

# MoneySavingExpert.com

## Response to Ofcom Call for Inputs: Helping consumers to engage in communications markets

MoneySavingExpert.com welcomes Ofcom looking into this vital issue and is grateful for the opportunity to respond to this Call for Inputs. In responding to the questions, we provide a view on what we regard as the most important issues affecting consumers in terms of helping them engage. To support this response we conducted two short surveys to provide evidence direct from consumers, which we hope informs Ofcom's thinking.

### Question 2: What are your views on whether consumers not knowing when to engage is a barrier to their engagement? What impact do you think this has on them and to competition in the various communications markets?

#### Broadband

MoneySavingExpert.com polled 142 of its users on 1/9/17, asking them to pick up to 3 reasons for not switching broadband in the past year (if they hadn't). Users chose from a selection of reasons, but could also add their own reason – these are marked with an \*.

For the most part, people aren't switching because they're happy with the speed or quality of their internet service. After that reason, the main answers given for not switching are that their broadband is part of a bundle, they are worried about loss of service, and installation seems like a hassle. The full results are below.

#### **Survey question: *If you haven't switched broadband in the past year, why? Pick up to 3.***

Answer	Number of responses
I'm happy with the speed/ quality of my internet service	59
My broadband is part of a bundle/package, so it's too difficult to switch it	36
I'm happy with the customer service	26
I'm happy with how much I pay	26
I'm worried about loss of service	24
Installation seems like a hassle	23
I know I'm in my minimum contract	21
I don't know how much I could save	15
I don't know my usage	8
I haggled the price down*	5
I don't know when my minimum contract period ends	4
Lack of choice/ no other provider*	4

Don't want to lose email address*	3
Moving house soon (or might do)*	2
No one cheaper*	2
Want to keep a TV channel*	1
Worried about other providers service*	1
Don't want a new contract term*	1
Can't find cheaper provider of whole bundle*	1
Others have worse coverage*	1

### Mobile

MoneySavingExpert.com polled 215 of its users on 1/9/17, asking them to pick up to 3 reasons for not switching mobile in the past year (if they hadn't). Users chose from a selection of reasons, but could also add their own reason – these are marked with an \*.

For the most part, people aren't switching because they're happy with how much they pay and the network coverage. After those reasons, the main answers given for not switching are being in the minimum contract, that porting a phone number seems like a hassle, and that they don't know how much they could save. The full results are below.

**Survey question: *If you haven't switched mobile provider in the past year, why? Pick up to 3.***

I'm happy with how much I pay	102
I'm happy with the network coverage	76
I'm in my minimum contract	51
I'm happy with the customer service	36
Porting my number seems like a hassle	19
I don't know how much money I could save	19
My mobile comes with 'friends and family' type benefits which I don't want to lose	13
I'm worried about loss of service	11
My mobile is part of a bundle/ package, so it's difficult to switch	6
I'm on Pay As You Go*	4
I haggled a better deal*	3
I don't know my usage*	2
I don't know when my minimum contract period ends*	2
It's a hassle to shop around*	2
3 has feel at home*	2
The provider wants a PAC code - why isn't it like landline?*	1

**Question 3: What are your views on the suggested possible solutions to help address consumers not knowing when to engage? What could be their positive or negative effects? What other possible solutions might there be?**

Prompts to remind consumers when it is a good time to engage in the market would be welcome.

End of contract notifications should be sent in good time, before consumers reach the end of their current deal, so they can switch at the right time.

But this is not a silver bullet. It should be combined with a period of no penalty/exit charges if they leave within the last month of the contract, so that it's easier to avoid double-paying, or only switching after spending some time out of contract.

Prompts would also be welcome for those who are out of the contract period, but defaulting to one year reminders seems excessively slow. In all cases, consumers must be easily able to opt out of prompts.

Prompts should be sent by email and/or SMS in addition to being on bills, as not all consumers will see their bill. The content of prompts is vital and different messages should be tested, but our polling shows that reassuring broadband customers about installation processes, and how much they could save could be information consumers would find useful. Similarly for mobile, the data suggests that information about porting a phone number and how much money can be saved could make useful prompts.

We note with interest that Ofgem is currently consulting on allowing energy providers to roll their customers onto further fixed-term tariffs at the end of their existing deals, as long as there are no termination fees and they aren't more expensive than the standard variable tariff that the consumer would otherwise have been rolled onto. Perhaps it would be useful to consider similar proposals in the communications market.

**Question 4: What are your views on whether consumers not understanding their own needs, or having difficulties navigating available information, is a barrier to their engagement? What impact do you think this has on them and on competition in the various communications markets?**

There is an element of misunderstanding of what specific needs are and how much could be saved. A significant proportion of people who contact MSE say they're happy with the speed, quality, or price of the service, but this can often seem to be due to lack of awareness.

Often consumers think they're getting an amazing deal until they're shown what else is out there. Consumers need to be made more aware of what packages would suit them best and how much they should be paying for them.

Prices have come down and speeds have gone up, but consumers' perception of what a good deal is hasn't necessarily progressed with this.

Some consumers are more likely to engage with a phone call from their network or go into a shop to get their next phone or broadband contract. While many value face-to-face service, this can result in them being unnecessarily up-sold to more expensive packages and not get the best prices in the market. Understanding exactly what kind of service they need and exactly how cheap they can get it for would help address this.

Better awareness of these factors could also help stimulate competition.

**Question 5: What are your views on the suggested possible solutions to help consumers understand their own needs, and navigate available information? What could be their positive or negative effects? What other possible solutions might there be, and what might be their effects?**

It's common sense that in any market consumers should be able to easily compare the cost of products at the point of sale. But in communications, the sheer number of deals on the market, with different upfront costs, cashback and contract lengths makes it very difficult to spot the best deal.

In broadband, the most relevant data needed for consumer to compare is broadband speed and broadband cost.

In mobile, and to a lesser extent in broadband, an information issue comes from consumers on unlimited tariffs not being told their current usage (for data, minutes, text messages). This might not be relevant to their current bill, but it's key information to be able to pick an appropriate tariff when switching, so consumers still need to have access to it easily.

Issues with navigating the complex web of broadband, phone and TV deals has recently prompted MoneySavingExpert.com to build and launch (currently in beta) a tool to decipher the market - Broadband Unbundled, which tells users the best deal for their needs, depending on where they live. We'll continue to develop this new tool, to help break through the confusion and help consumers save money.

A total average price could be useful for consumers – this is one piece of information MoneySavingExpert provides (for example, see image below). It's important that this is properly explained, so that consumers are able to use the information accurately.

<b>Standard non-deal broadband and line rental costs</b>			
<b>PROVIDER</b>	<b>STANDARD MONTHLY BROADBAND COST</b>	<b>STANDARD MONTHLY LINE RENTAL COST</b>	<b>COST PER YEAR FOR BOTH</b>
BT	£42.99	Included	£516
Sky	£28.99	Included	£348
TalkTalk	£27	Included	£324
Virgin (fibre)	£40	Included	£480

<http://www.moneysavingexpert.com/phones/cheap-broadband> [7/9/17]

If a version of Midata were introduced into the communications sector, it is vital that lessons are learnt from the initial versions introduced in banking. Midata is a great idea in principle, but in practice in the past it has been too complicated to find on providers' websites, difficult to use (involving the downloading and uploading of spreadsheets), and not mobile friendly.

APIs look set to vastly improve the consumer experience and usability of the service, and this provides an opportunity to learn and potentially apply an equivalent approach in communications, with simplicity and security at its heart.

In broadband, it is worth considering the continued purpose of limited download deals, when they are often not the cheapest, even from the same provider.

In mobile, it is a concern that many consumers may choose the wrong allowance and therefore be penalised either by paying too much monthly, or for going over their allowance.

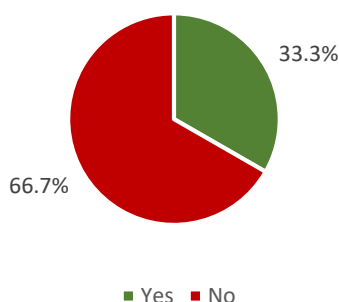
**Question 6: What are your views on whether these (or other) particular contract terms and conditions, or industry practices, are a barrier to consumer engagement? What impact do you think this has on them and on competition in the various communications markets?**

Non-coterminous contracts isn't something we see in the market as often as in the past, however, if it is taking place, it's a serious barrier to switching, and so needs to be looked at.

In mobile, locked handsets are a definite barrier. Plenty of consumers don't know that they're locked, don't know that they can unlock them for free, or how to do it. Phones should automatically be unlocked at the end of a contract, or once the handset has been paid off.

The consultation states that it's unclear whether consumers know that providers have agreed not to charge to unlock mobile handsets that are out of contract. When we polled our users, 66.7% were unaware of this.

All the major mobile phone networks have abolished unlocking charges for pay monthly customers who are outside their minimum contract term. Were you aware of this?



**Question 7: What are your views on the suggested possible solutions to help address the impact on consumer engagement of particular contract terms and conditions, or industry practices? What could be their positive or negative effects? What other possible solutions might there be, and what might be their effects?**

Ofcom says that its initial thinking is that consumers with contracts that end at different dates "could better engage with communications markets where they understand and can manage the contract exit terms they are subject to". This is illogical, as consumers' contract terms will be set by the providers, so it's unclear how a consumer could manage this, even if they are aware of it.

The onus should be on the firms to write contracts which don't create these problems in the first place. Different contract lengths in the same bundle causes confusion and is something we don't support. Contracts should be aligned, which would remove the confusion, and remove the barrier to switching.

An example of this problem is when up front line rental offers don't align with contract length. i.e. if a contract is for 18 months, then the discount for paying the line rental upfront should be for 18 months (not 12 months, as is often the case).

**Question 8: Are there other barriers to engagement that you think our work should seek to address? What impact do you think these have on consumers and on competition in the various communications markets? What possible solutions might there be to these barriers, and what might be their effects?**

There are a number of other barriers to engagement which we think Ofcom should seek to address, as explained below.

#### The best deals should be available to all, not only new customers

Unlike in the energy sector, where consumers can switch within a company, communications providers generally won't let consumers switch to a better deal without haggling (Talk Talk are the only known exception to this, where consumers can actually ask to be moved onto a deal available to new customers).

Ideally, consumers would be able to engage with the whole of the market and find the best deal for them. If, however, they do wish to stay with their current provider, they shouldn't be barred from their best deals, or forced to haggle.

Haggling is a great way for many to get a good deal, but it's not something all consumers are happy to do, and it shouldn't be the only way to get a better deal. We would be against any moves to restrict negotiating for a better deal, but would support reforms which enable those who don't want to haggle to also get a better deal with their current provider, such as by making deals available to new and existing customers alike.

#### Hidden charges

There are a number of hidden charges, which often come as a surprise to consumers and can deter them from switching at the point of decision. As awareness of these fees is often low, they also feel very unfair.

Charges that should be banned include:

- Cease charges  
These are particularly charged by BT and Plusnet. When a consumer switches to a provider not on the BT copper network, they'll be charged for leaving. This is unfair and a cost that should be swallowed by the provider along with their other costs of doing business.
- Charges to downgrade or upgrade contract  
Recently a number of consumers have contacted MoneySavingExpert and told us that they have been charged to amend a contract, and also to stay. In the words of MSE users:

*"... Sky have introduced a £10 charge to renew an existing contract just renewed got a great deal but was told at the end of this new charge not happy!" MSE user, Danny.*

*“... haggled with Sky to reduce our bill. Great! However they give you a back-handed sting by charging you an administration of £10 for any changes you make. I'm sure we were never informed about this and in fact when I questioned their rep he said they didn't have to. Only when you make the changes do they make you aware of it. Once more it seems that Sky are 'stitching' their long term customers up.” MSE user, Heather.*

Administration of an existing contract is an essential part of providing customer service – it should not be charged for.

- Hidden router charges

When switching consumers can be charged for not returning a router, or have to pay to return it. If the equipment is still owned by the provider, it should of course be returned to them, but the cost of this should also be considered a cost of doing business. If consumers have to pay, it can feel like a tax on switching. This shouldn't be permitted.

Moving house should be a moment to engage consumers – not to pile hidden charges on them

'Forced switching' can happen if consumers are in a landline/broadband contract and move to a property that isn't supported by their current provider. The provider can force them to pay a charge to break their contract. This is unfair, given that the consumer has no alternative but to break the contract.

Coverage of communication providers isn't something that consumers can be held accountable for, so it seems unreasonable they incur a charge when their new property isn't covered by their existing provider.

Consumers tell us that sometimes complaining about these charges will make providers see sense and waive them. But again, the onus should not be on the consumer to complain, and a fair outcome shouldn't be reliant on the 'good will' of the provider. It's unfair to charge people this sort of termination fee, and they should be scrapped.

**Question 9: What are your views on the need to trial or test potential solutions? To what extent might you be willing and able to participate in or facilitate field trials or other testing of possible solutions?**

MoneySavingExpert.com campaigns on behalf of consumers. We are happy to be approached by Ofcom if it is felt that we could potentially support work to identify and solve issues that cause consumer detriment. This could, for example, involve sharing a consumer oriented survey with our users.

## **About MoneySavingExpert.com**

MoneySavingExpert.com is the UK's biggest consumer website dedicated to saving people money on anything and everything by finding the best deals, beating the system and campaigning for financial justice. It's based on detailed journalistic research and cutting edge tools, and has one of the UK's top 10 social networking communities.

During May 2017 MoneySavingExpert had 15.3 million users visiting the site, 26.3 million times, and looking at over 64.8 million pages. Over 12 million people have opted to receive our free weekly email and more than 1.6 million users have registered on the forum.