

## **Introduction**

TelNG Ltd is a provider of services which offer benefits to callers for making calls to its 03 numbers. These benefits range from monetary payments to credits which can be used to make international calls. We are pleased to have the opportunity to respond to Ofcom's consultation on its proposed modifications to the numbering plan.

## **Ofcom's concerns**

Ofcom raises three concerns about the effects on the UK telecoms marketplace if these types of services continue. The first two concerns are laid out with no supporting evidence; the evidence for the third relates to the experience with 0870 numbers and we will explain why this is irrelevant to 03.

1. That the economic viability of bundles offered by OCPs would be threatened.

There is no evidence that this either has or would happen: we have yet to see a single case where an OCP has ceased to offer 'unlimited' calling bundles. Indeed, T-Mobile have recently started including 084/087 calls in their bundles – something which exposes them to a far higher per-minute liability than inclusive calls to 03 numbers.

Furthermore, OCPs have been using AIT procedures aggressively to block or impede the flow of money to those providing these services on 03 numbers. As a result, the traffic to our 03 services has been reduced by some 95% compared to its levels towards the end of 2013 and we understand from other providers of these services that this is not atypical. Having not removed their bundles from the market in late 2013, it would seem unlikely that OCPs would do so now.

It is, of course, the OCPs' prerogative to offer bundles where the prices charged to the consumer do not necessarily cover the costs of the calls which some consumers may make. In these cases, the "polluter-pays" principle places the onus on the OCP to, for example, set and enforce a fair-use policy, rather than to ask for regulatory intervention to deal with a small proportion of their customers who take "unlimited" as meaning exactly that.

2. Inflation of traffic may harm the ability of CPs to provide genuine services.

This is unlikely for several reasons:

- \* the reduction in overall traffic to these services in the last 12 months;
- \* the fact that, even at its peak, traffic to these services represented a fraction of one percent of the total UK telecoms traffic;
- \* that good engineering practice would dictate having significant spare capacity in the network.

3. That there would be a loss of consumer confidence in 03 numbering, as happened with 0870.

The loss of consumer confidence in 087x stems more from the rapacious charging by OCPs for calls to these numbers than any revenue-share offered to by the TCPs to their customers – for example, T-Mobile charging between 20p and 40p per-minute to call 0870 numbers as of mid-2008. Ofcom's mandate that calls to 03 numbers are charged at the same rate as geographic numbers has eliminated this problem.

Our experience is that, when consumers are offered a benefit for calling a 03 numbers, they make significant use of them. This is clear evidence that these consumers have confidence in 03 numbers and, indeed, that this confidence is being enhanced rather than eroded by the availability of these

services.

## **Our concerns**

We have the following concerns about the process which has led to this consultation document.

1. Lack of interaction with any TCP or provider of these services prior to issuing the consultation.

We understand that Ofcom took input exclusively from OCPs prior to issuing this consultation. As a result, Ofcom is proposing unnecessary intervention into a steeply declining market to alleviate concerns for which Ofcom has presented no hard supporting evidence.

2. Lack of consideration of alternative means to alleviate Ofcom's concerns.

There is no evidence that Ofcom considered alternative courses of action, where these courses of action to be considered could and should have included:

\* doing nothing;

\* relying on OCPs setting and enforcing fair-use policies to limit the impact of these services.

3. That these changes will disproportionately affect certain classes of consumers.

Ofcom does not believe that it even needs to carry out an equality impact assessment. Our experience, which is typical, is that the users of our services are predominately Asian. Here are the ten most common first names from our registered users, with the most common first:

Mohammed

Muhammad

Imran

Mohammad

Usman

Akeel

Hussain

Irfan

David

Waqas

The top three destinations called using our Precaller service are:

Pakistan

Bangladesh

India

It is clear that these changes will disproportionately affect Asian consumers, and it is therefore the case that the proposals will be of material detriment to this particular group within society. Ofcom should carry out a full equality impact assessment to determine its extent.

## **Summary**

We do not believe that these changes are necessary. There is no evidence that they would benefit consumers, as there is no evidence that the continued existence of these services would affect OCPs' offerings. As consumers who use these services would be disadvantaged were they to cease to exist, there is a negative net benefit to consumers as a result of Ofcom's proposed changes.

OCPs already have the tools available to manage traffic to these services, ranging from FUPs through AIT retentions to the ability to block access to specific NGNs on the grounds of it being economically unfeasible to provide. There is therefore no need for regulatory intervention, and Ofcom's bias against intervention should apply.