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David Hickson



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Dear David

I am writing in response to the questions you sent us with respect to the charges and revenues related to 084 numbers.

Set out below are those questions and our response.

We would request that if you choose to quote any of our responses any quote should include the full answer to a question, though there is no requirement to use the totality of this letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Sivak', written in a cursive style.

**Markham Sivak**

**Do companies using 0845/44/43 numbers rather than geographic rate numbers (01/02/03) gain a financial benefit from doing so?**

0845/44/43 numbers include a revenue sharing component in their charges which allows part of the revenue from the calls to be passed to the organisation using one of those numbers. Geographic rate numbers (01/02/03) do not include a revenue share. The revenue available in those ranges is relatively low and to our knowledge is not normally passed as cash to those companies but is used to offset the cost of operating the communications systems used (eg automated call handling, answering machines, call centres etc).

**Can the cost of calling a 0845/44/43 number be higher than the cost of calling a geographic (01/02/03) number? If so is this common?**

Only 03 is charged at precisely the same as 01 and 02 numbers by all telephone companies and generally included in calling plans.

084 numbers are frequently charged at a higher rate than a 01, 02 or 03 number. Where they are not charged above the cost of 01/02/03 numbers they are, however, frequently not included in a calling plan, thus callers will pay an additional charge for the call. Charges for these numbers are highest on mobiles, particularly on pay as you go contracts, and not generally included in their calling plans.

**Can telephone companies set charges for 0845/44/43 above geographic number (01/02/03) rates? If so, is it common for them to do so?**

Aside from BT, fixed and mobile telephone companies are able to set their own charges for 0845/44/43 numbers and have no requirement to align these charges to the rates used for 01/02/03 numbers.

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**Is it correct that the regulation of BT's charges for calling 0845/44/43 numbers distinguishes them from the charges set by other telephone companies? If so how?**

BT's retail charges for 0845/44/43 are fixed by regulation. As a consequence of this regulation, they are sometimes below the cost of a geographic call by BT. BT includes 0845 numbers in their calling plans but not 0844/0843.

Other telephone companies are not bound by these regulations and frequently charge more for these calls and frequently above the cost of a geographic 01/02 number.

**Is there a meaningful distinction between geographic local and national rates for calls from fixed lines?**

The distinction between local and national calls has been largely eroded by the increased use of calling plans and the increased use of mobile phones. However, some landline telephone companies still make specific distinctions between local and national calls in their non bundle tariffs. Virgin Media has a separate local rate for some of their weekend call charges and BT's non-calling plan retail tariffs make separate reference to local and national charges.

**Does Ofcom agree that, due to the proliferation of calling plans on fixed and mobile phone contracts, it can be difficult for consumers to identify the cost of calls to non-geographic numbers such those beginning 08?**

Ofcom's recent consultation on 'Simplifying non-geographic numbers' identified the difficulty consumers have in understanding the cost of calls to non-geographic numbers. We do not consider that there is a single cause for this difficulty but note that the increased use of mobile phones and the use of calling plans have challenged traditional understanding of call costs. The intention of our consultation is to help tackle this consumer confusion.