TELEFÓNICA UK LIMITED RESPONSE TO:

"**Future of Telephone Numbers:** First Consultation"

June 2019

I. INTRODUCTION

1. Telefónica UK Limited ("Telefónica") welcomes the opportunity to respond to Ofcom's consultation on the Future of Telephone Numbers[1].

II. GENERAL COMMENTS

2. Telefónica supports Ofcom's aims to promote confidence in telephone numbers and services, by tackling nuisance and scam calls; to address pricing practices that result in unexpected charges i.e. 'billshock'; and to protect consumers from harm by making sure that they continue to have access to important services.

3. We also support Ofcom's aim to engage with stakeholders in this area and to gather additional data to ensure a robust evidence base for formulating any proposals. It is of vital importance that Ofcom undertakes this process in a thorough and robust manner, including undertaking further research and analysis (particularly with regard to 084 and 087 non-geographic numbers) if it is to meet its stated aims and preserve consumer confidence.

4. The starting point should be to seek to fully understand and quantify the nature and level of any consumer harm in this area. Ofcom must then establish a robust cost/benefit analysis to assess and support any case for Regulatory intervention and consider a range of options, to ensure that if intervention is justified, Ofcom follows the principle of choosing the least intrusive means of achieving its objective. This should include a thorough examination of the likely impact, including any unintended consequences, for example, the shifting or increasing costs in different areas that could lead to adverse effects.

5. Ofcom should follow an evidenced-based approach and apply a thorough and detailed examination of the facts in order to establish any policy proposals. Any proposals should be clearly set out and supported by a detailed analysis which should have a level of robustness which is capable of standing up to profound and rigorous scrutiny.

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[1] https://www.ofcom.org.uk/__data/assets/pdf_file/0022/144373/future-of-telephone-numbers.pdf

6. We focus the remainder of this document on our responses to Ofcom's specific consultation questions.

III. RESPONSES TO QUESTIONS

Question 2.1: We have set out developments in voice telephone services that are important in shaping our review of the future use of numbers to promote consumer confidence. Do you agree that these are the key considerations? Do you have any comments on our analysis of these developments? Are there any other developments or considerations that should be part of shaping this review, and if so, in what way?

7. Ofcom has identified some developments which merit consideration, however we believe that there are areas that Ofcom should clarify that it will consider and examine as part of this review.

03 Numbers

8. Ofcom states that it proposes to look at revenue share rules in the Numbering Plan. It further states that sharing revenue generated from calls to certain numbers (e.g. 03, 056 and 070 numbers) with called or calling parties is prohibited and that this regulation is designed to protect telecoms providers from artificial inflation of traffic ("AIT") and other forms of misuse and fraud that may result from numbers being included in call allowances.

9. In this regard, Telefónica urges Ofcom to confirm that it will review the price cap on 03 numbers, which is currently higher than mobile termination rates and significantly higher than fixed termination rates. Notionally the 03 price cap was set at the top end of long distance fixed calls, but that was several years ago and we believe that now would be a good time to review this. We believe that the current 03 price cap is high enough to facilitate some misuse and 'scams' that result in users getting credits for making large volumes of 03 calls. Reducing the price cap would result in these practices being reduced or eliminated.

070 Numbers

10. Telefónica notes that in October 2018, Ofcom published a Statement requiring wholesale call termination charges for calls to 070 numbers to be the same as the regulated mobile termination rate from October 2019. Ofcom states that it expects

that this will result in 070 calls being treated the same as calls to mobiles, including being part of call allowances.

11. Telefónica has argued for some years that 070 numbers provide a platform for many scams which cause consumer harm and that the 070 range should be closed. To date, consumer harm has still not been addressed in this area. Whilst we welcome Ofcom's change in this area, we believe that Ofcom needs to ensure that the Regulation is applied effectively and monitor compliance closely, to ensure that it achieves its aims and protects consumers from continued harm.

12. We welcome the fact that Ofcom has identified concerns over pricing anomalies in the 07 number range and that many providers set prices for calls to mobile numbers allocated providers in the Channel Islands (specifically Jersey and Guernsey) and the Isle of Man, as International calls.

13. Ofcom manages +44 UK numbers and allocates number ranges to operators both fixed and mobile in these Islands. However, they are not part of the UK (UK dependencies) and are therefore not part of the EU. As a result, these operators are currently able to charge mobile termination rates of 8ppm+ and fixed termination rates of 2ppm+. These high rates place them more in the international call price domain, rather than the UK domestic. So UK operators, such as Telefónica are forced to take these numbers out of bundle in order to cover our costs.

14. We urge Ofcom to review this situation and consider the options available to them to facilitate a significant reduction in these termination rates, (or consider the alternative of ceasing use of +44 numbers in these areas) in order to facilitate better outcomes for consumers. If Ofcom really wants to address this, it either needs to achieve a reduction in the termination rates, or prohibit the use of +44 UK numbers operating in this way.

Question 3.1: What are your thoughts on the ability to dial local numbers from a landline without the area code? Do you think the local dialling facility has value?

15. No comment.

Question 3.2: Do you think local dialling should be closed on an area by area basis as required to increase number supply or across the whole of the UK at the same time? Why do you think this?

16. No comment.

> *Question 3.3: Do you have any views on allowing telecoms providers to make individual decisions on whether to provide customers with the ability to dial local numbers from a landline without the area code?*

17. No comment.

> *Question 3.4: For telecoms providers, what are your thoughts on the ability to implement the closing of local dialling in all UK area codes simultaneously?*

18. No comment.

> *Question 3.5: For telecoms providers, what are your views on the technical feasibility of providing local dialling to customers when offering an IP-based voice service?*

19. We would advocate full number dialing, as we do not operate local dialing.

> *Question 3.6: What do you consider are the important factors about geographic numbers? For example, is it the information they provide about the caller/called party? Is it familiarity, trust or confidence in call cost?*

20. Geographic numbers provide a level of information in called and calling numbers, which can be useful for consumers, in general, to determine the locality.

> *Question 3.7: What are your thoughts on retaining area codes in geographic numbers? Do you think location significance in geographic numbers has value and should be preserved? If so, why? How might your view change over time?*

21. As a mobile operator, geographic numbers can be useful for determining locality via called and calling numbers for some customers who are familiar with geographic codes. Over time this knowledge will diminish between users.

> *Question 4.1: What are your thoughts about 084 and 087 numbers? What are the benefits and/or disadvantages of contacting an organisation by calling an 084 or 087 number? Can you tell us of any experience you've had calling these numbers? Have you expressly chosen not to call a service that uses these numbers? If so, what led to that decision and how did you choose to make contact instead (if you did)?*

22. Please see our response to question 4.4 for our views on 084 and 087 numbers.

> *Question 4.2: We are interested in hearing from people who use 084 or 087 numbers as a contact telephone number. If you use one of these types of numbers as a means of contacting your service, why did you choose to do so? What do you think about using these numbers in the future?*

23. No comment.

> *Question 4.3: For telecoms providers, we are interested in hearing from providers that offer services on 084 and 087 numbers to their customers. If you do, can you provide some examples of use cases? What benefits do you offer to organisations in using 084 and 087 numbers rather than other numbering options? For originating providers, do you have any customer experience of attitudes towards and views on calling 084 and 087 numbers that you can share?*

24. No comment.

> *Question 4.4: Are there changes to 084 and 087 number ranges that you think Ofcom should consider proposing to address the concerns highlighted in the research summarised in paragraphs 4.17 to 4.26?*

25. Ofcom's starting point should be to seek to fully understand and quantify the nature and level of any consumer harm in this area. It is clear that further research is required in order to reach this stage.

26. Once this has been done, it should then establish a robust cost/benefit analysis to assess and support any case for Regulatory intervention and consider a range of options, to ensure that, if intervention is justified, it follows the principle of choosing the least intrusive means of achieving its objective. This should include a thorough examination of the likely impact, including any unintended consequences (for example, the shifting or increasing costs in different areas) that could lead to adverse effects.

27. Ofcom must fully evaluate any proposals and ensure that, if interventions are required, they are not disproportionate. For example, at this stage, there is not a robust case, for example, to abolish the use of 084 and 087 non-geographic numbers. On the contrary, it could be that there is an important role for the continued use of both of these ranges, or a single 08x range (in addition to the existing 080 range) in the future.

28. Telefónica urges Ofcom to take an evidenced-based approach to its work in this area and using a robust process, to include a thorough examination of whether there remains a role for using 084 and 087 non-geographic numbers. It should then consider a range of options, including no intervention, and interventions that seek to be the least intrusive, but which can meet its stated objective and avoid adverse effects.

29. For example, Ofcom's research to date, has found that there is low awareness and poor perceptions of value and trust for 084 and 087 numbers and that concerns about call costs, including uncertainty about those costs, may be a factor in reducing confidence in voice telephony. Ofcom states that it found a consumer need for more information and greater clarity on non-geographic number services and call costs. If, through further robust and extensive research, this is found to be a clearly established concern that causes consumer harm, then there is clearly potential for this to be addressed by greater clarity and transparency about those costs.

30. We note that following its numbering strategy review, Ofcom set certain policy principles, which included the principle that the numbers consumers currently use are not changed if this is avoidable. We support this principle and, furthermore, given that Ofcom enacted a major change in 084 and 087 numbers just four years ago when the unbundled tariff came into effect, we believe that Ofcom should fully consider options which avoid such changes, e.g. improved awareness and transparency of existing services for consumers.

31. Indeed Ofcom's initial finding that participants' views of 09 numbers stood apart from 084 and 087, with widespread acceptance, was mainly because tariff information, along with ready to access terms and conditions, were perceived to be clearly stated leading to transparency and trust and whether consumers used these numbers or not, they felt that they can make an informed choice. This could be an example of how 084 and 087 numbers can be improved and trust preserved for consumers, resulting in a good outcome and Ofcom achieving its stated objectives.