

Personal numbering
Review of the 070 number range

28 February 2018

Markham Sivak
Ofcom
Riverside House
2A Southwark Bridge Road
London
SE1 9HA

Dear Sir,

Here is our response to the Ofcom consultation described above and we confirm that our response can be published in full.

Lexgreen Services Limited has been involved in the provision of personal numbers, geographic, non-geographic and premium rate number services for a number of years. We have in the past built up a significant business in providing discount international phone calls via premium rate and non-geographic numbers.

We respond to the questions as follows:

Question 3.1: Do you agree with our provisional conclusion regarding market definition?

In general we agree.

Question 3.2: Do you agree with our provisional conclusion regarding SMP

In general we agree.

Question 3.3: Do you agree with our provisional conclusion regarding the three-criteria test?

In some areas we agree, but we disagree with the following:

The barriers to entry into the 070 market are not that high. As a provider of services on 070 numbers we have had no problem acquiring ranges on a number of different price points, without even being an interconnected operator.

The market structure does not tend to towards effective competition. We would agree with that, but we disagree with the reasons. One of the main reasons for lack of price competition is noting to do with end users of 070 TCPs. One of the biggest reasons is that all mobile networks and a number of landline networks now charge a flat high rate for all 070 numbers. There is therefore no benefit to either the end user of the 070 TCP to market cheaper numbers. When we started offering personal numbers services many years ago we offered numbers on several different price bands, but as time has gone on, the charges levied, in particular by mobile networks made it pointless. Why market numbers which should cost 10p per minute to call if most networks will charge their customers 50p plus per minute to call them?

Question 4.1: Do you consider that the cost of the proposed control is proportionate to the identified harm to consumers arising from this range?

No we do not. Whilst we accept that action needs to be taken to improve the market, the proposals appear to go a step too far. The entire purpose of 070 numbers is to provide a follow me personal number which can direct calls to a mobile or landline. The termination rate should therefore probably be set at between 0.8pp and 1ppm, which would amount to the UK MTR plus a margin to cover other costs. No regular providers of 070 numbers will profitably be able to provide follow me services to mobiles or landlines in the UK or EU without charging a additional fees to the end user. If the proposed price change is made, consumers will simply get hold of a UK mobile PAYG SIM and utilise free EU roaming, rather than use a personal number and pay extra fees. This is also quite likely where personal numbers are used for committing fraud where

identities are hidden. Such fraudsters who are located anywhere in the EU will simply get a UK PAG SIM and enjoy free EU roaming to receive their calls.

Ofcom state that one of the alternatives may be to migrate from 070 numbers to 08 or 09 numbers. What kind of pointless exercise would that be? Are Ofcom not are of the extortionate access charges charged by most UK mobile networks? How would that reduce bill shock? Is paying an access charge of 55p per minute any better? It is plainly not. Anyone in Ofcom who seriously thinks this is a sensible or realistic option must be totally out of touch with the market which they regulate.

Question 4.2: Do you agree with our proposal for a three-month implementation period?

No we do not agree. Ofcom employees obviously have no experience of dealing with real businesses and the length of time it can take to get things adjusted and changed. Ofcom also seem to have a misconceived view of “legitimate providers”. This is clearly shown by the following quote:

“We consider this would provide sufficient time for legitimate providers to acquire new numbers, migrate to another range, contact their customers, and arrange new commercial packages and/or charging systems.”

It implies that “illegitimate” providers will somehow take longer to undertake a migration. This is plainly nonsense. One could imagine that an illegitimate provider, working with a few customers to self generate traffic would in fact find it much easier to migrate numbers, than a “legitimate provider” who would need to contact possibly thousands of different consumers and business to assist with a migration. It is time people in Ofcom writing this nonsense got a job in the real world and actually had to implement such changes themselves.

In our opinion providers should be given between 6 to 12 months to cover an implementation period.

Question 4.3: Do you agree that our proposal to implement a charge control on 070 TCPs in the form of a benchmark rate is appropriate?

We don't have a problem with a charge control, but we feel that it should not be linked to the UK MTR, but it should instead be set at a higher rate to cover some additional costs. Just in the same way as termination rates of UK 03 numbers are not linked to the termination rates of geographic numbers. A sensible proposal would be to take the 03 termination rate, subtract the geographic termination rate and add the UK MTR to get the final figure. This would be roughly about 0.9ppm.

Question 4.4: Do you have any further comment on our proposals for regulating 070 termination rates?

Yes. Ofcom appear to have totally failed to deal with the most important aspect of controlling bill shock. Simply reducing termination rates will not have any significant effect on the market. Just in the same way as Ofcom chose to reduce the terminations rates of 0870 numbers a few years back, the retail cost of calling the numbers never changed in almost all cases. All the mobile and landline networks in the UK carried on charging exactly the same for calls to 0870 numbers after the termination rates were reduced as they had done before. All Ofcom achieved was to destroy many useful services which had developed on 0870 numbers. The same could happen in this case. If Ofcom wishes to proceed with these changes, it should treat 070 numbers in a very similar way to 03 numbers, but instead of the retail price being linked to the cost of geographic calls, the retail prices should be linked to the cost of calling UK mobile networks, and any inclusive bundles or discount packages that apply to UK mobiles for any particular customer should also apply to 070 numbers too. This would restore trust in the 070 number ranges and provide a useful number range to the benefit of consumers. Consumers would then be sure that calling 070 numbers would always cost the same as calling UK mobiles numbers. There can be no reason not to do this if the termination rates are radically reduced.

Yours sincerely

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Director