

Your response

Question	Your response
<p>Question 1: Do you agree that our implementation proposal for bringing the requirements of the EECC into effect is sufficient to address our concern that linked split contracts (and other split contracts falling within the definition of a bundle) are liable to deter switching?</p>	<p>Confidential? – N</p> <p>Verastar Ltd specialises in selling essential services to microbusinesses and provides services to over 160,000 businesses. Verastar disagrees that linked split contracts act as a deterrent for small enterprises and microenterprises (“SMEs”) to switch. SMEs comply with legislation and manage their finances in the same way as large businesses and so should be treated in the same way as other businesses. The differing lengths of linked split contracts do not deter SMEs switching as they actively engage with the market to a greater extent than consumers. They are also made aware of their termination rights at the point of sale so they enter into split linked contracts with full knowledge of the key facts.</p> <p>Whilst Verastar understands that Ofcom must comply with the requirements of the EECC, for the reasons above it does not believe that microbusinesses require the same protection as consumers.</p>
<p>Question 2: Do you agree that the draft General Condition (in Annex 6) would achieve our aim of limiting the minimum contract periods of the contracts we are concerned about to 24-months?</p>	<p>Confidential? – N</p> <p>Yes.</p>
<p>Question 3: Do you agree with our implementation proposal that providers should have three months to make the necessary changes to their contracts and other relevant materials?</p>	<p>Confidential? – N</p> <p>No. Verastar believes there should be a six months implementation period as providers will have to make more changes than those indicated in the proposal. These include:</p> <ul style="list-style-type: none"> • Changes to websites; • Changes to point of sale collateral; • Changes to paper contracts; • Changes to verbal scripts; • Changes to contract packs sent following the conclusion of verbal contracts;

	<ul style="list-style-type: none"> • Changes to renewal documentation and scripts; • Changes to sales/renewal/customer service training; • System changes.
<p>Question 4: Do you have any comments on our impact assessment of our proposal to prohibit linked split contracts (and other split contracts falling within the definition of a bundle) of over 24 months?</p>	<p>Confidential? – N</p> <p>Yes. Verastar disagrees that the proposed amendment will increase competition in the industry. It instead believes that it will result in (1) higher prices for consumers and SMEs due to increased acquisition and retention costs and the ever-increasing handset costs; and (2) an increase in potentially unwanted sales/retention activity.</p> <p>The proposal will have a greater impact on costs than has been envisaged as it has not taken into account, for example, the increased costs of reviewing pricing structures and implementing system changes.</p>