

**Understanding the real DWP and BT rip-off**

To: Tim Farron / Nicholas Watt

The **fair telecoms campaign** has issued a release trying to help clear up misunderstanding over the DWP Universal Credit 0345 helpline. On reading the article "[BT accused of 'shameless profiteering' over universal credit helpline](#)", I have to write to you to make these points again.

It is important to understand that there are "rip-offs" going on, but not quite in the way that is being presented by this story.

**ft** The biggest rip-off is by DWP. Demanding that all Universal Credit claims be made online, without the benefit of a free-to-caller (0800) assistance line, undoubtedly deters some valid claimants and causes others to incur additional costs. The initial claims process for other DWP benefits is done by telephone, using a free to caller (0800) numbers. (The Welsh language Universal Credit claims process is carried out only by telephone, using a 0800 number.)

**ft** Issues raised over the cost of calling 0345 numbers cover all "ordinary" (01/02/03) numbers, because they are all charged on the same basis. None of the revenue is to the benefit of the person being called, nor their telephone service provider. For the majority of callers, there is no call charge incurred, because they are covered by inclusive packages, which now represent the normal way in which we pay for all of our "ordinary" calls - both on landlines and mobiles.

Those who do pay for these calls have either selected the wrong call plan for their needs (possibly having been misled by their telephone company) or are content to pay a high "penalty charge" when they exceed their allowance, or make a call at an unfamiliar time.

One hopes, and assumes, that the overwhelming, majority of the 2.2 million calls made to the Universal Credit 0345 helpline incurred no cost to the caller; there can be no evidence that they were all made by BT customers.

## **The true arithmetic of call plan costs and penalty charges**

The figures of up to 12p per minute for landlines and 45p per minute for mobiles are from the incomplete, and thereby misleading, information published at <https://www.gov.uk/call-charges>. Please bear with this attempt at a simple explanation, by use of two relevant examples.

### ***Landline (e.g. BT Home Phone)***

The call plan which covers calls (of up to 60 minutes) to 01/02/03 numbers during the hours when the DWP helplines are operating is called "Unlimited Anytime Calls". This costs £7.95 per month, i.e. **£1.83 per week** (a cheaper option is available for those who do not have BT Broadband).

Those making weekday daytime calls to 01/02/03 numbers on other plans pay a "**penalty charge**" in two parts - a 17.07p call setup fee, plus 10.24p per minute (rounded up to the next penny). For such a call of 7 mins 29 secs the penalty charge is **94p**.

Anyone making just **two such calls per week** (to any ordinary number) would be paying **£1.88 per week** for their telephone calls - **more than the cost of the "Unlimited Anytime Calls" plan**. I hope this helps to make the point that it is only the most infrequent callers who should avoid the "Unlimited Anytime Calls" plan and pay the penalty charges for calls made between 7am and 7pm on weekdays. It is understood that most consumers get it right, but neither BT nor Ofcom publish figures, so we have no clear idea about how many people are being ripped-off, nor by how much.





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### Mobile (e.g. Vodafone PAYG)

The quoted rate of **45p per minute** for calls to 01/02/03 numbers applies to “out of plan” calls on Vodafone PAYG (amongst others).

Where a mobile contract user has a limit on the duration of calls to landline numbers they are very well advised never to exceed this (as with other limits) because the penalties are severe.

All PAYG services are also offered with bundled arrangements at a much more economic cost than paying for individual calls.

For example, on Vodafone, anyone making calls at the rate of more than 22 minutes per month is well advised to select a “[Big Value Bundle](#)”. The starting level is the £10 per month option (equating to 22.22 minutes at the penalty rate of 45p per minute). This offers 150 minutes of calls (at the effective rate of **6.67p per minute**) plus unlimited texts and 500Mb of mobile data.

### Other cases

These precise isolated examples are intended to simply illustrate a point which applies equally across all types of telephone service arrangement. It applies to all calls to 01/02/03 numbers, which we need to understand are generally made at no marginal cost, because they are in most cases, and should be in yet more, included as part of the cost of subscribing to a telephone deal.

### Action required - our proposals

- ◆ Ofcom should obtain and publish data about the take-up of packages and bundles with reference to usage and, more importantly, how much revenue is being derived from those who are subscribed to the wrong deal. **This is the "rip-off" figure that Tim is looking for.**
- ◆ In many cases the telephone companies are misrepresenting the nature of their inclusive arrangements. For example, BT describes the “[Unlimited Anytime Calls](#)” plan as being for those who “**just love to chat on your home phone day and night**” - this would not necessarily draw the attention of someone who makes as little as only 15 minutes worth of daytime calls to ordinary numbers each week even though, as shown above, this would be their best option.
- ◆ Those who publish call cost information (covering 01/02/03 numbers) should not fail to point out that these incur no call charge for the majority of callers. It is vitally important to identify the exceptions, but this issue (over the DWP Universal Credit helpline) has led to headlines describing 0345 numbers as “premium rate” when the same charges apply to 01/02 numbers!
- ◆ The DWP should reconsider the suitability of an on-line only claims process for Universal Credit given the current state of digital inclusion. "Digital by default" is a noble objective, but inclusion cannot be forced by assuming that it has been achieved. 0800 numbers are offered for the entire process of completing other claims, so it would seem fair to at least offer a 0800 “initial claims assistance” line for Universal Credit, if not a complete telephone claims service.

These comments are offered as a briefing to yourselves, although they are published for the benefit of others who may wish to get properly to grips with this issue.

Please [get it touch](#) for further information.