



Response to Ofcom's further Consultation on revenue sharing

Virgin Media O2 is pleased to respond to Ofcom's further consultation on revenue sharing, which it conducted as part of its review of the future of telephone numbers. It is right that Ofcom looks to set regulation that supports availability of voice and other services yet protects consumers against potential harm.

Ofcom structured its proposals in three categories that vary in which form of revenue sharing (if any) is permitted:

- *category 1*: revenue sharing prohibited (01/02, 03, 055, 056, 070 and 076 number ranges);
- *category 2*: revenue sharing permitted with called party yet prohibited with calling party (084 and 087 number ranges); and;
- *category 3*: revenue sharing with called and calling party permitted (07 mobile, 09 premium rate and 118 directory enquiry number ranges).

We respond to Ofcom's proposals for each category, starting with category 1.

Category 1: revenue sharing prohibited

Ofcom proposes clarifications that mean that any form of revenue sharing (including direct and indirect) with called or calling party will be prohibited on the 01/02, 03, 056 and 070, and 055 and 076 number ranges.

In relation to **01/02 numbers**, Ofcom compared its proposed prohibition to the status quo in which revenue sharing with the calling party is not explicitly prohibited. Ofcom concluded that, on balance, prohibition is favourable. We support this conclusion as it is not clear to us how prohibition would harm provision of legitimate services whilst it would make rules simpler to understand and reduce scope for fraud through artificial generation of call traffic or otherwise.

In relation to **03 numbers**, Ofcom maintains its position that revenue sharing with called and calling party must be prohibited. The grounds for this position (especially promoting confidence amongst consumers that they will pay only for calls and not for additional



services) when it was initially taken by Ofcom in 2007, and then confirmed in 2014, remain valid. As such, we agree with Ofcom's proposal.

In relation to **056 and 070 numbers**, the Numbering Plan prohibits revenue sharing with 'end-users'. Ofcom proposes amending the wording of these rules to more expressly state that revenue sharing with called or calling party is not permitted on these ranges. We consider this to be a sensible proposal as it would reduce ambiguity around application of existing rules and enhance consistency across differing number ranges.

In relation to **055 corporate and 076 radiopaging numbers**, Ofcom argues that the combination of current low use, low consumer awareness with these numbers, and resemblance of 076 radiopaging numbers with 07 mobile numbers means that misuse could emerge when revenue sharing is not explicitly prohibited. Ofcom correctly identifies the potential risk that harmful activities could relocate to 055 numbers because of its proposals that restrict revenue sharing on other number ranges. We can see why Ofcom wants to pre-empt consumer harm that could arise when revenue sharing is not explicitly prohibited. This would benefit consumers through greater certainty whilst prohibition would unlikely harm supply of legitimate services over these ranges.

Category 2: revenue sharing with the calling party prohibited

We support the proposed prohibition of revenue sharing with the calling party on the **084 and 087 number ranges**. This would not affect revenue sharing with the called party which would remain permitted as before.

As explained by Ofcom, the combination of high termination charges with the inclusion of calls to numbers on these ranges in (some) call bundles can support 'cash for calls' schemes. Such schemes can have adverse consequences and offer limited public benefits. Also, we note that providers are restricted in their capacity to act against such schemes. Wider presence of such schemes (supported by continued revenue sharing with the calling party) could lead to providers removing calls to these number ranges from bundles. This would harm the customers of these providers in various ways, including bill shocks when making calls not knowing the pence per minute charge or reducing certainty available to customers when they anticipate the exclusion of calls from their bundles.



Category 3: revenue sharing permitted with both calling and called party

We respond separately to Ofcom's proposals in relation to 07 mobile and 09/118 numbers as Ofcom puts forward different plans.

In relation to **07 mobile numbers**, Ofcom invites comments on the potential prohibition of revenue sharing but it does not currently propose changes to revenue sharing rules (which permit revenue sharing with called and calling party). It notes that permitting revenue sharing was never its intention and that charge controls on call termination limit the scope for revenue sharing. But before deciding on prohibition, it asks for stakeholder views on how consumers or providers of services active on this range could be affected by prohibition, in particular concerning SMS messages. It is prudent for Ofcom to consider potential adverse consequences before changing revenue sharing rules. For example, we are aware that revenue sharing in respect of SMS messages is used to send One Time Passwords to customers who do not have a mobile device. Both this use and other potential uses could be affected and thought must be given to how these uses could be supported when restricting revenue sharing compared to the status quo.

In relation to **09 and 118 numbers**, Ofcom proposes to maintain current rules by confirming that revenue sharing – including with the calling party – is permitted. It argues that 'cash for calls' schemes are unlikely to arise as calls to numbers on these ranges are commonly not included in call bundles. We can confirm that calls to these numbers are not part of call bundles that we offer which means that our customers incur out-of-bundle charges when calling these numbers. We agree that exclusion from bundles will greatly limit adverse risk that could support potential prohibition of revenue sharing with the calling party on this number range.

A different matter: proposed withdrawal of assignment of 082 range

It is sensible for Ofcom to withdraw assignment of the 082 range to dial-up internet services for schools. Numbers allocated have been returned to Ofcom and thus withdrawal will not have impact on users or number holders.

Virgin Media O2