

Introduction

The **fair telecoms campaign** is pleased to accept the invitation to respond to a consultation on a provision that will go a long way towards eliminating a well recognised inequity. The focus of our campaign means that we will only address the provisions arising from Article 21 - **“Telephone customer services for calls about existing contracts must be charged at basic rates”**. The necessary measures are referred to below as **“the provision”**.

There are three essential points which we have to make:

- There is no sound reason why **the provision** should be limited to certain sectors, unless there can be an argument that consumers in some sectors do not need protection!

We show that relevant calls are commonly not charged at **basic rates** in the sectors which could be excluded from **the provision**.

In respect of these sectors, if there is an alternative way, that may be preferred, of effectively enacting the same mandatory requirement within the same timescales, then such an approach could be an acceptable response.

- **Ofcom** is currently in the course of a project - [“Simplifying Non-geographic Numbers”](#). The definition of **“basic rates”**, for the purposes of **the provision**, must come out of this essential work. Many existing definitions, that may be cited, are out of date and misleading.

With former regulation of BT removed, and more regulations to be lifted, the only meaningful definition of **basic rate** in place today, is that which equates to “geographic rate”. A clear definition of this will emerge from **Ofcom**’s final measures.

Subject to forthcoming formal statements from **Ofcom**, one may say that **“basic rate”** can only be interpreted as the charges levied for calls to numbers beginning 01/02/03.

- Effective enforcement of any provision is vital, so that all may know where they stand. Of perhaps greater importance is the recognition of what is “acceptable practice” and how companies behave.

The most important thing to emerge from this consultation must be a clear public recognition that it is “wrong” to use a number that includes a Service Charge for calls from current customers.

HM Government could help this greatly by ceasing its practice (most clearly seen in DWP and HMRC) of using numbers that include a Service Charge for calls from citizens, sometimes also known as “customers”.

There may be some companies who will wait for the deadline and seek to avoid being subject to enforcement action. One must always allow for this, however the focus must be on achieving willing compliance.

Dave Lindsay

David Hickson

Thursday, 1 November 2012

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Our response continues with discussion of various relevant points, concluding with answers to relevant specific consultation questions, referring back to previously stated material.

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Notes

- Internal and external references are given by hyperlinks in the body of the text.
- We will be delighted to provide clarification, additional references or further material to support any of the points made below.
- We suggest that further work may be required before the final detail of **the provision** may be formulated and would be delighted to assist the Department with this work.

The current context

Notwithstanding their origin, in the CRD, the terms of *the provision* are being prepared, and will be implemented, alongside reforms being made by the ongoing Ofcom project - "[Simplifying Non-Geographic Numbers](#)". Final proposals and draft regulations will be published shortly, following two major presentations of proposals for public consultation.

A key objective of this Ofcom project is to clarify what is "*basic rate*", by more clearly identifying what is not. It is therefore vital that further steps taken with *the provision* show proper cognisance of the current reality, as presented by Ofcom. On completion the two must be mutually sympathetic, as they will have complementary effects.

Having considered other options, the latest (and likely final) position taken by Ofcom is that there will continue, as at present, to be only one non-geographic range of numbers charged at the "geographic rate" - the 03 range. By [the text of IA-Q20](#), this consultation implies a recognition of the fact that *basic rate* is the rate applied only on calls to 01/02/03 numbers.

The Ofcom project acknowledges, and intends to make explicit, the reality that the charge for calling other non-geographic numbers is comprised of two elements:

- the "*Service Charge*", to the benefit of the person called; and
- the "*Access Charge*", to the benefit of the caller's telephone company

The former is fixed for calls to a particular number, regardless of how the call is made. The latter is currently highly variable, however Ofcom proposes that it be fixed for each tariff, regardless of the particular type of non-geographic number called.

This "unbundling" of the present compounded charge rates will be made apparent by a requirement on users to declare their *Service Charge*, with a reference to the fact that an *Access Charge* will be added.

The future, as currently proposed

The obligation to declare the *Service Charge* will have a most significant effect. Businesses will have to declare their interest in the cost of calls, rather than offering often quite meaningless hints about the cost from certain call service providers.

Those who are presently leaning on long out-of-date assumptions about call costs will have to declare the current reality.

[Responding to the latest Ofcom consultation](#) we highlighted the relevance of *the provision*.

We drew attention to the fact that those forced to change their numbers by this mandatory requirement were simply part of a larger group. There will be many who could not sustain use of expensive numbers in an environment where they had to admit to their choice to use a number which caused a *Service Charge* to be imposed.

We moved on to express the hope that many trade bodies and other groups would effectively ban use of numbers that included a *Service Charge* - copying *the provision*, by a voluntary acceptance of the same underlying point.

The provision expresses the position that it is unacceptable to levy a **Service Charge** on an enquiry or complaint call from a customer. There are many other situations where it would be similarly unacceptable. Whilst these, e.g. enquiries to HMRC and DWP, cannot be covered by *the provision*, it is imperative to understand that it simply sits alongside what, one hopes, will be similar policy positions taken in other areas.

We suggest that, in particular, all Government Departments note the position in which they will be placed once BIS announces its clear intention to require businesses to use only **basic rate** numbers for enquiries and complaints from customers. Many of them currently treat their service users (commonly known as “customers”) less well. Some may see it as being perverse for the Government to protect consumers from unacceptable behaviour by businesses, but not from the same behaviour by itself!

What is the cost of a telephone call

The rate charged for a telephone call is set by the provider of telephone service to the caller. This may however include a **Service Charge** to the benefit of the person called. The existence, and the level, of the **Service Charge** is based on the “type” of number. This is known when the number is selected.

In all cases the **Service Charge** is paid to the telephone company which provides service on the number. This is used to offset the cost of the service and facilities provided and may also produce a balance which is paid on, as a “cashback”.

At present, the **Service Charge** is “bundled in” with the **Access Charge** levied by the telephone company originating the call. A key element of the Ofcom “[Simplifying Non-Geographic Numbers](#)” project is to “unbundle” these two call charge components.

In some cases, currently, it is collected from all subscribers to a calls package that includes calls to some number types on which **Service Charges** apply. In most cases, calls to these numbers are excluded from call packages and are therefore subject to “out of plan” penalty fees.

Categories of telephone number

There are essentially five “categories” of number that may be used for customer enquiries and complaints. They are identified by the leading digits of the number.

The actual level of the **Service Charge** (at present and under the proposed “simplification”) may be determined by looking at further leading digits of the number to determine the specific “number type”. The following categories are listed below:

- [“Freephone” - 080](#)
- [“Geographic rate” - 01/02/03](#)
- [“Business rate” - 084](#)
- [“Premium rate \(lower\)” - 087](#)
- [“Premium Rate Services \(proper\)” - 09](#)

It is to be hoped that forthcoming **Ofcom** publications will, as intended, enable lists such as this to be presented more simply, or that the National Numbering Plan will itself clearly provide the relevant information.

“Freephone” - 080

Calls to 080 numbers effectively have a negative **Service Charge** which equates to the cost of originating the call from a landline.

Landline callers therefore do not pay for calls to 080 numbers, essentially the person called picks up the full cost.

Mobile operators are free (given the playing of a pre-call announcement) to levy an **Access Charge**. There are arrangements whereby this fee may be waived for calls to recognised “helplines”, however the scheme governing this does not cover ‘post-contract enquiries and complaints’.

Under the current **Ofcom** proposals, all calls to 080 numbers, including from mobile phones, will have to be free to caller. This will inevitably increase the cost to the businesses using them. Many will choose to migrate to 03, some may be tempted to move to other non-geographic ranges.

“Geographic rate” - 01/02/03

Ofcom has proposed the term “UK numbers”, however it is not clear that this will remain.

Whilst the potential to return to distinct “local” and “national” rates exists, these essentially disappeared in 2004. The terms are still used, although the rates are the same.

In respect of the financial relationship between the caller and the person called, calls to these numbers are totally neutral. The only charges paid are to the benefit of the telephone companies handling the call.

It is now commonplace for there to be no call charge for such calls, except where the caller goes beyond the terms of their chosen plan or package. The penalty charges for such “out of plan” calls continue to increase at a rapid rate (for BT it is around 30% per annum). This is a major reason for why the number of “out of plan” calls to numbers that would form part of the plan is now very small indeed.

“Business rate” - 084

Ofcom used the term “Business rate” to describe this (and the 087) range in [an earlier proposal](#), but has since [withdrawn it](#). We await a replacement term.

Now that specific regulation which applied, only to BT, up to 2004/2006 has passed, all 084 numbers have all of the essential characteristics of “Premium Rate Service” numbers, other than being classified as being used for “Premium Rate Services”.

A **Service Charge** of between, roughly, 2p and 5p per minute is passed from the call originating telephone company to that which terminates the call.

This is generally sufficient to cover the costs of using a non-geographic number and may provide cash-back. It is common for the upper banded numbers to be used to produce funding for local telephone systems, thereby consuming the money that would otherwise provide cashback.

“Premium rate (lower)” - 087

This category does not include the anomalous 0870 range, which presently sits in a state of limbo with very few users. Revenue sharing on this range ceased in August 2009, however calls are still commonly charged at greater than the **basic rate**. Ofcom has made various proposals for the future of this range; it is not clear what will emerge.

The 0871/2/3 ranges are now formally classified as being used for “Premium Rate Services” and fall within the devolved self-regulatory rules of **PhonpayPlus**. The consultation document states that **PhonpayPlus** regulation “requires a non-premium rate number for customer service lines”. 087 numbers are formally classified as being used for “Premium Rate Services”, however they may be, and are, used for customer service lines. Because the level of **Service Charge** is between, roughly, 6p and 10p per minute users are subject to a [restricted set of regulations](#).

This **Service Charge** level will cover the cost of using a non-geographic number and associated exchange based facilities, also providing cashback from the network telephone provider. In the context of an enquiry and complaints line, it is highly unlikely that the residue from 10p per minute will fully meet the costs associated with handling the call and thereby deliver “revenue” from receiving telephone calls.

“Premium Rate Services (proper)” - 09

With **Service Charges** above 10p per minute and a prohibition on use for customer service lines, this range is for those who wish to make money from receiving telephone calls.

Making Money

Campaigning for “fair telecoms” we see it as foolish to pretend that anyone who employs a person to answer the phone is seeking to make money out of soliciting calls to a number that yields less than 10p per minute, after telephone network costs have been met. The subsidy gained can be enhanced by ensuring long periods on hold. If this is being done deliberately, then this specific practice may be said to be a revenue raising measure.

It is commonly stated that the cost of handling a 5-minute enquiry call is between £5 and £10. A subsidy of less than 50p does nothing more than offset this cost. Furthermore, the following section shows how the effect of the **Access Charge**, to the benefit of the telephone company, makes this a most inefficient way of collecting revenue for businesses.

Actual current call costs

The table below gives examples of the differential costs actually incurred at present by consumers subscribed to the most commonly used contract tariffs for landlines and mobiles.

Whilst these rates (per minute) reflect the **Service Charge**, it is bundled with the **Access Charge** determined by the respective telephone service provider. The user of a number selects it in the knowledge of level of the **Service Charge**, and with the potential to investigate the levels of **Access Charge** added. It is however quite wrong to say that thereby it is in control of the actual charge or directly responsible for it.

There is a wealth of evidence to show that many users of 084/087 numbers are ignorant of, have been misled about, or seek to misrepresent the actual call costs incurred. (There is so much of this material that is readily available that none has been included in this response.)

Notes on the cost table

- “Pay as you Go” tariffs are excluded. The many arrangements which apply to calls to geographic numbers prevent a simple and fair indication of the differential cost.
- BT exceptionally and perversely collects the **Service Charge** element of calls to 0845 numbers from all subscribers and makes these calls inclusive.
- Non-inclusive landline calls are subject to a call setup fee / connection charge.
- The zero call charge assumes compliance with the terms of the respective call plan. Non-compliance incurs a (often high) penalty charge.

Call type	01/02/03	0845	0844/3	0871
Tariff	Zero	2 ppm	5 ppm	10 ppm
BT (Unlimited ...)	Zero	Zero	13.1p + 5.105 ppm	13.1p + 10.211ppm
Virgin Media (Talk ...)	Zero	11.24p + 10.22 ppm	14.94p + 12.41 ppm	14.94p + 14.26 ppm
3	Zero	35 ppm	35 ppm	35 ppm
O2	Zero	20.4 ppm	20.4 ppm	35.8 ppm
Orange	Zero	12.4 ppm	12.3 ppm	35.7 ppm
T-Mobile	Zero	33 ppm	34 ppm	34 ppm
Virgin Mobile	Zero	41 ppm	41 ppm	41 ppm
Vodafone	Zero	14 ppm	35 ppm	35 ppm

Scope of the provision

It is understood that those operating in the following sectors, who accept enquiries and complaints by telephone, will be excluded from **the provision**:

- Financial services
- Gambling
- Goods for current consumption supplied by regular roundsman
- Passenger transport (with exceptions)
- Vending machines and automated premises

It is proposed to declare a policy which regards use of numbers charged at more than the **basic rate** for enquiries and complaints from customers as improper. This makes it very difficult to explain the exclusion of those operating in certain sectors. There will even be cases, e.g. the M&S link given below, where similar numbers will be permitted for one operation, but prohibited for another.

Unless an effect identical to that of **the provision** is to be achieved by other means, the licensing of inferior treatment for consumers of these services will need to be justified.

Evidence of use of “non-basic” telephone numbers

The following table shows samples of cases from potentially excluded sectors, where telephone numbers for which calls are charged at more than the *basic rate* are used.

Company	Description (quote from linked web page)	Number type
<u>Financial services</u>		
Aviva	Manage your policy / Make a claim	0844/3
Barclaycard	For 24 hour customer service and to report lost or stolen cards	0844/3
Barclays	If you’re an existing customer	0845
Direct Line	Already a ... customer / claims / complaints	0845
Hastings Direct	For claims, renewals and general enquiries / Customer Relations	0844/3
HSBC	Existing customer / lost or stolen / Complaints	0845
Lloyds TSB	To manage your money / Complaints	0845
M&S (Bank)	Contact us by phone	0845
More Th>n	Existing Customer & General Enquiries	0844/3
Nationwide	General enquiries for existing customers / Lost or stolen cards	0845
NatWest	Bereavement helpline / Make a complaint	0845
Santander	Lost or Stolen Card / Manage your Current Account / Make a new complaint	0845
<u>Gambling</u>		
Betfair	any questions	0844/3
National Lottery	an enquiry about your existing Direct Debit	0845
Skysports Fantasy Football	customer support team	0844/3
<u>Goods for current consumption supplied by regular roundsman</u>		
Milk&More (Dairy Crest)	contact us	0845
<u>Passenger transport</u>		
Arriva	Customer services	0844/3
British Airways	Customer Support / Tracing lost baggage / Baggage claims / e-ticket refunds	0844/3
Chiltern Railways	Customer services	0845
East Coast	Customer Relations	0845
easyJet	Customer Team	0844/3
First Great Western	Customer services	0845
Flybe	Customer Relations / Refunds	0871
London Midland	Customer Services Team	0844/3
National Express	all enquiries	0871
ScotRail	Customer relations	0845
Transport for London	Oyster enquiries	0844/3
Virgin Trains	Customer Relations	0845
<u>Vending machines and automated premises</u>		
Coca Cola Enterprises	pleased to consider a full refund of any money lost	0870

Answers to specific consultation questions

Main-Q2 - Definitions

Are the definitions [in the CRD] clear? Are there areas of potential ambiguity which might benefit from clarification in any guidance to accompany the forthcoming implementing legislation?

The term **basic rate**, with reference to telephone call charges is currently open to misinterpretation.

Until 2004, the regulations covering the charges which BT could levy for calls to some numbers that include a **Service Charge** were related to the, then regulated, BT charges for calls to geographic numbers. In 2004, BT ceased using the regulated rates for geographic calls as the basis for its residential tariffs. In 2006, these regulations were lifted. Other specific regulation of BT charges still remains, but without any reference to the charges for calls to geographic numbers.

Despite all of these changes, the definition of the 0844/3 and 0845 ranges in the [National Numbering Plan](#) still includes the term **basic rate**. This term is anachronistic in its context, and thereby unhelpful and misleading in the context of **the provision**. It **must not** be taken from this (heavily qualified) context, as if to suggest that calls to 084 numbers are, in any true current sense, charged at the **basic rate**. It is unthinkable that **Ofcom**'s forthcoming revisions to the National Numbering Plan will not cause it to be removed.

It is imperative that a clear definition for **basic rate** is used in **the provision** and that **Ofcom** is expressly cited as the authority on its interpretation.

The current **Ofcom** project "Simplifying Non-geographic Numbers" is developing a terminology that may be used. One must hope that a suitable simple term to represent what is meant by **basic rate** will emerge. On the basis of **Ofcom**'s latest published thoughts, one could define **basic rate** as being synonymous with "UK rate", "the rate for UK numbers" or "not subject to a Service Charge". (One hopes for something better!)

Main-Q10 - Extending the scope

We are not aware of problems which would indicate the need to extend these provisions to excluded sectors beyond those set out above (healthcare, social services, package travel and timeshare). Do you have any comments on this or other areas, including any not addressed in the proposals?

Comment and detail to support this answer is found at [Scope of the provision](#).

There is no question that **the provision** must be extended to the listed sectors. There is every good reason for **the provision** to be extended as far as is possible in this respect, as there is nothing particular to the nature of the transaction of calling an enquiry or complaint line that is distinct from one sector to another.

The imposition of a similar requirement through other regulatory means is the only sensible response to the argument that once the underlying policy in respect of consumer protection has been adopted, it must be implemented.

Once the Department has adopted a consumer protection policy (notwithstanding treaty obligations), demanding exclusive use of **basic rate** telephone numbers for enquiries and complaints by customers, this policy cannot readily be conditional upon the mechanics of implementation. If it is not implemented, the Department cannot pretend that it is a policy.

The implications of being seen to grant an exemption, giving special licence to those in certain sectors to treat their customers less well than those in other sectors must be considered carefully. “**Banks allowed to continue ripping off their customers with premium telephone charges**” is probably not the sort of headline that BIS would wish to use for a media release, no matter how important that sector may be thought to be.

One may hope that those in financial services, public transport and other sectors that are excluded would be ready to comply voluntarily, or will be shamed into doing so.

Main-Q22 (et al) - Enforcement

What other measures do you believe would usefully address gaps, acting as an appropriate deterrent and sanction for breaches of the CRD?

Whilst it is imperative that appropriate measures for enforcement in cases of breach are in place, the purpose of **the provision** is to ensure compliance. The measure is just and proportionate and therefore all reasonable companies should be quick to recognise this, comply and encourage compliance by others.

In a world of empowered consumers, a clear recognition of what is proper practice is generally all that is required. Notwithstanding the need for an effective enforcement regime, the Department should make every effort to see that the message is clear to all.

The Department must continue to work to “**Create a positive business environment ...**” which will naturally “**protect and empower consumers**”, as a [priority](#). It must therefore engage positively with all relevant trade bodies and other organisations able to promote standards of good (and compliant) practice, in addition to its own efforts to this end.

If gaps are foreseen, or emerge, there are other potential enforcement mechanisms, available to **Ofcom**, which could be considered.

- It is possible, although thought most unlikely, that **Ofcom** will extend the definition of “Premium Rate Services” to include all ranges not changed at the **Basic Rate**. If so, then the **PhonewayPlus** code could be adapted to reflect the requirements of **the provision**.
- **Ofcom** could consider imposing a General Condition on providers of telephone service to prohibit the issuing of numbers subject to a **Service Charge** for the purpose of customer enquiries. It may be going too far to suggest that such a provider would be complicit in a breach of **the provision**, however that would be the sense of such a requirement.
- The approach reflected immediately above has generally been replaced by **Ofcom**'s use of its discretionary “**Persistent Misuse**” powers, against those who cause unnecessary “inconvenience, annoyance or anxiety”. **Ofcom**'s formal policy covers cases where the detriment is only financial loss.

Possible use of this mechanism must however be seen in the context of the making of many millions of Silent Calls not being treated as Persistent Misuse.

Main-Q24 - Private redress

With regard to private redress, do you consider the consequences provided for in the Directive for breaches of certain provisions to be clear and appropriate? Please explain your answer.

There is some confusion in the commentary on this point in the consultation, where it is stated “any contractual term entitling the trader to recover these amounts should be unenforceable and that the consumer should have a contractual right to repayment of any such payments made”.

The **Service Charge** imposed when using a telephone number not charged at the **basic rate** does pass from the caller to the company, **but not directly**. The caller pays their telephone company and the benefit is received in aggregate as part of the terms for the company’s telephone service. Furthermore, the caller’s telephone company adds an **Access Charge**.

At the present time (with the **Service Charge** and **Access Charge** combined in a ‘bundled’ charge) there is no ready and consistent mechanism by which the value of the “amount” received by the company, and thereby due to be repaid, may be defined.

Although it is clearly the responsibility of the company called, **Ofcom** has not proposed that the actual amount of **Service Charge** paid for a particular call is explicitly stated, so as to provide a ready basis for such an enforceable obligation. Furthermore, the **Access Charge** incurred will not necessarily equate to the cost of a call at the **Basic Rate**.

The intention is noble and worth pursuing, however much further work would be required. Careful consideration would also need to be given to the propriety of such measures.

IA-Q19 - Use of expensive numbers

Please provide estimates of the number of businesses (or alternatively revenues raised from) charging customers above the **basic rate** for using post-contractual helplines.

We are not aware of any research which has been undertaken, from which to quote the figures requested. **Ofcom** has undertaken a lot of work in the field and one must refer to the [wealth of evidence](#) collected in the course of the “Simplifying Non-geographic Numbers” project. If the Department would wish to commission specific work on this point, we would be very happy to assist.

There is a “catch” in the question, which many respondents will doubtless highlight. It relates to the word “revenue” and the meaning associated with it.

Please refer to [Making Money](#) to understand that the term “revenue” is not the best to use when applied at the end of a transaction where some of the “revenue” obtained from the caller by the call originating telephone company is “shared” with the call terminating counterpart and its customer, the business. The full value of the **Service Charge** represents a financial benefit to the business, however at least some of this is in defrayed actual, or potential, cost, which may not be seen as being the same as “revenue”.

It is quite common for those receiving calls charged at greater than the **basic rate** to simply deny receiving “revenue”, without bothering to explain that their financial benefit need not fall within a strict definition of that term.

IA-Q20 - Cost of Migration

What would be the cost of transferring from a revenue generating number for post-contract consumer queries to a non-revenue sharing number (such as 01/02/03)? Can any of these costs be mitigated? Please set out by type of cost. Are there any other practical implications for such a transfer?

Again, we must be careful with use of the term “revenue” (see [above](#)).

We are talking about migrating from a 084/087 number to a 01/02/03 number. All things being equal, the basic cost should be simply the loss of the benefit of the **Service Charge** (see [“Business rate” - 084](#) / [“Premium rate \(lower\)” - 087](#)).

It is worth outlining three possible scenarios.

Simple migration

The simplest way of achieving such a change is to take advantage of the measures applied by **Ofcom** for this very purpose when the 03 range was introduced.

All users of 084/087 numbers are able to migrate to the equivalent 034/037 number, changing only the second digit. This is normally permitted by the telephone service provider, which retains ownership of the equivalent number, at any point in an arrangement.

The simplicity of this process makes it possible to readily advise many number changes by a simple rule - thereby reducing the inconvenience and cost of advising a number change.

Under **Ofcom**'s proposed changes, many companies may choose to make this move voluntarily, because they are reluctant to declare their **Service Charge**, despite having benefitted from it for some time. In the present market for telecoms services, it is quite possible that telecoms providers will respond to this demand with deals to retain customers, which will mitigate the basic effect of the loss of the **Service Charge**.

Review of telephony

The subsidy obtained at the expense of callers may have represented an apparently significant element of the telephony costs of a business, perhaps enabling use of advanced facilities that are not truly needed. Many businesses are constantly on the verge of wanting to restructure their telephone numbering, but are restrained by concerns about the cost and inconvenience of doing so. There may be cases where a business has no true benefit to gain from having a non-geographic number and has only done so for the sake of the subsidy (where this is greater than the cost of the use of the number).

In all of these, and other, cases it may be determined that a review of the numbers used is necessary and so a simple migration is inappropriate.

Removal or restriction of telephone access

As the costs of handling written contact (especially digital) are generally considerably less than that of telephone contact, introduction of **the provision** may cause the option of telephone contact for enquiries and complaints to be withdrawn altogether.

Other, less radical, options may be taken to avoid the costs incurred as a result of the loss of subsidy at the expense of callers. Various measures may be deployed to discourage use of telephone contact. These could be blatant (e.g. making the number to call less accessible) or subtle (e.g. reducing the call centre staff levels to give longer waiting times).

IA-Q21 - Cost of Customer Service

Many businesses already build post-contract customer service costs into the headline price of the goods or service. For those businesses who, partially or wholly, fund customer services through revenue-generating customer helplines, what would be the cost impact of changing to such a model?

As stated in [Making Money](#) it is difficult to conceive of a business which sees the benefit of the telephone call **Service Charge** from use of anything short of 09 “true” Premium Rate Service numbers as offering anything more than a subsidy towards part of the cost of its customer service operations.

One must contend that every B2C business has to build its marketing, sales, service and other overhead costs into the headline price of the goods or services.

As also stated in [Making Money](#), use of expensive telephone numbers is a highly inefficient means of obtaining a subsidy towards the cost of post sales service, because the telephone companies take a sizeable amount from the exchange of monies between the customer and the business. All things being equal, (and being very simplistic) an increased product price to meet the same cost would lead to customers as a whole paying less.

IA-Q22 - Cost and savings to consumers

What would be the costs and savings to consumers of a prohibition on revenue generating numbers, for post-contract consumer queries and complaints?

Assuming a simple migration, with all things being equal, the saving to the customer would be the **Service Charge** incurred plus the difference between the telephone company’s **Access Charge** and the cost of a **basic rate** call (see [Actual current call costs](#)).

If hoping to make a serious assessment of the total impact, one must look beyond the obviously favourable direct impact. The behaviour of businesses in response to the prohibition is relevant - see the scenarios outlined in the response to IA-Q20.

This may have a direct impact on the readiness and ability of a consumer to pursue an enquiry or complaint, with potentially extreme consequences:

- An accessible telephone service could mean that the consumer is able to make a complaint and thereby achieve a remedy.
- Withdrawal of a telephone service could inhibit a consumer in making a complaint, and thereby fail to receive the benefit of whatever remedy could have been gained.

On consideration of the latter point, it is worth noting that ready access to a company by telephone is of particular importance to certain groups of consumers, in particular those who are unable to readily use the common alternative of online access. There are also many who prefer the balanced bilateral nature of a live conversation, rather than use of a web form provided by one party, and a succession of unilateral communications.

This leads, once again, to the importance of promoting **the provision** as simply a matter of good practice, rather than a burden on business, which will have to be carried ultimately by its customers.