



Fair pricing for mobile phones - handsets, connection and use

In many ways the mobile phone market remains as it was when it was first launched. A few providers each deliver a network, handsets and services – generally bundled together into a single service contract. Other providers do play a part, but there is too much centralised market power.

We believe that this market has now matured. The government describes the network as an “*essential service – central to the UK digital economy*” [[see here](#)].

We now need total transparency in pricing, separating out the component elements, so we can be sure that there is proper efficiency and competition in each. That should not preclude providers offering combined deals, so long as the terms of each component are clear.

A typical mobile contract comprises up to three elements:

- The lease-purchase of a handset (omitted in the case of a “SIM-only” contract).
- Connection to a particular network (with no additional charge for receiving calls and messages on that network).
- A bundle of call minutes, text messages and data megabytes, with a tariff (either pre-pay or post-pay) for additional minutes, messages and megabytes, as well as use of foreign networks.

We have long argued that there is no good case for there being four different mobile networks. Universal and fair quality coverage has not been achieved by competition, and there is no reason to believe that it ever will be. Most mobile service providers operate perfectly well without their own network; we see no reason why there should be exceptions.

We believe that the cost of each of the listed elements should be shown (and potentially provided) separately from the other(s).

That is not to say that (for example) different usage bundles could not be offered to those who also lease handsets. The charge for the bundle must however be shown separately from that of the lease. When the term of the lease is expired whatever discounts may be offered on bundles and on fresh leases are clearly seen for what they are.

In the early days of mobile phones, particular handset models were required for certain networks, so the handset was effectively ‘locked’ to that network. We now have (in effect, although sadly not in practice) a single network. There is no longer any justification (as is generally acknowledged) in applying any lock to a handset, beyond the financial terms of the lease-purchase agreement.

The present arrangements whereby some operators apply bizarre and incomprehensible terms to the latter stages of what should be a simple handset lease-purchase arrangement - including “unlocking fees” are wholly unacceptable. (We are quoted on this point [here](#).)

We need a simple clear competitive market in the provision of handsets and also in the provision of services on the mobile network. Transparency must be provided and obstacles to the operation of a market that is readily understood must be removed.

Our strong view is that there should be a single operational network that provides the necessary level of coverage, removing both the damaging effects of over-provision (excessive levels of electromagnetic radiation) and the appalling inconvenience of under-provision (not-spots).

