

**The fair telecoms campaign welcomes ...
“A New Champion for Mobile and Broadband Customers”**

We applaud the government statement - [A New Champion for Mobile and Broadband Customers](#).

We strongly opposed the decision in 2011, to leave the communications sector without a truly independent advocate of the consumer interest.

Ofcom has a principal function to further the interests of consumers. This is however strongly related to the maintenance of a competitive market. Competition does not always serve the interests of all consumers, indeed it is heavily biased in favour of those most willing and able to give up considerable time and intellectual resource to ‘play the market’. We do not see this need as properly representing the interests of consumers.

Ofcom also benefits from its appointment of members of the Communications Consumer Panel which helps and supports its work. Whilst these members may be independently minded, it cannot be said that this body is thereby independent.

The important feature of an independent advocate is its ability to advocate the consumer interest, regardless of other interests.

We see it as vital that whoever is granted this role is seen to be free of influence from any other interests, e.g. commercial interests of its own or a close relationship as a government contractor.

Any evidence of such interests would invalidate its advocacy.

As a wholly independent campaigning organisation, the **fair telecoms campaign** offers the necessary independence as well as understanding of and experience in the sector. It nonetheless lacks the organisational structure necessary to bid for such a role, as an organisation.

Organisations likely to bid are seen to be in need of a greater degree of “independence”, at least in respect of the operation of the independent consumer advocacy function.

We have also noted a lack of imagination and understanding of the needs of consumers when working alongside these organisations in relation to telecoms matters.

We will respond to the government consultation, when it is published, and follow the on-going process very closely.

Our views

Brexit

A most significant forthcoming development is the potential exit of the UK from the European Union and its institutions.

EU law has played an important part in adoption of the principle that consumer interests are best served by open competitive markets. This is built in to the underlying basis of Ofcom and the way in which it operates.

It may be fairly said that those who have been pressing the case for “Brexit” have not focussed on the opportunities that it offers for stronger measures in support of the true consumer interest, as against that of businesses. It is however imperative that such opportunities are fully exploited, insofar as they may arise.





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Promotion of switching vs. the ‘loyalty penalty’

We see that advocates of the consumer interest have got themselves tied up in knots over a very tricky issue.

It seems to be without doubt that the much-criticised ‘loyalty penalty’ is nothing more than an inevitable consequence of the promotion of switching. If providers are to be encouraged to offer promotions that suit switching consumers, then these must be to the (relative) disadvantage of other customers of the same organisation.

Contrary to common argument, to sustain itself a business must retain or extend its revenue base. New entrants to a market may enable discounting with no impact on existing customers, but if customers are being offered discounts simply to move around between providers, then this must be at the expense of other customers – unless the profitability and hence sustainability of players in the market is to be affected.

Rip-off telephone numbers

We greatly welcomed the move towards greater transparency represented by the “UK Calling” project. This aimed to ensure that calls which caused a “Service Charge” to be incurred to the benefit of the called party were clearly identified as such. It also ensured that the “Access Charge”, to the benefit of the originating telephone service provider, was set at a single rate for all such calls and was thereby readily recognised.

This measure has been very effective, albeit that it relies on a clear consumer understanding of the situation. It has therefore failed to eliminate many cases where consumers incur premium charges on calls where no premium service is being delivered.

Ofcom may have to acknowledge that consumers must make their own decisions, and thereby risk being ripped-off. A “consumer advocate” must stand firmly against this opportunity being available.

The penalty charge

Perhaps the biggest current failure in consumer education is the fact that many people believe it to be the norm that each telephone call is subject to a charge.

For many years the overwhelming majority of calls to ordinary numbers (landlines beginning 01, 02 and 03 and mobile beginning 071/2/3/4/5/7/8/9) are made under the terms of an inclusive call plan or bundle.

Those made to these numbers outside the terms of the selected calling plan are subject to a significant Penalty Charge.

Publicity on the topic of the cost of telephone calls however declares the “Penalty Charge” to be the (normal) cost of such a call. The vital importance of all telephone users selecting the calling plan that meets their needs (be it by the volume of calls per month or the times when they are made) is not stressed sufficiently.

There is a common misunderstanding that telephone service providers profit by subscriptions to unnecessarily inclusive plans. It is however far more likely that they profit far more from Penalty Charges, as they refuse to reveal the extent of this revenue.

