

Ofcom
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FAO: Ms Lorna Horton

23 September 2019

BY EMAIL ONLY TO: mobile.handsets@ofcom.org.uk

Dear Ms Horton

Response to Consultation: Helping consumers to get better deals in communications markets – Mobile Handsets (the "Consultation")

Thank you for the opportunity to review and respond to the Consultation and for your permission to extend the deadline for our response.

We do not have any specific comments to the four questions raised in the Consultation. This is because, as noted by Ofcom in paragraph 3.21 and A5.19 of the Consultation, giffgaff does not – and never has – offered any “*linked split contracts*” or “*bundled contracts*” that are the focus of Ofcom’s concerns in this Consultation.

However, paragraphs 3.15, 3.21 and 5.50(d) of the Consultation appear to infer that giffgaff is a provider of pay monthly contracts. This is implicit from paragraph 3.6 which states that “within the [pay-monthly] market, there are primarily three types of contract options” which can be characterised as “*split contracts*”, “*bundled contracts*” and “*SIM only*”. Paragraph 3.15 of Ofcom’s Consultation then also states that giffgaff is a provider of pay-monthly split contracts. For the avoidance of doubt, giffgaff is entirely “*pre-pay*” and SIM-only, it does not offer any type of “*pay monthly mobile contract*” of the kind that Ofcom is, by this Consultation, seeking to deepen its understanding.

Ofcom’s aims in this regard were unclear to us at the time of its s.135 Notice of 21 December 2018, where we provided to Ofcom (under cover of a letter dated 1 February 2019), certain requested information in relation to “*30-day SIM only contract customers*”. However, paragraph 3.6 of the Consultation clarifies Ofcom’s position and makes it clear that such information would have been required in the context of the SIM-only contract being one of the “*three types of contract options available*” under the “*Pay monthly*” umbrella.

The position is as described in our 1 February 2019 letter: giffgaff’s unique selling point is that we do not offer contracts in the traditional sense. Instead, we offer 30-day plans, (which we call “*goodybags*”) which can be stopped after one month, changed or renewed as the customer (we call them “*members*”) wishes. It is not possible for members to buy a goodybag for a duration longer

than one month. Alternatively, members may purchase top up credit. In neither instance is a handset provided.

In respect of handsets, whilst giffgaff does sell handsets, we never do so as part of a monthly “*post-pay*” contract that also offers airtime. Members must buy the handset outright by way of an up-front payment or by way of a handset loan provided by our partner Ratesetter. All brand-new handset purchases must also include, as a minimum, a single £10 goodybag purchase. However, as the handset is fully unlocked, any member who purchases a brand-new handset from giffgaff is under no obligation at any time to activate their giffgaff SIM card or join the giffgaff network. In addition, our “*Refurbished*” second-hand handsets (which are also fully unlocked) do not require any purchase of a goodybag.

We previously confirmed the above information to Ofcom in the 1 February response referred to above.

We hope that this additional clarification assists Ofcom with further understanding giffgaff’s products, and whilst we are of the view that giffgaff’s offering is not directly relevant to this Consultation (for the reasons set out above), we remain ready and willing to further assist Ofcom should this be necessary.

Yours sincerely,



Alex Green
Legal Counsel, giffgaff Limited