fair telecoms campaign **news release**

55p per minute 'Penalty Charges' continue

Whilst the government is right to get taxpayers to meet the cost of all calls to DWP benefit helplines, it is important to remember that **the cost of calling 0345 numbers is exactly the same as that of calling any other 01/02/03 number**. This can be a '**Penalty Charge**' of up to 55p per minute, which applies no less to calls to friends, businesses or MPs than DWP helplines.

See our Calls for Action, appended to this release. Also see Justification for use of 0800.

We no longer pay for "ordinary" calls as we make them

With a few exceptions, it is now the norm for landline, contract mobile and PAYG users to meet the cost of their calls to 'ordinary' numbers (beginning 01, 02, 03 and standard UK mobiles beginning 071-5 and 077-9) in advance, as part of our regular monthly payment.

This is done through a limited or unlimited bundle of call minutes, or a call plan, which may be limited to weekends or evenings and weekends.

The fact that this is now the norm is not fully recognised, even though the overwhelming majority of calls made to 'ordinary' numbers are made under the terms of a call plan or bundle.

The reason why this is, and needs to be, taken seriously is seen below.

Penalty Charges

If a plan or bundle has a limit and it is exceeded, then we incur a "**Penalty Charge**":

- £ On **Landlines**, this is a call set-up fee of between 19p and 21p per call PLUS a charge of between 11.5p and 13.5p per minute.
- £ On **Contract Mobiles**, this is a charge of between 35p and 55p per minute.
- £ On **PAYG Mobiles**, this is a charge of between 30p and 35p per minute

N.B. Some **PAYG Mobile** tariffs offer low rates, e.g. **O2** – 5p per minute, **Three** – 3p per minute; these are clear exceptions to an otherwise general rule.

(The quoted figures are from the leading providers in each market. **BT** is an exception in that its call plans do not include calls to standard UK mobiles.)

Examples of the minimum calling to justify an unlimited plan or bundle

Obviously each consumer has to make a decision based on the variability of their calling. We however strongly recommend erring towards inclusion, as the **Penalty Charges** are so severe.

- ✓ **Contract Mobile**: Three offers an unlimited bundle at £16 per month. With a **Penalty Charge** of 35p per minute, 46 minutes of calls would cost £16.10. Others break even with fewer minutes.
- ✓ **Mobile PAYG**: Virgin Mobile offers an unlimited bundle at £10 per month. With a **Penalty Charge** of 35p per minute, £10 of credit would buy 28 minutes and 34 seconds.
- ✓ **Landline**: The mix of set-up fee and ppm makes this more tricky. In all cases however, an unlimited plan is justified by 3 or 4 20-minute calls per month made on weekdays before 7pm.

(We can supply many more examples and full details.)

David Hickson

55p per minute 'Penalty Charges' continue

Calls for Action

We see it as imperative that '**Penalty Charges**' are identified for what they are and that telephone users are properly guided in their selection of plans and bundles so as to avoid them.

- Telephone companies must be clearer in the way in which they present their monthly charges, so that consumers are fully aware of which package to choose. This must include a clear understanding of the costs incurred if failing to select an adequate arrangement.

- Telephone companies are aware that a customer may have selected the wrong package by the evidence of **Penalty Charges** appearing on their bill. We believe that, when appropriate, individual customers should be advised of the need for them to review their choice of package.

- Landline telephone companies should abandon or made more transparent the Call set-up fees, which are a feature of all their **Penalty Charges**. Call costs are commonly expressed purely as a pence per minute rate, which results in them being understated. There is a strong argument for simply imposing a one-minute minimum charge (to cover setup costs), with a consequent increase in the rate, simply for sake of clarity and transparency.

- **Ofcom** should intervene, if necessary, to enforce the actions stated above.

- **Ofcom** should act to help consumers to an understanding of the reality of how we pay for telephone calls in the current charging environment. The historic belief that it is normal to incur a call charge when calling an 'ordinary' number, and that call plans and packages are some fancy additional feature, must be eliminated from common public understanding.

- All those who publish information about call costs (in particular https://www.gov.uk/call-charges) should reflect the reality of how call costs are incurred in practice. Where most callers incur no call charge, due to use of inclusive packages, this must be clearly identified and **Penalty Charges** must be identified as such. Low rates offered in exceptional situations, where packages are not offered, should not be conflated with **Penalty Charges**.

- We confidently state that most calls to "ordinary numbers" are made under the terms of packages and thereby incur no call cost. This is based on informal advice from all leading telephone service providers and a general perception of "good sense". Proper research is however required to establish the extent to which **Penalty Charges** feature in consumer costs and revenue to the telephone companies.

  Ofcom has failed to take up our repeated suggestions that the necessary data be collected, using its statutory powers, for inclusion in its annual **Communications Market Report**. We call on telephone companies to declare this information (perhaps collectively), or for this data to be brought into the public domain by some other means.

Justification for use of 0800

It is important to understand that DWP justifies the cost to the taxpayer of us paying for every call to its helplines to avoid any claimant incurring a **Penalty Charge**. Most callers do not need this protection, but the nature of a benefits system is to support those in exceptional circumstances.