



Daily Mail coverage of Ofcom increase to network access charge for mobiles



Mobile phone bills set to rise as Ofcom trebles operator fees

By Rosie Taylor Business Reporter

MILLIONS of mobile phone customers could face higher monthly bills after the industry regulator tripled the fees it charges operators.

The largest network provider, EE, has already indicated it will not be able to offer 'the best prices' as a result of the change.

Others did not deny that they could decide to increase charges.

But Ofcom said providers had had five years' warning to budget for the increase and should not need to pass on the cost to customers.

The regulator announced yesterday that mobile phone companies must pay a combined total of just under £200million a year to use the phone network. Although the figure is 13 per cent lower than the regulator's initial proposal in February, it is more than three times the £64.4million currently paid.

The fees apply to the 900MHz and 1800MHz spectrum bands – used for 2G, 3G and 4G voice and data services – and will vary for each operator depending on the bandwidth they use.

EE, which runs EE, T-Mobile and Orange, said Ofcom had 'got this wrong' and the fee change was based on a 'flawed approach'.

A spokesman for the company said: 'The trebling of fees is bad news for British consumers and businesses as it raises the risk that we won't be able to offer the best prices, and invest and innovate at the pace we and our customers would like.'

EE said it was 'very disappointed' Ofcom had not taken into account the higher costs providers took on after agreeing to Government proposals to improve coverage.

Other providers did not rule out price rises. Asked whether it would increase charges following the change, an O2 spokesman said: 'We're examining the decision in detail before deciding how best to proceed.'

A Vodafone spokesman said: 'We will be reviewing Ofcom's proposed spectrum fees ... they represent a significant increase when we are already investing around £1billion on our network and services this year.' Three other providers refused to comment.

Ofcom denied the claim consumers could end up with higher bills. 'The operators have had five years' notice ... we expect them to have budgeted for this,' a spokesman said. 'The fees ... are in line with analysts' expectations and with the amounts that operators pay for accessing spectrum in other countries.'

But David Hickson, of the Fair Telecoms Campaign, said: 'Ofcom have arguments for saying there is no good reason why [the cost] should be passed on. But it seems as likely as one plus one making two that the mobile phone operators are going to pass this on. 'What [the new fee] is not going to do is help anyone in areas where there is poor or no coverage ... people are going to pay more for what coverage there already is.'

EE's charges will increase from £24.9million to £75million, Vodafone and O2's from £15.6million to £49.8million, and Three's from £8.3million to £25million.

Half the rise will take effect from October 31, with full fees annually from the following year. The charges are equal to £2.22 a year per mobile phone subscription.

Steve Nowotny, of MoneySavingExpert.com, said: 'While this is a significant increase ... it would be hugely disappointing if providers were to hit users with a steep hike in prices ... consumers facing bigger bills are liable to vote with their feet.'

David Hickson

