



CONSULTATION RESPONSE TO OFCOM'S TRIALLING CONSUMER REMEDIES

20 November 2019

Executive Summary

1. Post Office welcomes the opportunity to comment on Ofcom's consultation Trialling Customer Remedies.
2. Post Office believes that any involvement in a trial should remain a voluntary decision by providers. We believe that it is not necessary for any changes to be made to the General Conditions to mandate a provider's involvement.
3. We would expect providers to be willing to participate in trials, or in some cases to undertake their own trials of their own in response to the introduction of any changes to the General Conditions or introduction of codes of practice.
4. We therefore do not agree with the proposal to amend the General Conditions to enable Ofcom to direct providers to participate in trials.
5. We suggest that Ofcom engages with the industry to develop alternative arrangements such as seeking voluntary participation.

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1. Overview of Post Office

6. 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 are also 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.
7. Post Office is a government owned, commercial business driven by social responsibility. 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 Phone¹. [Redacted].
8. Looking at the UK population, 99.7% of people live within three miles of their nearest Post Office outlet. For many rural communities the Post Office is their only retail outlet. Many of the Post Offices' customers choose to purchase their telecoms service from the Post Office because they are able to come into their local branch and enjoy the interaction, whether it is to pay their bill every month or sign up to a new service. [Redacted]. Some customers utilise budget payment cards to help them budget each month and pay for their service. Post Office aspires to be at the very heart of customers' choice by becoming the most trusted provider of essential services to every person in the UK.
9. Post Office sources its telephone and broadband services from Fujitsu who in turn source network services from TalkTalk and BT. Fujitsu also provide integration of other services such as order management and billing as well as call centre activities. Any changes to our products, pricing, billing or communications is performed by our suppliers and must be managed through a change process.

2. Introduction

10. Post Office welcomes the opportunity to comment on Ofcom's consultation 'Trialling consumer remedies' (the Consultation). The Consultation is proposing that the General Conditions be changed to include a requirement for providers to participate in a trial when directed by Ofcom.
11. Post Office believes that any engagement in a trial should remain voluntary and that there should be no formal regulator requirement for them to participate. We therefore believe that change is not implemented.
12. In practice most providers will undertake trials or pilots of new communications with customers, so we believe that providers would be willing to engage in a voluntary trial. Ofcom should seek to engage all of industry in a voluntary trial rather than simply asking one or two as it appears to have done in the past. Only after a voluntary trial process has failed should Ofcom consider implementing any formal regulations.
13. Trials will always result in a burden on providers in the form of direct costs or manpower and this does need to be recognised by Ofcom.

2.1. Need for trials

14. We are pleased that Ofcom will consult before imposing any direction. We would expect the consultation to be broader than just covering the scope of the trial but also address whether there is an issue in the first place. The consultation should consider the problem it believes Ofcom has identified as well as possible remedies and its preferred option.
15. Only then should Ofcom consult on the need to trial any of the potential remedies identified. As part of its consideration Ofcom should also consider why a provider run trial is the preferred option rather than other alternatives such as agency or consumer research.
16. Ofcom should seek a voluntary agreement from providers to participate in a trial. We believe that the need to run the trial on a voluntary basis should be a priority. In the past it would seem that Ofcom has only contacted a small number of providers to participate in a trial. Ofcom should explore better ways of working with the industry to gain voluntary commitments.

2.2. Post Office Trials

17. In the past Post Office recognises the importance of trials and has in the past run a number of trial of its own. These include:-
 - [Redacted]
 - [Redacted]
18. Going forward we are aiming to trial our End of Contract Notification in November 2019.
19. When Post Office runs a trial it is based on a balance between the benefits to be gained and the total cost of the trial.

2.3. Costs of trials

20. Ofcom recognises that trials can be a burden on a provider, however we think Ofcom has underestimated the scale of the burden. Different providers will have different business models and hence different levels of vertical integration which will impact on the level of burden on running a trial.
21. Post Office buys its telephone services from a wholesale supplier who in turn source the network capability from TalkTalk and BT. Any changes to bills or notices will require change requests to be submitted to our supplier for which Post Office will incur costs. For us to make a seemingly simple change to a process requires quite changes large changes to be implemented by our suppliers. We would expect similarly situated providers who consume wholesale services to have similar issues. Providers should not be required to incur such costs to trial a remedy which may not be ultimately be implemented.

22. Ofcom will also require extensive monitoring and reporting on the trial. These will also add to the burden on providers.
23. Before Ofcom imposes a trial obligation on any provider it should really undertake a thorough assessment of the level of burden on each provider. Providers with smaller market shares are likely to be disproportionately impacted by being directed to participate in a trial.

3. Consultation Questions

Question 1: *Do you agree with the proposal to make a general condition to protect end-users' interests requiring all providers to participate in trials of customer engagement remedies, as directed by Ofcom?*

24. Post Office believes that there is no requirement for the proposal to require all providers to participate in trials. We believe that any participation should remain voluntary and that Ofcom should always seek to run trials by working with the industry.

Question 2: *Do you agree with our proposed approach for determining whether it is appropriate to conduct a trial in future cases?*

25. Before any trial obligation is imposed on any provider, Ofcom should undertake a comprehensive consultation addressing the problem identified as well as potential remedies to address the issue.

Question 3: *Do you agree with the proposed criteria for selecting which provider(s) we would direct to take part in a trial?*

26. In light of our comments regarding participation in trials remaining voluntary, we think the same criteria could be applied to voluntary participation also.

Question 4: *Do you have any comments on our assessment and provisional conclusions set out in Section 5?*

27. We have made our comments above.

Question 5: *Do you have any comments on the draft condition set out in Annex 5 to this document?*

28. We have no comments.

Question 6: *Do you have any other comments on our proposals?*

29. We have made comments above.

4. Conclusion

30. Post Office believes that any involvement in a trial should remain a voluntary decision by providers. We believe that it is not necessary for any changes to be made to the General Conditions to mandate a provider's involvement.