

Reference: 01780845

Information Requests
information.requests@ofcom.org.uk

29 February 2024

Freedom of Information request: Right to know request

Thank you for your request for information about mobile phone bill pricing.

We received this request on 19 February 2024 and we have considered your request under the Freedom of Information Act 2000 (“the FOI Act”).

Your request

“When was it decided by ofcom that the mobile phone companies increasing bills by inflation +3.9% annually was in the best interest of the consumer when previously when you took out a contract the price was fixed for the term of that contract”

Our response

We are aware that many providers have introduced annual inflation-linked in-contract price rise terms into customers’ contracts which enable them to increase prices for in-contract customers by an amount linked to a measure of inflation.

The decision to include these terms was one that was taken by industry. General consumer law does not prevent providers from increasing their prices during the contract period, provided they do so fairly. Ofcom’s existing rules also require providers to give customers clear, accurate information about the key terms of their contract, including the price they will pay. This should include prominent information about any increases that will occur in monthly charges, to ensure that the customer is aware at sign-up of the different prices they will have to pay at different points of the contract.

However, we have had concerns about the potential impact of these inflation-linked price variation terms on consumers, and in the past Ofcom has made repeated calls for providers to exercise restraint in applying in-contract price rises.

In December 2023, Ofcom published a [consultation](#) proposing to prohibit inflation-linked price rises. We are concerned about the consumer harm that can result from contracts which contain a price variation term linked to a future rate of inflation, including that they do not provide customers with sufficient certainty about the prices they will pay. Therefore, we have proposed to introduce a new rule requiring that any price written into a customer’s contract would need to be set out in pounds and pence, prominently and transparently, at the point of sale. That includes being clear about when any changes to prices will occur. This would prevent providers from including inflation-linked, or percentage-based, price rise terms in all new contracts.

This consultation period has now closed, and we plan to publish our final decision in spring 2024. We have proposed that the new rule would come into effect four months after the publication of our final decision.

I hope this information is helpful. If you have any further queries, then please send them to information.requests@ofcom.org.uk – quoting the reference number above in any future communications.

Yours sincerely,

Information Requests

Request an internal review

If you are unhappy with the response you have received to your request for information, or think that your request was refused without a reason valid under the law, you may ask for an internal review. If you do, it will be subject to an independent review within Ofcom. We will either uphold the original decision, or reverse or modify it.

If you would like to ask us to carry out an internal review, you should get in touch within two months of the date of this letter. There is no statutory deadline for us to complete our internal review, and the time it takes will depend on the complexity of the request. But we will try to complete the review within 20 working days (or no more than 40 working days in exceptional cases) and keep you informed of our progress.

Please email the Information Requests team (information.requests@ofcom.org.uk) to request an internal review.

Taking it further

If you are unhappy with the outcome of our internal review, then you have the right to [complain to the Information Commissioner's Office](#).