

Consultation response form

Please complete this form in full and return to voice.review2021@ofcom.org.uk.

Consultation title	Wholesale Voice Markets Review 2021–26
Full name	██████████
Contact phone number	██████████
Representing (delete as appropriate)	Organisation
Organisation name	Telecom2 Ltd
Email address	████████████████████

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](#).

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

Your response

About Telecom2

Telecom2 are a voice network carrier with offices in London and Spain. Through the group of companies our focus is to at the forefront of technology, specialising in VoIP B2B and call centre solutions. T2 also specialise in micro payments across mobile, card services and age verification.

Telecom2 has a broad spectrum of clients including a number of Contact Centres, Print media companies, TV companies and a Premiership Football club.

We also still have some of the traditional clients on 09 PRS running Adult, Psychic and Competition services.

We welcome this opportunity to contribute prior to the formal consultation exercise. Our comments are based on internal knowledge and discussions with clients

Question	Your response
<p>Question 4.1: Do you agree with our proposal not to regulate the WCO market on the basis that it no longer fulfils the three criteria test set out in the 2014 EC Recommendation? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>We agree with this proposal on the grounds cited by OFCOM.</p> <p>We would however ask that OFCOM monitors BT’s compliance with its voluntary commitments as it is not unknown for BT to breach commitments if they become inconvenient</p>
<p>Question 5.1: Do you agree with our proposed market definition in relation to WCT? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>We agree with the proposed market definition as set out by OFCOM. We have nothing substantial to add to OFCOM’s comments</p>
<p>Question 5.2: Do you agree with our proposed market definition in relation to MCT? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>We agree with the proposed market definition as set out by OFCOM. We have nothing substantial to add to OFCOM’s comments</p>
<p>Question 5.3: Do you agree with our provisional conclusion that each provider of WCT has SMP in the market served by that provider? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>We agree that each provider of WCT has SMP in the market served by that provider. We have</p>

	<p>nothing substantial to add to OFCOM's comments.</p>
<p>Question 5.4: Do you agree with our provisional conclusion that each provider of MCT has SMP in the market served by that provider? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>We agree that each provider of WCT has SMP in the market served by that provider. We have nothing substantial to add to OFCOM's comments.</p>
<p>Question 6.1: Do you agree with our proposal to maintain a network access obligation on all WCT providers? Please provide reasons and evidence in support of your views.</p>	<p>Confidential? – N</p> <p>While we agree with the proposal we cannot see how in reality it would benefit a WCT provider to prevent network access, it would not make commercial sense</p>
<p>Question 6.2: Do you agree with our proposed remedies that would be specific to BT's provision of WCT? We welcome evidence on all aspects of our proposals and in particular whether we should maintain BT's obligation of no undue discrimination. Please provide reasons and evidence in support of your views.</p>	<p>Confidential? – N</p> <p>We have no particular views on reporting obligations but we are very strongly in favour of the other two remedies. Both are linked in that if BT publishes a reference offer then it is clear if undue discrimination in terms of price takes place.</p> <p>BT has, in other areas, discriminated against providers and there is no guarantee that they would be any different with WCT if this obligation was removed. This condition would also impact on the provision of interconnect circuits, preventing BT from favouring one CP when allocating and providing capacity.</p>

<p>Question 6.3: Do you agree with our proposed charge control on WCT and the analysis that informed this proposal? Please provide reasons and evidence in support of your views.</p>	<p>Confidential? – N</p> <p>We believe that OFCOM’s policy of capping termination rates to protect consumers and not limiting Origination rates is a well intentioned but abject failure causing bill shock and other consumer harms..</p> <p>As stated in this consultation, WCT rates are capped at a fraction of a penny but, as stated in this consultation BT’s out of bundle retail charge is 20ppm and when researching for this response we found rates as high as 69ppm.</p> <p>070 Termination rates are set in line with mobile Termination rates, again a fraction of a penny but we found rates for consumers of up to £1.22pm, although the average sits around 40ppm, still a massive unjustified mark up. One CP charged consumers an additional 25p set up fee.</p> <p>The biggest cause of consumer harm though is access charges. OFCOM didn’t regulate them in the naive belief that competition would bring them down but this wasn’t the case. Competition where consumers are involved tends to be in terms of bundles and data allowances, call prices aren’t considered, therefore the MNOs and mobile arms of Fixed Operators charge between 55ppm and 65ppm per minute. Fixed Operators tended to be much lower, typically 15ppm to 25ppm, still an excessive amount.</p> <p>There is no genuine justification for these high charges.</p> <p>Call charges are a feature of competition for business customers and this showed in Access charges, one MNO charged consumers 65ppm but charged business customers 5ppm.</p>
<p>Question 6.4: Do you agree with our proposal to maintain an access obligation on all MCT</p>	<p>Confidential? – N</p>

<p>providers? Please provide reasons and evidence in support of your views.</p>	<p>We agree with an access obligation on MCT providers. If this didn't exist the way would be open to discrimination against call providers in terms of pricing and connection</p>
<p>Question 6.5: Do you agree with our proposed charge control on MCT and the analysis that informed this proposal? Please provide reasons and evidence in support of your views?</p>	<p>Confidential? – N</p> <p>We agree with a charge control on MCT but, as pointed out above, this doesn't necessarily carry over to retail origination rates. Out of bundle charges can be very high. The charge control has no effect where traffic from outside the UK is "hijacked" by a CP who can then charge any figure they want</p>
<p>Question 6.6: Do you agree with our proposal to introduce a reciprocity condition on the termination of international calls and the analysis that informed this proposal? Please provide reasons and evidence in support of your views.</p>	<p>Confidential? – N</p> <p>We agree with this proposal. If reciprocity brings about the expected results it will be good for consumers and so good for CPs</p> <p>We do however feel that action from OFCOM is needed to reduce the rates charged for using a mobile outside the EEA. Charges of £2pm for making and receiving calls are typical but there is no justification for these high rates, the international calls market has rates in the low pence per minute range. These high charges severely disadvantage consumers</p>
<p>Question 7.1: Do you agree with our proposed non-pricing remedies specific to BT? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>We agree with the proposed non pricing remedies. BT has a central role in the provision of wholesale voice services in the UK and its</p>

	<p>activities can have wide ranging effects on the ability of CPs to originate and terminate calls.</p> <p>We would like to see OFCOM taking a stronger stand in regard to enforcing the remedies. CPs have concerns that BT is not always operating on fair and reasonable terms, sometimes resulting in complaints to OFCOM, but little appears to have been done resulting in a loss of faith in the remedies.</p>
<p>Question 7.2: Do you agree with our proposals relating to BT providing transparency on its migration timetable? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? –N</p> <p>We fully support these proposals. Transparency of the migration timetable is vital if CPs are to be able to plan their own migration to IP.</p>
<p>Question 7.3: Do you agree with our proposal to require BT to provide WCT for all geographic calls as if its migration to IP is complete, from 1 April 2025? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>We agree with the proposal except that instead of a fixed date we feel it would be better to tie the end date to the completion of transition from TDM to IP to allow for slippages in time scales</p>
<p>Question 7.4: Do you agree with our proposal to subject BT’s provision of TDM interconnection circuits to a charge control which expires on 1 April 2025? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>We agree with the proposal except that instead of a fixed date we feel it would be better to tie the end date to the completion of transition from TDM to IP to allow for slippages in time scales</p>
<p>Question 7.5: Do you agree with our proposal to require BT to provide IP interconnection on fair and reasonable terms, conditions and</p>	<p>Confidential? – N</p>

<p>charges supplemented by guidance? Please set out your reasons and supporting evidence for your response.</p>	<p>We don't agree with this proposal. When the Transit and conveyance charges were deregulated as part of the NGCS unbundling exercise it was OFCOM's stated expectation that there would be no excessive price increases. Instead, prices were subject to massive increases and a new charging structure was imposed. We do not believe that a requirement for fair and reasonable terms, even with guidance, without a charge control would be a sufficient constraint on BT's pricing.</p> <p>We would therefore want a charge control on BT's charges for IP interconnection.</p>
<p>Question 7.6: Do you have any concerns regarding the existing obligations, which do not require a hosting party to ensure that hosted providers can make WCT available at an accessible POC? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>We have no concerns with the existing obligations, not having experienced the difficulties mentioned in the consultation</p>
<p>Question 8.1: Do you agree with our proposed regulatory reporting requirements on BT? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>We have no objections to the Regulatory Reporting requirements</p>
<p>Question 9.1: Do you agree with our initial view that the risks associated with IP interconnection should be manageable by industry?</p>	<p>Confidential? – N</p> <p>We agree with the initial view but there needs to be a formal dispute mechanism in the case of compatibility issues where no resolution can be reached between CPs</p>

<p>Question 9.2: Do you agree with our proposed guidance concerning IP interconnection? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>The guidance in itself is acceptable but OFCOM needs to be willing and able to intervene and enforce the guidance if CPs fail to follow it</p>
<p>Question 10.1: Do you agree with our proposed market definition and SMP assessment for termination on the 070 number range? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>We agree with the market definition and SMP assessment for termination of calls to 070 numbers but we are disappointed that the impact of SMP on call origination and consequent excessively high retail call charges leading to bill shock has not been fully recognised</p>
<p>Question 10.2: Do you agree with our proposed remedies for operators holding SMP for termination on the 070 number range? Please set out your reasons and supporting evidence for your response.</p>	<p>Confidential? – N</p> <p>We strongly disagree with the remedies for Operators holding SMP for termination of calls to 070 numbers. These have been in place for some time and, as was foreseen by 070 range owners at the time of the 2018 review, have had hardly any effect on retail call charges. Retail rates have reduced but are still excessively high and still cause bill shock.</p> <p>The need for the remedies in the 2018 review was based essentially on high retail charges and the perceived increase in Fraud. Retail charges are still excessively high and the Fraud issue was not genuine.</p> <p>As stated in this consultation, the number of calls to 070 numbers has indeed fallen. This was not due to reduced opportunities for fraud and AIT but to the services becoming uneconomic to operate, this has had the effect of exposing vulnerable people to harassment and advertisers to nuisance calls.</p>

Personal numbering's main uses were to provide anonymity and security to people advertising in small ads and people vulnerable to harassment. The short term nature of customer's use made provision of 070 numbers very expensive, when OFCOM calculated the cost of providing 070 services we do not believe they took service management costs into account. Numbers could be in use for only a few weeks then would have to be recycled. Maintaining and supervising this operation took significant amounts of resource. OFCOM acknowledged this issue in the 2018 consultation but the solution proposed by OFCOM, charging the called person, was not viable and offered greater opportunity for harassment of vulnerable people. Charging the called person would mean that as they had no control over the numbers or durations of calls so they had no control over the cost. This could cause bill shock but, more importantly, people who were being harassed could be subjected to large numbers of calls by the perpetrator with the intent of causing them financial harm and distress. There were also practical issues with billing the caller, particularly around the contract, the actual billing process and exposure to increased bad debt if someone had so many calls they couldn't pay the bills.

These remedies have been in place for some time and, as was foreseen by 070 range owners at the time of the 2018 review, have had hardly any effect on retail call charges. They're only real impact has been to cause the withdrawal of a number of services. Retail rates have reduced but are still excessively high and still cause bill shock. We too investigated current retail rates using CP's web sites, the results were similar to OFCOM's but there were variances, particularly where OFCOM found the calls were in bundle or priced at standard rates. In at least one case we found that where OFCOM saw the range as being charged at standard rates we found a charge of 55ppm. The highest rate we found was 122ppm. There is no need for retail charges to be higher than 5ppm and that's being generous. OFCOM hopes that there will be more pass through of lower termination charges, we believe this is optimistic at best.

So, as previously stated, the remedies have had no significant impact on retail prices and there is little chance of there being any further reductions in retail rates.

The other issue raised by OFCOM was fraud and AIT.

There used to be significant amounts of fraud following OFCOM allowing pence per call charges on 070 numbers, against the advice of many experts in telecoms Fraud. Once this was realised, responsible CPs, the vast majority, withdrew pence per call rates as soon as their contracts permitted. Consequently there was a major reduction in Fraud on 070 numbers and this was borne out by OFCOM's own data provided with the 2018 consultation.

OFCOM cited BT's assertion that there were still large amounts of fraud on 070 cases, evidenced by the large number of AIT cases. These cases were raised by BT as Transit Operator, the originating Operators had no concerns about the traffic. The cases were spurious, most were challenged. Some Terminating Operators came to a settlement with BT in order to gain at least some cash, some commenced legal proceedings. Some Service Providers were forced out of business. Where legal proceedings were entered into BT never allowed the cases to go before a judge, settling just before the hearing date.

We don't have knowledge of all the cases but the sum value of these cases was well into the millions of pounds.

These cases breached the Standard Interconnect Agreement in many ways. For example, but not limited to:

- The cases were raised against all the 070 calls for the CPs concerned, BT never identified that actual numbers they claimed had AIT on them
- The onus in an AIT case is for the ONO or in these cases the TO, BT, to show evidence of a reasonable suspicion of AIT. BT provided little, if any, evidence

	<p>of AIT and placed the onus on CPs to justify every number they had allocated to them. This was an impossible task to complete in the time available and BT knew it.</p> <ul style="list-style-type: none">• BT was required to notify the ONOs concerned in time for them to withhold corresponding amount on BT. The Originating Operators were not informed of the cases and money that should have been passed back to them never was, even after the cases had been settled. <p>In at least one case data supplied as part of the defence in legal proceedings was misleading. One set showed zero duration calls. These calls cannot have been AIT because there is no charge for them. One set purporting to show calls from 09 numbers, had Switch node IDs inserted in place of CLI and one set purporting to show simultaneous calls had been manipulated and formatted to conceal the manipulation.</p> <p>So in essence, there was no AIT on the scale that BT suggested. The cap put in place following the 2018 review was based on spurious allegations that contradicted OFCOM's own data. The cap hasn't protected consumers from high retail charges. Bill shock continues to occur.</p>
<p>Question 11.1: Do you agree with the analysis and conclusion of our general position on not renewing the DCC price cap? Please provide reasons and evidence in support of your views.</p>	<p>Confidential? – N</p> <p>We have a concern that if the cap is not reviewed then the DCC will be subject to significant increases. We note the mention of the ability of telecoms providers to bring disputes under section 185 of the Act but it is notoriously difficult to persuade OFCOM to take on a dispute and there is a widely held view that OFCOM takes the side of the larger CPs.</p>

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