

**The BT 'Basic Rate' Rip-Off - alleged by DWP and others**

According to the **Department for Work and Pensions**, **BT** is ripping-off pensioners and others.

It is claimed that **BT** is following the bad example set by energy companies by having many customers on the wrong tariff. We believe that **BT** must respond to this allegation, with evidence.

Others claim that so many people are victims of this rip-off that the **penalty charge** imposed for calls outside the terms of a plan should be considered to be the "**Basic Rate**".

## The Facts

**BT** customers on the **Weekends** or **Evenings and Weekends** Call Plans pay a 15p + 9p per minute 'penalty charge' for a weekday call before 7pm to a 01/02/03 (geographic rate) number. All of that revenue is retained by **BT**. (This charge, which has doubled in the last four years, is unregulated.)

This is even more than they pay to call any 0845 or 0844 number and most 087 Premium Rate Service numbers. On these calls, **BT** is uniquely prohibited from adding its own "**Access Charge**" to the "**Service Charge**" that is paid on to the person called.

**BT** confirms that its **Unlimited Anytime** Call Plan is the most popular. This would suggest that only those who never, or only rarely, use their **BT** landline to make calls before 7pm, or not at all during the week, are on the **Evenings and Weekends** or **Weekends** plans.

## The Allegation

When giving evidence to the **Public Accounts Committee** last week, **Robert Devereux - Permanent Secretary, Department for Work and Pensions** - addressed the question of switching from 0845 to 03 numbers, so as to withdraw the '**Telephone Tax**', as follows:

*"if we were to switch from 0845 uniquely to 03, about a third of the claimants would see no difference, about a third, typically on mobiles, would make a big benefit and about a third, typically pensioners calling from landlines, would see a disbenefit."*

This "disbenefit" is only seen by **BT** customers who make weekday daytime calls outside the terms of their Call Plan. Unless the only calls these people make during office hours are to the **DWP**, then they are most likely on the wrong tariff.

**DWP** is claiming that one in three of its "customers", most of whom are not at work during the day, are **BT** landline users who are being ripped-off on their calls to ordinary numbers.

## Basic Rate

The claim that **BT** is ripping-off of its customers by having them on the wrong tariff, goes wider.

As **BIS** prepares to introduce a ban on companies using 084, 087 and 09 numbers for customer enquiries and complaints, there are some who are claiming that the "**Basic Rate**" for a telephone call to a geographic number is the **BT** 'penalty charge' for out of plan calls and that calls which may be cheaper should also be considered to be at "**Basic Rate**". This is clearly nonsense.

We argue that, in general terms, a call at the "**Basic Rate**" is one where the only charge is that which covers the expense of connecting the call. For a particular contracted telephone service, this must be that for calls within the terms of the contract. The 'penalty charge' incurred for calls outside the terms of the agreed arrangement cannot be considered to be the "**Basic Rate**".





## The BT 'Basic Rate' Rip-Off - alleged by DWP and others

### Who is being ripped-off by BT?

Subscription to the **BT Unlimited Anytime** Call Plan, confirmed as the most popular, costs an additional £5 per month over that for the **Unlimited Evenings and Weekends** Call Plan.

With a call set-up fee of 15p and a charge per minute of 9p, a single 54-minute call, to a 01/02/03 number during office hours, would incur a **penalty charge** of £5.01. If more than one such call is made each month, then 15p per call has to be added to determine the 'break-even point'. Only those who spend less than 10 minutes per week calling ordinary numbers could happily consider themselves outside the scope of this rip-off.

One may say with confidence that any **BT** customer who makes calls lasting in total more than 54 minutes per month to 01/02/03 numbers during the weekday daytime period should be subscribed to the **Unlimited Anytime** Call Plan.

If **BT** is not alerting its customers to this fact, then it may be seen to be engaged in a rip-off.

We believe that the scale of the rip-off is not as great as is alleged by **DWP** and others. In order to establish the true position **we need to see clear evidence**.

### Who is being ripped-off by DWP and other 084 users?

All users of 084 numbers benefit from the **Service Charge** as a subsidy towards the costs of their telephone service - this is paid by callers. They appear keen to draw attention to the exceptional circumstances that apply to **BT**, perhaps in an attempt to disguise the underlying reality.

- **BT** only originates around 25% of telephone calls made by individuals. It is the largest single provider of calls, but its share of the residential landline calls market is now only 40%.
- Unlike other operators, **BT** is prohibited from adding an **Access Charge** to the **Service Charge** paid on calls to 084 (and 087 / 09 / 118) numbers. Its rates for calls to geographic rate numbers are no longer regulated. This is what creates the perverse situation where **BT** charges more for some calls on which it retains all of the revenue, than for those on which it retains nothing.
- Yet further confusion is created by **BT** collecting the **Service Charge** on all calls to 0845 numbers from all call plan subscribers, making them inclusive, rather than respecting the relationship between each caller and the organisation that imposes and benefits from the **Service Charge**.

Although **BT** is only one of many call providers (with no presence in the mobile market) its unusual and perverse tariffs are readily presented as if they were some sort of norm.

Its rates cannot not be used as a representative indicator of relative call costs, because of the perverse situation created by a legacy regulation (that will shortly be lifted).

Its fudging of the relationship between those who impose a **Service Charge** through 0845 numbers and those who call them is readily exploited by those who wish to create the impression that the **Service Charge** does not exist; in fact it is being paid by those who never call them!

All **BT** customers are currently subsidising the cost of calls to DWP (and other 0845 users) by other **BT** customers, whereas those who call 0845 numbers from other operators have to pay the **Service Charge**, and an **Access Charge**, for themselves. **This nonsense must be halted**.

