



## Introduction

We are pleased to provide the response of the **fair telecoms campaign** to the consultation - [Consultation on end-of-contract and out-of-contract notifications](#).

We believe that waiting until a contract has ended or is about to end before a customer is aware of the terms to which they have committed themselves is to somewhat miss the point.

We note that, as is sadly common, the term “contract” is misused here to refer only to the end, or the passing of, a committed minimum term, not to the end of a contract.

There is no doubt that a timely reminder would be a most welcome addition, but **Notification** of the terms must be properly provided before, and as, a contract is signed and throughout its term.

## Statement of our position

Our views in relation to the topics covered by the consultation are stated below.

In a competitive communications services market, we see it as essential that consumers are clearly made aware of the particular terms of the deal offered and accepted at the following stages:

1. Before and as they enter into a contract.
2. When the nature of the service is referred to on a regularly issued bill or statement.
3. When the service is described on enquiry, e.g. on-line account details.
4. When some aspect of the terms of the contract are changed – e.g. price rise.

It is vital that this information clearly details both any specific period covered by the terms in place and, where relevant, the fact that this period relates only to certain components of the offer (e.g. the handset portion of a combined handset purchase and airtime deal).

Where a contract covers terms that apply to a particular period and other terms that apply thereafter, then the second set of terms must be specified from the beginning.

In the event that the terms which are to apply subsequently may change, then this must be treated as a variation to the terms of a contract and customers must be given 30 days notice of such a change and the opportunity to end the contract without penalty – should they so wish.

A requirement to provide a **reminder** towards the end of a minimum contractual period is a useful and worthwhile addition to the above.

It cannot however be considered to be a substitute for the essential requirement for a customer to know where they stand before, and as, they enter into a contract and whilst it is in place.

**Notification** of the terms of contract, including the period covered by part or all of those terms, must be made at the commencement of the contract and provided whenever the nature of the agreement is referred to, or enquired upon, thereafter.

N.B. None of the above wholly precludes limited, albeit accurate, and simplified information being provided in the context of advertising a service. It is however imperative that customers are **notified** of the full terms of their contract before it commences and thereafter.



## Unbundling

Where a provider may offer a number of products and services as part of deal, then it is reasonable for this to be offered at a lower price than that offered if the components were purchased separately.

A competitive market and clarity for the consumer demands visibility of the respective costs and the discount which has been applied.

This is especially relevant where only one element of the deal applies for a fixed period, e.g. paying off the cost of a mobile handset in monthly instalments.

That specific issue is covered by the **Ofcom** consultation - [Helping consumers to get better deals in communications markets - mobile handsets](#). Our response to this will be presented in due course.

The key point is however that of visibility and **Notification**, the topic of this consultation.

We believe that **Notification** of the terms of a contract cannot be deferred until they are about to end or change. This must be provided throughout and with all components detailed (including any discount for a bundled deal).

The telecoms market has long suffered from misleading pricing and consumer confusion due to opaque bundling of services. The bundling of instalments to pay for a mobile phone with airtime is probably the most notable. Other examples include the bundling of a “line rental” charge (possibly including the provision of landline telephone service and some inclusive calls) in the price for a broadband service.

**Ofcom** made a most valuable step in this regard by the much celebrated unbundling of what are known as Access Charges and Service Charges in context of calls to all “premium rate” numbers (whether or not these are used for the provision of “Premium Rate Services”). The [UK Calling](#) measures, in place since July 2015, have provided greater transparency. A significant benefit of this has been the elimination of many rip-offs.

We firmly believe that a similar approach to the terms of service contracts will yield similar benefits. This is nonetheless demanded by the principles of fairness.

## Our view on the approach outlined in the consultation

We recognise that what is proposed is a pragmatic measure targeted on the consequences of past inadequate regulation of unfair activity.

Obviously moving to a better situation henceforward cannot correct the present situation entirely. This applies to those already suffering as a result of being in a wholly inappropriate arrangement – e.g. continuing to pay for a mobile handset of which they completed the purchase some time ago.

Having identified the problem, it is however inadequate for **Ofcom** to seek only to clear up a past mistake, whilst allowing the situation to continue – albeit with a partial clear up remedy in place.

We feel that **Ofcom** must treat the disease – inadequate **Notification** of contract terms, rather than just the symptoms – lack of awareness that a minimum period has ended or is about to end.





## Responses to Consultation Questions

To avoid repetition in the individual responses, we must make clear our view that **Ofcom**'s wider policy objectives, in line with its statutory duties, are not met by the measures proposed.

What is specifically proposed will undoubtedly be helpful, and it is to be welcomed. It does not however adequately address the issues that are raised, and confirmed by a considerable weight of evidence, in the consultation document.

### **Question 1: Do you agree with our assessment of harm relating to residential consumers and Small Businesses?**

It is to be noted that a requirement for full and proper **Notification** of Contract Terms would enable, or perhaps compel, reconfiguration of offerings on the market, including the possible introduction of new players. The lack of a fully competitive market denies options, the absence of which harms consumers.

### **Question 2: Do you agree that providers should send both end-of-contract and out-of-contract notifications?**

As a fix yes – but much more is required.

### **Question 3: Do you agree with our proposal that notifications should be sent to all residential and Small Business customers who take Public Electronic Communications Services?**

It goes without saying that all consumers should be provided with proper **Notification** of the terms of their contract. This requirement however goes far beyond the limited measures proposed.

### **Question 4: Do you agree with our proposals on the content of the end-of-contract notification?**

### **Question 5: Do you agree with our proposals on the structure, method, timing and frequency of the end-of-contract notification?**

### **Question 6: Do you agree with our proposals on the content of the out-of-contract notification?**

### **Question 7: Do you agree with our proposals on the structure, method and frequency of the out-of-contract notification?**

These are limited to address only one specific objective. More is required to address the issue properly.

It may be noted that those with multiple communications service contracts in place may receive **notifications** which highlight their ignorance of the terms of other contracts. This could cause a backlash when they find that there is no information available on these other contracts.

### **Question 8: Do you agree that our proposals are both effective and the minimum necessary to achieve our policy objectives?**

One cannot say that these proposals address **Ofcom**'s policy objectives, which extend much wider, in accordance with its statutory duties.

That is not to say that delivery of the proposed communications will not help many victims of a weak regulatory structure regarding **notification** of contract terms.



**Response to consultation on (end-of / out-of)  
Contract Notifications****Question 9: Do you agree with the impacts we identify, and the approach we take to quantify these impacts, in our assessment in Annex 6?**

We believe, indeed hope, that exposure of this issue – which will be helped by the delivery of the proposed communications – will have a wider impact on the market.

We also believe that this will help to add volume to calls for **Ofcom** to address the issue of **Notifications** properly.

This may, again we hope, lead to a restructuring of the way in which communications services are provided. In particular we hope that the market is strong enough to react in the interests of consumers as providers find that the scam of overcharging is stopped and they may feel a consequential need for general price increases.

**Question 10: Do you agree with our provisional assessment that the potential costs for providers are not disproportionate in order to achieve our policy objectives?**

The requirement for proportion in addressing a long-standing rip-off is not the same as with measures to require proper **Notifications**. The cost of the refunds due should be enormous.

**Question 11: Do you agree with our proposed implementation timescale for end-of-contract notifications and for the one-off notification to customers who are already outside of their minimum contract period?**

There can be no justification for the type of delay suggested, for all cases.

There is no reason why, for example, overcharging of customers who have already paid for their handset should not cease immediately.

Sadly, one finds the relevant sections of the consultation document to confirm the rather “wooden” approach found throughout the document.

There are very serious issues here. A more sensitive and thoughtful approach is required.

**Question 12: Do you have any comments on the draft condition set out in Annex 9 to this document?**

As “comment” is invited ...

The issues raised, and the consumer detriment evidenced, in the consultation demand a more thorough overhaul of C1, C2 and C3 to ensure that the terms of a contract are clear – at all stages.

## Concluding comments

We recognise the very limited objectives set for this consultation and agree with the need for urgent action to correct the unsatisfactory situation which has existed up to now. The evidence presented however indicates the need to effectively halt the wrong that it is going on, rather than simply having a continuing programme of remedial action.

Whilst a reminder of the terms of a contract is a worthwhile measure to be applied at a useful time, this must be seen as such, i.e. not as a substitute for proper **Notification** at the beginning and throughout the term of the contract.

We must also stress the importance of unbundling, in the context of proper **Notification**.

