fair telecoms campaign **open message**

Further response to the Ofcom / PSA Directory Enquiries Review / New Special Conditions Consultations

The comments in the following document relate particularly to recommendations made in our circulated briefing of 8 April 2017, repeated on 21 May 2017.

Our comments are primarily presented as a further response to the, now closed, consultations by Ofcom and the PSA.

They are however directed to those who were circulated with our original recommendations.

- Alex Neill - MD of Home Products and Services - Which?
- Peter Eisenegger - National Consumer Federation
- Gillian Guy - Chief Executive - Citizens Advice
- Fiona Lennox - Executive Director - Communications Consumer Panel

If a competitive market is to be maintained in the provision of DQ services, then informed consumer engagement – with an appreciation of how value-for-money is available – is vital.

Many consultation respondents argue that imposing a simple price cap – at the level of charge chosen by the previous monopoly provider – is not necessarily the correct way to address the issue.

Clearly "something must be done" and reducing the extent to which consumers are simply ripped-off must be a step in the right direction. This does however limit consumer choice and reduce the scope of the current market. **If a market cannot be seen to operate in the interests of consumers, then perhaps more radical regulatory steps are demanded.**

We see it as the duty of those who campaign for consumer choice and a free market to engage with this issue and to develop and publish informed and considered opinions, from the consumer perspective.

We also see it as vital for an effective competitive market to be made as transparent as possible. This requires independent and authoritative views on the quality-of-service and value-for-money offered by competing providers to be widely published.

This is a role that, rightly, cannot be performed by Ofcom or the PSA. In seeking to determine the level at which a service may be fairly said to be "over-priced", we believe that guidance should be taken not from the behaviour of one provider, but from authoritative independent sources.

We therefore look forward to a response from those able to fulfil this role.

fair telecoms campaign consultation response

FURTHER RESPONSE TO: Ofcom - Directory Enquiries Review, PSA - New Special conditions for Directory Enquiry Services

This further response to these consultations is made recognising recently published comments from other respondents. It follows our initial formal response of 22 August 2018.

Our original circulated submission to Ofcom of 8 April 2017 - the document which prompted the promise to undertake the review which led to the consultations - made two important points.

These are summarised as **Recommendations #4** and **#5**. These are stated in the conclusion of our submission. The relevant detail is stated in the body of the document - #4 #5.

Recommendation #4

"To ensure that consumers and regulators may benefit from an independent, consumer-focussed view of the market, one or more* suitably respected and well-resourced consumer representative companies *should undertake a full review of all 118 numbers.

"As well as assessing the quality of the service and value for money from individual providers, this research should be focussed on drawing a necessary distinction between* basic *and* advanced *services."

Operation of an effective competitive market frequently demands intervention by those able to take a view on the **quality-of-service** and **value-for-money** delivered by competing players. It is **Ofcom**'s statutory function to promote competition in the interests of consumers. It nonetheless falls to others who serve that interest to undertake the necessary research and form conclusions.

We are particularly disappointed that **Which?**, the obvious such body, failed to respond to our contact and, furthermore, did not comment on, nor provide any response to, the consultation. Other bodies, who may have been in a position to undertake this work, also failed to do so.

It is therefore to be regretted that **Ofcom** had no sound basis for proposing a more sensitive approach to the issue when presenting its consultation.

In the absence of any serious objective evidence that a value-for-money **basic** DQ service requires charges above the Service Charge cap level which we suggested – £2 per call or £1 per minute – we believe that the cap should be set at this level.

Choosing a level which precisely matches that set by **a former monopoly provider** quite rightly causes doubt to be expressed about the objectivity of **Ofcom**'s determination.

It must however be noted that we did not propose the total exclusion of **advanced** services, operating under special conditions at a higher level of cost. We do however see no justification for DQ services being permitted to exceed the general Service Charge cap on Premium Rate Services, which is £3.60 per minute or £6.00 per call.

Operators of services costing more than £2 per call or £1 per minute have presented evidence that there is demand for such services.

In the absence of clear evidence to the contrary, we believe that there can be no basis for prohibiting provision of such services by regulation. It is however imperative that customers are clearly aware of the cost, which is likely not to be appreciated before they begin the call.

We are disappointed at the lack of information about the value-for-money delivered by such services and once again call on **Which?**, or others, to undertake the necessary research.

Recommendation #5

"Calls to numbers assigned to those Service Charge price points used for advanced services should be covered by a pre-call announcement. On the basis of a casual review, we suggest that the break point could be set at > £2 per call and/or > £1 per minute."

Providers of higher-priced services claim that the issue with cost is down to consumer failure to understand the market and a lack of awareness of the cost of using their services.

The first of these points is addressed by our **Recommendation #4**. The second is clearly covered by **Recommendation #5**.

The **fair telecoms campaign** believes that pre-call announcements - free to caller with adequate time to halt the call before charging commences - should only be used in cases where there is a serious danger of callers being unaware of the cost before they commence a call.

Ofcom's evidence on this point, which seems to be accepted by all parties (albeit that other evidence is challenged), clearly shows the need for such a PCA in the event that "advanced", i.e. expensive, DQ services were to be allowed to continue to operate.

If, as is claimed, some customers are happy to pay more than £2 per call or £1 per minute for a DQ service, then a PCA would not impede continued operation of these services. If prices have to be inflated a little to cover the cost of providing the PCA then so be it – one assumes that customers will be happy to pay a little more, rather than losing a valued service altogether.

A key principle of Premium Rate Services – the customer seeing the charges alongside the number when choosing to make a call – seems to be absent in respect of Directory Enquiry services.

For example, highly effective promotion of the 118118 service has been achieved in contexts where this is not directly associated with the current (if any) call cost. This is even seen in the branding heading to the consultation response, which has been published by Ofcom without the necessary "proximate" call cost statement!

It is disappointing (see above) to have no clear objective evidence that **basic** DQ services provided at a cost (Service Charge) of up to £2 per call or £1 per minute are worthwhile and effective. The evidence of consumer surprise at the cost of DQ calls above this level must however provide grounds for the imposition of a mandatory pre-call announcement.

A PCA (free-to-caller and with adequate time to end the call before charging commences) must be seen as an essential requirement for all cases where such surprise is likely.

If the cost of providing such a facility has to be met by inflating the cost for those who complete their calls, then this does nothing more than test the claims that those who use these services are not particularly price sensitive.

Summary

We invite **Ofcom** and the **PSA** to consider these points as they assess the consultation responses.

We also urge **Which?** to respond to this important issue of consumer choice, in the light of the widely-supported **Ofcom** proposal to restrict it.