

Communications Consumer Panel and ACOD's response to Ofcom's consultation on the future regulation of phone-paid services

About us

The Communications Consumer Panel, established by the Communications Act 2003, is a group of independent experts with direct sectoral experience. We ensure the voice of UK consumers, citizens and micro-businesses is represented in communications policy development.

The Panel's job is to ensure that the sector works for consumers, citizens and micro businesses - and in particular, people who may be in a more vulnerable position in society. We commission research, provide advice and encourage Ofcom, governments, industry and others to look at issues through the eyes of consumers, citizens and micro businesses.

The Panel pays particular attention to the needs of older people and people with disabilities, the needs of people in rural areas and people on low incomes, and the needs of micro-businesses, which have many of the same problems as individual consumers.

Four members of the Panel also represent the interests of consumers in England, Northern Ireland, Scotland and Wales, respectively. They consult with the key stakeholders in the Nations to understand the perspectives of consumers in all parts of the UK and input these perspectives to the Panel's consideration of issues.

Following the alignment of ACOD (the Advisory Committee for Older and Disabled people) with the Panel, the Panel is more alert than ever to the interests of older and disabled consumers and citizens.

Our response

We welcome the opportunity to respond to this consultation, having collaborated closely with the Phone-paid Services Authority's team over many years, including with their consumer panel regarding the protection for consumers from Information, Connection and Signposting Services (ICSS).

In brief, we strongly support the protection of consumers - particularly those at higher risk of harm - from unfair or opaque practices undertaken by some premium rate service (PRS) providers. We have supported the PSA's research, policy and enforcement activities in this area and their openness in engagement; we welcome their analysis of the best way forward for consumers in today's and tomorrow's converged and evolving markets.

We therefore support Ofcom's proposals in effect to transfer the regulatory functions of the PSA to Ofcom, including associated proposed changes to the regulation of controlled premium rate services (CPRS). We recognise that this means that Ofcom will withdraw its approval for Code 15 and replace it with its own set of rules in an order that it proposes to make under section 122 of the Act (draft PRS Order). When the PRS Order comes into force, Ofcom will assume day-to-day responsibility as regulator and enforcer of PRS regulation.

We greatly appreciate the clarity and transparency of Ofcom's correlation table annexed to the consultation document, in highlighting specifically where Code powers would transfer to Ofcom and where new powers are proposed, which will help us to remain cognisant of the powers available to Ofcom going forward.

Information, connection and signposting services (ICSS)

We respond on behalf of all consumers using premium rate phone services, both those aware they are using them and those who are not aware. We urge Ofcom to continue to monitor ICSS and to protect consumers who may be less aware, or less able to make an informed choice, from higher than affordable costs. ICSS simply signpost a telephone number that is already in the public domain, such as public sector agency contact numbers that consumers and citizens may need during challenging times in their lives - and they charge consumers for that information and connection to that other organisation's telephone number. As we have heard from the PSA and from telecoms providers, many consumers are misled or confused and some have been charged startling sums of money. This experience can feel akin to a scam.

In our previous response to the PSA on ICSS we said:

“Ofcom's guidance on supporting consumers in vulnerable circumstances states that providers should offer a range of communication channels that reflect the needs of their customers. The Panel considers these services (ICSS) offer little or no benefit to consumers - purely harm, inconvenience and cost.

Additionally, these services are a source of complaints from consumers to their communications provider, which is a waste of communications providers' resources that could be spent on improving their own customer service operations. We would welcome a universal ban to ensure that consumers - particularly people in vulnerable circumstances - are protected.”¹

We welcomed the cap of £40 per call connected by ICSS, but £40 is still a substantial amount of money to pay on a single call, which could cause distress and harm to some consumers, particularly those on a tight budget, who may be tipped into debt or rendered unable to afford the essentials. We believe that Ofcom should keep the cap under review.

We would also welcome an update to Ofcom's Treating Vulnerable Customers Fairly guide to ensure that communications providers make allowances for consumers duped by ICSS providers into unexpectedly high call costs.

Vulnerability - identifying who is more 'at risk' of harm from premium rate services

We discuss regularly with communications providers the notion of consumer vulnerability in the communications sector and we have urged communications providers to broaden their definition of vulnerable to consider not just static demographical labels, but situational vulnerability - and we believe that taking in the PSA's remit provides Ofcom with another lens through which to look at this. There will clearly be some linkages between premium rate services and Ofcom's Online Safety work looking at the protection of children - and with Ofcom's Making Sense of Media programme. We would urge Ofcom to ensure that it shares knowledge and experience across its own teams and learns from other sectors.

We also believe listening to the consumer voice in understanding vulnerability in the use of premium rather services is key and should be an ongoing aim. We look forward to engaging with Ofcom further on this and welcome the project team's engagement with our National Consumer Stakeholder Hubs which represent consumers, citizens and micro-businesses across the UK's four nations - the stakeholders attending the Hubs represent consumers, citizens and micro-businesses with a range of intersectional and situational challenges.

We also work closely with communications providers through our Industry Forum and have invited presenters from the likes of Monzo Bank, PayPlan and StepChange, to talk through the ways they protect consumers and citizens who are more at risk of harm and to inspire innovative thinking in this sector.

We have highlighted to communications providers the needs of consumers who, for example, may have a gambling addiction. We believe there is a role for Ofcom in ensuring that all communications providers require their staff to act responsibly in serving more vulnerable consumers - analysing their customer data to spot harmful trends and listening for signs of susceptibility to harm when their customers make contact with them.

These insights should build on analysis of complaints data - a useful indicator of harm, but one that may exclude insights from consumers who are in such a vulnerable situation that they feel unable to make a complaint and consumers whose access requirements are not met by their provider, meaning that their provider's complaints process is inaccessible to them.

Summary

- We support Ofcom's proposals and hope that the strong links we have built with the PSA will continue with the Ofcom policy teams responsible for this work;
- We retain a concern around protection of consumers from ICSS and urge Ofcom to monitor these services closely and take strong enforcement action - we would be keen to feed into any future review of criteria for enforcement;
- We encourage Ofcom to take firm action against bad players in the premium rate services market and to work with consumer groups - both to raise consumer awareness of risks and to help to identify who is more vulnerable, so that they can be protected and empowered;
- We also advise Ofcom to collaborate and share information across its consumer policy and Online Safety work and to learn from its Making Sense of Media programme, to ensure that the good work of the Phone-paid Services Authority is ameliorated by having been brought into Ofcom, as we believe is the intention.

¹ <https://www.communicationsconsumerpanel.org.uk/downloads/ccp-acod-response-to-psas-code-15-consultation-july-2021.pdf>