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## Consultation response form

Please complete this form in full and return via email to [improving.engagement@ofcom.org.uk](mailto:improving.engagement@ofcom.org.uk) or by post to:

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Riverside House  
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<b>Consultation title</b>	Consultation on end-of-contract and out-of-contract notifications
<b>Full name</b>	Tara Singh, Head of Public Affairs
<b>Contact phone number</b>	[REDACTED]
<b>Representing (delete as appropriate)</b>	Organisation
<b>Organisation name</b>	First Utility
<b>Email address</b>	[REDACTED]

## Confidentiality

We ask for your contact details along with your response so that we can engage with you on this consultation. For further information about how Ofcom handles your personal information and your corresponding rights, see [Ofcom's General Privacy Statement](#).

<b>Your details: We will keep your contact number and email address confidential. Is there anything else you want to keep confidential? Delete as appropriate.</b>	Nothing
<b>Your response: Please indicate how much of your response you want to keep confidential. Delete as appropriate.</b>	None
<b>For confidential responses, can Ofcom publish a reference to the contents of your response?</b>	Yes

## Your response

**Question 1: Do you agree with our assessment of harm relating to residential consumers and Small**

**Businesses?** Confidential? – N

Yes - First Utility welcomes Ofcom's proposals to support and inform the UK's 20 million "Out-of-Contract" customers, many of which are paying up to 20% more without being aware of it.

Ofcom's findings dovetail with our own research from 2017, which suggested that only 10% of households could recall being alerted to their new rates once Out-of-Contract, with 92% supporting making Out-of-Contract notifications mandatory as a result.

We also note here that 16% of the Out-of-Contract customers we surveyed hadn't switched because they thought they would pay a penalty fee, even though their contract had ended.

As a step to remedy this, any Out-of-Contract or End-of-Contract notification should clearly set out the switching process.

\*Research carried out with 2003 UK broadband customers by Opinium between 07/07/17 and 28/05/17. Of these, we asked Virgin and BT customers (the two suppliers that had announced price rises around that time) whether they'd switched after they received their price rise notification

**Question 2: Do you agree that providers should send both End-of-Contract and Out-of-Contract notifications?** Confidential? – N

Yes, providers should send both End-of-Contract and Out-of-Contract notifications. We had previously stated that we felt that a communication should only be sent where there is a change in the customer's bills. However, we can agree with Ofcom's position that all customers should be contacted.

We do though believe that more than a one-off Out-of-Contract notification will be needed in order to ensure that disengaged customers take action. Please see our answer to Question 7.

**Question 3: Do you agree with our proposal that notifications should be sent to all residential and Small Business customers who take Public Electronic Communications Services?** Confidential? – N

Yes, we also agree that all notifications should be sent to both stand-alone and bundled product customers. As we outline in our answer to Question 4, notifications should also include information on the effects of Out/End-of-Contracts on bundled products that are still in contract.

**Question 4: Do you agree with our proposals on the content of the End-of-Contract notification?** Confidential? – N

Yes - We agree with the proposal, subject to three further points we would welcome Ofcom considering further:

We do not feel it is appropriate for the incumbent provider to be able to make an offer to the customer as a part of the End-of-Contract notification.

1) Firstly, we believe this will deter engagement and reduce the incentive for customers to shop around for the best deal.

Secondly, should customers take up the offer, they may not save as much compared to the cheapest deals on the market - or worse, they could be offered inappropriate products for their needs.

Lastly, allowing suppliers to market as part of the End-of-Contract notification is inconsistent with other regulated processes. For example, in the current unsolicited cease notification process, incumbent broadband providers are not permitted to 'market' to the customer when they notify them of their End-of-Contract and termination fees, and we believe that the same no-marketing position should be taken

on End-of-Contract and Out-of-Contract notifications.

2) In the retail energy market, when customers receive their End-of-Contract notification, suppliers list what the new price of the Out-of-Contract plan will be and we believe the same method should be applied in telecoms. This will allow customers to make an informed decision to switch or to remain with their current provider.

3) we'd suggest that for customers who have bundled offers with differing End-of-Contract dates, the End-of-Contract notification for one product should outline the effects it has on other products. For example, if by one contract ending a discount will be removed for the second product, this should be outlined in the End-of-Contract notification.

**Question 5: Do you agree with our proposals on the structure, method, timing and frequency of the End-of-Contract notification? Confidential? – N**

Yes, subject to our belief that 40-70 days notice is too long: 30 days should be mandated instead:

With a 70 day notice period, customers would receive an End-of -Contract notification nearly two and a half months before their contract actually expires. Customers who like to act immediately would incur up to 70 days' worth of early termination fees which may put them off from switching altogether. Customers who choose to delay could likely forget by the time it came to act.

30 days' notice is technically possible for a broadband switch, so we see no reason why it would be an inappropriate notice period. If a customer is switching between two suppliers on the Openreach network, it would take just two weeks. If a customer is switching from the Openreach network to Virgin, it would take longer but still not more than 30 days.

**Question 6: Do you agree with our proposals on the content of the Out-of-Contract notification? Confidential? – N**

Yes, however, similar to the points raised in our response to Question 4, we believe that marketing alternative offers should not be permitted in Out-of-Contract notifications. As outlined above, we do not believe this would be the best way to drive engagement and indeed, are concerned it would have precisely the opposite effect.

**Question 7: Do you agree with our proposals on the structure, method and frequency of the Out-of-Contract notification? Confidential? – N**

Yes, and we agree that a staggered approach on Out-of-Contract notifications is the appropriate approach so as to not impact industry capability to deliver the volume.

However, more than a one-off Out-of-Contract notification will be needed in order to support disengaged customers taking action. For example, our research\* shows that 50% of people haven't switched broadband provider in three years and 16% of people have never switched broadband provider.

Given the vast numbers of customers who are Out-Of-Contract, frequent notifications will be needed to engage these customers.

In the retail energy market, Ofgem requires that suppliers send customers cheapest tariff information at least once a year. We believe something similar should be introduced in telecoms to ensure that affected customers are reminded that they are on Out-of-Contract plans more than once.

\*Research carried out with 2003 UK broadband customers by Opinium between 07/07/17 and 28/05/17

**Question 8: Do you agree that our proposals are both effective and the minimum necessary to achieve our policy objectives?** Confidential? – N

No -As mentioned in the answer to Question 4 and 5, we support the intent but are concerned that the proposed timing and retaining the ability of incumbent providers to make offers in the notifications could get in the way of encouraging people to switch.

**Question 9: Do you agree with the impacts we identify, and the approach we take to quantify these impacts, in our assessment in Annex 6?** Confidential? – N

Yes.

**Question 10: Do you agree with our provisional assessment that the potential costs for providers are not disproportionate in order to achieve our policy objectives?** Confidential - N

Yes, although as discussed the 70 day period needs to be reduced to 30 days.

**Question 11: Do you agree with our proposed implementation timescale for End-of-Contract notifications and for the one-off notification to customers who are already outside of their minimum contract period?** Confidential? – N

No -We believe these changes can and should be delivered earlier than proposed as we believe implementation would be quite simple. Further and of more material concern, every month of delay will see customers paying more than they should.

We do, however, accept that a staggered approach for Out-of-Contract notifications is appropriate so as to not impact industry capability to deliver the volumes. However, this should start earlier and at the latest within 3 months rather than six months as proposed by Ofcom.

**Question 12: Do you have any comments on the draft condition set out in Annex 9 to this document?** Confidential? – N

If the changes mentioned above are taken into account, then Annex 9 will have to be altered to reflect this.

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