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## **CSL's response to Ofcom's consultation on the future of telephone numbers**

### **1. Introduction**

- 1.1. This document sets out the response of Caller Support Limited ('CSL') to Ofcom's consultation on the future of telephone numbers that was published on 11 April 2019<sup>1</sup> (the 'consultation').
- 1.2. CSL's response is focused solely on the section in the consultation concerning non-geographic calls. More particularly, it details CSL's concerns in respect of what it believes are fundamental flaws in the unbundled tariff that Ofcom introduced as part of its changes to the non-geographic call services ('NGCS') regime in 2015.

### **2. CSL's business model**

- 2.1. CSL, operating through its various public-facing brands, provides a valued service to the public by providing efficient and convenient information, call connection and signposting services ('ICSS'). Its business is focused on providing a viable alternative to conventional directory enquiry services, competing ICSS providers, and customers seeking information themselves from the web or traditional printed directories.
- 2.2. In simple terms, CSL's service provides to consumers quick and convenient information that may be otherwise difficult to find. It is a known fact that many large organisations deliberately deprioritise on the web (or, at least, do not focus on promoting) their customer service phone numbers in a bid to reduce the level of customer interactions that they receive by phone. This is principally done as a means of limiting the costs associated with staffing and operating call centres. As part of this, many organisations carefully manage the contact details they publicise in a way that steers consumers towards certain communication types — such as online ticket support and live chat. Receiving communications from customers in this way is typically more cost-effective and convenient for organisations, but this is frequently not the case for customers, who may wish to speak to the organisation by phone. ICSS helps consumers to do just that.

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<sup>1</sup> Available at: [https://www.ofcom.org.uk/data/assets/pdf\\_file/0022/144373/future-of-telephone-numbers.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0022/144373/future-of-telephone-numbers.pdf).

- 2.3. Of course, end organisations are free to compete with ICSS providers' search engine listings, or promote their customer service numbers using Google or Bing search tools so they can be more easily found by the public, but organisations typically choose not to.
- 2.4. There is a comprehensive regulatory regime for ICSS<sup>2</sup> imposed and administered by the PSA.<sup>3</sup> Numerous provisions in the PSA Code and ICSS Special Conditions are designed to protect consumers by specifically ensuring they are given sufficient information about the identity, nature and cost of the ICSS to make that informed decision. CSL believe strongly that that regulatory regime is more than sufficiently robust to provide that protection — provided that it is properly enforced against errant providers who do not take their compliance obligations seriously. CSL adheres stringently to the applicable regulations imposed by the PSA, although not all ICSS providers are as scrupulous.
- 2.5. The information listings CSL makes available to the public are carefully constructed to allow users to make an informed decision as to whether to use the call connection service, or look for another number (or relevant contact details) elsewhere on the web. Customers who are happy or willing to pay the charge associated with CSL's call connection service can be connected quickly and conveniently to the organisation they were seeking (and receive a free SMS message featuring that organisation's direct number for future use), while customers who are unwilling to pay for the service can pursue other options.

#### **CSL's concerns with the NGCS regime**

- 2.6. The NGCS regime was imposed by Ofcom in 2015 and brought with it the notion of an 'unbundled tariff' which required call charges for non-geographic numbers to be split into a service charge (paid to the service provider) and an access charge (paid to the caller's originating communications provider). The principal aim of the revised NGCS was to provide callers with more transparency as to the cost of the call and who receives the money. Sadly, in CSL's view, that transparency has not materialised and very few phone users have a clear idea when they make a non-geographic as to the costs they will be charged by their phone provider for doing so.
- 2.7. We note that the research Ofcom conducted — and which was discussed in detail in the consultation — captures exactly these problems. In particular, the consultation notes:

*Our research found a general poor awareness, confusion and uncertainty regarding nongeographic numbers.<sup>4</sup>*

*[...] Awareness and understanding of Access Charges and Service Charges were particularly poor.<sup>5</sup>*

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<sup>2</sup> This primarily takes the form of the PSA's Code of Practice which applies to all premium rate services and the ICSS Special Conditions which apply only to ICSSs.

<sup>3</sup> The Phone-paid Services Authority.

<sup>4</sup> See paragraph 4.17 of the consultation.

<sup>5</sup> See paragraph 4.19 of the consultation.

*[...] Consumers were concerned that they were unable to determine the costs of such calls. This is based on not understanding their own phone company's Access Charges and an expectation that they could not control the length of the call.<sup>6</sup>*

*[...] Many were surprised that the Access Charge applies on a per-minute basis and instead tended to assume that 'access' means a one-off connection fee.<sup>7</sup>*

2.8. In light of the findings of its numbering research, Ofcom concludes:

*Consumer confusion over call costs would appear to persist, despite the introduction of the unbundled tariff.*

2.9. CSL has been of the firm opinion for some time that, despite the laudable intentions behind its introduction, a particular problem with the NGCS regime is poor price awareness among customers in respect of the relevant access charge. This can result in customers incurring significant and unexpected call charges for ICSS, the details of which cannot be included in ICSS providers' landing pages or other promotional material because the access charges are set by a caller's communications provider and can vary considerably across different providers, call packages and tariffs.

2.10. CSL believes the issue of high charges accruing from use of ICSS and the subsequent 'bill shock' that customers can experience is largely attributable to the NGCS regime and customers' poor awareness of the access charge that will apply. We have voiced our concerns on the NGCS regime to the PSA and Ofcom on numerous occasions over the past few years — through responses to consultations, ad hoc communications and, in the case of the PSA, face-to-face meetings.

2.11. CSL uses a drop charge tariff for the service charge element of the call and which is incurred by the caller immediately on connection of the call and does not accrue based on the call's duration. A drop charge tariff can offer customers good value for money — particularly during lengthy calls to customer service departments of end organisations, where call times vary and can be considerable depending on the complexity of the issues to be addressed. There may also be issues with call time taken up with the customer being placed on hold or in a 'queue' waiting for a customer service representative to become available. A fixed drop charge should offer customers clarity and certainty of pricing (at least so far as the service charge is concerned; due to the nature of the NGCS regime, significant access charges can be incurred by customers, but this is entirely independent of, and has nothing to do with, the ICSS provider).

2.12. CSL experiences very low rates of customer complaints.<sup>8</sup> Of the very few charge-related complaints that CSL does receive, almost all were due solely to the access charges imposed by the caller's originating communications provider which accrued as the call elapsed. While CSL's service charge for calls to its drop charge tariff are charged at £6 irrespective of the call's duration, many network providers are charging consumers an access charge of up

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<sup>6</sup> See paragraph 4.21 of the consultation.

<sup>7</sup> See paragraph 4.24 of the consultation.

<sup>8</sup> For the past 12 months, the percentage of complaints CSL receives versus the number of calls made is [8].

to 55p per minute. On lengthy calls to customer service departments of end organisations, for example, the cumulative effect of these access charges is significant.

2.13. CSL’s complaints data for the past 12 months shows the following:

Total rate of complaints expressed against the number of calls made to CSL’s ICSS service	[REDACTED]	
Under 5 minutes (total call duration)	[REDACTED] of complaints received	[REDACTED] (expressed as a percentage of total calls made to CSL’s ICSS service)
Over 5 minutes (total call duration)	[REDACTED] of complaints received	[REDACTED] (expressed as a percentage of total calls made to CSL’s ICSS service)

2.14. As shown in the table above, nearly three quarters of complaints that CSL received related to calls that lasted longer than five minutes. Given that CSL uses a £6.00 drop charge tariff structure, it is **necessarily** the case that the vast majority of complaints concerned calls where there was substantial **access charge** (i.e. one that was over £2.75 — that is, five minutes at 55ppm). This provides clear evidence that the bulk of complaints about price relate to the **access charge** charged by network operators and not the service charge charged by ICSS providers who do not charge based on the time taken on a call.

2.15. It is clear that there are significant levels of uncertainty among the general public about the unbundled tariff (that is, the bifurcated nature of the service charge and the access charge) and what the applicable access charge is for a given number. Given the scale and severity of the problem, CSL firmly believes that Ofcom should consider making amendments to the NGCS regime to remedy these issues.

2.16. Clearly, any such amendment to the NGCS regime would need thorough design and consultation with industry and other stakeholders, but CSL believes there may be a number of options that merit exploration — including the following :

- a) Imposing an appropriate cap on the maximum access charge that can be charged by a communications provider; or
- b) Standardising the access charge at an appropriate price point which would greatly aid transparency and understanding of the access charge (and thus the overall charge for the call); or
- c) Disapplying access charges in respect of calls charged by means of a drop charge tariff.

- 2.17. CSL acknowledges that there may be a wide variety of other measures that could be taken to help address some of the issues outlined above. CSL feels strongly that these issues, and solutions to them, demand an open-minded and collaborative approach from Ofcom, industry and users of non-geographic numbers.
- 2.18. CSL has recently made representations to the PSA in response to the consultation published in April 2019 concerning the proposed amendment and extension of the ICSS Special Conditions.<sup>9</sup> CSL's representations included outlining the serious flaws in the reasoning and content of the PSA's most recent proposals for regulating ICSS. As part of this, CSL raised serious concerns over the PSA's reluctance to make proper use of the existing and comprehensive Code provisions and its extensive enforcement powers. Given the significant effect that connection charging has on ICSS calls for the reasons explained above, CSL firmly believes that further regulation of ICSS in advance of Ofcom's decisions over numbering and connection charging would be premature and inadequately informed — even if it were thought necessary. Amendments to the NGCS regime would be much more effective than any amendment the PSA could make to the ICSS special conditions and would allow for bill shock resulting from accumulating access charges to be addressed at its source.
- 2.19. With this in mind, CSL is keen to engage with Ofcom and other stakeholders to explore how the current issues affecting the NGCS regime might be remedied.

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<sup>9</sup> Available at: <https://psauthority.org.uk/-/media/Files/PSA/00NEW-website/Research-andconsultations/Consultations/2019/ICSS-consultation/ICSS-Consultation--April2019.ashx?la=en&hash=76752675C47CF3DAD72E5210A73ED69E14D98D0B>.