

Dear Gianpiero

Please consider this email Hermes UK's response to Ofcom's further consultation on recovering consumer advocacy costs.

Hermes agrees with the proposal in the consultation that international letter and parcel revenue should be excluded from consideration of a postal operator's overall annual turnover.

UK CABs do not have an international remit which would require them to take this into account, perhaps with the exception of any international services capture by the universal service obligation. As UK consumer annual expenditure on postal services is so low (and the proportion of this spent on international products is likely to form a very small part of this overall expenditure) CABs would be able to explore any consumer complaints or concerns within the significant budget it has for its work on postal services.

Hermes' overall position remains unchanged: that the cost recovery model for CABs is not proportionate. Companies are being asked to fund advocacy work for areas in which they are not active. Hermes does not have access to the Post Office network, does not handle letters and does not provide the universal service. Therefore, it is not reasonable to ask it to fund advocacy work in areas where we do not generate complaints or consumer harm. We do hope that, in time, Ofcom will revise the way cost are recovered to make it more equitable and proportionate.