



Virgin Media's Response to Consultation : The 03 Number Range - revenue sharing

5 September 2014

Non-Confidential Version



Introduction

Virgin Media welcomes Ofcom's decision to propose additional regulation in this area. Unlimited inclusive allowances, are highly valued by consumers, and have significantly contributed to the value and choice offered to today's consumers for fixed, mobile and bundled services. The retail market is highly competitive, which has driven innovation in how propositions are structured with the end result that today's consumer has access to better value, more relevant packages than ever. The potential for the unfair exploitation of these commercial propositions remains a major concern, and should such exploitation be allowed to continue unchecked, it could have a significantly negative effect on the market and be wholly detrimental to the interests of consumers. Virgin Media therefore supports the proposals made in this consultation.

Response to Consultation Questions

Consultation question 3.1: Do you agree that the modification to the Numbering Plan that we propose – which would prohibit direct or indirect revenue-sharing with callers and/or end-users by those who use 03 numbers – is appropriate and proportionate to address the conduct of concern that we have described in this document? If not, please explain why.

Virgin Media agrees with the proposal to modify the Number Plan as suggested by Ofcom.

Virgin Media offers a number of inclusive calling plans across both its fixed and mobile products, where calls to 03 numbers will be included within a customer's tariff with no additional cost per call.

We currently state on our website that, in relation to fixed lines:

“All our talk plans include calls to numbers beginning with 01, 02, 03 and 0870 and to Virgin Mobile numbers. Depending on the talk plans you choose, you can natter away in the evenings, at weekends or anytime without having to pay a penny extra.”¹

Collections and bundles that include our XL or XXL phone package will benefit from anytime inclusive calls to these ranges

In relation to mobile, again we offer several packages with unlimited calls to 03 numbers, including, pay monthly VIP and VIP plus packages², and our “Big Talk” Pay As You Go tariff.³

These tariffs have proved popular with customers, and as such, the ability to continue to offer industry leading “unlimited” packages remains key.

¹ <http://store.virginmedia.com/phone/compare-fibre-optic/index.html>

² <http://store.virginmedia.com/virgin-media-mobile/sim-only/pay-monthly-sim.html>

³ <http://store.virginmedia.com/virgin-media-mobile/sim-only/pay-as-you-go-sim.html>



Additionally, the level of take up of these packages also demonstrates the considerable value that consumers place on the ability to make unlimited calls, or the reassurance of not having a call limit on their package.

All of these unlimited packages would be particularly susceptible to the identified abuse in this consultation.

Ofcom identify that schemes that seek to artificially inflate traffic to particular number ranges (such as the 03 range) that are in “inclusive bundles”, may impact the economic viability of those bundles⁴. Virgin Media agrees with this statement.

In relation to our Big Talk tariff, the payment received from the customer to “top up” their account and any additional “out of bundle” charges has to cover the usage by that customer of the inclusive element of the package, which includes unlimited landline (and 03) calls. This means that for the package to be financially viable we need to manage costs carefully without affecting genuine customers. Excessive use of inclusive calls in patterns that are not consistent with genuine usage can significantly skew the margins of a product, even where the non-genuine usage is confined to a relatively small number of users. [redacted]

Virgin Media has been the subject of traffic inflation on the 03 range, and has identified instances of irregular usage that would not be associated with any genuine communications service⁵.

We recently corresponded with Ofcom in relation to non-genuine usage relating to calls to 03 numbers. [redacted]⁶

Virgin Media also agrees that the integrity of the 03 range is important, and the relative reliance on the range is likely to significantly increase in the coming year with the recent regulations affecting consumer post contract helplines and the forthcoming NGCS changes which is likely to emphasise the role of the 03 range as providing geographic call costs; de-coupling the 0845 and 0870 ranges from the notion that they are “local” and “national” rate ranges.

Therefore, the need to ensure that the 03 range (which has different termination rates from the geographic ranges) cannot be subject to gaming and abuse is more important than ever, and to the extent that the current designation in the NTNP is not preventing the open advertising of “money for calling” schemes shows that there is a need to introduce tighter regulation in this area.

Section 4 – Relevant legal framework

Consultation question 4.1: Do you have any comments on the draft modifications to the Numbering Plan that we are proposing, as set out in Annex 7? Where you disagree with any of the proposed modifications, please explain why.

⁴ Consultation : Paragraph 3.8

⁵ Genuine Communication Service is discussed in the Consultation, for example see paragraph 3.6

⁶ [redacted]



Virgin Media does not have any specific comments to make in relation to the proposed modifications to the NTNP, and supports the change as an appropriate reaction to the current and real problems in this market.

Virgin Media
5 September 2014