

NON CONFIDENTIAL



**CONSULTATION RESPONSE
TO OFCOMS DIRECTORY
ENQUIRIES (118) REVIEW**

22 August 2018

1. Overview of Post Office

1. Post Office is the UK's largest retail network and the largest financial services chain in the UK with more branches than all of the UK's banks and building societies put together. We also are growing our direct channels such as contact centres and online - meaning we are there for more customers, in more ways. There are over 11,500 Post Office branches nationwide covering over 17 million customer visits and dealing with 47 million transactions per week. The role of the Post Office in the community is unique in the UK.
2. Post Office believe in being a commercial business driven by social matters. Post Office offer more than 170 products and services under four product pillars: Mails & Retail; Financial Services; Government Services; and Telecoms. The telecoms service offers customers, either a standalone voice contract or a dual contract which contains both Broadband and Home Phone.
3. As households no longer receive a hardcopy phone directory/business listings (such as yellow pages/Thompson local), Post Office customers value an easy to use service with which to obtain the information they require without having to use a technology based solution - which they may not own or feel confident using. Post Office understand that calling some 118 numbers can be expensive which is why we offer an affordable alternative - 118 855 as part of our telecoms services.
4. The cost of calling 118 numbers is made up of two parts: an access charge set by the phone company, and a service charge set by the 118 provider the person is calling. Post Office believes in being transparent with our customers and have decided to offer a simple service where the call costs £1 plus an access charge and there is no charge for any subsequent time. The fixed cost notion of the call is a significant benefit for Post Office customers who value being able to obtain the information they need without the pressure of rushing to avoid increasing per minute costs. This allows them to provide additional information in order to ensure a more accurate/detailed result than may otherwise not be the case.
5. In Ofcom's consultation, Post Office is shown as the cheapest provider in their comparison table offering savings of up to £22 for a two minute call and was the only provider shown to offer a fixed cost regardless of the length of the call.

Table 1: Ofcom's table showing Post Office as the cheapest provider¹

Operator	1-minute charge	90 second charge	2-minute charge
118 118 (TNUK)	£8.98	£11.23	£13.47
118 500 (BT)	£5.50	£6.88	£8.25
118 180 (Virgin)	£1.50	£2.25	£3.00
118 402 (O2)	£1.25	£1.88	£2.50
118 247 (Yell)	£5.50	£6.88	£8.25
118 212 (Maureen)	£8.98	£11.23	£13.47
118 004 (Telecom2)	£15.98	£19.98	£23.97
118 855 (Post Office)	£1.00	£1.00	£1.00

¹ Table 3, Ofcom's Directory Enquiries (118) Review

2. Our response to your Proposal

6. Post Office is pleased to see that Ofcom is proposing to take action to protect consumers and introduce a price cap on the amounts directory enquiries services (DQ) can charge consumers. Home Phone and Broadband customers who do not use Post Office DQ can experience bill shock as a result of the high cost of a DQ call on their bill. Post Office strive to help prevent bill shock but it is difficult when DQ providers have such high charges. Indeed, Ofcom acknowledge that 70% of complaints that Ofcom receive relate to bill shock². Post Office therefore support a proposed cap on the service charge for a call to a 118 number of £2.58 (ex VAT) per 90 seconds of the call and believe this is an effective and proportionate remedy for the harm identified.
7. Post Office support a 4 month implementation period as billing systems can take time to change, yet feel this is a quick enough implementation period to prevent further consumer harm. Post Office agree with Ofcom's reasoning that a generic pre-call announcement would not be an effective means for reducing the risk of bill shock as it does not provide sufficient information to enable the consumer to make an informed decision.
8. Post Office hope that Ofcom can conclude the results of the consultation and implement their proposals as soon as possible to prevent further consumer harm.

² Paragraph 3.42, Ofcom's Directory Enquiries (118) Review