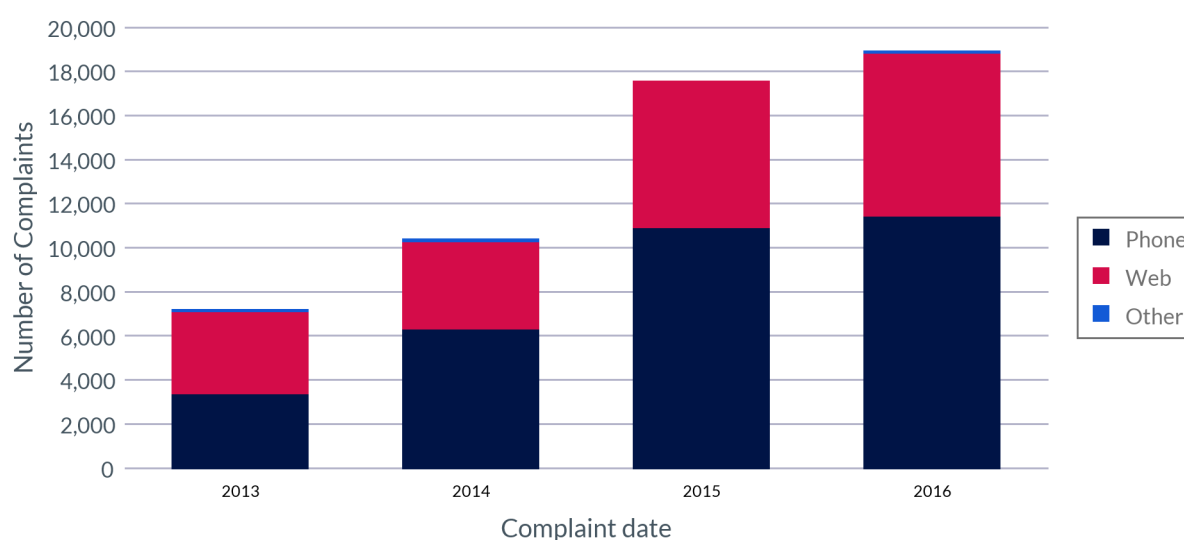
3.2.8 Complaints by origin per Financial year to date (proportional)

3.3 Complaints by payment mechanism

Contact management
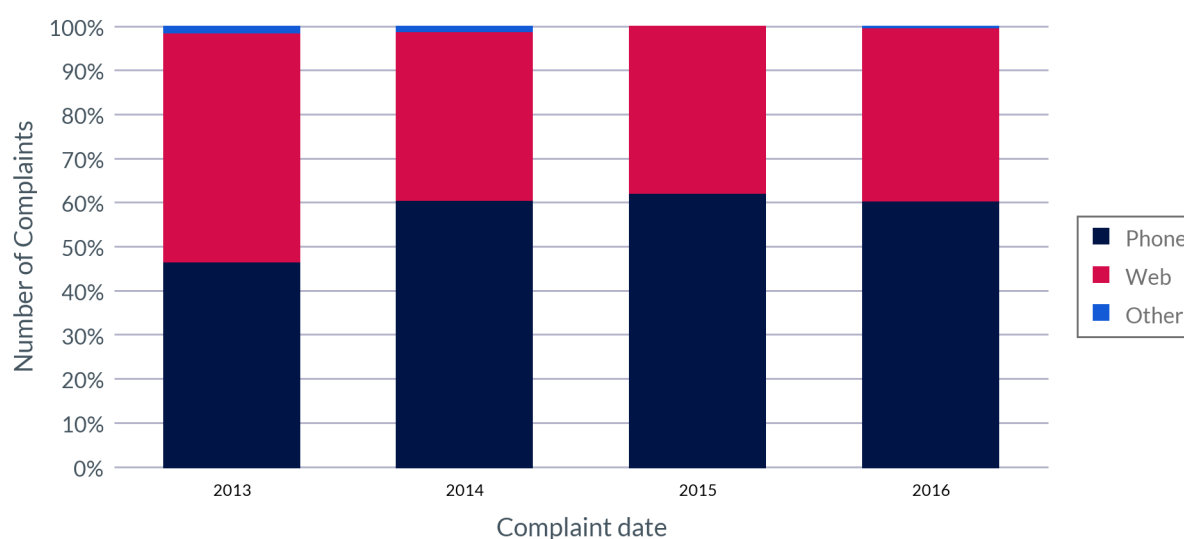
Overview

3.3.1 Complaints by payment mechanism per month

|	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**
PSMS	1,115	893	1,070	1,554	1,595	1,477	1,729	1,650	1,982	2,028	2,919	3,363
Operator billing	528	525	580	728	830	816	891	778	1,031	952	572	285
09	88	65	50	50	50	40	40	54	55	53	67	96
Non-premium rate	11	11	7	22	20	18	12	14	10	15	10	18
Other	2	3	8	5	4	5	21	5	5	3	116	123
Sum:	1,744	1,497	1,715	2,359	2,499	2,356	2,693	2,501	3,083	3,051	3,684	3,885

3.3.2 Complaints by payment mechanism per month
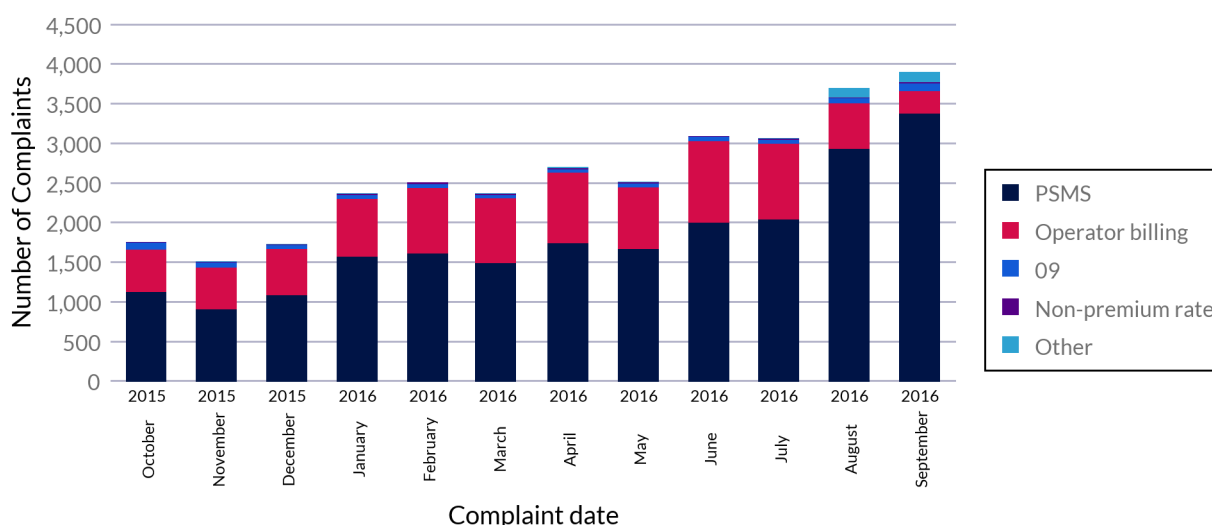
Definitions

PSMS: premium short message services
Operator billing: a secure mobile payment service, includes payments via "Payforit"
09: PR services operating in the Landline sector utilising Non-geographic numbers beginning with 09
087: PR services utilising the 087 number range. Prices range from aprox. 5p per minute to 15p per minute. Typical services include Sales booking lines for Hotels and Cinemas.
Voice shortcode: PRS services utilising the mobile short numbering system which are designated to carrying voice traffic
DQ: directory enquiry services
**Non-premium rate**: includes legitimate use of 070, own portal services and 084 services
Other: includes illigitmate use of 070 and general complaints about PRS

Quarterly view

3.3.3 Complaints by payment mechanism per quarter

	2015-2016 - Q2		2015-2016 - Q3		2015-2016 - Q4		2016-2017 - Q1		2016-2017 - Q2	
PSMS	4,092	58.8%	3,078	62.1%	4,626	64.1%	5,361	64.8%	8,310	78.2%
Operator billing	2,508	36.1%	1,633	32.9%	2,374	32.9%	2,700	32.6%	1,809	17.0%
09	273	3.9%	203	4.1%	140	1.9%	149	1.8%	216	2.0%
Non-premium rate	59	0.8%	29	0.6%	60	0.8%	36	0.4%	43	0.4%
Other	24	0.3%	13	0.3%	14	0.2%	31	0.4%	242	2.3%
Sum:	6,956		4,956		7,214		8,277		10,620	

3.3.4 Complaints by payment mechanism per quarter (volume)
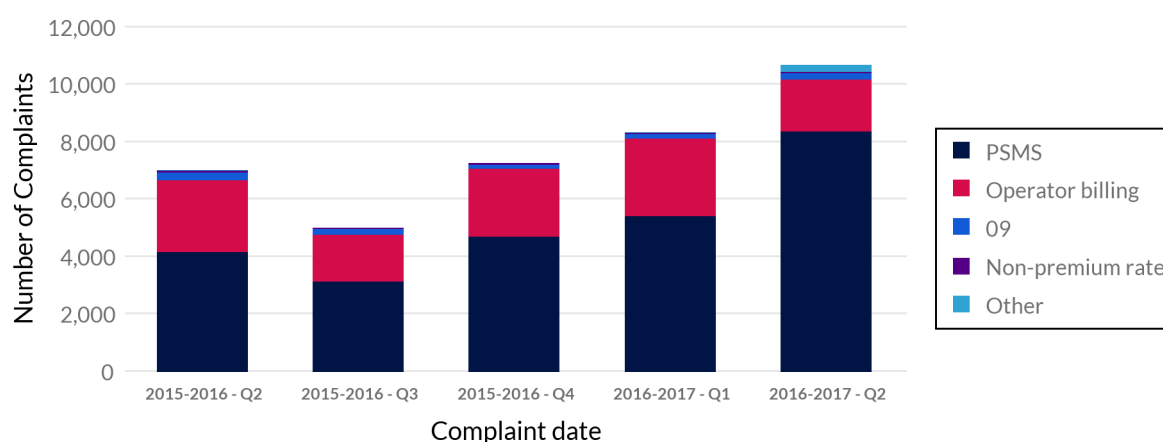
3.3.5 Complaints by payment mechanism per quarter (proportion)
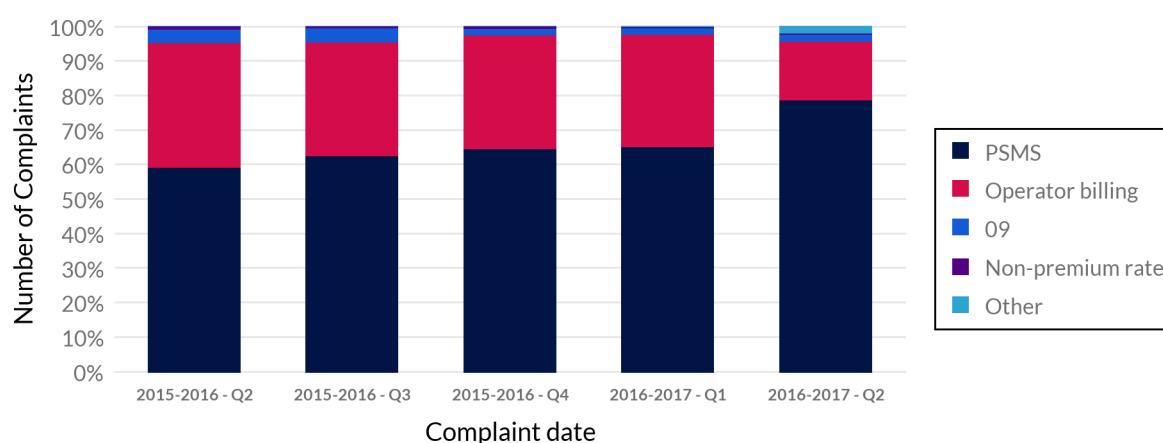
Annual view (Q1 - Q2 comparable)

3.3.6 Complaints by payment mechanism per Financial year to date

	2013		2014		2015		2016	
PSMS	4,653	64.9%	7,320	70.5%	11,619	66.2%	13,671	72.3%
Operator billing	821	11.5%	1,230	11.9%	4,946	28.2%	4,509	23.9%
09	1,249	17.4%	1,695	16.3%	755	4.3%	365	1.9%
Non-premium rate	66	0.9%	121	1.2%	181	1.0%	79	0.4%
Other	378	5.3%	10	0.1%	50	0.3%	273	1.4%
Sum:	7,167		10,376		17,551		18,897	

3.3.7 Complaints by payment mechanism per Financial year to date (volume)
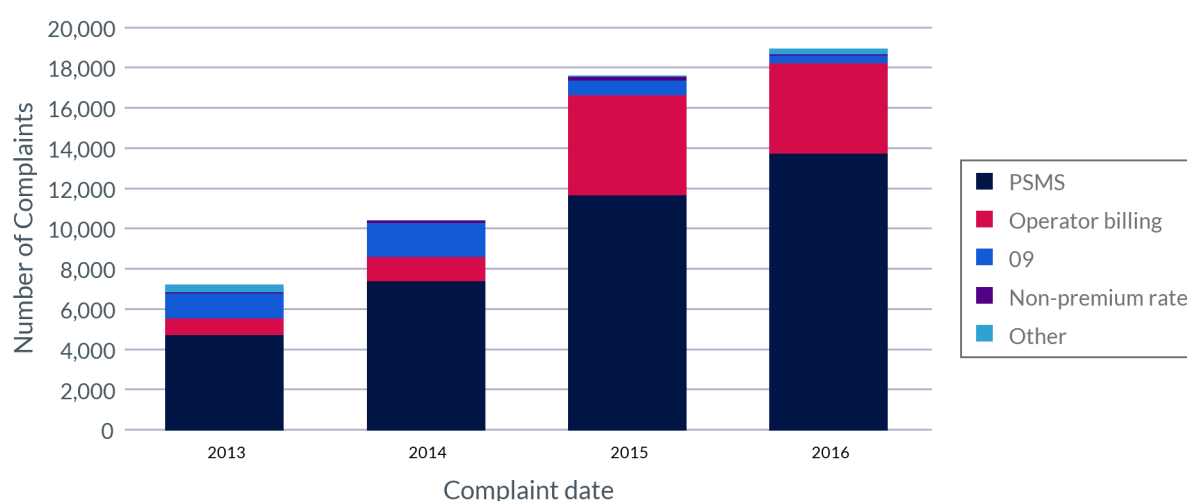
3.3.8 Complaints by payment mechanism per Financial year to date (proportional)
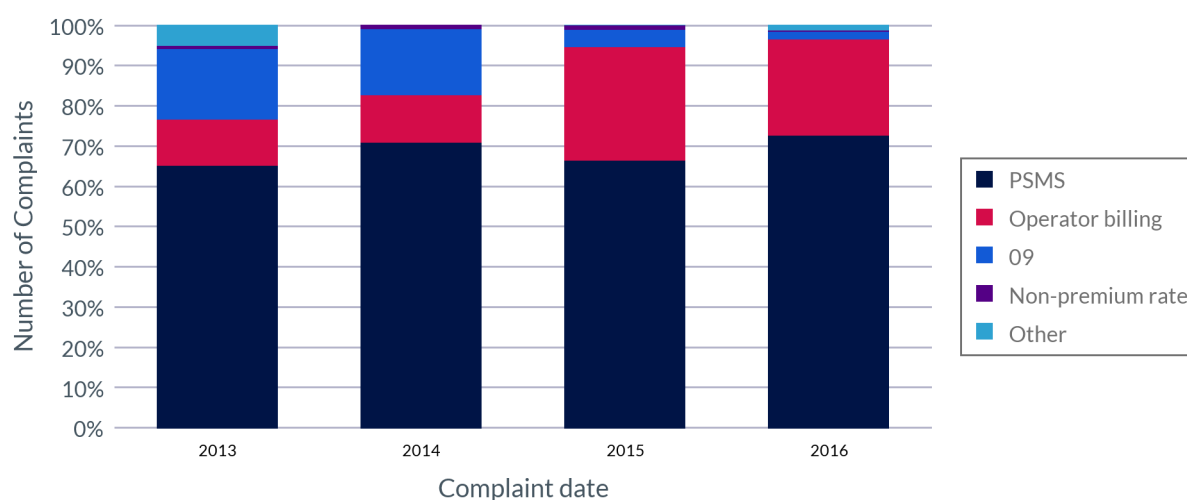
4.0 Investigations and enforcement

Overview

We have an outcomes-based Code of Practice, under which we are committed to ensuring we thoroughly investigate cases fairly and enforce them proportionately.

With our contact management efficiently processing complaint information and market intelligence, some 535 separate cases each year are put forward for further consideration by the investigations and enforcement team. The scope of their activities includes:

• Undertaking detailed further investigations to decide whether cases should be: closed; held under review; resolved informally (Track 1); or resolved formally (Track 2);

• Engaging with service providers to allow them to understand the issues under consideration and respond within reasonable timescales;

• Ensuring there is a clear and robust audit trail for all decisions taken;

• Building complex and comprehensive legal arguments and evidence to bring any case before a Tribunal, balancing robustness with timeliness;

• Dealing with all post-adjudicatory work, including breaches of sanctions and naming cases.

Comments

In January 2016, as part of an database administration process, we closed 146 historic service review cases.

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4.1 Total cases

Investigations and enforcement

Overview

4.1.1 Cases historical status by month

Month	Status	IA	EEA Ref	SR	IN	T1	T2	DDRAC	Pro'b	BoS	Appeal	Total
2015-06	Balance	30	1	204	9	14	27	1	2	0	0	288
2015-07	Opened	13	0	19	0	3	4	0	0	0	0	39
2015-07	Closed	2	0	0	0	4	2	0	0	0	0	8
2015-07	Balance	41	1	223	9	13	29	1	2	0	0	319
2015-08	Opened	7	0	3	0	0	0	0	0	1	0	11
2015-08	Closed	2	0	0	0	5	0	0	2	0	0	9
2015-08	Balance	46	1	226	9	8	29	1	0	1	0	321
2015-09	Opened	7	0	4	0	0	0	0	0	1	0	12
2015-09	Closed	7	0	0	0	2	2	0	0	0	0	11
2015-09	Balance	46	1	230	9	6	27	1	0	2	0	322
2015-10	Opened	2	1	5	0	1	1	0	0	1	0	11
2015-10	Closed	3	0	1	0	3	1	0	0	2	0	10
2015-10	Balance	45	2	234	9	4	27	1	0	1	0	323
2015-11	Opened	2	0	0	0	1	0	0	2	1	0	6
2015-11	Closed	3	0	0	0	1	0	1	0	1	0	6
2015-11	Balance	44	2	234	9	4	27	0	2	1	0	323
2015-12	Opened	3	0	0	0	0	0	0	1	0	0	4
2015-12	Closed	0	0	0	0	0	1	0	0	0	0	1
2015-12	Balance	47	2	234	9	4	26	0	3	1	0	326
2016-01	Opened	9	0	1	0	2	0	0	0	0	0	12
2016-01	Closed	6	0	146	0	0	2	0	0	0	0	154
2016-01	Balance	50	2	89	9	6	24	0	3	1	0	184
2016-02	Opened	3	1	0	0	0	0	0	0	0	1	5
2016-02	Closed	5	0	1	9	2	3	0	0	0	0	20
2016-02	Balance	48	3	88	0	4	21	0	3	1	1	169
2016-03	Opened	3	0	0	0	0	0	0	1	0	1	5
2016-03	Closed	5	1	1	0	0	3	0	0	1	0	11
2016-03	Balance	46	2	87	0	4	18	0	4	0	2	163
2016-04	Opened	20	0	0	2	1	0	0	0	0	1	24
2016-04	Closed	14	0	65	0	1	0	0	0	0	0	80
2016-04	Balance	52	2	22	2	4	18	0	4	0	3	107

Investigations and enforcement

Month	Status	IA	EEA Ref	SR	IN	T1	T2	DDRAC	Pro'b	BoS	Appeal	Total
2016-05	Opened	31	0	0	0	0	1	0	0	0	0	32
2016-05	Closed	0	0	0	0	1	3	0	1	0	1	6
2016-05	Changed	-17	8	0	0	1	8	0	0	0	0	0
2016-05	Balance	66	10	22	2	4	24	0	3	0	2	133
2016-06	Opened	35	0	0	0	0	0	0	0	0	1	36
2016-06	Closed	10	0	0	2	1	2	0	1	0	0	16
2016-06	Changed	-1	0	0	0	0	1	0	0	0	0	0
2016-06	Balance	90	10	21	0	3	23	0	3	0	3	153
2016-07	Opened	27	0	2	0	0	0	0	0	0	0	29
2016-07	Closed	1	1	0	0	0	1	0	1	0	0	4
2016-07	Changed	-6	1	0	0	1	3	0	0	0	0	-1
2016-07	Balance	110	10	23	0	4	25	0	2	0	3	177
2016-08	Opened	33	0	14	0	0	0	1	0	0	2	50
2016-08	Closed	40	0	2	0	0	1	0	1	0	1	45
2016-08	Changed	0	-1	0	0	0	0	0	0	0	0	-1
2016-08	Balance	103	9	35	0	4	24	1	1	0	4	181
2016-09	Opened	25	0	1	0	0	0	0	0	0	0	26
2016-09	Closed	4	0	0	0	1	2	0	0	0	0	7
2016-09	Changed	-2	-4	0	0	3	2	0	0	0	0	-1
2016-09	Balance	122	5	36	0	6	24	1	1	0	4	199

Definitions

Case: a collection of evidence relating to a potential breach of the Code

Initial Assessment (IA): detailed service information being requested from the Level 1 or Level 2 providers as per paragraph 4.2.3 of the Code

EEA Referral (EEA Ref): a case relating to a Provider based in the EU subject to the referral procedure

Service Review (SR): services subject to ongoing monitoring

Informal Notification (IN): an investigation resolved by the Provider without the need for a Track 1 or Track 2

Track 1 (T1): enforcement action resulting in an agreed action plan to remedy the breach

Track 2 (T2): enforcement action resulting in a Tribunal decision

DDRAC: a type of track 2 case which focuses on the due diligence responsibilities of Level 1 providers or networks

Prohibition: a sanction under the Code resulting in an enforced period of prohibition from operating PRS

Breach of Sanctions (BoS): a case based on a breach of a sanction (such as non-payment of a fine) by a Provider

Appeal: following a tribunal decision the Provider has requested a review or oral hearing

Investigations and enforcement

Overview

4.1.2 Investigations closed by enforcement action type per month

	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Formal	3	2	1	2	3	4	0	4	3	2	2	2
Informal	7	4	0	152	17	7	80	2	13	2	43	5
Total Closed	10	6	1	154	20	11	80	6	16	4	45	7

4.1.3 Investigations closed by enforcement action type per month
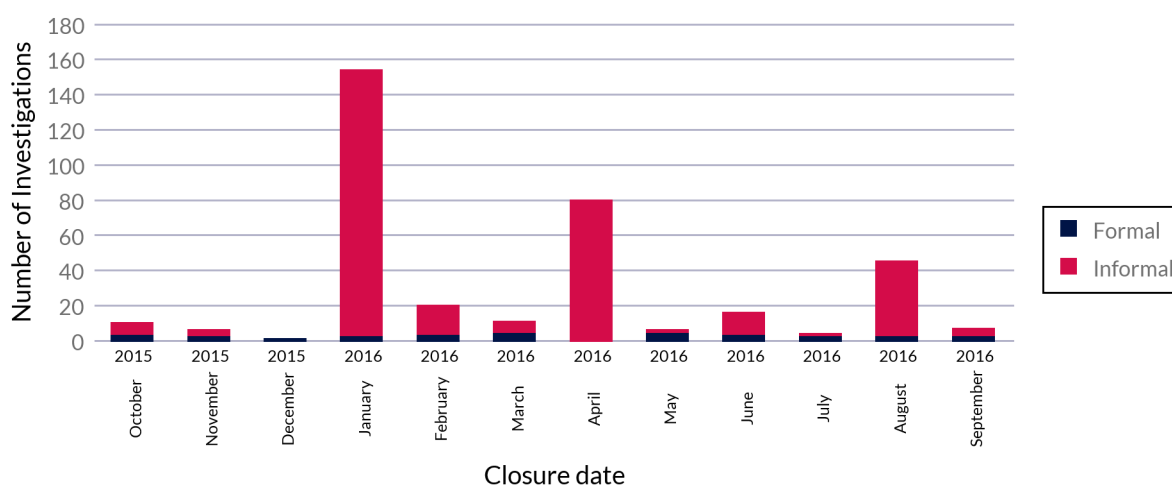
Definitions

Enforcement action: an Investigation of a provider or service, either formal or informal, regarding potential breaches of the Code
**Formal**: a case of potentially serious breaches which may require a tribunal or legal action
Informal: a case resolved without tribunal or legal action, includes no further action, service review, informal notification and Track 1

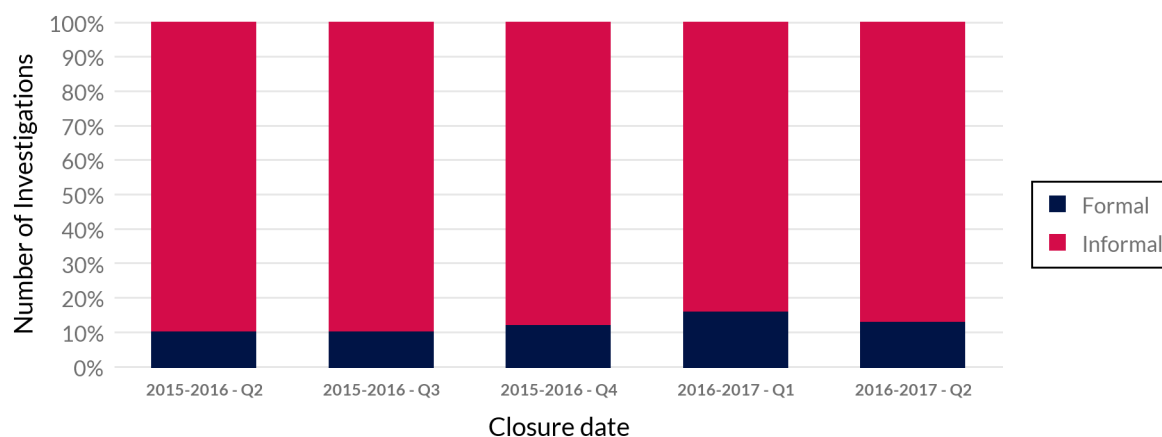# Investigations and enforcement

4.1 Total cases

Quarterly view

4.1.4 Investigations closed by enforcement action type per quarter

	2015-2016 - Q2		2015-2016 - Q3		2015-2016 - Q4		2016-2017 - Q1		2016-2017 - Q2	
Formal	6	21.4%	6	35.3%	9	4.9%	7	6.9%	6	10.7%
Informal	22	78.6%	11	64.7%	176	95.1%	95	93.1%	50	89.3%
Total closed	28		17		185		102		56	

4.1.5 Investigations closed by enforcement action type per quarter (volume)
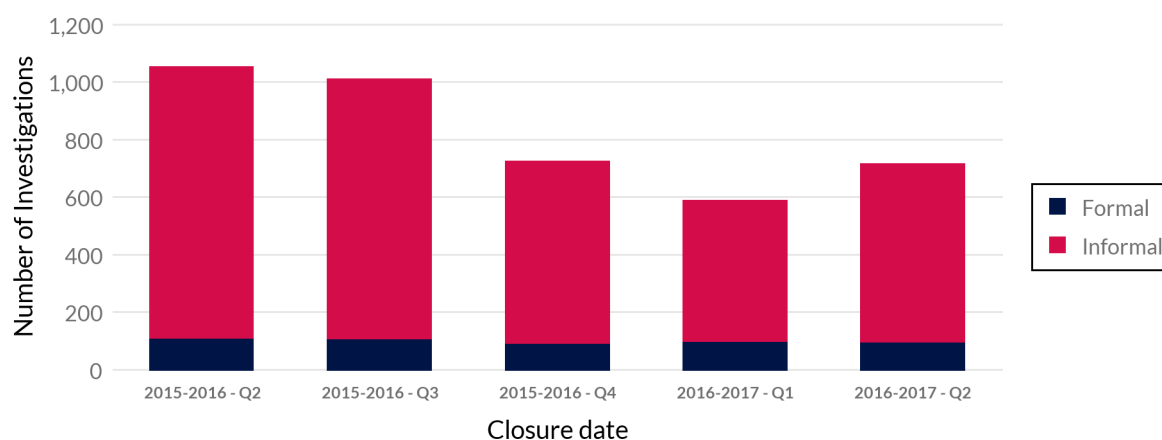
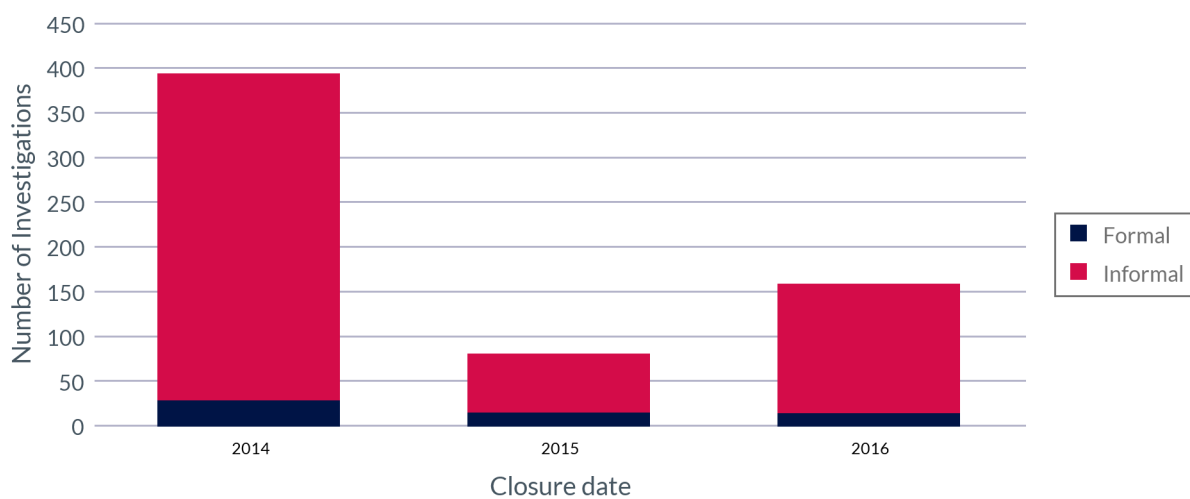### 4.1.6 Investigations closed by enforcement action type per quarter (proportion)

31

Investigations and enforcement

4.1 Total cases

Annual view (Q1 - Q2 comparable)

4.1.7 Investigations closed by enforcement action type per FY to date

	2014		2015		2016	
Formal	27	6.9%	14	17.5%	13	8.2%
Informal	366	93.1%	66	82.5%	145	91.8%
Total closed:	393		80		158	

4.1.8 Investigations closed by enforcement action type per FY to date (volume)

### 4.1.9 Investigations closed by enforcement action type per FY to date (proportional)

32

33
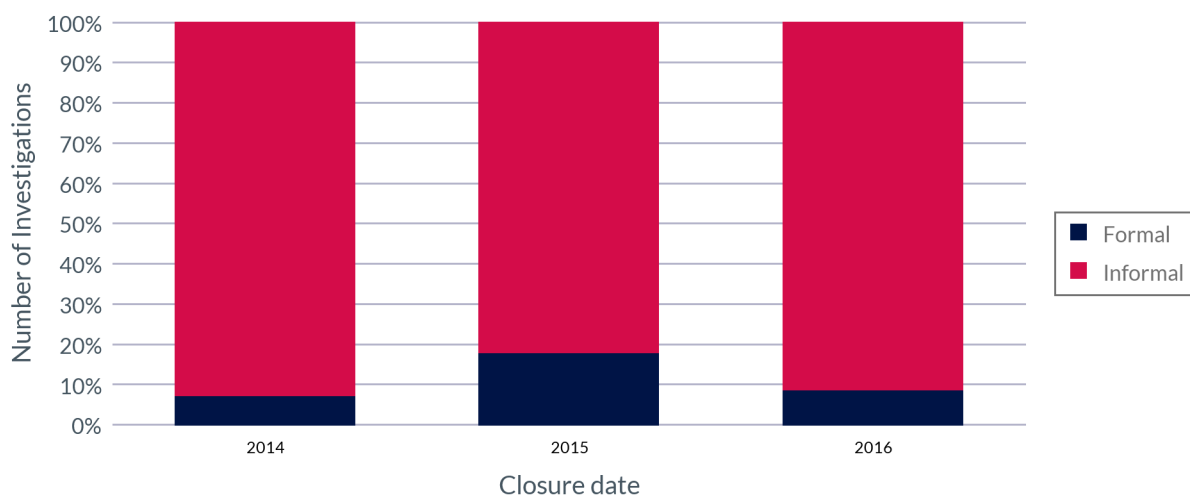
4.2 Tribunal information

Investigations and enforcement

Overview

4.2.1 Number of cases heard at tribunal

	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Breach of Sanctions	2	1				1						
By consent								1				2
DDRAC		1										
Prohibition								1	1	1		
Track 2	1		1	2	3	3		3	1	2	1	1
Sum:	3	2	1	2	3	4		5	2	3	1	3

4.2.2 Number of cases heard at tribunal per month
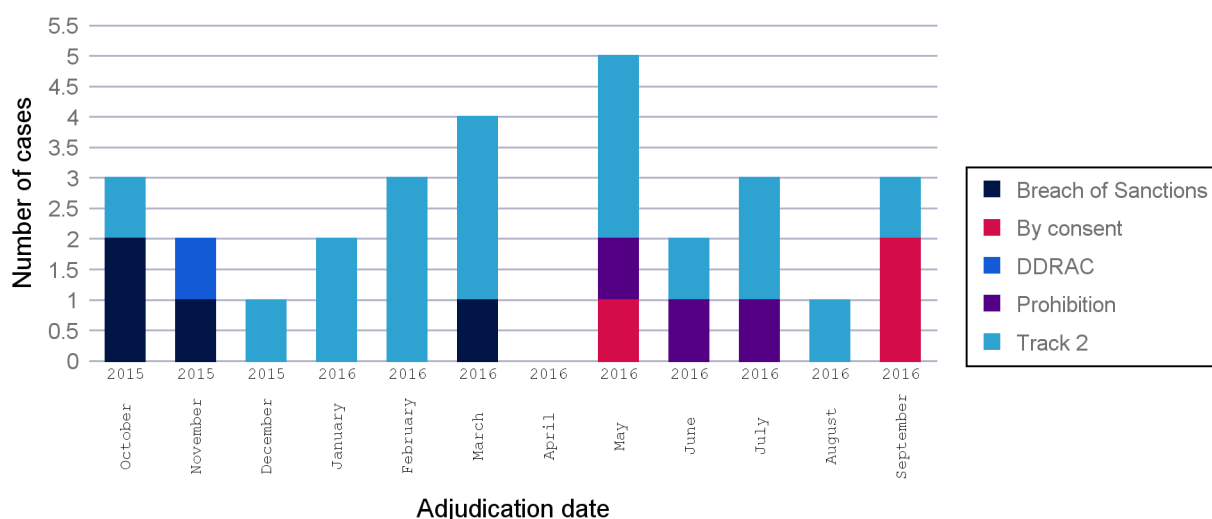
Definitions

Breach of Sanctions: a case based on a breach of a sanction (such as non-payment of a fine) by a Provider
By consent: a resolution agreed between the PSA board and the respondent, before or after a first instance decision, only available via the oral hearing route
DDRAC: a type of track 2 case which focuses on the due diligence responsibilities of Level 1 providers or networks
Oral hearing: a hearing where the Provider makes oral representations in addition to written submissions
Prohibition: a sanction under the Code resulting in an enforced period of prohibition from operating PRS
**Review**: a tribunal decision that changes a first instance decision by a previous tribunal
**Track 2**: enforcement action resulting in a tribunal decision

Investigations and enforcement

Quarterly view

4.2.3 Number of cases heard at tribunal per quarter

	2015-2016 - Q2		2015-2016 - Q3		2015-2016 - Q4		2016-2017 - Q1		2016-2017 - Q2	
Breach of Sanctions			3	50.0%	1	11.1%				
By consent							1	14.3%	2	28.6%
DDRAC			1	16.7%						
Prohibition	2	33.3%					2	28.6%	1	14.3%
Track 2	4	66.7%	2	33.3%	8	88.9%	4	57.1%	4	57.1%
Sum:	6		6		9		7		7	

4.2.4 Number of cases heard at tribunal per quarter (volume)
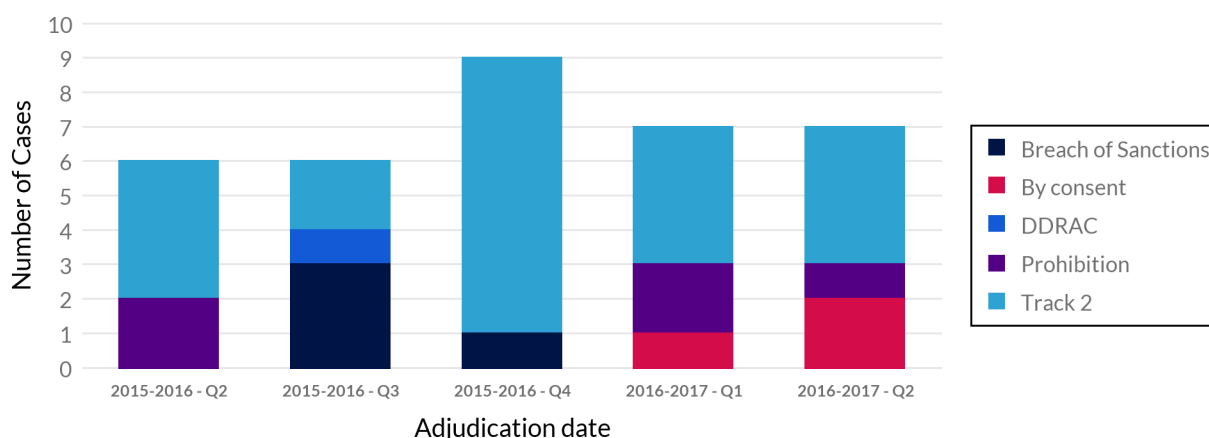
4.2.5 Number of cases heard at tribunal per quarter (proportion)


35

Investigations and enforcement
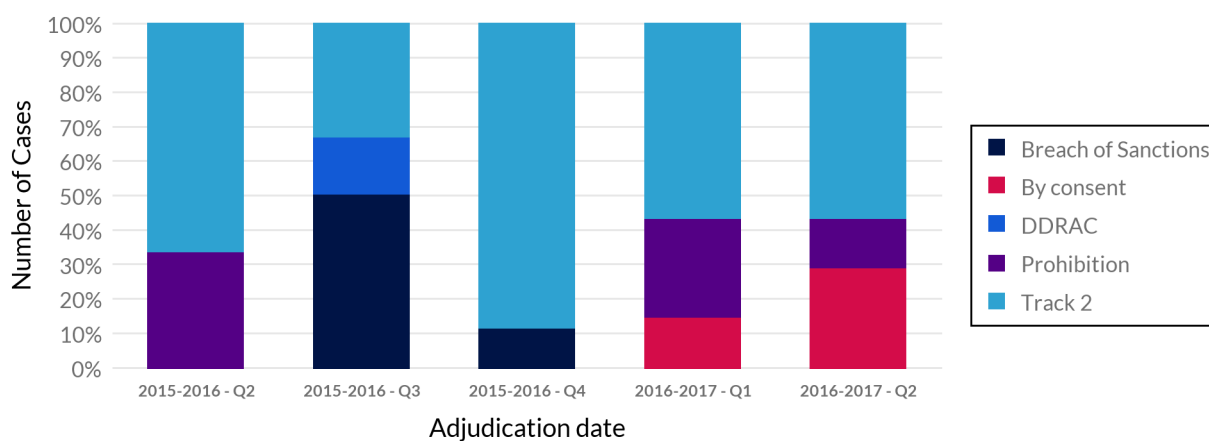
Annual view (Q1 - Q2 comparable)

4.2.6 Number of cases heard at tribunal per Financial year to date

	2013		2014		2015		2016	
Breach of Sanctions	3	9.1%	4	15.4%	2	13.3%		
By consent	1	3.0%	1	3.8%	1	6.7%	3	21.4%
DDRAC	1	3.0%						
Emergency Procedure	8	24.2%						
Oral Hearing	3	9.1%						
Prohibition	2	6.1%	13	50.0%	3	20.0%	3	21.4%
Track 2	15	45.5%	8	30.8%	9	60.0%	8	57.1%
Sum:	**33**		**26**		**15**		**14**	

4.2.7 Number of cases heard at tribunal per Financial year to date (volume)
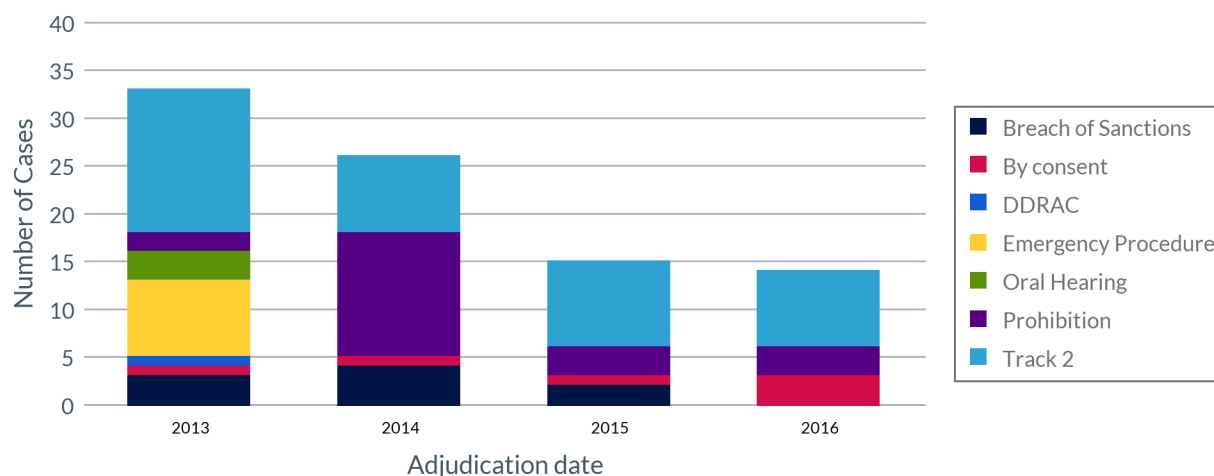
### 4.2.8 Number of cases heard at tribunal per Financial year to date (proportional)

36
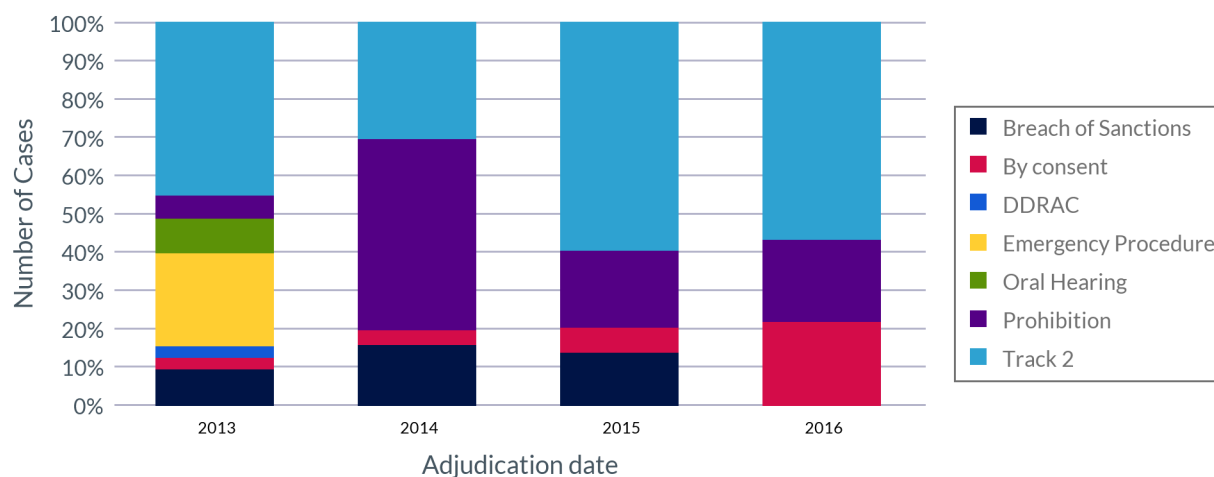
4.3 Track 2 breach severity

Overview

4.3.1 Upheld breaches by severity per month

	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**		**May**	**Jun**	**Jul**	**Aug**	**Sep**
Moderate	1											
Serious	3							5		1		1
Significant	2	1		1	2			2				
Very serious	4	1	2	6	4	6		7	2	1	2	5
Total breaches:	**10**	**2**	**2**	**7**	**6**	**6**	**0**	**14**	**2**	**2**	**2**	**6**
Cases heard:	**3**	**2**	**1**	**2**	**3**	**4**		**5**	**2**	**3**	**1**	**3**

4.3.2 Upheld breaches by severity per month
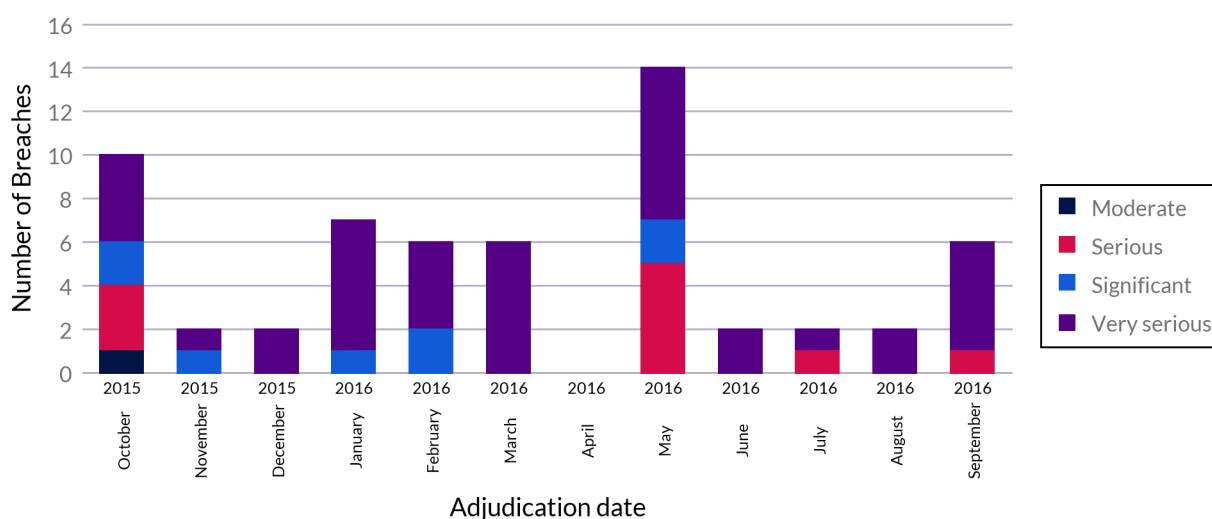
Comments

Prohibition cases do not involve a new breach of the Code and so the number of cases heard may be greater than the number of breaches

Definitions

Minor: a rating applied to tribunal decisions, the lowest level of harm on a scale of 1-5
Moderate: a rating applied to tribunal decisions, the second lowest level of harm on a scale of 1-5
Significant: a rating applied to tribunal decisions, the third lowest level of harm on a scale of 1-5
Serious: a rating applied to tribunal decisions, the second highest level of harm on a scale of 1-5
**Very serious**: a rating applied to tribunal decisions, the highest level of harm on a scale of 1-5
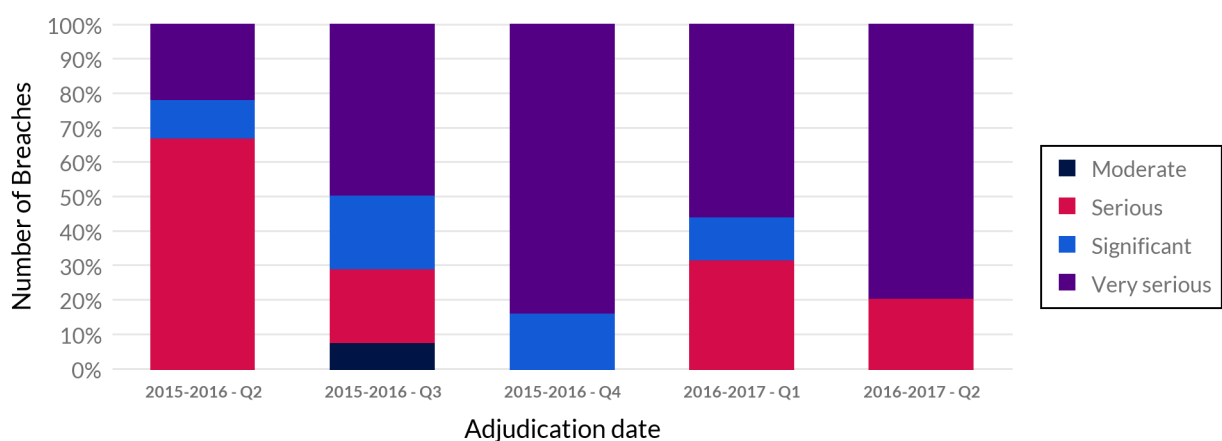
Quarterly view

4.3.3 Upheld breaches by severity per quarter

	2015-2016 - Q2		2015-2016 - Q3		2015-2016 - Q4		2016-2017 - Q1		2016-2017 - Q2	
Moderate			1	7.1%						
Serious	12	66.7%	3	21.4%			5	31.3%	2	20.0%
Significant	2	11.1%	3	21.4%	3	15.8%	2	12.5%		
Very serious	4	22.2%	7	50.0%	16	84.2%	9	56.3%	8	80.0%
Sum:	18		14		19		16		10	

4.3.4 Upheld breaches by severity per quarter (volume)
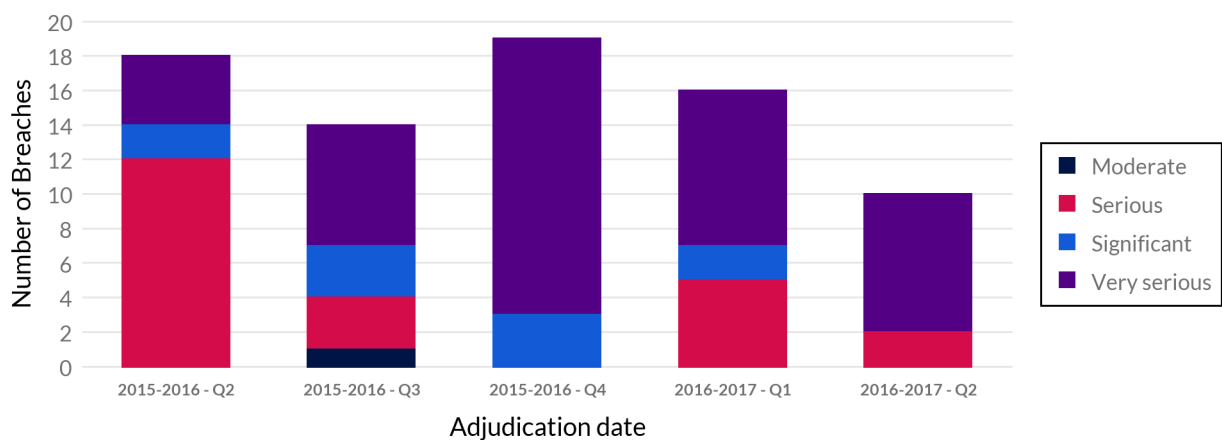
4.3.5 Upheld breaches by severity per quarter (proportion)

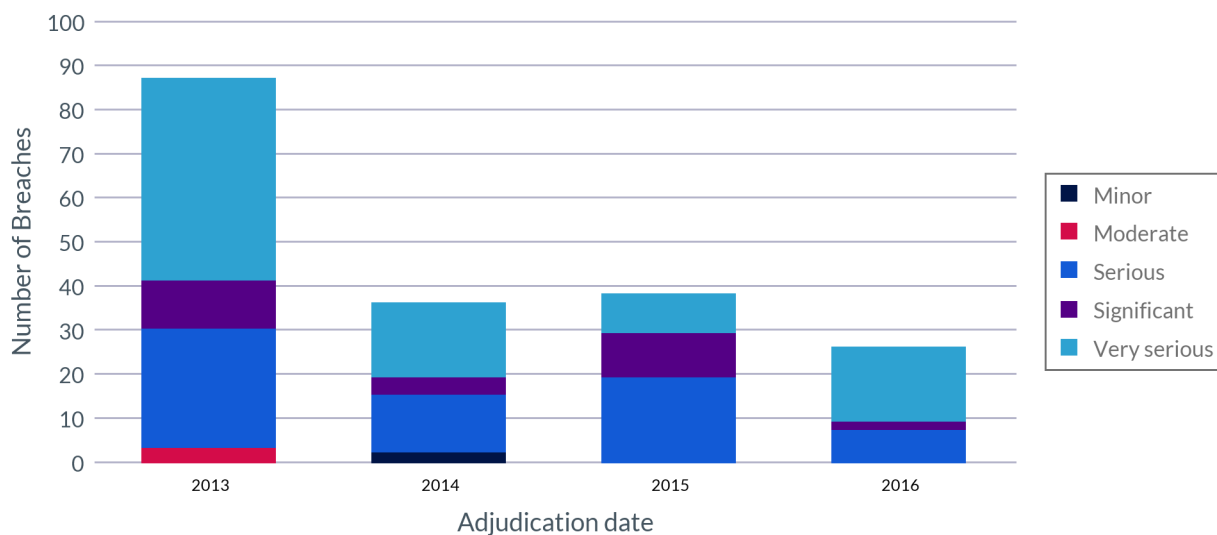## Annual view (Q1 - Q2 comparable)

4.3.6 Upheld breaches by status per Financial year to date

	2013		2014		2015		2016	
Minor			2	5.6%				
Moderate	3	3.4%						
Serious	27	31.0%	13	36.1%	19	50.0%	7	26.9%
Significant	11	12.6%	4	11.1%	10	26.3%	2	7.7%
Very serious	46	52.9%	17	47.2%	9	23.7%	17	65.4%
Sum:	**87**		**36**		**38**		**26**	

4.3.7 Upheld breaches by severity per Financial year to date (volume)

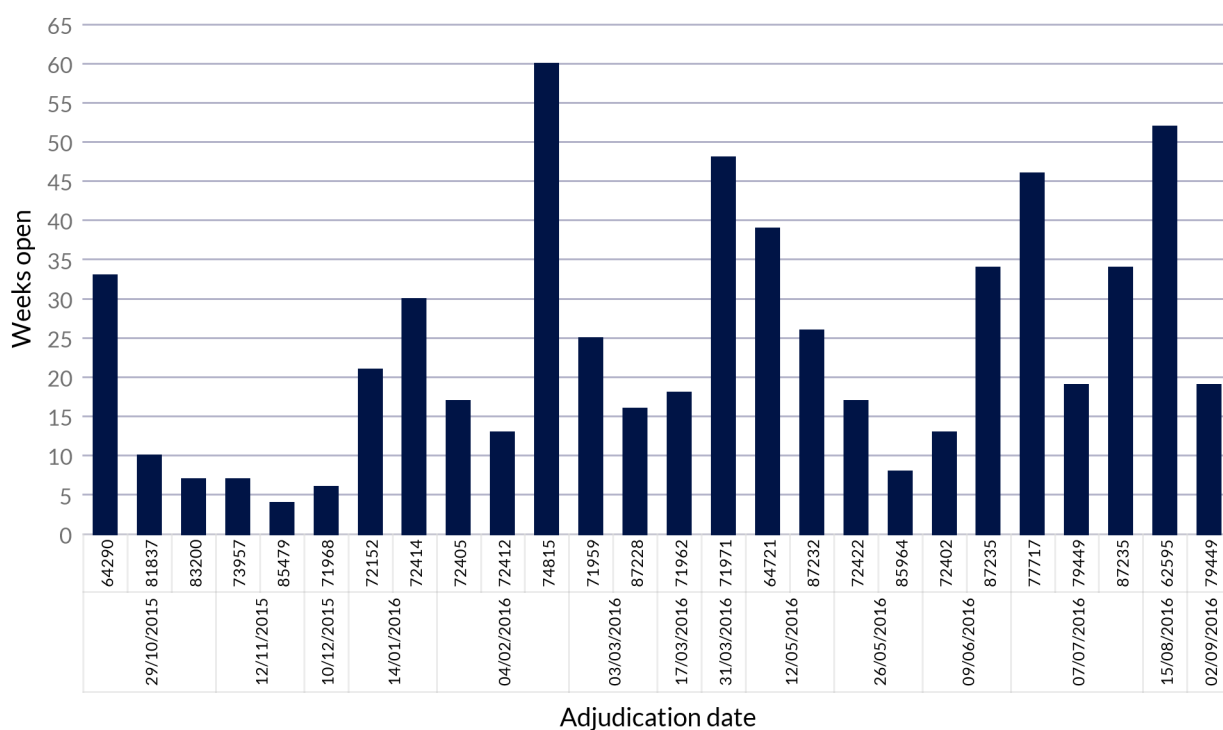### 4.3.8 Upheld breaches by severity per Financial year to date (proportional)
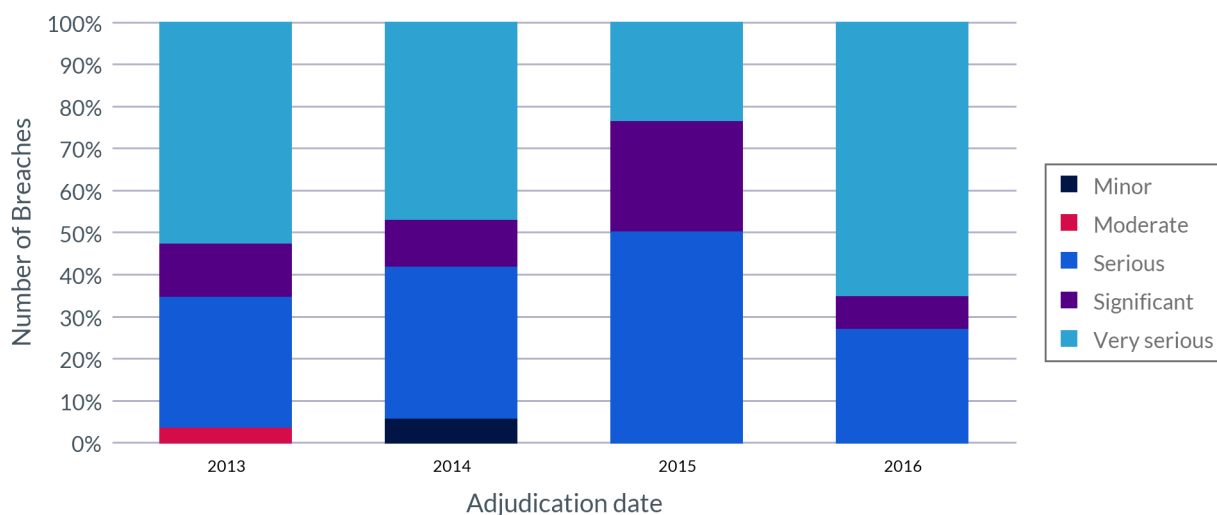
4.4 Track 2 duration

Overview

4.4.1 Average Track 2 duration per month (weeks)

2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
17	5	6	26	30	27	NA	22	23	33	52	19

### 4.4.2 Duration for each Track 2 case for the past year

Definitions

Adjudication date: The date of the decision made by the Code Adjudication Panel relating to potential breaches of the Code

Investigations and enforcement

Quarterly view

4.4.3 Average Track 2 duration per quarter (weeks)

2015-2016 - Q2	2015-2016 - Q3	2015-2016 - Q4	2016-2017 - Q1	2016-2017 - Q2
14	11	27	22	34

4.4.4 Average Track 2 duration per quarter (weeks)
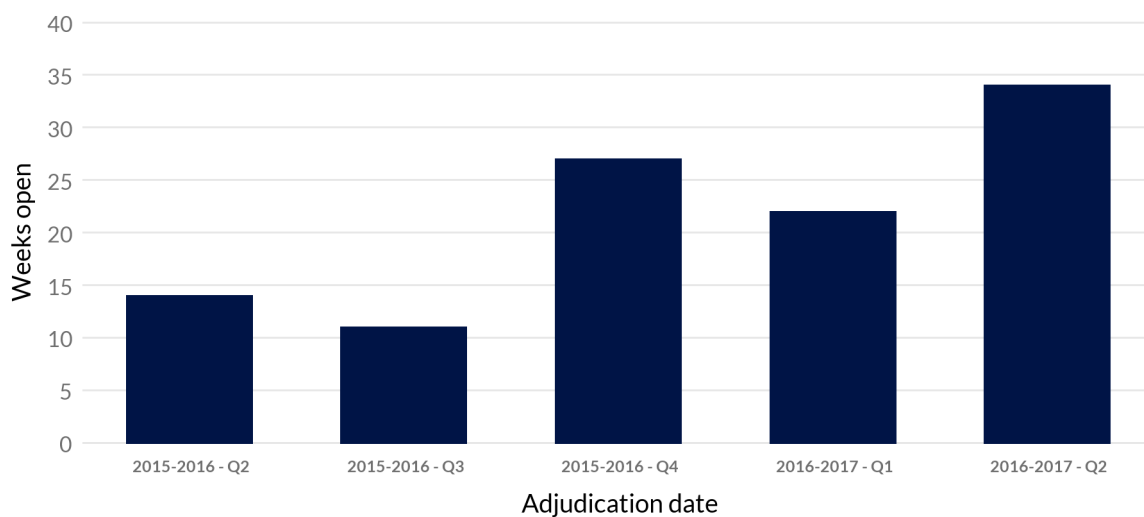
Annual view (Q1 - Q2 comparable)

4.4.5 Average Track 2 duration per Financial YTD (weeks)

2013	2014	2015	2016
12	20	16	28

4.4.6 Average Track 2 duration per Financial YTD (weeks)

43
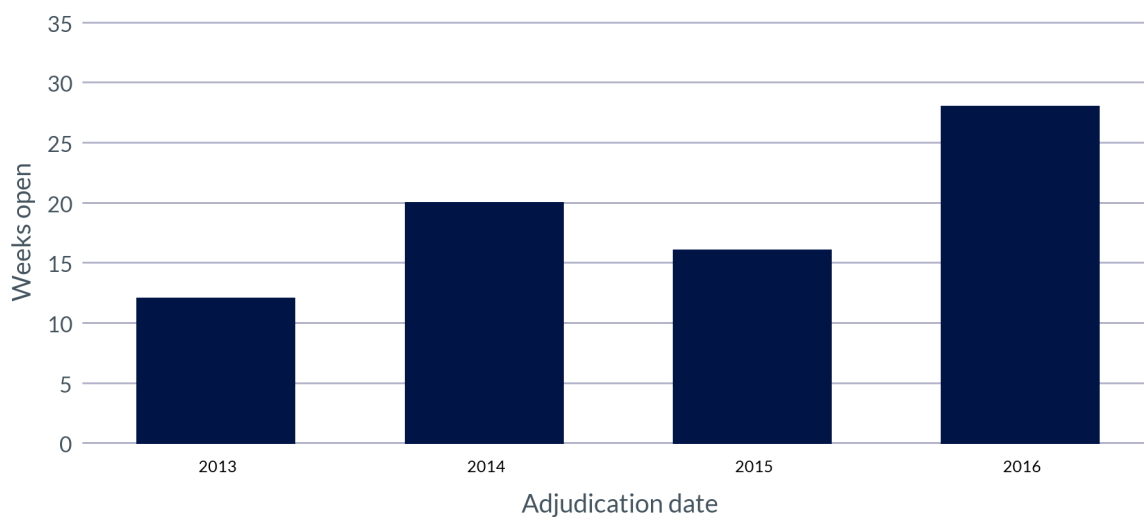
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5.0 Industry support

Overview

In addition to our investigatory and enforcement work, our regulatory toolkit also includes identifying and applying policy solutions to issues arising more generally in the market. The scope of the industry support we are able to provide includes:

- Holding our Code of Practice and supporting procedures to constant review, and updating guidance around these as necessary.

- Responding to requests for compliance advice.

- Providing the facility for industry Due Diligence to be undertaken.

- Commissioning industry-wide research initiatives.

- Finding ways in which barriers to high compliance can be broken down. These include working with an expanded and enhanced Industry Liaison Panel; making effective use of its Rapid Response Team mechanism where required; and our detailed programme of one-to-one meetings and engagement with industry representative bodies, network operators and service providers.

Comments

Demand for compliance advice peaks when we launch a new Code of Practice. This occurred in both July 2015 and June 2016.
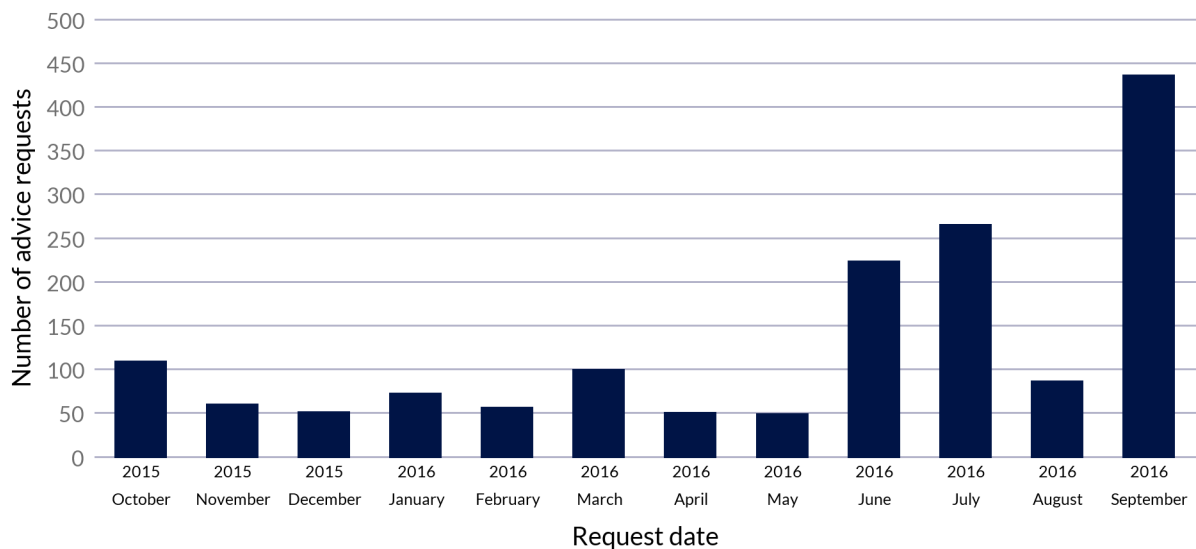
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5.1 Compliance advice

Industry support

Overview

5.1.1 Compliance advice given

	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Requests	109	60	51	72	56	99	50	49	223	265	86	436

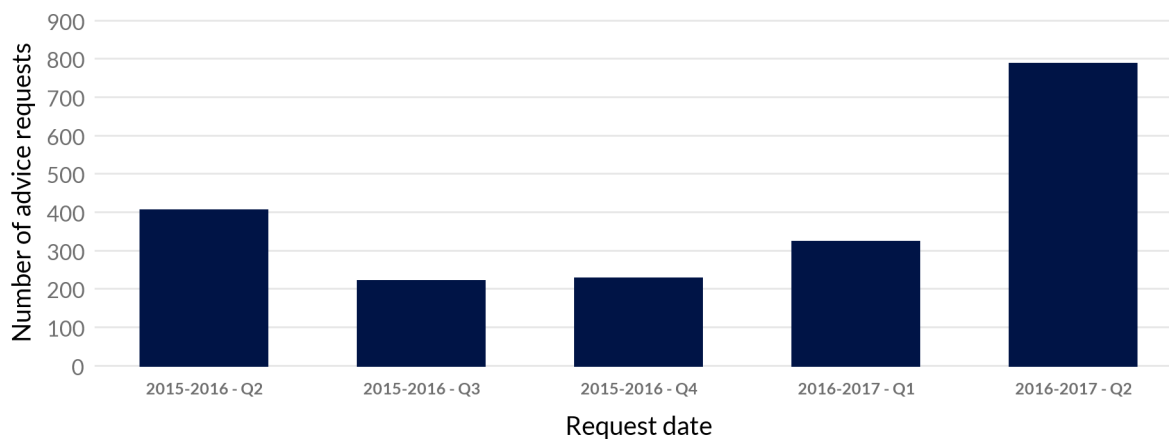### 5.1.2 Compliance advice given

Definitions

Compliance advice: a written piece of advice on how to operate PRS within the scope of the Code of Practice

Industry support

5.1 Compliance advice

Quarterly view

5.1.3 Compliance advice given

	2015-2016 - Q2	2015-2016 - Q3	2015-2016 - Q4	2016-2017 - Q1	2016-2017 - Q2
Requests	404	220	227	322	787

5.1.4 Compliance advice given

Annual view (Q1 - Q2 comparable)

5.1.5 Compliance advice given per Financial YTD

	2013	2014	2015	2016
Requests	1,627	773	916	1,109

5.1.6 Compliance advice given per Financial YTD (Q1-Q2 comparable)

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51
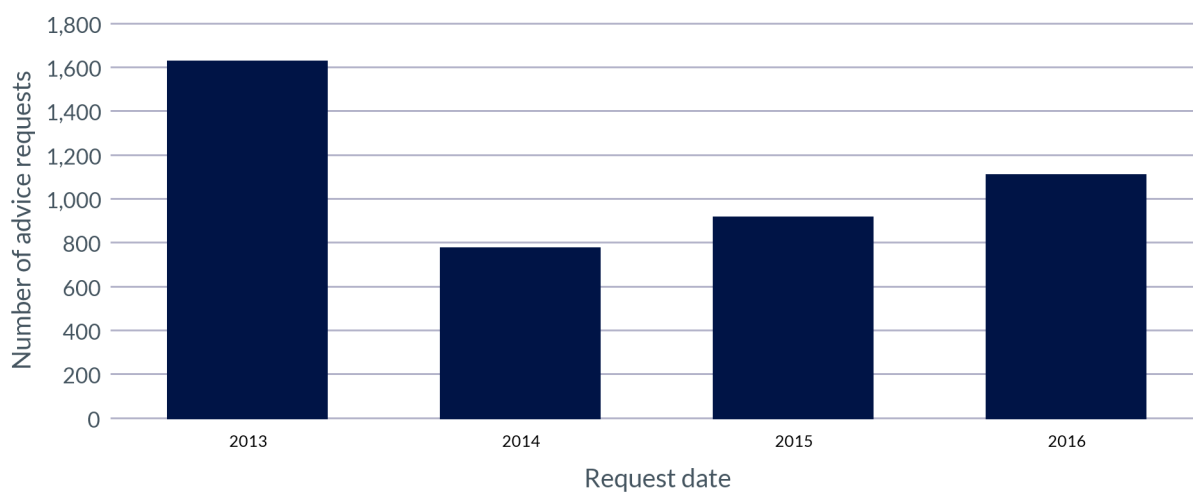
5.2 Due diligence

Overview

5.2.1 Number of due diligence requests per month

	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Unique checks	191	204	155	213	212	205	195	229	333	213	286	261
Requesting orgs	36	40	30	40	29	38	39	43	43	37	44	40
Target orgs	168	178	136	154	187	172	161	192	276	170	223	214

5.2.1 Number of due diligence requests per month
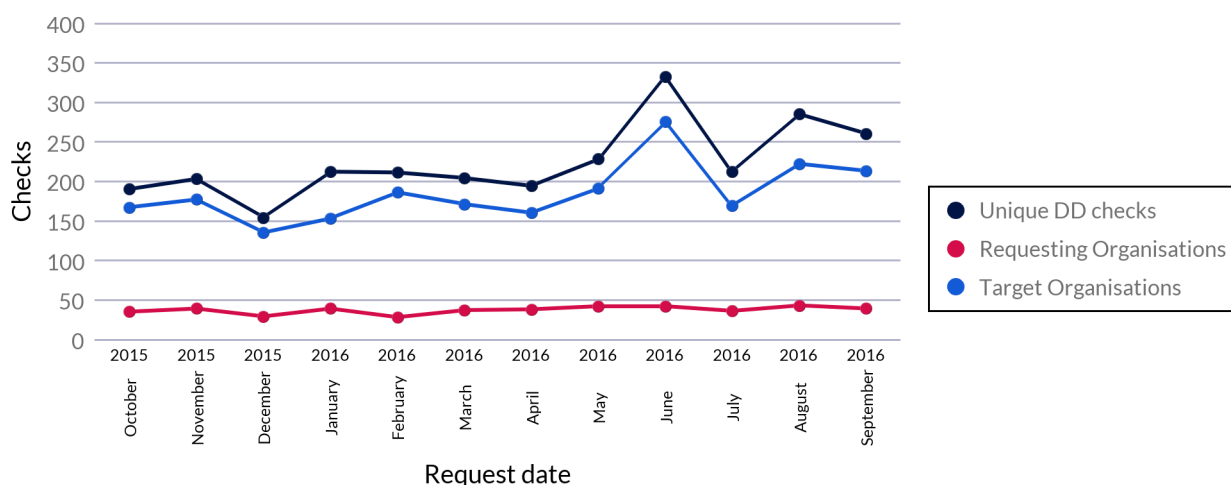
Definitions

Due diligence request: Background checks that networks are required to carry out on potential providers
Unique checks: A unique incidence of a due diligence request between one target and one requesting organisation
**Requesting organisations:** The network or Level 1 provider carrying out the due diligence on a potential provider
Target organisations: The potential provider being evaluated

Quarterly view

5.2.3 Number of due diligence requests per quarter

	2015-2016 - Q2	2015-2016 - Q3	2015-2016 - Q4	2016-2017 - Q1	2016-2017 - Q2
Unique checks	872	550	630	757	760
Requesting orgs	69	60	63	70	66
Target Orgs	585	409	436	525	529

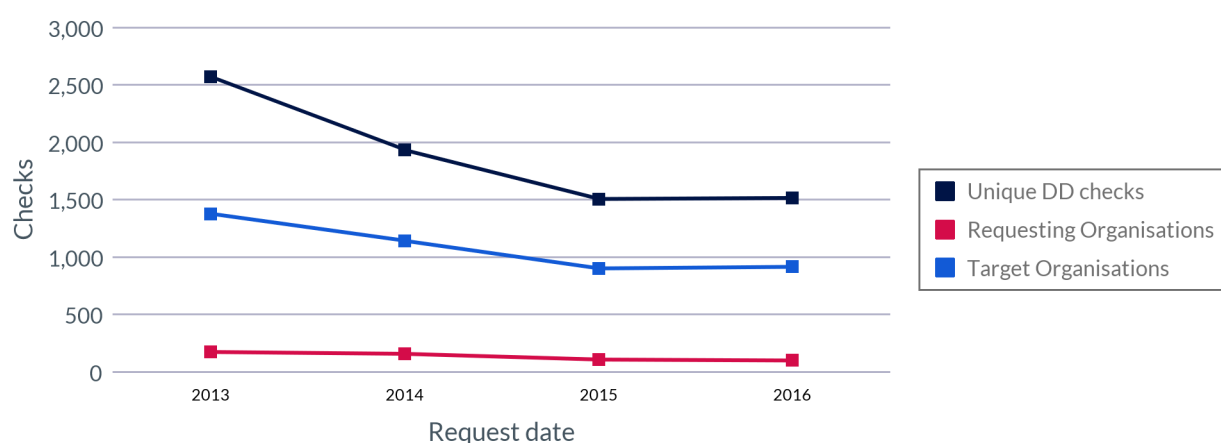### 5.2.4 Number of due diligence requests per quarter (volume)
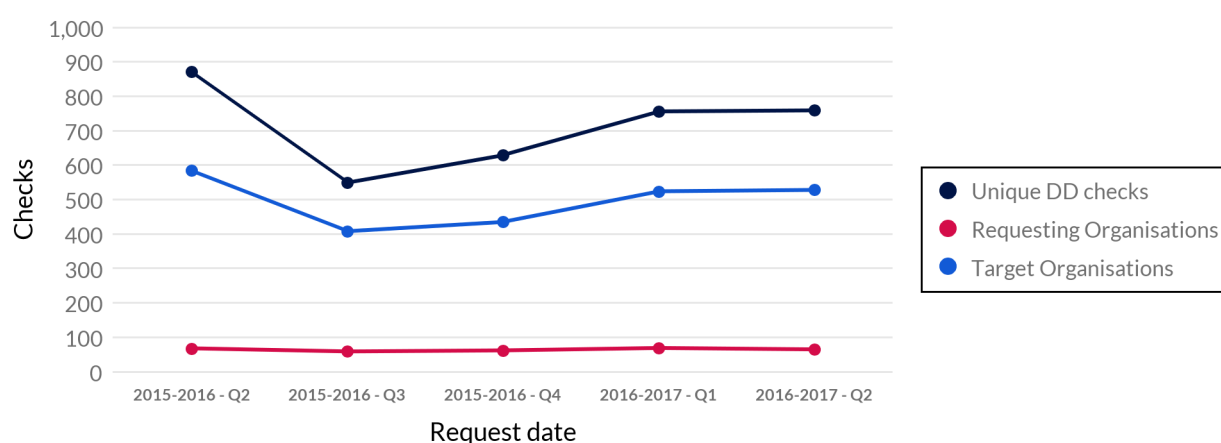
Annual view (Q1 - Q2 comparable)

5.2.5 Number of due diligence requests per Financial YTD

	2013	2014	2015	2016
Unique checks	2,574	1,935	1,508	1,517
Requesting orgs	175	159	109	101
Target Orgs	1,380	1,144	903	917

5.2.6 Number of due diligence requests per Financial YTD

54

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6.0 Market context

Overview

Through the nature of our operations and the data we collect, we are able to provide an authoritative overview of the PRS market:

- The financial size of the PRS market is measured initially through the revenues collected by network operators, and then through the outpayments they make to aggregators after retaining their share of the value chain. It is to the outpayments figure that the industry levy is applied.

- Compliance with our Code of Practice includes automatic registration of services, although we provide financial exemptions for small businesses and charities. Through this we are able to demonstrate the number of organisations engaged in the provision of PRS services.

Comments

Outpayment figures for Quarter 2 2016/17 have been updated for this report.

Compared to the previous quarter:
- Fixed has decreased by 4%
  - Comprised of: Landline down 2%, DQ down 4%, 087 down 6%
- Mobile has increased by 9%
  - Comprised of: PSMS up 4%, Voice Shortcode down 7%, Operator billing up 17%

Compared to the same quarter last year:
- Fixed has declined by 18%
  - Comprised of: Landline down 7%, DQ down 30%, 087 down 14%
- Mobile has increased by 35%
  - Comprised of: PSMS up 34%, Voice Shortcode down 2%, Operator billing up 40%

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6.1 Outpayments

Annual view

6.1.1 Outpayments by payment mechanism (Financial year to date) *

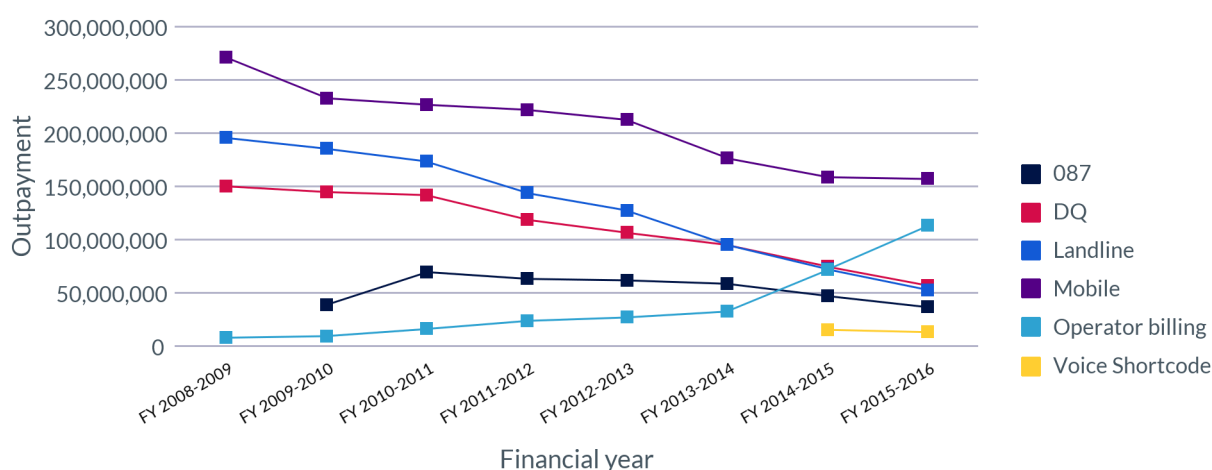|	PSMS	Operator billing	DQ	Landline	087	Voice Shortcode	Total
FY 2016-2017	96,782,704	69,492,360	23,323,446	25,425,671	17,182,861	6,747,715	238,954,756
FY 2015-2016	157,517,975	113,827,719	57,456,753	53,333,641	37,228,417	13,889,643	433,254,148
FY 2014-2015	159,208,322	72,407,015	75,311,151	72,807,041	47,773,800	16,082,943	443,590,272
FY 2013-2014	176,905,844	33,274,730	95,617,864	95,689,021	59,218,884		460,706,343
FY 2012-2013	212,884,919	27,704,566	107,022,378	127,863,110	62,439,519		537,914,492
FY 2011-2012	222,371,371	24,455,447	119,325,005	144,378,889	63,843,734		574,374,445
FY 2010-2011	227,115,647	16,864,696	142,379,680	173,877,266	70,262,751		630,500,040

∗ up on previous financial year
down on previous financial year

6.1.2 Outpayments by payment mechanism (current section of FY only - Q1-Q2)

	PSMS	Operator billing	DQ	Landline	087	Voice Shortcode	Total
FY 2016-2017	96,782,704	69,492,360	23,323,446	25,425,671	17,182,861	6,747,715	238,954,756
FY 2015-2016	71,994,554	52,631,697	31,962,980	28,099,254	20,130,891	7,019,273	211,838,648
FY 2014-2015	76,596,819	28,603,054	40,206,906	37,583,045	27,240,403	8,098,627	218,328,854
FY 2013-2014	83,161,551	14,568,742	49,263,533	51,215,528	31,081,840		229,291,194
FY 2012-2013	107,650,074	11,957,809	54,438,140	65,888,270	31,460,096		271,394,389
FY 2011-2012	103,438,046	9,491,998	62,482,720	74,835,994	33,010,074		283,258,832
FY 2010-2011	110,122,709	7,005,842	75,309,349	87,207,967	36,550,709		316,196,576

**6.1.3 Outpayments by sector (complete years only)**

Market context

Quarterly view

6.1.4 Outpayments by sector by financial quarter

	PSMS	Operator billing	DQ	Landline	087	Voice Shortcode	Total
2016-2017 - Q2	49,283,123	37,516,294	11,403,918	12,588,656	8,331,200	3,254,252	122,377,443
2016-2017 - Q1	47,499,581	31,976,066	11,919,527	12,837,015	8,851,660	3,493,464	116,577,313
2015-2016 - Q4	41,934,990	30,898,145	11,985,627	12,169,134	8,713,665	3,296,926	108,998,487
2015-2016 - Q3	43,588,431	30,297,876	13,508,146	13,065,253	8,383,861	3,573,445	112,417,013
2015-2016 - Q2	36,778,112	26,833,489	16,204,201	13,508,009	9,671,842	3,320,915	106,316,568

6.1.5 Outpayments by sector by financial quarter
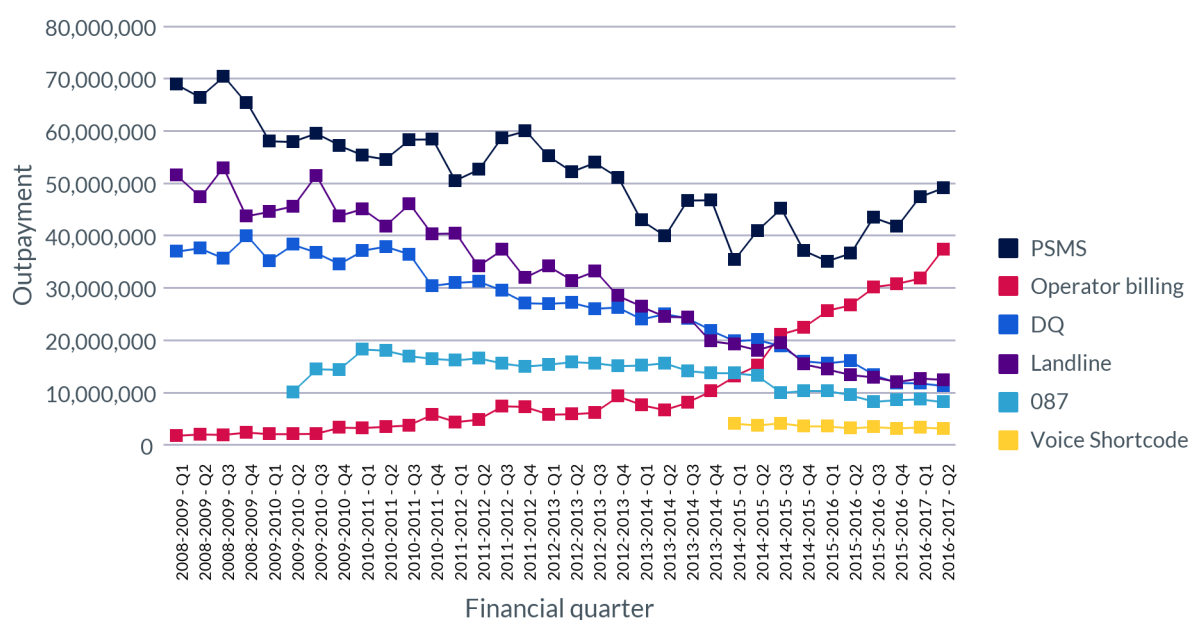
Definitions

PSMS: Premium short message services
Operator billing: A secure mobile payment service, includes payments via "Payforit"
DQ: Directory enquiry services
Landline: A sector of PRS services utilising Non-Geographic number ranges, including 087, 084, 118, 09
087: PRS services utilising the 087 number range. Prices range from aprox. 5p per minute to 15p per minute. Typical services include Sales booking lines for Hotels and Cinemas.
Voice shortcode: PRS services utilising the mobile short numbering system which are designated to carrying voice traffic

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6.2 Registrations by type

Market context

Overview

6.2.1 Total registrations by payment status per month

	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Payable	1,476	1,503	1,518	1,541	1,598	1,484	1,475	1,478	1,440	1,425	1,379	1,379
10K exempt	642	661	700	708	697	678	668	671	601	592	579	571
Charity	303	304	309	317	326	334	330	334	335	334	329	324
Total	2,421	2,468	2,527	2,566	2,621	2,496	2,473	2,483	2,376	2,351	2,287	2,274

6.2.2 Total registrations by payment status per month
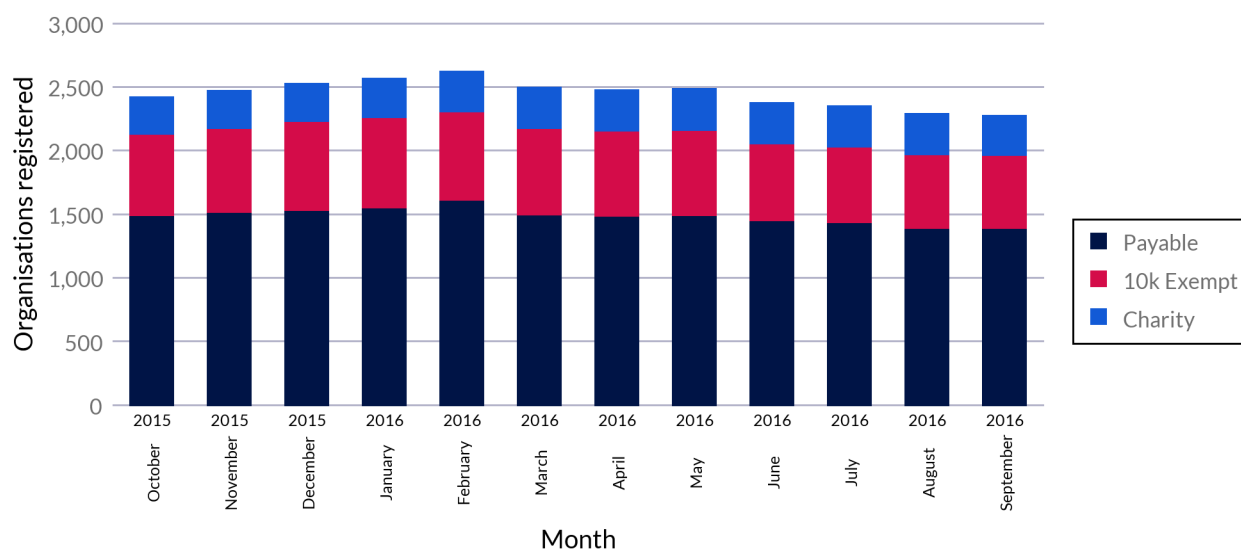
Definitions

10k exempt: An organisation whose revenues are less than £10k is not expected to pay a fee in their first year of operation
**Charity:** An organisation which is a registered charity is not expected to pay a fee
**Payable**: All other organisations are expected to pay a registration fee

Quarterly view

6.2.3 Total registrations by payment status per quarter

	2015-2016 - Q2		2015-2016 - Q3		2015-2016 - Q4		2016-2017 - Q1		2016-2017 - Q2	
Payable	1,464	60.4%	1,518	60.1%	1,484	59.5%	1,440	60.6%	1,379	60.6%
10K exempt	648	26.7%	700	27.7%	678	27.2%	601	25.3%	571	25.1%
Charity	312	12.9%	309	12.2%	334	13.4%	335	14.1%	324	14.2%
Total	2,424		2,527		2,496		2,376		2,274	

6.2.4 Total registrations by payment status per quarter (volume)
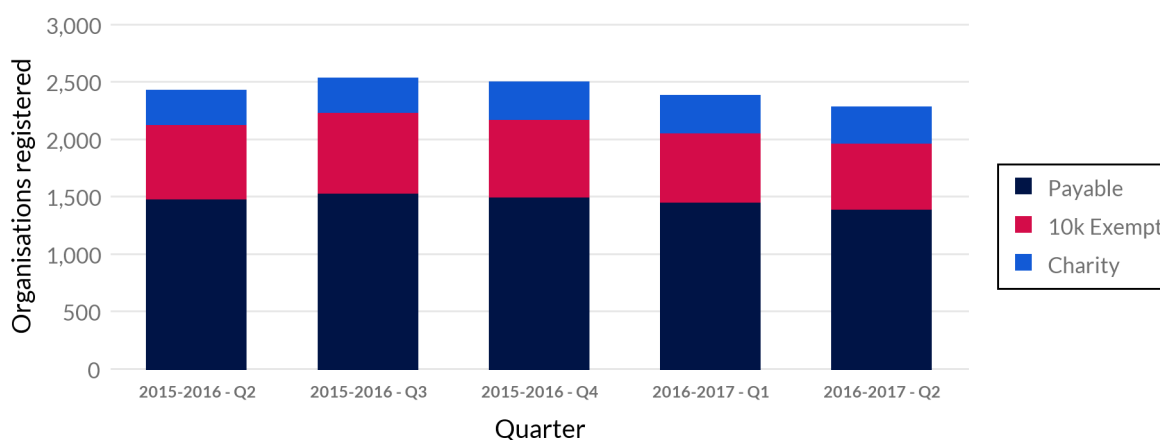
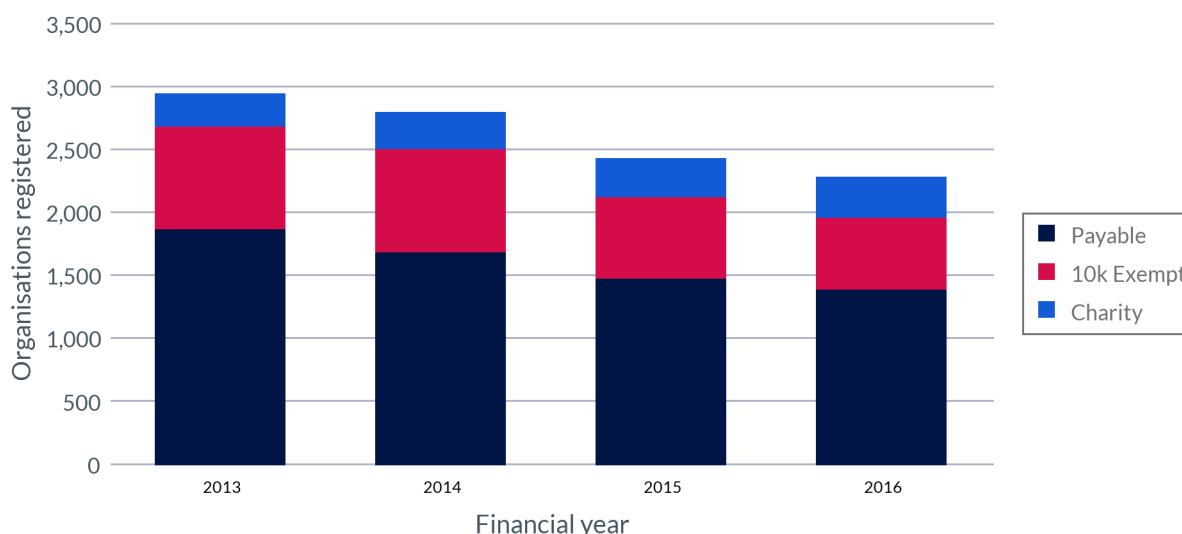### 6.2.5 Total registrations by payment status per quarter (proportion)
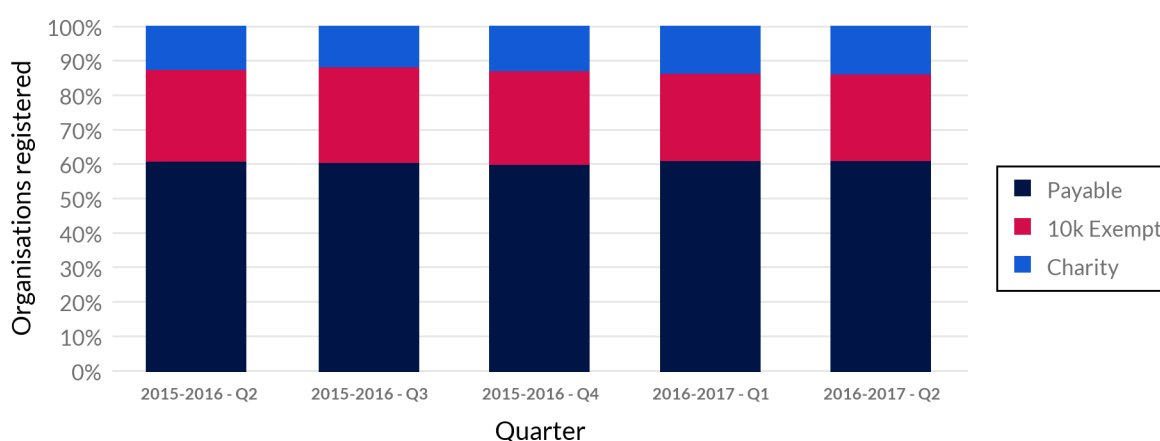
Annual view (Q2 comparable)

6.2.6 Total registrations by payment status per Financial YTD

	2013		2014		2015		2016	
Payable	1,856	63.2%	1,673	60.0%	1,464	60.4%	1,379	60.6%
10K exempt	814	27.7%	822	29.5%	648	26.7%	571	25.1%
Charity	267	9.1%	294	10.5%	312	12.9%	324	14.2%
Total	2,937		2,789		2,424		2,274	

6.2.7 Total registrations by payment status per Financial YTD (volume)

6.2.8 Total registrations by payment status per Financial YTD (proportional)