

# **Investigation into Reported Levels of Telecoms Mis-selling and Slamming**

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# 1 Executive Summary

1. The slamming and mis-selling complaints recorded by OCC accurately reflect the degree of slamming and mis-selling evident from the information presented to OCC by customers in 98% of cases. However, when evidence was analysed from the service providers about which the complaints had been made, Schema found that the level of slamming and mis-selling fell to 78% of cases.
2. The number of Cancel Other (slam) actions being executed by losing providers does not give an accurate reflection of the degree of slamming and mis-selling being carried out by gaining providers. Cancel Other (slam) data when analysed revealed that only 54% of cancellations receiving Reason Codes indicating slamming / mis-selling could be categorised with confidence as a slam, mis-sale or misconduct.
3. The level of response and quality of information provided by service providers to Ofcom's information request fell short of an acceptable standard. This makes resolving complaints or analysing how well Reason Codes are being applied a very difficult task. Only 37% of Cancel Other (slam) cases had usable data from both losing and gaining provider. In only 58% of cases were LPs able to provide usable information to justify implementing Cancel Other (slam) on a transfer set in motion by another provider. In only 56% of cases were GPs able to provide sufficient information to justify a transfer from their side. Quite apart from any consideration of what the adequate information Schema did receive revealed, the failure to keep, locate or provide materials in support of many actions did not engender confidence about compliance.
4. The importance of complete records that give an audit trail to sale and cancellation is vital. There are many examples of partial record keeping and call recordings only being made at point of verification. Information regarding sales is generally of a better quality than that relating to cancellation.
5. On the whole there does not seem to be a direct correlation between the level of compliance with selling practices and laws and the quantity or quality of response.
6. It is striking that the distribution of slamming, mis-selling and misconduct within the sample in both the 2004 UTI study and this report are very similar.
7. However, the volume of Cancel Other (slams) and complaints to OCC is declining in comparison to growth of the marketplace.
8. Practices with regard to the original sales contact have improved in certain respects (for example less selling on cancellation, doorstep sales and passing off as BT).
9. However, the "authorised person" reason is still being applied to companies' commercial advantage rather than current regulatory practice.

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10. Customer confusion seems to have reduced, reflecting the growing maturity of the marketplace.
11. Although there seems to have been a reduction in suspect selling practices, new practices around cancellation and contracts are causing problems for customers.
12. There seems to be confusion between clauses in individual companies' contracts and the rights of customers under the regulatory regime for CPS, WLR and LLU. Cancellation orders are frequently revoked on the strength of contract clauses.

## 2 Introduction

### 2.1 Background to the study

Ofcom is charged with providing a regulatory regime which benefits consumers through ensuring fair competition, whilst at the same time protecting them from inappropriate behaviour by certain providers. One example of such inappropriate behaviour concerns the mis-selling of telecoms services – understood to cover a range of sales and marketing activities which act against the interests of both consumers and competition itself.

As part of its commitment to preventing problems with mis-selling, Ofcom introduced new rules in May 2005 which required all providers of fixed line telecoms services to residential consumers and SMEs to establish and comply with sales and marketing codes of practice – which are consistent with guidelines published by Ofcom. In setting these guidelines Ofcom took the view that if, after two years, it could be shown that the problem of mis-selling had been reduced, it would be inappropriate to maintain the corresponding regulatory obligations. As a result, it determined that compliance with the aforementioned codes of practice should be subject to a two year sunset clause.

In January 2007 Ofcom commissioned Schema to undertake an independent study into reported levels of telecoms mis-selling and slamming, in order to determine whether mis-selling and slamming remain a serious problem which requires formal regulatory intervention. This report presents Schema's findings.

### 2.2 Study objectives

To conduct the study, Schema analysed two different types of records associated with customer complaints or cancellation requests, namely:

- Complaints about mis-selling, slamming and misconduct received by Ofcom's OCC advisors, for CPS, WLR and LLU.
- Cancel Other (slam) data relating to the cancellation of orders for CPS, WLR and LLU by BT Retail and other service providers

With respect to these two types of record, the **first objective** of the study is to determine the accuracy of the mis-selling and slamming data currently being gathered. This is in order to understand how closely it truly reflects the degree of mis-selling and slamming occurring.

In relation to this first objective, Ofcom also wishes to understand how the picture in terms of accuracy has varied over a specified period of time (six months), and the reasons underlying any changes. In addition, the data was analysed to identify overall trends, practices and issues relating to mis-selling and slamming, as well as the specific activities of key service providers. This will enable Ofcom to determine, for example, if certain service providers are more or less prone to certain practices and how individual companies are behaving with respect to codes of practice.

The **second objective** of the study is to make recommendations to Ofcom regarding how improvements could be made in terms of ensuring the true reasons for complaints are accurately recorded, as well as how the integrity of the data can best be monitored on an ongoing basis. Where there are weaknesses in the data recorded, Ofcom would like these revealed and solutions proposed.

## 2.3 Comparison with the 2004 UTI study

In 2004, Schema was commissioned by Ofcom to conduct an investigation into BT's reported instances of apparent mis-selling of fixed line telecoms services, also known as Unfair Trading Incidents (UTIs). This involved selection of a representative sample of UTI cases, and a review of information from both BT and the Gaining Providers, in order to:

- examine and understand the extent to which the UTI data published by BT Retail represented a true reflection of the level of mis-selling taking place
- establish which cases should have been classified as "mis-selling", and which should in fact have been placed in an alternative category
- develop a framework, consisting of clear categories defined by clear criteria, which could be used in the future to identify objectively the mis-selling and mis-buying of services.

There are obvious similarities between the 2004 study ("the UTI study") and this current investigation into mis-selling and slamming for Ofcom. Where relevant, Schema has made comparisons between the findings of the two studies and commented on key trends – for example, the relative incidence of particular sales practices and service provider behaviour.



## 3 Data selection and sampling

### 3.1 Overview

At the project kick-off meeting in January, Schema and Ofcom discussed the data set to be analysed and agreed that it should be structured as follows:

- 200 OCC records from November 2006
- 300 Cancel Other (slam) records from November 2006 and 300 Cancel Other (slam) records from July 2006.

With regard to both types of data, November 2006 was selected as the most recent appropriate month for study, given that December is believed to have atypical behaviour patterns due to the Christmas period. With regard to the Cancel Other (slam) cases, July was chosen in order to give the data the maximum possible spread over time, whilst at the same time ensuring that service providers would still retain documents and recordings. Service providers are only obliged to retain records for six months, and there was therefore a risk that records relating to earlier months would be unavailable.

Having agreed this structure, Ofcom requested complete lists of cases for the months in question from OCC, BT Wholesale and Openreach. A review of the information received and how it was processed and sampled is given in the sections which follow.

### 3.2 Sampling of OCC data

#### 3.2.1 Selecting the sample

Schema received from Ofcom a list of 453 slamming/mis-selling complaints recorded by OCC during November 2006. For each of the cases, the following information was provided:

- OCC case reference
- Customer's CLI
- Date received
- Service provider (logged against the complaint)
- Permission to share (whether the customer had agreed the information could be shared with third parties)
- The service in question (CPS, WLR, LLU or Unknown)
- Category of mis-selling / slamming (as recorded by the OCC advisor).

Having reviewed the list of cases, Schema determined that 209 should initially be excluded from the study, leaving 244 records from which to select the sample (54% of the total data set of 453 records). The 209 exclusions occurred for the reasons given below in Figure 3.1. (It should be noted that there was some overlap – in other words there were cases which could be excluded for more than one of the

reasons given in Figure 3.1, which explains why the numbers in that figure add up to more than 209.)

**Figure 3.1: Reasons for excluding OCC cases**

Reason for exclusion	Number of cases excluded
Service Provider unknown	151
CLI recorded was a mobile number	39
No CLI recorded	32
Invalid CLI recorded (wrong no. of digits)	10
Customer denied permission to share data	12

It had been Schema's intention to filter out the excluded records and then carry out stratified random sampling on the remaining records, in order to select 200 cases to review. However, given that the 244 cases which remained after exclusions was not hugely greater than 200, Schema decided to request data for review on all 244 cases. Schema also believed this would help provide a cushion in the event that any service providers failed to yield data on cases, or further cases had to be excluded after subsequent analysis.

### 3.2.2 Records requested from OCC

Having determined to review 244 cases, Schema requested that Ofcom provide full information on each of these cases from OCC, so that Schema could analyse OCC's handling of each case and the categorisation decisions made. Ofcom returned an Excel spreadsheet containing information on the 244 cases. In addition to the information provided by OCC for all the 453 cases (OCC reference number, CLI, date etc), the following information was provided:

- "Summary": concise or general notes on the case. In most cases these summarised the category of complaint (eg "Slamming"), but in some cases there was a comment on something else "eg Pipex Service Restriction")
- "Description": the principal section used to record notes made by the OCC advisor on the case
- "Closure reason / notes": further brief notes on the case, including advice given to customer.

Schema reviewed the 244 cases, analysing the notes recorded on each case and the decisions made by OCC advisors. This review led to three further exclusions from the data set, for the following reasons:

- one record was not relevant to a review of mis-selling of fixed telecoms services as it related to a complaint about a business mobile service provider
- two records were excluded because Schema spotted that they were duplicates of other records – possessing the same CLIs, case notes and dates – though

they had been allocated different OCC case reference numbers and listed as separate entries.

This left a total of 241 cases in the data set. The findings of Schema's review are outlined below in section 5.

### 3.2.3 Records requested from service providers

Schema's intention was to request data from the service provider against which mis-selling or slamming was alleged for each of the 241 cases being reviewed. However, once Schema started to review information on the cases received from OCC, it became apparent that there were several complaints for which it would not be possible to request data. For example:

- In 20 cases the identity of the gaining service provider was not known – even though the OCC notes did record the name of a service provider against the complaint. This was because:
  - in 15 of these cases the name recorded was that of the Losing Provider – the customer's current and chosen provider – rather than the gaining provider against which mis-selling was being alleged, the identity of which was not recorded
  - in two cases OCC had recorded the name of the company a customer had said it would like to move to
  - in one case the name recorded was that of BT Wholesale – neither the gaining nor losing provider
  - in two cases the role of the service provider named by OCC, and the identity of the slamming service provider, were unclear.
- A further four records related to complaints about unsuccessful attempts to slam or mis-sell on the doorstep. In these cases the customer had called OCC to complain about sharp practice, but had not actually been slammed (having rejected the attempts of the salesman). Given the failure of the sales attempt, there would be no sales record to review – for example, for doorstep sales providers often supply a signed contract as proof of sale.

There were also four cases in which the customer's complaint appeared to relate to two different gaining providers. In these cases Schema requested records for both service providers in question.

As a result, Schema made 221 requests for information to service providers, relating to 217 of the 241 cases being analysed. The list of these 221 requests was forwarded to Ofcom.

### 3.2.4 Response to the request for records on OCC cases

In response to the request for 221 records from service providers, 166 records were received, 75% of those requested. This meant that no response was received regarding 55 records. It should be noted that by "no response" Schema means that either no comment or information was received at all on that case (50 cases) or that the service provider responded by saying that "no records could be found" (five cases). However, whilst 166 records were received, the data forwarded to Schema

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did not always contain sufficient information to support a confident verdict on a case. Schema found that the data received was usable enough to support a verdict in 138 cases (62% of 221 records requested), but in 28 cases the data received was insufficient.

It should be noted that there was no correlation between the degree to which a provider responded and the degree to which it complied with good selling practices. One service provider, for example, provided data usable enough to judge 100% of the OCC complaints in which it was involved – but in all cases was found to have been responsible for slamming, mis-selling or misconduct.

Usable information was received in only 62% of cases – meaning that for over a third of complaints being reviewed, no usable data was made available to refute the allegation of slamming or mis-selling made by a customer.

### 3.3 Sampling of Cancel Other (slam) data

#### 3.3.1 Data received from BT Wholesale (BTW) and Openreach

Schema received a complete list of the Cancel Other (slam) records (CO records) processed by BTW and Openreach for July and November 2006. The records received are broken down in Figure 3.2.

**Figure 3.2: Number of Cancel Other records received from BT Wholesale and Openreach**

Month	BT Wholesale	Openreach	Total
July 2006	9,132	13,005	22,137
November 2006	9,507	10,301	19,808

BTW provided the following information in relation to the Cancel Other (slam) requests it processed:

- Date of Cancel Other (slam) request
- CLI
- CPSO whose order had been cancelled (Gaining Provider)
- Reseller ID code (RID) of retail CPS provider whose order had been cancelled (Gaining Reseller). This was provided by BTW for November only; for July it was unavailable
- Reason code allocated to the Cancel Other (slam) request

BTW was unable to provide the identity of the communications provider requesting Cancel Other (slam), though it indicated that in many cases it was possible to determine the identity of this provider by examining the Reason Code allocated to the CO request, given that Reason Codes commencing 90xx relate to a request from BT Retail. BTW was also unable to provide RID codes relating to Cancel Other (slam) requests in July.

Openreach provided the following information relating to the Cancel Other (slam) requests it processed:

- Date of Cancel Other (slam) request
- CLI
- WLR provider whose order had been cancelled (Gaining Provider)
- RID of retail WLR provider whose order had been cancelled (Gaining Reseller).
- Communications provider requesting Cancel Other (slam) (Losing Provider)
- Reason code allocated to the Cancel Other (slam) request.

In addition, for November only, Openreach provided information on Cancel Other (slam) requests relating to 35 LLU cases.

### 3.3.2 Preparation and sampling

The aim of the sampling process was to select 300 records for both July and November, so that Ofcom could request information on these cases from both the providers whose transfers had been cancelled (Gaining Providers) and those who had requested the CO action (Losing Providers). To select 300 cases for each of the months, Schema used stratified random sampling of a list of all the cases for each month, with sampling occurring at a frequency selected to produce 300 cases. The steps taken and actions for each month are shown in Figure 3.3 below:

**Figure 3.3: Procedure for producing sample of Cancel Other records**

Step	July 2006 records	November 2006 records
1	Took 9,132 BTW (CPS) records and 13,005 Openreach (WLR) records and merged in a list.  Total of 22,137 records	Took 9,507 BTW (CPS) records and 10,301 Openreach (WLR) records and merged in a list.  Total of 19,808 records
2	Sorted by Gaining CPSO / WLR Provider and CLI	Sorted by Gaining CPSO / WLR Provider and CLI
3	Assumed by sampling every 73rd record would produce 303 records	Assumed by sampling every 66th record would produce 300 records
4	Arranged strata: SPs with 73 records or more as a single stratum; those with fewer than 73 grouped as one stratum together	Arranged strata; SPs with 66 records or more as a single stratum; those with fewer than 66 grouped as one stratum together
5	Gave each record a reference number from 1 to 22,137	Gave each record a reference number from 1 to 19,808
6	Selected a random number from 1 to 73 at <a href="http://www.random.org">www.random.org</a> .  Number selected = 20	Selected a random number from 1 to 66 at <a href="http://www.random.org">www.random.org</a> .  Number selected = 48
7	Highlighted record no. 20 and every 73rd record from that number onwards	Highlighted record no. 48 and every 66th record from that number onwards
8	Selected a total of 303 records	Selected a total of 300 records

In the sampling undertaken, the records were stratified by Gaining CPSO / WLR provider, so that the resulting sample would produce a mix of service providers representative of the whole. It was not possible to sort by gaining reseller, since BTW had not made available the RID codes for its cases for July.

Once it had selected the sample of 603 cases, Schema merged them all into a single spreadsheet list. Schema also added the 35 records from Openreach relating to LLU Cancel Other (slam) requests in November – having decided to request data

on all these cases, there being too small a number to merit sampling them. The resulting list of 638 cases was then sorted by service provider in two ways:

- Firstly, a version of the list was sorted alphabetically by retail gaining provider (“Cancel Other GP Records”). This list was designed to form the basis of a request sent to service providers to supply information to explain Cancel Other (slam) actions requested *against* them. With respect to this list, the following should be noted:
  - as indicated above, Openreach provided RID codes for all its records for both July and November. However, BTW provided RID codes for its records from November only. This meant that it was not initially possible to identify the retail provider corresponding to 123 cases logged by BTW in July. Ofcom thus contacted the network providers corresponding to these records (the CPSOs) to determine their identities. Ofcom was able to resolve the identities of the GP in all but 14 cases – where for the purposes of analysis the provider remained identified as “SP Unknown”
- Secondly, a version of the list was sorted alphabetically by retail losing provider (“Cancel Other LP Records”). This was designed to form the basis of a request sent to service providers to supply information to explain Cancel Other (slam) actions requested *by* them against the gaining providers. With respect to this list the following should be noted:
  - as indicated above, Openreach was able to identify the losing provider (the provider requesting Cancel Other) for all of its records. BTW was unable to name the losing provider for any of its records. However, as stated, BTW did indicate that the identity of BT Retail as the losing provider could be ascertained in many cases from the fact that its Reason Codes – which were recorded by BTW – started 90xx. The result of this was that the identity of the losing provider was known or could be determined for all but 11 of the cases. Ofcom subsequently contacted BTW and resolved the identities of the missing 11.

As a result, Ofcom was able to start sending out information requests to gaining and losing providers.

### 3.3.3 Response to the request for records on Cancel Other (slam) cases

As outlined above, Schema requested records from service providers in relation to 638 Cancel Other (slam) cases. Of the 638 Losing Provider records requested, Schema received 524 records in response (82%). However, only 373 records returned (58%) had enough information to enable a confident verdict on the LP perspective of the case.

Of the 638 Gaining Provider records requested, Schema received 503 records in response, 79%. However, only 359 records returned (56%) had enough information to enable a confident verdict on the GP perspective of the case.

Overall, 1,027 records were returned, 80% of those requested, but only 57% of records provided information usable enough to enable a confident verdict on the case to be made.

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In only 58% of cases were LPs able to provide adequate information to justify implementing Cancel Other (slam) on a transfer set in motion by another provider. In only 56% of cases were GPs able to provide sufficient information to justify a transfer from their side. Quite apart from any consideration of what was shown by the adequate information Schema did receive, the failure to keep, locate or provide materials in support of actions did not engender confidence about compliance.

The failure to provide records also had an impact on the number of cases which could be fully analysed by Schema. In order to give a full assessment of a case it is necessary to have usable information from both the Losing and Gaining Provider. Usable information was received on the LP half of a case for 372 cases and on the GP half in 361 cases - but in many cases the halves did not match up to a full case. In fact, in only 236 cases was usable information received on both sides. Further comment on the implication of this for the analysis, as well as the treatment of cases for which full information was not received on both sides, is given in section 6.



## 4 Categorisation of cases

### 4.1 Key activities

There were four main elements to Schema's approach to categorising cases:

- Review of the use of existing frameworks being employed to categorise cases, in order to determine if cases were being categorised correctly
  - for OCC complaints the existing framework being used by OCC was a version of one developed by Schema during the UTI study (see section 4.2.2)
  - for Cancel other (slam) cases the existing framework took the form of the Reason Codes being allocated by the LP to cancelled transfers (see section 4.2.3).
- Review the cases and allocate a category using a version of the framework developed by Schema during the UTI study (see section 4.2.2)
  - the framework consisted of two levels: a high level Category and an underlying subcategory.
  - Schema used the full framework for its categorisation, in contrast to OCC which only used the categories relating to slamming, mis-selling and misconduct
  - Schema used the same framework for both OCC and Cancel Other (slam) cases.
- Develop and refine the framework to cater for new types of cases found
  - this was an iterative process, with new categories and subcategories of case being developed through the course of the review
  - the categories and subcategories used for OCC and Cancel Other (slam) cases can be seen in sections 5.4 and 6.4, respectively
- Propose refined frameworks for use in the future categorisation of OCC complaints and Cancel Other (slam) cases.
  - conclusions and recommendations on the frameworks can be found in section 7.5.

### 4.2 Existing Frameworks

#### 4.2.1 Definition of Categories

Before reviewing the categorisation framework, it is useful to provide definitions for the key high level Categories which have been used:

#### ***Slam***

Slamming is defined as the switching of a customer to a CPS/WLR/LLU service provider or between service providers without his/her full knowledge or consent. In this case, full knowledge and consent refers to the customer being aware of and consenting to the transfer process itself, and not the fine details, for example, of call pricing. A slam will also be deemed to have occurred where the company

transferring a customer claimed to represent a different company. For example, if a customer uses BT for their calls and agrees to accept service from another company claiming to be BT, this is considered to be a slam even though agreement was obtained. This is because the customer did not realise that accepting service implied transfer from BT, and as such to transfer such a customer is to do so without consent.

### ***Misconduct***

This category covers a range of threatening and fraudulent sales activities by companies and their representatives. Misconduct can include:

- applying unacceptable pressure such as refusing to leave before a customer signs, or using threatening or otherwise intimidating behaviour
- sales representatives knowingly using the fact that a customer is not capable of understanding the offer due to ill health, language problems, old age, etc.

Schema included this category in order to draw a distinction between cases where there is commercial deception and ones where there is moral or social deception – perhaps in situations where the letter of the law has been followed but the sale is unacceptable by universal standards of behaviour.

### ***Mis-selling***

This covers a range of irresponsible sales and marketing activities that can work against the customer's interests and undermine confidence in the industry. Mis-selling can include:

- a company giving false or misleading information about potential savings
- special offers that do not materialise
- misrepresenting the competition (eg stating that a competitor is going out of business).

Mis-selling is distinct from Slamming in that the customer is aware of and consents to the sales process initially, but does so on the basis of irresponsible activities of the kind described here.

### ***Customer Issue***

This covers a range of situations where the problem arises due to genuine customer mis-understanding, change of heart, or mis-communication between household/business partners (eg husband and wife). In such cases the service provider(s) will have provided all the necessary information and followed the correct sales procedures. This means that the burden of responsibility for the breakdown in sale or transfer is deemed to lie principally with the customer, as opposed to the GP.

### ***Process Issue***

The Process Issue category covers cases where some aspect of the transfer process itself leads to a problem. Examples include:

- the GP is unable to cancel an order

- the GP is following cancellation procedure but the customer contacts the LP to check on the cancellation process
- the customer does not know how to cancel an order with the GP.

**LP Issue**

This category covers cases where the LP uses the Cancel Other procedure inappropriately. Such instances include, for example:

- the LP cancels an order on the basis of slamming or mis-selling, when there is no evidence that slamming or mis-selling has taken place
- the LP cancels an order against the wishes of the customer.

**4.2.2 Schema framework, used by OCC**

At present, OCC advisors use a version of a framework developed by Schema to categorise cases. Each complaint received by OCC is allocated a high level category (eg Slamming, Mis-selling) and a level, based on a judgement of which underlying subcategory it belongs to. The existing framework is shown in Figure 4.1. It should be noted that OCC uses the sections of the framework relating to slamming, mis-selling and misconduct only. In its review of cases as part of this study, Schema started off by using the full framework, adding to it as new types of cases were found.

**Figure 4.1: Categorisation framework currently used by OCC**

<b>Level 1 slams - No contact with GP and no contract made</b>	
<b>Subcategory</b>	<b>Criteria</b>
Person not present (e.g. not in country, on holiday, deceased)	* customer had no contact with GP (and physically absent at time of sale)
Nobody in household or company has spoken with GP	* customer has no awareness of any contact with GP;
Number mistakenly transferred (e.g. from a previous account)	* number mistakenly transferred by GP, without the customer's knowledge
Transfer from IA (dialler or prefix)	* customer's existing IA service transferred without due notification or permission
<b>Level 2 slams - Contact with GP and no contract made</b>	
<b>Subcategory</b>	<b>Criteria</b>
Told GP did not want to change	*customer had contact with GP but told GP that it did not want to transfer
Did not tell GP wanted to change	* customer had contact with GP and is transferred even though it did not tell GP wished to transfer
Non-decision maker told GP needed to speak to decision maker; no agreement for service given	* GP spoke to non-decision maker and non-decision maker made no agreement; * non-decision maker referred GP to decision maker
Requested information only	* customer had contact with the GP but agreed/requested information only. Customer did not agree to transfer of service
Purchased another service e.g. digital TV,	*customer agreed other service with GP but did

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utility or mobile	not agree to take up CPS/WLR
Purchased another calls service e.g. international option	* customer agreed other call service with GP but did not agree to take up CPS for all calls
Thought they were signing for something else	* customer given the impression they were signing a contract for something different; * customer did not know transferring to CPS/WLR
<b>Level 3 slams - Misrepresentation</b>	
<b>Subcategory</b>	<b>Criteria</b>
GP said was part of BT/connected to BT	* customer was told GP representative represented BT or a company operating on its behalf; * customer did not think a transfer to separate company was involved
GP strongly implied was from BT	* GP representative did not directly say was from BT; * GP implied the service was associated with BT; * GP implied no transfer involved
GP said was part of a different company (not GP, not BT)	* GP falsely claimed to be operating on behalf of a third company (not BT or actual GP)
<b>Level 1 Misconduct</b>	
<b>Subcategory</b>	<b>Criteria</b>
[GP aware that] customer not capable of understanding the offer (thru ill health, general infirmity)	* customer incapable of understanding for health or age reasons;
[GP aware that] customer not capable of understanding the offer (language problems)	* customer incapable of understanding for linguistic reasons;
<b>Level 1 mis-sell - Contract agreed without full understanding / acceptance (GP at fault)</b>	
<b>Subcategory</b>	<b>Criteria</b>
GP told lies about the competition	* customer agreed/signed a contract with the GP on the basis of false information about BT (or other competitors)
Customer was told line rental included in CPS	* customer falsely told by GP that line rental included in price/ package
Web click through: customer misled by package agreed on web	* customer agreed transfer on the web; * customer misled by information on the web; * reality of service different from that promised
Misinformed regarding service costs/features	* costs and/or features of package/service sold differ from those of the product delivered
Special offer did not materialise	* customer agreed transfer on basis of special offer which did not materialise
Customer did not receive information promised	* customer was promised information to review decision to transfer; * transfer undertaken without having received the information
GP said could only send information if customer agreed to contract	* customer agrees to transfer as told can only receive information if transfers service
Misleading/inadequate information given	* GP fails to explain adequately the nature of the

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about transfer and billing	transfer process and/or the billing implications of transfer (e.g. two bills)
Customer accepted service as told existing service (e.g. International) no longer exists	* GP implies transfer to CPS mandatory, because existing service are being replaced
Customer agreed on the basis of false information	* customer agrees to transfer service on the basis of false and/or misleading information
<b>Level 2 mis-sell - Contract not with authorised person (GP at fault)</b>	
<b>Subcategory</b>	<b>Criteria</b>
GP aware not speaking to authorised person	* GP made aware not speaking to authorised decision maker; * GP ignores this fact and continues to execute sale
GP aware not speaking to account holder, but made no effort to check if person authorised	* GP made aware not speaking to account holder; * GP does not attempt to establish if respondent is an authorised decision maker; * GP continues to execute sale

<b>Level 1 Customer Issue - Contract agreed in error (customer at fault)</b>	
<b>Subcategory</b>	<b>Criteria</b>
Offer was not what the customer wanted/understood	* customer made assumptions about the product which proved false; * customer was not misled in the formation of these assumptions
Web click through: customer not happy with package selected on web	* customer agreed transfer on the web; * customer misunderstood the package ordered; * web information not misleading
Customer thought the GP was BT	* GP did state the name of the GP company; *GP did not state or imply GP company was part of BT; * Customer thought company was part of BT
GP thought they were speaking to authorised person (spouse/partner/other)	* GP given the impression that they were speaking to an authorised decision maker; * In fact, respondent is not authorised to make decisions on the account
<b>Level 2 Customer Issue - Customer wishes to cancel an agreed contract (customer at fault)</b>	
<b>Subcategory</b>	<b>Criteria</b>
Customer changes mind	* customer originally accepted transfer; * customer has changed their thinking and wishes to cancel transfer
Customer gives no reason but wishes contract cancelled	* customer originally accepted transfer; * customer gives no reason, but states that they wish to cancel transfer
Customer denies agreeing contract/transfer (despite evidence of agreement)	* customer states that did not agree to transfer; * Evidence shows that customer did agree to transfer
Customer unaware order made by other authorised person	* customer calling BT is unaware of any agreement to transfer service; * Evidence from GP or another party indicates that another authorised person did agree to transfer
Customer made a (verbal) contract, wishing to review and possibly cancel	* customer did not definitely intend to transfer; * customer agreed to a contract with GP; * customer accepted contract on basis that could review and

## S C H E M A

	possibly cancel
Customer signed/agreed a contract, but wanted information only	* customer has signed/agreed a contract with the GP; * customer intentionally signed only to receive information
Customer did not think a verbal contract was binding	* customer did not think they had agreed transfer; * customer thought a signature was required; * customer in fact gave a verbal agreement to transfer
Customer wishes to cancel gives incapacity as reason e.g. old/ foreign (GP not aware)	* customer wishes to cancel, as decision made by someone with impaired decision-making capability; * Customer happy that GP not aware of this fact when executing transfer
Customer cannot remember if spoke to or agreed to contract, and wishes to cancel	* customer cannot remember of had contact with GP or agreed contract; * customer believes it is possible they did; * customer does not claim to have been misled by GP
<b>Level 1 Process Issue - Customer wishes to cancel an agreed contract (Process at fault)</b>	
<b>Subcategory</b>	<b>Criteria</b>
Customer requested cancellation from GP but customer says no action taken	* customer asked GP to cancel; * GP tells customer that cancellation has not occurred
Customer requested cancellation from GP but GP is unable to cancel	* customer asked GP to cancel; * GP tells customer that it is unable to cancel the transfer
Customer requested cancellation from GP but GP refuses to cancel	* customer asked GP to cancel; * GP tells customer that it refuses to cancel the transfer
Customer does not know how to cancel order with GP	* customer wishes to cancel transfer; * customer does not know how to go about cancelling the service
Customer does not know how to get in touch with GP	* customer wishes to cancel transfer; * customer does not know how to get in touch with the GP
Customer cannot cancel with GP, because BT has implemented call barring	* customer wishes to cancel transfer; * customer cannot contact the GP because BT has barred outgoing calls from their phone
<b>Level 1 LP Issue - Invalid action / cancellation on part of Losing Provider</b>	
<b>Subcategory</b>	<b>Criteria</b>
LP persuades customer to cancel transfer, and provides no evidence of mis-selling	* LP representative persuades the customer to cancel transfer; * No evidence of mis-selling or inappropriate behaviour by GP; * LP cancels without occurrence of slamming or mis-selling
LP cancels service as non bill payer made order (when by its rules, non bill payer is authorised)	* LP cancels transfer on basis of inappropriate decision maker; * By rules widely used decision maker would normally be considered authorised; * no other legitimate basis for cancellation
No complaint or issue recorded	* No evidence or justification for cancellation complaint, but cancellation implemented
BT representative fails to complete or comply with UTI procedure	* BT representative registers unfair trading without following procedure; * insufficient data gathered by representative to justify cancellation on these grounds

The final subcategory above refers to BT as opposed to LPs generally, since BT has specific procedures relating to the registering of unfair trading which must be followed in order for it to cancel a transfer for this reason.

### 4.2.3 Cancel Other (slam) Reason Codes

When a service provider implements Cancel Other (slam) on the transfer of a gaining provider, it allocates a Reason Code to indicate the reasons for that decision. The Reason Codes currently in use are shown in Figure 4.2.

**Figure 4.2: Reason Codes used by SPs for Cancel Other (slam) actions**

Reason codes	Ofcom definition from its Direction
9020 (BTR requested)	Customer has been contacted by Gaining Provider, but has not given the Gaining Provider authorisation to transfer some or all of his telephone calls and/or line rental to the Gaining Provider
9050 (BTR requested)	Customer has never been contacted by the Gaining Provider
9060 (BTR requested)	Customer has agreed to transfer some or all of his telephone calls and/or line rental to the Gaining Provider having understood, as a result of a deliberate attempt by the Gaining Provider to mislead, that he is making an agreement with a different communications provider
9070 (BTR requested)	Customer has agreed to purchase a product or service from the Gaining Provider and the Gaining Provider has submitted a request for a different product or service which the customer has not agreed to purchase
9080 (BTR requested)	At a customer's request, where the Gaining Provider has failed to cancel the request after being directed by the customer to do so ("Failure to Cancel")
9120 (SP requested)	Customer has been contacted by Gaining Provider, but has not given the Gaining Provider authorisation to transfer some or all of his telephone calls and/or line rental to the Gaining Provider
9150 (SP requested)	Customer has never been contacted by the Gaining Provider
9160 (SP requested)	Customer has agreed to transfer some or all of his telephone calls and/or line rental to the Gaining Provider having understood, as a result of a deliberate attempt by the Gaining Provider to mislead, that he is making an agreement with a different communications provider
9170 (SP requested)	Customer has agreed to purchase a product or service from the Gaining Provider and the Gaining Provider has submitted a request for a different product or service which the customer has not agreed to purchase
9180 (SP requested)	At a Customers request, where the Gaining Provider has failed to cancel the request after being directed by the Customer to do so ("Failure to Cancel")

The above Reason Codes map either partially or completely onto the categorisation framework defined by Schema. For example:

- the 9X20 code equates to a Level 2 Slam (Contact with GP and no contract made)

- the 9X50 code equates to a Level 1 Slam (No contact with GP and no contract made)
- the 9X60 code equates to a Level 3 Slam (Misrepresentation)
- the 9X70 code is a type of Level 2 Slam (Purchased another service); it could also be interpreted as a type of Level 2 Mis-selling (eg where the customer was misinformed regarding service costs or features)
- the 9X80 code is either a Process Issue or a Slam, depending on why it has not been possible to cancel an order.

Schema's review of the use SPs, including BTR, made of these Reason Codes is given below in section 6.2.

### 4.3 Schema's categorisation of cases

Having reviewed the decision made by OCC or the LP categorising a case, Schema produced its own verdicts on each case. For both the OCC and the Cancel Other (slam) cases this meant:

- Firstly, producing a category and subcategory verdict based on the evidence presented on the originating side of the case: in other words:
  - for OCC cases this meant producing a verdict based on the details recorded by OCC on the case
  - for Cancel Other (slam) cases this meant producing a verdict based on the information presented by the Losing Provider.
- Secondly, producing a category and subcategory verdict based on *all* the evidence on a case, both that from the OCC or LP and that presented by the gaining provider.

To start with, Schema used a version of the same categorisation framework for both OCC and Cancel Other (slam) cases, refining the framework in each case to cater for new cases that occurred. The starting version corresponded to the OCC framework identified above in section 4.2.2. New categories and subcategories were added as the review progressed. The categories and subcategories actually used can be seen in section 5.4 for OCC and section 6.4 for Cancel Other (slam), where the number of cases found in each subcategory are broken down. Schema's conclusions and recommendations on the frameworks used are given in section 7.5.



## 5 Review of OCC Complaints

### 5.1 OCC's handling of all 453 November complaints

As discussed in section 3.2, an initial review of the 453 slamming/ mis-selling complaints received by OCC during November 2006 led to 209 records (46%) being excluded from further study for a variety of reasons. The fact that almost half the records were effectively unusable led Schema to examine the reasons for their exclusion, and to consider how OCC might increase the accuracy and usability of the complaints data in future.

There were, of course, a number of instances where the reasons for exclusion were not due to any error or omission on the part of the OCC advisors. For example:

- where a customer had requested that his/her details should not be shared with third parties; only 12 cases (3%) fell into this category
- where a customer did not know the identity of the Gaining Provider, possibly because he/she had received a Losing Provider letter before receiving notification from a Gaining Provider, and was not aware of or had forgotten any recent SP sales approaches.

The initial examination of the OCC data found that 151 cases (33%) had to be excluded on the basis that the service provider was unknown. Subsequently, as discussed in section 3.2.3 above, a further 20 cases were excluded because the name of the SP recorded by OCC was not that of a Gaining Provider. It may well be that the lack of information on Gaining Providers was indeed due to the reason suggested above, ie that customers were prompted into making a complaint to Ofcom by the arrival of a Losing Provider letter. However, as "SP Unknown" accounted for such a significant proportion of the cases, Schema recommends that the procedure for collecting information on the identity of Gaining Providers is reviewed, to ensure that every effort is made to record this where at all possible.

A further reason for excluding cases was lack of information on the CLI of the fixed line which was the subject of suspected slamming or mis-selling. In some cases no CLI information had been collected, and in others the CLI was invalid or was in fact a mobile number. A total of 81 cases fell into this category (18% of the original 453 records).

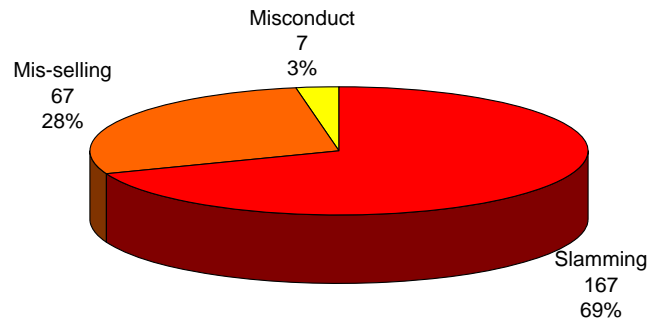
Ways to improve the accuracy of service provider and CLI information should be considered by OCC. Some recommendations on this are given in section 7.4.3.

### 5.2 Decisions made by OCC advisors on 241 cases selected

Before analysing cases for which information was received from service providers, Schema reviewed the 241 cases considering OCC data alone. The first step in this review involved examining the accuracy of verdicts made by OCC advisors. This was done by comparing the verdict made by OCC with the notes recorded by OCC advisors on each case - contained in the "summary", "description" and

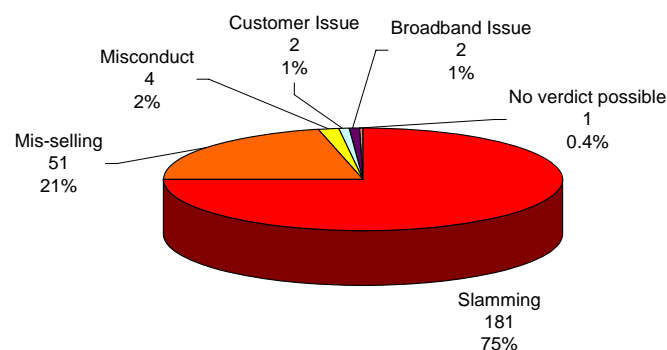
“closure reason / notes” sections of its spreadsheet. The categories to which OCC had allocated the 241 cases are illustrated in Figure 5.1.

**Figure 5.1: OCC’s original judgement on 241 complaints**



As can be seen from the above figure, all 241 cases were categorised by OCC as slamming, mis-selling or misconduct. Schema then carried out its own evaluation of each case and allocated each to a category from the framework. The results of Schema’s categorisation are shown in Figure 5.2.

**Figure 5.2: Schema’s judgement on 241 complaints - based on OCC information only**



Schema concluded that 236 of 241 (98%) cases were slamming, mis-selling or misconduct.

Two cases were examples of Customer Issue – one where a customer had changed their mind and another where the customer was complaining that their spouse had been allowed to make an order (not an example of mis-selling, given that it is legitimate for the account holder’s spouse to agree to a sale).

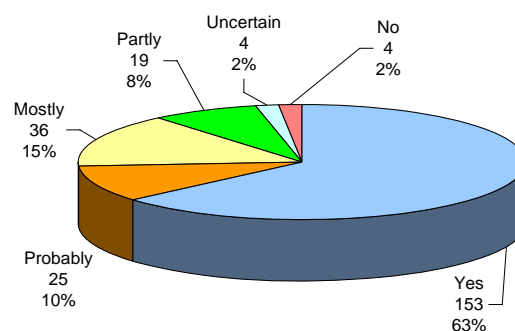
Two cases were identified as being Broadband Issue cases, where the complaint seemed only to concern a broadband sale, rather than a fixed telephone service sale or bundle of the two.

It was not possible to reach a verdict on one case because the customer appeared to be claiming that Ofcom had taken over their line.

Schema agreed that the remaining 236 cases should all be categorised as slamming, mis-selling or misconduct, although, as can be seen by comparing Figure 5.1 and Figure 5.2, the proportion of cases allocated to each of these three types of case varied slightly. Schema identified a slightly higher proportion of slams and lower proportion of cases of mis-selling. Figure 5.3 shows the extent to which Schema agreed with OCC decisions, with differing levels of agreement defined as follows:

- Yes: OCC decision is judged to be 100% correct (correct category and level)
- Probably: it appears that the decision is correct, but there is insufficient information in the case notes to be absolutely sure
- Mostly: the correct category has been assigned, but the level is wrong (eg a complaint was correctly judged to be a slam, but should have been designated as a Level 3 slam rather than a Level 1 slam); this option also covers instances where the correct category was selected but no level was assigned by OCC (eg some cases were just called “slam” by OCC, not “slam level 1”)
- Partly: a form of slamming or mis-selling has clearly taken place, but the wrong category has been chosen (eg slam rather than mis-selling or vice versa)
- No: decision is incorrect – no slamming or mis-selling appears to have taken place
- Uncertain: unable to make a judgement about the decision on the basis of the information provided.

**Figure 5.3: Schema’s judgement on the accuracy of OCC complaints categorisation**



As Figure 5.3 indicates, Schema judged the OCC decisions to be completely accurate, or probably so, in 73% of the 241 cases considered. In a further 23% of cases the decisions were considered to be mostly or partly correct, whilst the “Uncertain” category accounted for just 2% of cases. There were only four cases where Schema felt OCC advisors had been wrong to categorise the case as a form of slamming mis-selling or misconduct: two of these cases Schema believed were Customer Issue cases and not mis-selling, and two of them were Broadband Issue cases (as previously identified above).

These results suggest that OCC advisors have a good understanding of the key issues involved in cases of slamming and mis-selling, and are applying the categorisation framework with a reasonably high degree of accuracy. There is a small amount of confusion over the difference between slamming and mis-selling

and over the difference between levels within a category (eg slam level 1 and slam level 2). In some cases this confusion was caused by cases occurring which did not fit the existing framework. Further comment on such cases is given in section 5.4 below, where Schema comments in more detail about different types of case, and in some instances this led Schema to add new subcategories to the framework. It is hoped this will help to clarify grey areas and will allow OCC reps to improve further the accuracy of their decisions.

Although the OCC advisors usually provided sufficient detail in their case notes to enable a judgement to be made about each complaint, there were some instances where the case notes were too brief to shed light on the nature of the complaint. Future analysis of OCC complaints data would be further enhanced if all OCC advisors ensured that detailed case notes were recorded in all cases, thus reducing the number of complaints which would be classified as probably correct or uncertain.

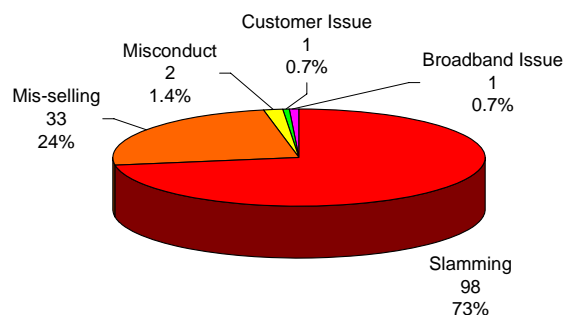
### 5.3 Schema verdicts on 135 cases where usable data from SP

The next stage of analysis involved reviewing cases using data received from SPs in addition to that from OCC. As mentioned above, Schema requested information in relation to 217 OCC cases. In the case of four of these, records were requested from two SPs (“twin cases”), meaning that 221 records were requested in all. Information – in the form of recordings, contracts and paper records – was received from SPs regarding 166 of the 221 records requested.

Schema reviewed all the information received from SPs to determine whether it allowed a verdict to be reached on a case, determining that 138 usable responses were received – relating to 135 cases, since for three of the four twin cases, both SPs responded.

Before looking at how these 135 cases were categorised by Schema having considered the information from service providers, it is necessary to show how they were categorised by Schema based on a review of OCC information only. A breakdown of this is given in Figure 5.4.

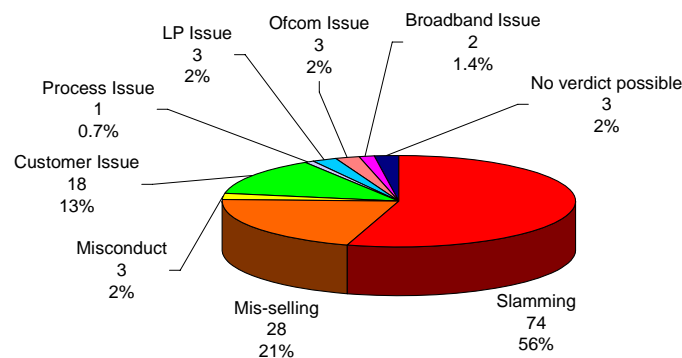
**Figure 5.4: Schema’s verdict on 135 cases where usable SP data received – based on OCC data only**



The 135 cases broken down in Figure 5.4 are essentially a subset of the cases broken down in Figure 5.2. Both are derived from the same Schema decision based on OCC data alone. The proportion of cases falling into each category is almost exactly the same – with 99% of cases being categorised as slamming, mis-selling or misconduct.

Whilst it is interesting to look at the categorisation based on OCC data alone, a true appraisal of each case and the category to which it should be allocated is only possible once information from service providers has been considered alongside the information from OCC. This enables a confident verdict, based on all data. The final verdicts given on all 135 cases are shown in Figure 5.5 below:

**Figure 5.5: Schema’s verdict on 135 cases where usable SP data received – based on all data**



Based on a review of OCC data alone (Figure 5.4) slamming, mis-selling and misconduct appeared to make up 99% of cases. However, as can be seen from Figure 5.5, when GP data was also considered this dropped to 78% of cases.

The single biggest reason for the change was that 17 cases were revealed to be cases of Customer Issue. There were also found to be three LP Issue cases, three Ofcom Issue cases, an additional Broadband Issue case, and three cases about which no final verdict could be reached.

## 5.4 Verdicts across subcategories – 135 usable cases

In order to comment in more detail on the final make-up of cases, Schema has broken them down into the underlying subcategories used to define them. Each of the headings below includes a table showing the subcategories within it and how many cases were allocated to it.

It should be noted that the framework used in this section is more comprehensive than the final categorisation framework recommended by Schema for future use (see section 7.5). This is because Schema believed it was useful to keep a greater level of granularity when analysing types of case here. Whereas a framework designed for future use should be more simple and user friendly, meaning that some of the less prevalent categories can be removed.

### 5.4.1 Slam Level 1: No contact with GP and no contract made

Subcategory	No. of Cases
Previous provider has transferred service without recent contact or permission*	12
Nobody in household or company has spoken with GP	8
Number mistakenly transferred (e.g. from a previous account)	6
Number wrongly transferred as part of a bulk transfer of customers*	3
Transfer from one service to another (eg IA to CPS, CPS to LLU), without contact or permission	2

\* new sub-category created following the analysis of OCC and GP complaints data.

Level 1 slams accounted for 31 cases, 23% of the 135. There were eight cases of “blind” slams – where there had been no contact at all with the GP. In five of these cases, the GP’s evidence showed the customer complaining about having been signed up without any permission, and in two cases it appeared the transfer had been made again having been cancelled once already.

The five cases of a number being mistakenly transferred involved cases where a customer’s number had been wrongly transferred in the name of a different person – for example a previous resident, a neighbour, an old customer or account holder.

There were two cases of “transfer from one service to another without contact or permission”, one involving a customer being transferred to LLU and one from CPS to WLR. In both cases the customer was adamant – even in the evidence presented by the SPs – that they had neither agreed to nor been informed about the switch. Whilst the SPs argued this was not the case, they presented no direct evidence of this agreement or of having told the customer.

The largest single Level 1 subcategory was a new one: “Previous provider has transferred service without recent contact or permission.” This subcategory was created to cover a grey area in the categorisation. In these 12 cases, a customer’s service was being transferred without permission to a company by whom the customer had been served in the past. Given there had been past contact, this was sometimes viewed by OCC advisors as being a level 2 slam – where there had been contact but not permission. In other cases, often where the contact with the GP in question occurred longer ago, the case had been deemed a level 1 slam – given that there had been no recent contact or discussion with the GP. Schema believed there were enough cases of this type to warrant a new subcategory being developed. Our view is that this type of case should be considered a level 1 slam, rather than level 2, given that the contact with the GP is a *historic* characteristic of the case, rather than a reflection of its current nature. The current nature of the case is that a customer’s service has been transferred without any specific or recent

contact to ask their permission, and we believe this is consistent with other types of Level 1 Slam. It is notable that there were a significant number of these cases. This, together with a tendency for some companies to re-submit transfer orders once they are cancelled, seems to reflect a trend which has increased since the UTI study – that of companies attempting to transfer back old or recently cancelled customers without permission.

Another new and related category involved customers wrongly transferred as part of a bulk order, of which there were three cases. Whilst the GP’s explanation for this was that the customers were part of a batch being migrated following an acquisition, the customers were in fact no longer being served by the company in question, having left it to be served by another provider, and thus were transferred without contact or permission. Whether this is a widespread trend or an isolated problem cannot be determined from a sample of this size, but the existence of such cases nevertheless suggests greater care should be taken by service providers to ensure customer lists are current when migrating customers en masse.

#### 5.4.2 Slam Level 2: Contact with GP but no contract made

Subcategory	No. of Cases
Customer has told GP wishes to cancel, but GP has failed to cancel*	17
Told GP did not want to change / Did not tell GP wanted to change	8
Requested information only	6
Purchased another service e.g. digital TV, utility, mobile or broadband	3
Purchased another fixed telecoms service	1

\* new sub-category created following the analysis of OCC and GP complaints data.

Level 2 slams accounted for 35 cases, 26% of the 135 usable cases. A new subcategory accounted for the largest number of cases – “Customer has told GP wishes to cancel, but GP has failed to cancel” – of which there were 17 examples. In these cases there was compelling evidence that the customer had requested cancellation within the cooling-off period, and yet the service had not been cancelled. In one case, the GP refused both a husband and wife’s requests to cancel on the grounds that neither of them was authorised to cancel. It refused the husband’s cancellation request, claiming that his wife made the order, but also refused the wife’s request, since the husband was the bill payer. Schema believes that the fact that there were a significant number of this new subcategory is a reflection of a slight shift in emphasis with regard to slamming practices on the part of service providers. Practices with regard to the original sales contact have improved in certain respects (for example less selling on cancellation and passing

off as BT), but new practices have emerged with a view to making it very difficult for customers to cancel.

There were eight cases in which the customer had had contact, but had not agreed to a transfer. Notably, however, there were only six cases of “Requested information only” (4% of 135) in which a customer had been transferred despite agreeing to no more than receiving further information. This marks a significantly lower proportion of such cases compared to the UTI study, in which 37 of 220 cases fell into this subcategory (17%). Whilst the focus of this review of OCC complaints is slightly different from the review of slamming / mis-selling undertaken in the UTI study, there was a corresponding fall in the Cancel Other (slam) cases (see section 6.4.2), and Schema believes it reflects a slight decrease in the practice of “selling on cancellation”, identified in the UTI study as a practice being widely abused. The “Requested information only” subcategory often occurs with this sales technique, because the technique relies partly on persuading a customer to accept a “welcome pack” of information, which the customer often assumes is information to consider *prior* to accepting transfer, whereas in fact the transfer has already been set in motion. Since the transfer is in motion, the customer is therefore obliged to cancel or the sale will go ahead. In some of these cases, information from the GP confirms that this obligation to cancel has been made clear to the customer during the sale, and that the customer has clearly agreed to accept this position – even if subsequently they complain. Such cases are categorised as a type of Customer Issue (for comment on these see Customer Issue subcategories below). In other cases, the customer did make it clear that they wished to receive information *before* agreeing to transfer. Such cases fall under “Requested information only”. Further comment on this subcategory is given in the Cancel Other (slam) section of the report (6.4.2).

There were also three cases in which customers had purchased other items or services (for example a mobile phone or broadband), and had found a fixed line service to which they had not agreed had also been transferred.

### 5.4.3 Slam Level 3: Misrepresentation

Subcategory	No. of Cases
GP said was part of BT/connected to BT	7
GP said was part of a different company (not GP, not BT)	1

Misrepresentation accounted for a total of eight cases, 6% of the 135 usable cases. This compares to 11% of cases on the UTI study. Whilst a better comparison can perhaps be gained from the larger number of cases studied in the Cancel Other (slam) section of this report, Schema believes the lower proportion of cases does reflect some level of improvement in instances of misrepresentation – meaning that there are fewer cases of companies misleading customers, by direct statement or implication, into thinking they are associated with BT. Further comment on this is given in section 6.4.3 below.



#### 5.4.4 Mis-selling Level 1: Contract agreed without full understanding / acceptance (GP at fault)

Subcategory	No. of Cases
Misinformed regarding service costs/features	16
GP told lies about the competition	4
Misleading/inadequate information given about transfer, billing or contract	4
Customer agreed on the basis of false information	1
GP told lies about what the customer was signing*	1

\* new sub-category created following the analysis of OCC and GP complaints data.

There were 26 level 1 mis-selling cases (19% of the 135). This represents a larger proportion of this type of case than found on the UTI study – where they made up 7% of cases. The subcategory principally responsible for this increase was “Misinformed regarding service costs/features”, of which there were 16 cases. Within this number there were two main types of case. Firstly, there were four cases involving a bundle as part of which customers were promised free broadband. In these cases the customers had bought the package on the promise of the free broadband component, only to be informed later that broadband was not free in their local area. Whilst the reasons for this were made clear to them when they received the news – that not all exchanges were unbundled – the evidence suggested that the possibility this might occur had not been made clear to them at the time of sale. The remaining cases concerned aspects of a package delivered differing from that agreed – for example through having different call tariffs, cost of line rental, or types of calls included.

There were four cases of “Misleading/inadequate information given about transfer, billing or contract”. These cases differ from the previous subcategory in that the misinformation is not about the details of the service itself (eg tariffs) but about the process of transfer or being billed. This included two cases where the GP had not warned the customer that the LP might charge termination fees – and the customer felt strongly that this was misleading, as it implied neglecting to reveal an important consequence of transfer. This does raise a question regarding how far GPs can reasonably be expected to go in warning customers about the losing provider’s reaction to transfer – something which might put them off a sale. However, transfer is often likely to have some implication regarding the customer’s existing contract and Schema would argue GPs have an obligation to make customers aware of this fact. It is certainly the case that customers feel aggrieved if they discover such a negative consequence further down the line.

There were also four cases in which the GP seemed to misrepresent the competition. None of these cases involved actual transfers – all of them were cases

where the customer was complaining about an SP trying to persuade them to transfer, though the customer had rebuffed the sales attempt.

#### 5.4.5 Mis-selling Level 2: Contract not with authorised person (GP at fault)

Subcategory	No. of Cases
GP took Direct Debit details for a different person than the person agreeing to service, without their knowledge*	1
Service agreed, but contract set up in the wrong person's name*	1

\* new sub-category created following the analysis of OCC and GP complaints data.

There were two cases of contracts being sold to people not authorised to agree a sale, both of them slightly new types of case. As the first case's title implies, in one case this involved a contract being filled in and signed by one customer, using the bank details of a different person who was not present at the time (and not a joint account holder). In another case an elderly man had agreed a sale, but the GP had put the transfer through for the CLI and address of a relative.

#### 5.4.6 Misconduct

Subcategory	No. of Cases
[GP aware that] customer not capable of understanding the offer (thru ill health, general infirmity)	3

There were three cases of Misconduct. Given the seriousness of these cases, it is perhaps worth giving details of each of them.

The first involved a blind man being persuaded to sign a paper contract he could not read by a sales agent. A verification call provided by the GP revealed that the customer understood and agreed to the sale to some degree. However, given that the customer could not read what he was signing, this cannot be considered an acceptable form of sale.

The second case involved a sales call to an elderly lady who clearly did not understand what she was agreeing to but who answered questions because she was asked them by a rep. For example, she gave her date of birth and favourite colour when asked, without understanding why. The rep also made misleading statements such as "there are no changes at home, and you retain the same BT services and line".

The third case involved an elderly man, partially deaf and, according to his relative who made the complaint, in the early stages of dementia, being signed up in one of the GP's branches.

There is evidently nothing wrong with selling telecoms services to the elderly, but there were clearly some cases in which elderly and infirm customers were being taken advantage of by sales reps.

#### 5.4.7 Customer Issue: Customer wishes to cancel an agreed contract (customer at fault)

Subcategory	No. of Cases
Customer denies agreeing contract/transfer (despite evidence of agreement)	9
Offer was not what the customer wanted/understood	3
Customer changes mind	1
Customer unaware order made by other authorised person	1
Customer wishes to cancel; claims not to have known about minimum contract term; EP has provided evidence that customer was given this information*	1
Customer confused about the service on offer*	1
Customer did not request cancellation, contrary to their claim*	1
Customer wishes to cancel because existing services on the line have been disrupted*	1

\* new sub-category created following the analysis of OCC and GP complaints data.

There were 18 cases of Customer Issue, 13% of the 135 usable cases.

The largest single Customer Issue subcategory was “Customer denies agreeing contract/transfer (despite evidence of agreement)”, of which there were nine examples (7% of 135). These were cases in which the customer had complained about being slammed, but in which the evidence from the GP showed that the customer did agree to the sale. Whilst direct comparisons cannot be made, it is notable that a much higher proportion of such cases was encountered during the UTI study (40 of 220 cases). Schema believes this again suggests there has been a decreased reliance on selling on cancellation and an improvement in the practices associated with it. This process puts customers in a position whereby their service is transferred unless they call to cancel. Whilst on one hand they clearly accept this position, they nevertheless do not understand they have done so - leading to slamming complaints.

There were no cases in which the customer had mistakenly assumed the GP was BT. This implies a better understanding on the part of consumers of the distinction between BT and other service providers with regard to the provision of fixed line telecoms services, something which was a newer concept when the UTI study was undertaken in 2004 (when this subcategory was more prevalent). Schema believes

it also reflects greater clarity on the part of service providers with respect to their independence from BT – as mentioned above in the section on misrepresentation.

#### 5.4.8 Process Issue

Subcategory	No. of Cases
Customer requested cancellation after go-live date*	1

\* new sub-category created following the analysis of OCC and GP complaints data.

There was a single instance of this self-explanatory case.

#### 5.4.9 Losing Provider Issue

Subcategory	No. of Cases
LP cancels service on grounds of slamming / mis-selling, when no evidence mis-selling has occurred*	1
Customer asks LP to cancel service as in last 48 hours before transfer; LP fails to cancel*	1
LP advises customer that a different CLI is being transferred, leading to customer thinking that slam is taking place*	1

\* new sub-category created following the analysis of OCC and GP complaints data.

The three instance of LP Issue were all new subcategories, all three of them examples of cases for which the guilty party was not the GP named, but the customer's LP. There are too few cases here to draw any overall conclusions, though more extensive analysis of the invalid cancellations made by LPs is undertaken under the LP Issue heading of the Cancel Other (slam) section (6.4.9).

#### 5.4.10 Ofcom Issue

Subcategory	No. of Cases
Ofcom has incorrectly attributed complaint*	3

\* new sub-category created following the analysis of OCC and GP complaints data.

There were three cases for which the GP evidence showed that Ofcom had incorrectly diagnosed or attributed the complaint. In one case a customer of service provider had received a leaving letter from that provider, and the OCC advisor assumed this reflected an unauthorised LLU transfer put through by the provider itself. This service provider had thus been identified as the slamming party. The evidence from that provider showed that the customer's service was in fact being slammed by another provider. In the other two cases OCC had recorded the complaint against a service provider which was the customer's existing provider – mistaking it for a gaining provider. In fact in one of these cases that

provider had advised the customer to call Ofcom to find out who the slamming party was.

Without hearing call recordings of the customer's contact with OCC, it is not possible to determine precisely why these complaints were misunderstood – there could have been a lack of clarity on the customer's behalf. However, it is possible that better questioning of the customer regarding the complaint – and the identities of their current providers – could have prevented these cases being marked against the wrong companies. Indeed, Schema believes that questions designed to determine the identity of a customer's current provider and gaining provider could add clarity both with respect to the identity of the companies involved (and thereby a reduction in the number of cases where the GP is unknown) and also concerning the services in question (eg WLR vs CPS), which could help to reduce the cases of "Service Unknown" (see section 5.6). Schema has made some recommendations on OCC scripts and the handling of complaints in section 7.4.3.

#### 5.4.11 Broadband Issue

Subcategory	No. of Cases
Customer's contact concerns broadband services only*	2

\* new sub-category created following the analysis of OCC and GP complaints data.

There were two cases of Broadband issue, where the case in question seemed only to concern a broadband sale or transfer issue, and did not involve fixed telecoms services. This is distinct from cases where Broadband was included as part of a bundle with fixed services, in which case a complaint could be categorised in the usual way.

#### 5.4.12 No verdict possible

Subcategory	No. of Cases
Information provided is inconclusive*	3

\* new sub-category created following the analysis of OCC and GP complaints data.

There were three cases which could not be categorised. In one case this was because the OCC notes were very brief, and the evidence from the GP was inconclusive – including the provision of an illegible contract. There was thus not really enough from either perspective to be sure about the case. In another case the OCC notes were unclear and mentioned two service providers. The evidence from one was inconclusive and the other did not provide any evidence, so ultimately a confident verdict on the case could not be reached.

## 5.5 Secondary complaint characteristics

As Schema reviewed the OCC case notes to understand the reasons driving complaints it became clear that customers were complaining not only about slamming / mis-selling - which was an issue in all complaints - but also about other aspects of behaviour by service providers. Schema decided to make a note of these characteristics in addition to recording categories of mis-selling. The key types of these secondary complaint characteristics and the frequency with which they were encountered are indicated in Figure 5.6.

**Figure 5.6: Secondary Complaint Characteristics (241 cases)**

Circumstance	No. of Cases
GP failing / refusing to cancel unauthorised service	35
Attempted / theoretical slam (no actual transfer attempt)	21
Multiple slam attempts by gaining provider	14
Customer charged a cancellation or termination fee by gaining provider	11
Vulnerable customer (eg elderly, blind, mental health issues)	8
Customer's services disconnected	8
Gaining provider refuses to cancel transfer as account / service in someone else's name	3
Customer uncertain who is now their service provider	2

In many of the above cases, the customer's dissatisfaction at the unfair transfer of their service was being compounded by problems returning their service to their original provider. As can be seen from Figure 5.6, in 35 cases this was because the gaining provider was failing or refusing to cancel the unauthorised service. In 12 cases this was because the customer was finding it very hard to contact or get a response from the provider, often despite repeated attempts to contact the provider in question by phone or letter. Whilst this could be considered a failure rather than a refusal to cancel service on the part of the gaining provider, it is arguable that by being uncooperative or hard to contact, the service providers in question were in effect refusing the customer's request. In many other cases the refusal to cancel was more overt. In seven cases the gaining provider claimed the customer was now tied into a contract, so cancellation was not possible. In six cases the gaining provider simply refused to release the customer. Other examples of refusal included:

- applying cancel other repeatedly to prevent customer transferring
- barring calls until gaining provider's bill paid
- hanging up on the customer
- proceeding with order despite agreeing to cancel
- agreeing to cancel but continuing to bill the customer.

As indicated in Figure 5.6, there were three cases in which a provider refused to cancel because there was a dispute over the name of the account holder, and 11 cases in which cancellation of a slammed or mis-sold service was made conditional upon the customer paying a cancellation or termination fee. In five of the cases the size of this fee was not stated in the OCC notes, but in the other cases amounted to £70, £300, £350, £500, £464 for each of 2 lines, and in one case to £1,000.

There were eight cases in which a request to cancel service had resulted in the customer being disconnected and left without service, and two cases in which the customer had been left so confused by transfer proceedings that they were unsure who was their service provider. It was also noteworthy that in 14 cases customers mentioned the fact that repeated attempts had been made by the same provider to takeover their line, despite repeated cancellation or refusals of service.

Finally there were eight cases in which vulnerable customers were the subject of slamming or mis-selling attempts. As mentioned above, there is nothing implicitly wrong with service providers selling to the elderly – and where such selling was deemed inappropriate, Schema has indicated it through the Misconduct category. However, it was thought worth capturing how many complaints involved people from potentially vulnerable groups.

Schema also identified 21 cases in which no actual attempt to transfer the customer's account was made, though the service provider did initiate some kind of unfair selling practice. In these cases the customer called OCC to complain it had spotted or experienced unfair selling activities – though the customer had rebuffed the attempt. For example, a customer was called by a company claiming to be part of BT, but the customer realised that the company was not part of BT. The customer therefore rejected the sale and the company did not attempt to transfer the customer's service – but the customer still called OCC to inform them that the company was guilty of sharp practice. Schema has allocated slamming and mis-selling categories and sub-categories to complaints of this type along with all the other cases – reflecting the type of unfair attempt made – but thought it worth noting the distinction as a secondary characteristic of such cases.

In only one of these 21 cases was any information received from an SP regarding the complaint. In the 20 other cases, either no response was received at all, or the SP responded that it could find no trace of the CLI. Given that the transfer was not actually put through – though a questionable sale was attempted – this could be because the CLI was never registered on the GP's system. Nevertheless, an attempt to mis-sell had taken place. This raises questions as to how these foiled mis-sale attempts should be handled by OCC and how to ensure that evidence of them is recorded and provided by SPs. Some recommendations on this are given in section 7.

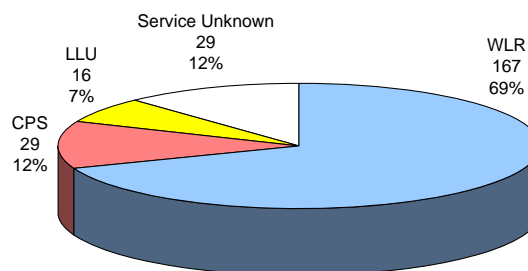
As a final comment it should be noted that the numbers recorded above are based on case notes which were recorded largely on an incidental basis by OCC advisors. By this we mean that OCC advisors were not specifically looking to capture comments on cancellation refusals, for example, or fees demanded for cancellation. Were OCC to ask specific questions relating to some of these characteristics, it is likely that more cases would emerge. This begs a question as to whether an additional dimension should be introduced to the categorisation framework used

by OCC to ensure secondary characteristics generating complaints are proactively researched, in addition to the data on slamming and mis-selling captured by the existing framework. Schema's recommendations on this subject are given in section 7.4.3.

## 5.6 Breakdown of OCC cases by service type

The breakdown of the 241 cases by service type is illustrated in Figure 5.7 below:

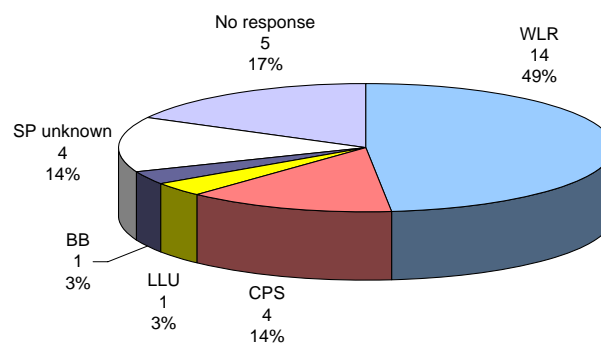
**Figure 5.7: OCC cases by service type**



As can be seen, WLR accounted for the largest number of complaints – 167 of the 241 cases. In 29 cases (12%), the service was unknown.

Ofcom asked Schema to review the OCC and GP information relating to the Service Unknown cases to see if the identity of the service could be determined. The results of this review are shown in Figure 5.8:

**Figure 5.8: Breakdown of OCC “Service Unknown” cases**



Ofcom was interested to know if there was a particular pattern to the Service Unknown cases – for example: were they all a particular type of service (eg LLU or WLR). A comparison of Figure 5.7 and Figure 5.8 reveals that there were a mix of cases among the 29, and with a sample of this size it is not appropriate to draw any further conclusions on the relative proportion of each type, save to state that the mix of Service Unknown cases is broadly proportionate to the mix of all cases.

It is worth noting that in most cases GP data was required in order to determine the service in question, but that in a few cases the service was apparent from the



## S C H E M A

OCC's own notes. In some cases the customer may be ignorant of the service in question, or may not understand the distinction between CPS and WLR. However, the fact that the unknown service could sometimes be determined from OCC notes would suggest there are cases in which the type of service could have been determined and recorded by the OCC advisor.

## **6 Review of Cancel Other (slam) complaints**

### **6.1 Impact of the response by Service Providers to Ofcom's information request**

As previously discussed in Section 3.3.3, SPs provided information relating to 80% of the 1,276 CO records requested by Ofcom. In some cases this information was not relevant or was too brief to enable Schema to make a judgement, with the result that the percentage of records for which there was usable data fell to 57%.

This overall response rate had a significant impact on the proportion of cases which could be reviewed. Of the total of 638 cases there were:

- 236 cases where there was sufficient evidence on both the LP and GP side to give a verdict (37% of cases)
- 136 cases where sufficient information was available on the LP side only (21%)
- 125 cases where sufficient information was available on the GP side only (20%)
- 141 cases where information from neither party was sufficient to enable analysis (22%).

It is interesting to note that the proportion of cases where usable data was available from both the LP and GP – 37% – is almost exactly the same as that achieved on the UTI study, where 38% of cases had usable data from both BT and the GP.

Whilst the response from SPs means that the number of complete cases – 236 – is lower than hoped, Schema believes it is a large enough number to draw solid and representative conclusions on mis-selling and cancellation trends and behaviour.

It should be noted that valuable insights can also be drawn from the cases about which there was usable information on one side of the case only (LP only or GP only). In some of these cases it is possible to allocate the case to a category with a high level of confidence, even without information from the other side. However, this is not true in all cases, and there is no doubt that in many situations a confident verdict can only be reached with usable information on both sides. It is also true to a certain extent that the degree of confidence one can attach to a case in situations where there is not complete data is dependent on the type of case. To avoid blending cases about which differing levels of confidence might exist, Schema elected to analyse full cases, LP only cases and GP only cases separately. Sections on each are included in the review below.

### **6.2 Use of CO Reason Codes**

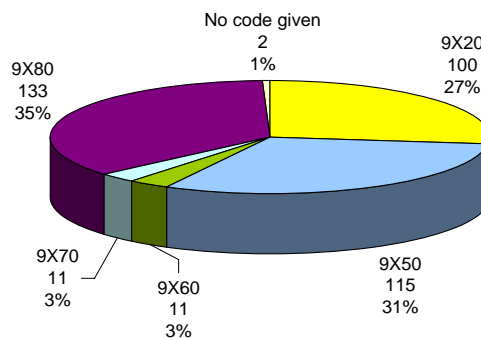
#### **6.2.1 Review of Reason Codes given by LPs - 372 cases where usable LP data**

As the previous section indicates, there were 372 CO cases where there was sufficient information from the LP to enable Schema to analyse the basis on which

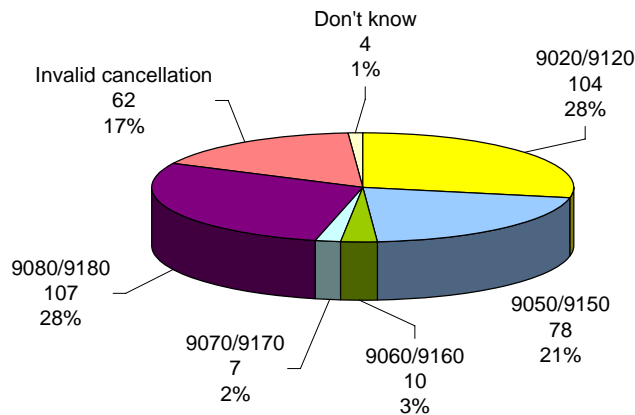
a CO request had been made. Using this information, Schema made a judgement about whether or not each CO request was justified, and the extent to which CO Reason Codes were being used by LPs in an appropriate manner.

Figure 6.1 shows a breakdown of the Reason Codes used by LPs in these 372 cases. In contrast, Figure 6.2 illustrates Schema’s verdict based on information provided by the LPs. Overall, Schema agreed that the correct Reason Code had been used in 67% of the cases

**Figure 6.1: LPs use of Reason Codes**



**Figure 6.2: Schema’s verdict on Reason Codes**



Key points to note are as follows:

- in Schema’s view the 9X50 Reason Code (no contact with GP, nor permission to transfer) should have been used in 21% of the CO cases, rather than the 31% shown in Figure 6.1
- similarly, Schema judged that the 9X80 Reason Code (failure to cancel) was appropriate in 28% of cases rather than the 35% cited by LPs
- based on information provided by LPs themselves, Schema judged that 17% of the 372 CO cases were invalid cancellations.

In many cases the use of a CO request was appropriate, but the LP used the incorrect code. For example, there were frequent examples of 9X50 when there had

clearly been contact with a GP, and 9X20 when there had been no contact. Similarly, some LPs used 9X60 (misrepresentation) when there may have been a suggestion of mis-selling, but no evidence that the GP representative had sought to mislead the customer by claiming or implying that he/she was from a different SP. These mistakes suggest that LPs were not taking care to ensure accuracy in the use of the CO Reason Codes, or that there was a degree of misunderstanding about their meaning. Overall, Schema found that in 14% of the 372 cases the incorrect code had been allocated, although use of CO was justified.

More seriously, there were 62 cases (17% of the total) which Schema judged to be invalid cancellations for a range of reasons. For example:

- a number of LPs used the CO procedure to cancel transfer orders as soon as they were received, apparently without recourse to the customer. Typical reasons noted in the LPs' documentation included the fact that a customer was in a long term contract with the LP, had not given notice, or had not paid a termination fee. Sometimes no reason at all was given. Schema judged that it was not appropriate to invoke the CO procedure and claim slamming or mis-selling, when there was no evidence of such, and the LP had had no contact with the customer. It would seem correct in such circumstances to accept the order and to negotiate with the customer about issues such as notice periods or termination fees.
- in a small number of cases the LP appeared to have implemented 9X80 (failure to cancel) inappropriately. Examples included use of failure to cancel in advance of the final 48/72 hour period prior to transfer (thus not giving the GP a full opportunity to cancel the service), or when the customer had not in fact been in touch with the GP to cancel an order.
- in nine cases CO was used on the basis that the named account holder had not given permission to transfer, although someone else in the household had given permission (typically the account holder's spouse/partner). These cases were regarded as slamming and the LP allocated the 9X50 Reason Code (no contact with GP). However, agreed industry practice dictates that they should have been regarded as miscommunication/change of mind in the household, and the customer should have been referred to the GP to cancel.

### 6.2.2 Use of the 9X80 Failure to Cancel Reason Code

Specific rules apply concerning the use of the Failure to Cancel (FTC) CO Reason Code by BTR. BTR can use the 9080 FTC reason for CO if the order is still open, but not until Day 9 of the ten day cooling-off period if the service in question is CPS, and not until Day 8 for WLR. Other service providers are expected to follow similar rules regarding use of the 9180 code. It is assumed therefore that SPs can use FTC to cancel WLR orders up to 72 hours before the transfer date, and up to 48 hours for CPS orders.

Before examining the verdicts on cases using Schema's fuller categorisation framework, it is necessary to draw attention to an issue regarding the categorisation of FTC. A particular issue arose regarding the situations in which the 9X80 FTC Reason Code had been used by LPs. Schema found that there were two distinct types of case falling under this code:

- where the GP had truly failed to cancel an order during the cooling-off period, either because it had had time and warning to cancel, but had failed, or because the customer had been unable to contact the GP despite repeated and determined attempts to do so
- where the GP had not had sufficient time or warning to cancel, since the customer's request to cancel was made during the final 48/72 hours before transfer, so the LP cancelled the order at the customer's request.

As both types of case fell under the same code, they were all being represented as a type of slamming. However, in Schema's opinion, the second type of case should really be regarded as a problem or characteristic of the cancellation process, since the GP was not at fault. Schema therefore categorised these types of FTC cases as Process Issues.

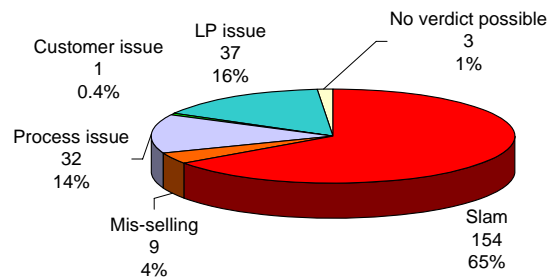
A review of the number of FTC cases which were considered Slams or Process Issues is given in the sections which follow.

### 6.3 Analysis of 236 complete CO cases

The first stage of analysis of cases where there was usable information on both sides involved judging cases using information provided by the LP only. The aim of this was to look at the reason given for cancellation by the LP – indicated through the Reason Code and the information provided in support of that decision – in order to determine how Schema would categorise the cancellation order. Schema has termed this the “Apparent” category of the case – since it is a provisional or apparent categorisation of the case based on only one part of the evidence – that provided by the LP. This is distinct from what Schema has termed the “Actual” category of the case – the final category chosen for the case once evidence from the GP is also considered.

In theory, if just analysing the LP's own information, the Apparent category should be slamming, mis-selling or misconduct for *all* cases – with one important exception: some 9X80 FTC cases, which at present are being categorised as slams, will appear as Process Issues (the reasons for this are explained above in section 6.2.2). Apart from these Process Issues, the Apparent category should always represent slamming, mis-selling or misconduct – since these are the only reasons for which it is valid for an LP to cancel a GP's transfer.

In fact, Schema found that the Apparent category of the 236 cases (based on LP data only), could be broken down as indicated in Figure 6.3.

**Figure 6.3: Apparent category based on LP CO data only**

There were 32 cases of Process Issue, the majority of them 9X80 FTC cases in which the customer had contacted the LP or the GP in the final 48/72 hours before transfer. There were also a few 9X80 FTC cases in which the timings of the customers' contact with the GP and the LP to request cancellation were uncertain, again meaning an allegation of slamming was not appropriate. It should be noted that the use of the 9X80 code in these cases did not represent incorrect behaviour by the LP – given that the 9X80 code as it exists covers these types of cases (identified by Schema as Process Issues) and genuine slams.

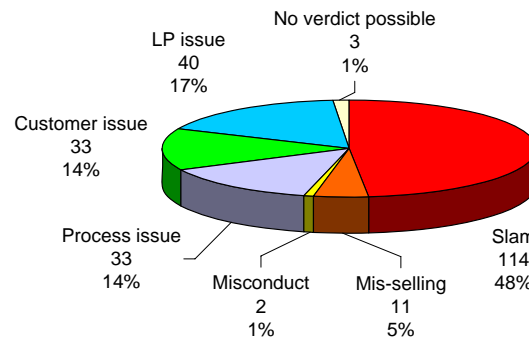
Apart from these 32 cases, all the remaining cases – 86% of the 236 – should have been slamming, mis-selling or misconduct cases. In fact, Schema found that in 37 cases, 16% of the 236, the cancellation by the LP was not valid. These cases were categorised as LP Issues. It is notable that it was possible to designate these cases as LP Issue based only on the data presented to justify them by the LP itself, quite apart from any consideration of the GP's evidence on the case. A breakdown of the types of invalid cancellation made are broken down in section 6.4.9 below.

There was also one case which was a Customer Issue case, and three cases for which usable information was provided – but about which it was not possible to reach a confident verdict.

The result was that slamming mis-selling and misconduct accounted for 163 cases – 69% of the 236 – where there was usable data from both the LP and GP.

The next step in the analysis process involved reviewing the data received from the GP on the case, in order to determine if this altered the impression of events. Having considered this GP information in the context of the reason for cancellation given by the LP (through the Reason Code and the LP's supporting data), Schema then produced an overall "Actual" verdict on the case. The breakdown of Actual categories is shown in Figure 6.4 below:

Figure 6.4: Actual category based on review of all data



When all data was considered, slamming, mis-selling and misconduct fell to 127 cases – 54% of 236. The principal reason for this was the expected incidence of Customer Issue cases, of which there were 33 cases (versus one on Apparent verdict). Three more LP Issue cases also emerged and one more Process Issue case. It is also notable that there were 40 fewer incidences of slamming (114 vs. 154), but two more cases of mis-selling (eleven vs. nine) and two more of Misconduct (two vs. none). An examination of the subcategories underlying this mix of categories and the reasons for the changes is provided in section 6.4 below.

## 6.4 Verdicts across subcategories – 236 complete cases

In order to comment in more detail on the final make-up of cases, Schema has broken them down into the underlying subcategories used to categorise them. Each of the headings below includes a table showing the subcategories within it and how many cases were allocated to it.

As indicated in section 5.4, it should be noted that the framework used in this section is more comprehensive than the final categorisation framework proposed by Schema for future use. This is because Schema believes it is useful to keep a greater level of granularity when analysing types of cases in this section of the report. Whereas when recommending a framework for future use it is more advisable to merge some of the less prevalent or similar categories with others – in order to make the framework more user friendly.

### 6.4.1 Slam Level 1: No contact with GP and no contract made

Subcategory	No. of Cases
Nobody in household or company has spoken with GP	8
Transfer from one service to another (eg IA to CPS, CPS to LLU), without contact or permission	2
Previous provider has transferred service without recent contact or permission*	2
Number mistakenly transferred (e.g. from a previous account)	1

\* new sub-category created following the analysis of OCC and GP complaints data.

Level 1 slams accounted for 13 cases in all, 6% of the 236 cases reviewed. There were eight cases in which the customer had been slammed without contact with the GP. There were two cases where the customer had been signed up for CPS without permission. There were also two cases from a new subcategory – where a customer’s old provider had recently transferred service again without contacting the customer. Whilst there had been contact in the past, these cases were categorised as a level 1 slam – no contact – because the contact was historic rather than recent (for further comment on this see section 5.4.1).

**6.4.2 Slam Level 2: Contact with GP but no contract made**

Subcategory	No. of Cases
Customer has told GP wishes to cancel, but GP has failed to cancel*	33
Customer wishes to cancel in cooling-off period, but is unable to contact GP*	22
Requested information only	17
Did not tell GP wanted to change / Told GP did not want to change	13
Customer tries hard to cancel in cooling-off period, but is unable to contact GP until last 48 hours. GP refers to LP, but GP is at fault*	7
Purchased another service	3
GP refuses to cancel, stating spouse/ partner not authorised as not account holder*	1

\* new sub-category created following the analysis of OCC and GP complaints data.

Level 2 slams accounted for 96 cases – 41% of 236 cases where usable information was provided on both sides of the case. This is a considerably larger proportion of cases than in the UTI study, where Level 2 slams were 22% of cases. It is also considerably higher than found in the OCC part of this review – where Level 2 slams accounted for 26% of cases. The increase is principally explained by the incidence of slams relating to a failure to cancel – a type of case particularly likely to occur in a review of Cancel Other (slam) cases, as opposed to more general examinations of slamming and mis-selling. In fact, there were 62 cases in which the slam was related to a failure to cancel. Of these, there were 33 cases where the customer had told the GP they wished to cancel the service, giving the GP adequate time to cancel, but in which the GP had failed to do so. There were a further 22 cases in which the customer had been unable to contact the GP to cancel – despite concerted attempts to do so. There were also seven cases in which the customer had eventually been able to contact the GP, but was only able to do so in the final period before transfer (last 48/72 hours). In cases where the customer first attempted to contact the GP in that final period – ie they had not been trying before to contact the GP – a case was categorised by Schema as a Process Issue case



(see section 6.4.8). However, in the seven cases considered slams, the reason the customer was able to contact the GP only in the final 48/72 hours was because the customer had tried but been unable to contact the GP earlier – and thus the failure was the fault of the GP.

There were 17 examples of “Requested information only”, 7% of 236 cases. As was found with the OCC complaints (see section 5.4.2), this was a much lower proportion of this type of complaint than found in the UTI study, where there were 37 examples out of 220 cases (17%). As stated in section 5.4.2, Schema believes the lower incidence of this type of case reflects a reduced reliance on selling on cancellation, which tends to throw up examples of this subcategory. This sales technique is normally carried out by phone, and a reduction in its usage is also shown by the fact that a number of the “Requested Information only” cases involved face to face sales – in which customers signed for information in a shop or branch, only to find their telephone service was to be transferred.

There were 13 cases in which there had been contact with a GP but in which the customer had either told the GP they did not want to transfer or had not told the GP they did wish to do so. Finally, there were three cases of customers buying other services and finding their telephone service had been slammed. All three cases involved different GPs and each involved a different service: broadband, a mobile phone and electricity.

### 6.4.3 Slam Level 3: Misrepresentation

Subcategory	No. of Cases
GP said was part of BT/connected to BT	4
GP strongly implied was from BT	1

There were 5 cases of misrepresentation, only 2% of the 236 cases. This represents a far lower level than found in the UTI study, where 24 of 220 cases fell into the misrepresentation category (11%). As mentioned above in section 5.4.3, Schema believes this reflects an improvement in the behaviour of service providers. A review of service provider materials, particularly recordings of sales calls, revealed that on the whole GPs expressed more clearly the fact that they were independent from BT. This was the case both in the main section of sales calls and, where undertaken, in the verification section of a call (where a second rep or manager confirms the customer has understood the sale and its implications). It is also perhaps a reflection of the fact that consumers are more familiar with the concept of receiving fixed line services from providers other than BT and with receiving a bill from one provider for calls and from BT for line rental.

#### 6.4.4 Mis-selling Level 1: Contract agreed without full understanding / acceptance (GP at fault)

Subcategory	No. of Cases
Misleading/inadequate information given about transfer and billing	4
Misinformed regarding service costs/features	3
Customer did not receive information promised	1
Customer agreed on the basis of false information	1
Customer being charged for a service which is no longer being delivered*	1

\* new sub-category created following the analysis of OCC and GP complaints data.

There were 10 cases of Level 1 mis-selling, a similar level to the UTI study. The four cases of "Misleading/inadequate information given about transfer and billing" each concerned a different GP and situation. These cases involved situations in which the customers felt the information given when the service was sold did not reflect the service they received.

#### 6.4.5 Mis-selling Level 2: Contract not with authorised person (GP at fault)

Subcategory	No. of Cases
GP aware not speaking to account holder, but made no effort to check if person authorised	1

\* new sub-category created following the analysis of OCC and GP complaints data.

There was only one case of this type so no general conclusions can be drawn.

#### 6.4.6 Misconduct

Subcategory	No. of Cases
[GP aware that] customer not capable of understanding the offer (thru ill health, general infirmity)	2

There were two cases of Misconduct. Given the seriousness of these cases, it is perhaps worth giving details of each of them.

The first case involved a customer who seemed to have severe learning difficulties being sold to over the phone. A recording of the call revealed the customer struggling to understand the concept of a bank sort code, but the rep persisting in trying to extract his details when the customer's difficulties were clearly evident.

The second involved an elderly customer. A recording of the verification process revealed the fact that she seemed to be unable to remember what she had been told, and also that a sales rep was there with her in person. This rep prompted her to say “yes” when asked a question by the verifier, though it was clear she did not fully understand what she was being sold.

#### 6.4.7 Customer Issue: Customer wishes to cancel an agreed contract (customer at fault)

Subcategory	No. of Cases
Customer denies agreeing contract/transfer (despite evidence of agreement)	18
Customer unaware order made by other authorised person	6
Offer was not what the customer wanted/understood	1
Web click through: customer not happy with package selected on web	1
Customer changes mind	1
Customer made a (verbal) contract, wishing to review and possibly cancel	1
Customer signed/agreed a contract, but wanted information only	1
Customer cannot remember if spoke to or agreed to contract, and wishes to cancel	1
Customer places order, knowing is tied into contract with LP, planning to cancel if charged a high cancellation fee by LP*	1
Customer did not recognise GP name's, so thought slammed; but customer did agree transfer with this provider under another name*	1
Customer wishes contract cancelled because had forgotten to give notice to LP & LP will charge a termination fee*	1

\* new sub-category created following the analysis of OCC and GP complaints data.

There were 33 cases of Customer Issue, 14% of 236 cases. This is a smaller proportion of cases than found in the UTI study, where 78 of 220 cases were categorised as Customer Issue (35%).

As was the case in the review of OCC cases, this time there were no instances of the customer mistakenly assuming the GP was BT - whereas there were ten such cases in the UTI study. As commented above on Misrepresentation, Schema believes this reflects greater clarity on the part of GPs and consumers with regard to the independence of SPs from BT.

There were a number of cases of customers changing their mind or misunderstanding the service they had bought where the burden of responsibility

for this lay with the customer and there was no evidence the GP had mis-sold the service.

As was the case with the review of OCC cases, the largest single Customer Issue subcategory was “Customer denies agreeing contract/transfer (despite evidence of agreement)”, of which there were 18 examples (8% of 236). And as was the case with OCC complaints, there was a much lower proportion of these cases in the current study than was encountered during the UTI study, where there were 40 such cases (18% of 220 cases). As discussed in section 5.4.7, Schema believes this is another testament to a decreased reliance on selling on cancellation and of an improvement in the practices associated with it. The abuse of this process previously meant that a significant number of customers were clearly accepting a position whereby service would be transferred unless they cancelled. Whilst on the one hand a call recording revealed they clearly accepted this position, they nevertheless did not understand they had done so. This led them to complain of slamming, but meant that it was not possible to condemn the GP for slamming. These cases typically involved a sale carried out by phone, and a decrease in the number of them is also reflected by the fact that many of the “Customer denies agreeing contract/transfer (despite evidence of agreement)” cases found in this study involved customers denying sales conducted in person rather than sales they unwittingly agreed by phone. Indeed, SPs were able to provide contracts signed by the customer for 12 of the 18 examples here – all of them cases in which the customer had originally alleged slamming.

There were also six cases of “Customer unaware order made by other authorised person”. In three of these cases it was another member of the household and in three of them it was two different executives at a business (in fact the cases involved three different CLIs at the same company). In all cases the customer had suggested no order had been made, causing the LP to cancel, but the GP evidence revealed someone else had in fact made the order.

#### 6.4.8 Process Issue

Subcategory	No. of Cases
Customer does not know how to get in touch with GP	1
Customer requested cancel from GP in or very close to 48 hours prior to transfer date, LP cancels as transfer is imminent*	27
Uncertain cancellation: insufficient details on timings and actions to determine nature of cancellation*	5

\* new sub-category created following the analysis of OCC and GP complaints data.

There were 33 cases of Process Issue, 14% of 236 cases. 27 of them involved situations where the customer contacted the GP to cancel a transfer within the cooling-off period, but did so within the final 48/72 hours immediately preceding the date the service was due to go live. This meant that it was too late for the GP to cancel the service, meaning the LP had to cancel it instead. As indicated in section 6.2.2, this did not imply any failure on the part of the GP, and Schema has

therefore categorised this particular type of 9X80 FTC as a Process Issue and not a slam.

Schema believes it is important to note that the incidence of this inability, as opposed to failure, to cancel was reasonably high. 89 of the 236 complete cases involved FTC, meaning that the 27 Process Issue cancellations here represent 30% of FTC cases. This 30% of cases was being grouped under the same FTC Reason Code as the remaining 70% which were actually slams.

Schema believes it is important in future to distinguish between the two different types of case, in order to provide a more accurate picture of the extent of slamming/mis-selling as opposed to procedural issues. This will mean requiring LPs to identify exactly whether and when customers have been in contact with GPs to cancel orders. Schema believes that the Process Issue type of FTC, where the GP is not guilty of any failure, should be classed under a new code – 9X90, for example. Further recommendations on this topic are given in section 7.

#### 6.4.9 LP Issue

Subcategory	No. of Cases
LP persuades customer to cancel transfer, and provides no evidence of mis-selling	1
LP cancels service as non bill payer made order (when by its rules, non bill payer is authorised)	6
BT representative fails to complete or comply with Cancel Other (slam) procedure	3
Service cancelled against the wishes of the customer*	8
LP cancels service on grounds of slamming / mis-selling, when no evidence mis-selling has occurred*	15
LP asks leading questions in order to cancel, when no valid evidence of mis-selling*	1
LP implements "failure to cancel" though customer has yet to request cancellation from GP*	1
LP cancels service for failure to cancel, though customer told by LP that LP would contact GP to cancel, which it has not*	1
LP implements FTC before day 8, allowing insufficient time for GP to cancel order*	2
FTC implemented, though customer did not contact GP to cancel service*	2

\* new sub-category created following the analysis of OCC and GP complaints data.

There were 40 cases of LP Issue, 17% of the 236 cases. The single largest subcategory of this type was "LP cancels service on grounds of slamming / mis-selling, when no evidence mis-selling has occurred", of which there were 15 cases. In all but one of these cases it was apparent from the LP's own information that

the case should not have been cancelled for mis-selling and that the cancellation was invalid. The two main types of case that fall into this subcategory are (a) cases where the customer has changed their mind, and the LP uses a slamming or mis-selling code to cancel rather than telling the customer to go back to the GP, and (b) cases where the LP takes the stance that the customer is in contract so cannot transfer, and uses a slamming or mis-selling code to stop the order (sometimes without telling the customer). Examples included:

- LP called customer to check whether they wanted to leave, and offered an improved deal; when customer changed mind, the LP implemented the 9160 Reason Code (Misrepresentation) to get the order cancelled, when no such offence had occurred
- LP told the customer they cannot leave as they are in a contract, and implemented 9160 to cancel the order when no such offence had occurred
- Customer called the LP having changed mind; LP implemented 9050 (no contact or agreement) which was clearly false
- Customer's wife agreed transfer; customer called to ask the LP if it could cancel without going back to the GP; the LP called the case a 9050 and cancelled, even though the customer admitted his wife did agree, and stated that he did not think the sale was done unfairly
- Customer tried to leave the LP several times; the LP cancelled the order several times on the grounds that the customer was in contract; , and used the 9020 code (contact but no permission) despite the fact that the customer had given permission for transfer.

The above cases show that some SPs are abusing the power they have to cancel transfers, making arbitrary use of slamming and mis-selling Reason Codes to achieve their ends. In some cases they are using the codes as a kind of short cut to cancelling the orders of customers who have changed their minds – instead of referring the customers back to the GP to cancel. Whilst the LPs may be carrying out the wishes of customers in doing this – since the customers do want the orders cancelled – they are nevertheless abusing the cancellation process and in doing so are levelling slamming and mis-selling claims against providers who have sold services correctly. In other cases LPs are using the Reason Codes to prevent customers in contract from leaving – wrongly claiming they have no right to leave. In some cases this is being done without the customer's knowledge – the customer only finding out when the transfer they have sanctioned fails.

Five of the eight cases under the subcategory "Service cancelled against the wishes of the customer" also involved situations in which the LP cancelled a customer's order because the customer was in contract – in spite of the fact that the customer wished to leave. All of these cases represent an incorrect attitude on behalf of the LP in relation to the difference between a contract and a transfer order. The LP has every right to enforce the terms of its contract – through expecting the contract to be paid up in accordance with its terms and conditions – but the LP does not have the right to cancel the order and prevent a customer from moving to another supplier.

There were also six cases in which the LP cancelled the order because the non-bill payer made the order, determining that selling a service to the spouse or partner

of the bill payer rather than a person named on the bill represented slamming on the GP's part. There was a tendency to take a broader view of who is authorised (eg both husband and wife) when making a sale or fielding a request to cancel another provider's order; yet to take a narrower view (eg accepting only one of them as authorised) when considering whether another SP's sale was valid, or when fielding a request to cancel one of the SP's own transfers.

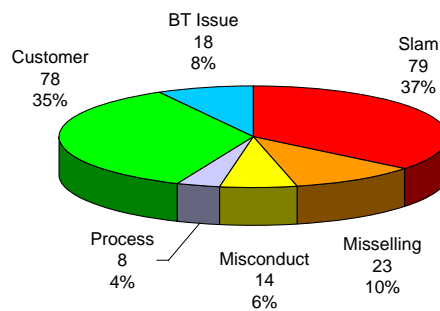
There were three cases allocated to a subcategory specific to BT: "BT representative fails to complete or comply with Cancel Other (slam) procedure". These cases corresponded to a situation where there may or may not have been fair grounds to cancel the service, but in which the BT rep handling the case failed to comply with the UFT procedures in place to handle cancellation requests. In each case the BT rep cancelled the service without running through the standard BT script for identifying cases of unfair trading, and therefore did not ask the customer the questions required to test if slamming or mis-selling had definitely occurred. [By defining this category it is not Schema's intention to single out BT for criticism. This BT specific subcategory exists in reflection of the fact that an Ofcom Direction concerning BT's use of Cancel Other is binding on BTR only (though Ofcom expects that the specified uses of Cancel Other would apply to other SPs as well).]

There were a further six cases, split into four subcategories, in which the LP had cancelled because of a failure to cancel, when the GP had either not been contacted by the customer or had not been allowed sufficient time to cancel.

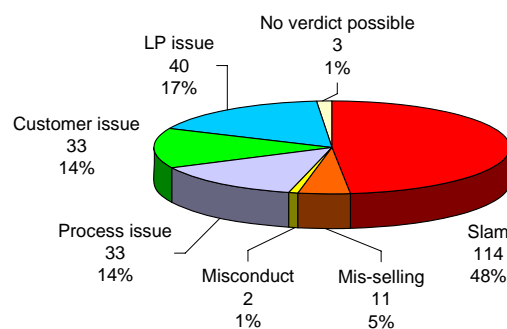
## 6.5 Comparison with UTI study – 236 complete cases

Whilst the focus of the 2004 UTI study and this current study differ – the former being an examination of Unfair Trading incidents logged by BT, and the latter a review of Cancel Other (slam) actions by Losing Providers – there are nevertheless clear parallels between the studies. Both involve reviewing decisions made by providers (BT and LPs) regarding the sales and transfer actions of gaining providers. Both involve these providers making a decision that a gaining provider has slammed or mis-sold a fixed line service.

It is therefore striking that the levels of slamming, mis-selling and misconduct identified in both studies are very similar. For example, in the UTI study, the breakdown of Actual categories regarding the 220 cases upon which the review was focused, is shown in Figure 6.5:

**Figure 6.5: UTI study (2004), Actual category (220 full cases, all data)**

In the UTI study slamming, mis-selling and misconduct amounted to 53% of cases, virtually the same amount as found in this review (where it is 54%). However, the proportions of each type differ, as can be seen from Figure 6.6 below (N.B this is the same as Figure 6.4 above):

**Figure 6.6: Cancel Other review: Actual category (236 cases, all data)**

This time there was found to be a higher proportion of slamming and a lower proportion of mis-selling. As alluded to above in section 6.4.2, the factor principally responsible for an increase in the level of slamming is the inclusion of FTC slams – where the GP has failed or refused to cancel a customer’s request to cancel (including cases where the customer has not been able to contact the GP to cancel despite concerted efforts to do so). It is also pleasing to note that there was a lower incidence of misconduct in the current review.

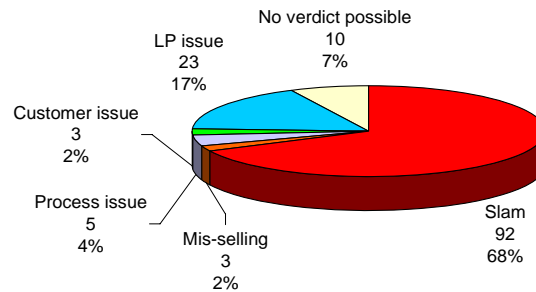
## 6.6 Review of 136 cases where usable LP data only

As explained above in section 6.1, there were 136 cases about which usable information was received from the Losing Provider only, with nothing usable being provided about the case from the GP. Schema reviewed and categorised these cases despite the lack of GP data, but the results of the categorisation should be judged in the light of the fact that some of the verdicts would no doubt have changed had usable GP data been received. 70% of cases were adjudged to be slamming, mis-selling or misconduct on the LP evidence alone, a figure which would almost certainly fall. Of the 236 full cases, for example, 69% were seen to be slamming, mis-selling or misconduct on LP evidence only – a figure which fell to



54% once GP evidence was also reviewed. With this important proviso in mind, the categories allocated to the LP only cases are shown in Figure 6.7:

**Figure 6.7: 136 cases where usable data from LP only**



As discussed above, 70% of cases appear to be slamming or mis-selling judging from the LP data alone. There is certainly an argument to say that such verdicts ought to stand – given that the GP has not provided any data, or adequate data, to refute the allegations made. However, experience – on this and previous projects – shows that where GPs do provide evidence the level of slamming and mis-selling falls.

Nevertheless, it does raise a question as to whether GPs were being selective in the data they returned – providing data in cases where they had a good defence and not in cases where they did not. Whilst it is impossible to be certain what missing data might reveal, on the whole there does not seem to be a direct correlation between the level of compliance with selling practices and laws and the quantity or quality of response – the “usable” data which was received did not necessarily show good behaviour, for example. But there is no doubt that in failing to retain and provide information to prove a sale GPs are doing nothing to address the perception that they are guilty of poor selling practices.

One reason it might be difficult for GPs to provide data on an allegation regarding slamming could be if the allegation concerned an FTC case. For example, if the case were an example of “Customer wishes to cancel in cooling-off period, but is unable to contact GP”, then the GP might have no records to provide. Or if the customer had falsely alleged “Customer has told GP wishes to cancel, but GP has failed to cancel”, it would be hard for the GP to counter this claim, if the customer had in fact not contacted the GP. It is hard to provide evidence to prove a customer has not been in contact. However, of the 92 slams recorded in these LP only cases, only four concerned FTC cases of these types, the remainder all being accusations of slamming and mis-selling relating to the original sale, rather than cancellation.

As far as other subcategories of slamming and mis-selling were concerned, it was notable that there were 38 cases of “Nobody in household or company has spoken with GP”, 28% of all 136 LP only cases. This compared with 31 of the full cases where this was the Apparent position based on the LP evidence –13% of 236 cases. In 11 of these cases no response at all was received from the GP in question; in the

remainder some response was received on the case, but it provided too little information to be of use and nothing which provided proof of sale. It is hard to say if a greater incidence of this totally blind type of slam amongst cases for which little or no information was provided by GPs indicates that some of them were selective in the information they returned, or indeed if it shows they were guilty of slamming. It certainly does nothing for their cause.

However, whilst a discussion of LP slamming and mis-selling data without GP data is always likely to be open to interpretation, a higher degree of confidence can be attached to cases where the verdict from the LP's own evidence condemned the LP's own behaviour. There were 23 LP only cases which were categorised as LP Issue, cases in which the cancellation by the LP was invalid – 17% of 136. As was the case with invalid cancellation by LPs amongst the 236 full cases, the single largest LP Issue subcategory was “LP cancels service on grounds of slamming / mis-selling, when no evidence mis-selling has occurred”, which accounted for 11 cases.

If the 23 LP Issue cases from the 136 LP only cases are added to those from the 236 full cases – this made a total of 63 cases where usable LP data was received which were categorised as LP Issue – 17% of 372 cases. This adds further weight to the evidence discussed in section 6.4.9 that LPs are abusing their cancellation powers.

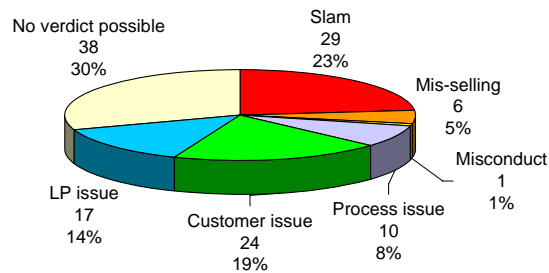
## **6.7 Review of 125 cases where usable GP data only**

As explained above in section 6.1, there were 125 cases about which usable information was received from the Gaining Provider only, with nothing usable being provided about the case by the LP.

It should be noted that there was a slight difference in terms of what was known about a case in situations where there was GP data only versus those where there was LP data only, given that in the GP only cases there was at least knowledge of the accusation made by the LP, even if the LP had not provided information to justify that allegation. This is because the Reason Code was known for all cases (except for the 38 LLU cases). This meant that the GP data could be reviewed in the light of the allegation made – that there was no contact (9X50), a failure to cancel (9X80) etc. It is arguable that this enables a confident verdict to be determined on a portion of the GP only cases, and that some of them could be considered alongside the 236 cases where there was usable data on both sides. However, it was felt that considering only a portion of the GP only cases – perhaps a particular type of GP only case for which GP only data was enough – would risk skewing the balance of the data chosen. Schema has thus reviewed the GP only cases separately.

The categories allocated to the GP only cases are shown in Figure 6.8. Schema reviewed and categorised these cases despite a lack of LP data, but the results of the categorisation should be judged in light of the fact that some of the verdicts would no doubt have changed had usable LP data been received.

**Figure 6.8: 125 cases where usable data from GP only**



Perhaps most worthy of note regarding the GP only cases were the 36 cases which were categorised as slamming, mis-selling and misconduct based on the GP's own evidence, and it could be argued that in these cases there was no further need for evidence from the LP. The single largest subcategory amongst these cases was "Customer has told GP wishes to cancel, but GP has failed to cancel", of which there were 17 cases. These cases were an example of the fact that the provision of data usable enough to be reviewed did not always reflect sound selling or cancellation behaviour by the GP responding.

It is also notable that there were 24 cases of Customer Issue, where the GP's evidence revealed that behaviour on the part of the customer lay at the crux of the case. In 15 cases the Reason Code suggested that the customer had not agreed to the transfer, but the GP provided compelling evidence of a good sale. In six further cases the GP evidence showed the customer had changed their mind. This again confirms the importance of receiving GP data when judging slamming and mis-selling claims. In such cases the LP will typically have cancelled the order and allocated the Reason Code in good faith – based on a customer's version of events. Only once in possession of evidence from the GP can it be known that this version does not fully represent events.

There were also ten Process Issue cases, six of which showed that the customer had requested cancellation from the GP close to the date the service was due to go live, meaning there had been no failure on the part of the GP. In the remaining four cases of this type the evidence regarding cancellation was inconclusive and it was thus not possible to establish which party, if any, was culpable.

There were 17 cases – 14% of the 125 – which appeared to be LP Issues. However, confidence in this verdict must be lower than for some of the other GP only cases because whilst the LP might appear to be at fault from the GP's version of events, there was no evidence from the LP to defend its decision to cancel. Whilst it is arguable that an LP's failure to provide adequate evidence to justify cancellation condemns it by implication, in practice it is likely that some portion of these LP Issue cases might be judged differently with evidence from the LP. However, even assuming some of the verdicts would change, it is not possible to know into which category they would fall instead. This is because there is no information on what the customer told the LP. 16 of the 17 cancellations made involved 9X50, 9X20 and 9X60 cancellations, yet the GP evidence revealed there was contact, agreement and no sign of misrepresentation. However, it is not possible to say if the LP had used

the code wrongly because the customer claimed a lack of contact or agreement etc – meaning the case should really be a Customer Issue – or if the LP had taken the decision itself to use one of these codes as a convenient means to cancel a service, meaning the LP Issue verdict given is correct.

Finally, there were 38 cases for which no verdict of any kind was possible. In 12 cases this was because the cancellation was an LLU case cancelled by Opal, for which no Reason Code was allocated – meaning it was not possible to know the reason for the accusation by the LP. In other cases the lack of a response or of sufficient information from the LP meant the case was inconclusive, in spite of the existence of evidence from the GP.

## 6.8 Changes over time

One of the objectives of this study was to understand how the extent of mis-selling and slamming has varied over time, by examining and comparing the CO data for July and November 2006.

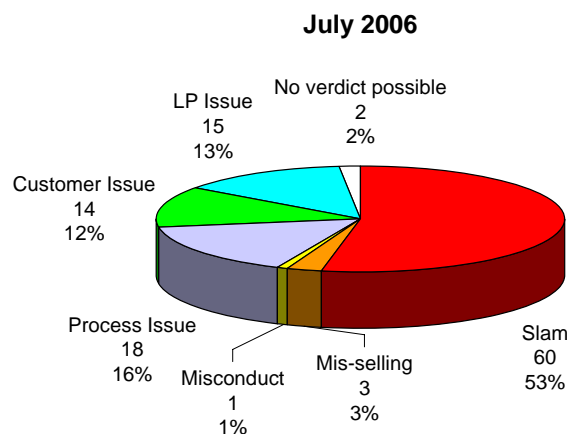
### 6.8.1 Breakdown by category

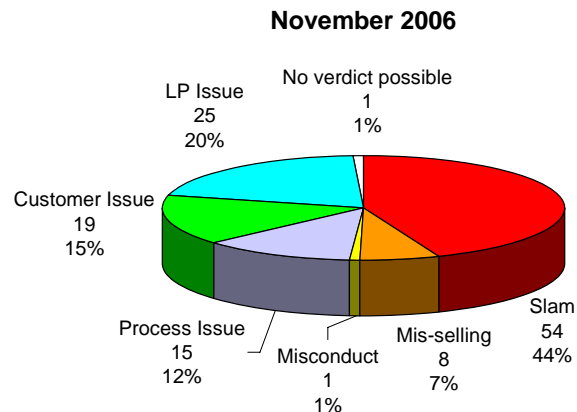
Overall, Schema sampled 303 cases for July 2006 and 335 for November. Looking firstly at the 236 cases for which usable information was available from both LPs and GPs, there was a roughly even split between the number of July cases (113) and the number for November (123).

The breakdown of these complete cases by category for July and November is compared in Figure 6.9. The main points to note are as follows:

- the overall level of slamming, mis-selling and misconduct was slightly lower in November (52% compared with 57% in July)
- Process Issues accounted for the second largest category in July
- in November, LP Issues and Customer Issues were more significant than Process Issues.

**Figure 6.9: Comparison of complete CO cases for July and November 2006 (actual category based on review of all data)**





Of the 136 cases for which usable data was available from LPs only, 73 occurred in July and 63 in November. The corresponding figures for those cases where usable data was available from GPs only were 51 for July and 74 for November.

Examining these cases by category indicates that, as with the complete cases, there was a lower incidence of slamming in November compared with July, but a much higher incidence of LP Issues in particular.

### 6.8.2 Analysis by service type

Analysis of the total number of CO orders processed by BTW and Openreach in July and November shows that WLR orders accounted for 59% of the CO orders in July, and CPS for 41% (LLU CO data was unavailable for July). In November, the proportion accounted for by WLR was slightly lower at 52% of the total CO orders, whereas CPS was higher at 48%. LLU orders accounted for less than 1% of CO orders in November.

In contrast, of the 361 complaints to OCC in November where the service type was identified, 73% concerned WLR, 18% CPS and 9% LLU.

## 7 Conclusions and recommendations

### 7.1 The response of service providers to requests for data

Ofcom, via an Information Request, required 1,276 records relating to 638 Cancel Other (slam) cases – one from the losing provider and one from the gaining provider for each case. Service providers responded with 1,027 records, 80% of those requested, but only 57% of the records provided enough usable information for a confident verdict on a case to be made. Schema believes the level of response and quality of information provided fell short of an acceptable standard. It meant that in only 58% of cases were losing providers able to provide sufficient evidence to justify implementing Cancel Other (slam) on a transfer set in motion by another company. In only 56% of cases were gaining providers able to provide sufficient information to justify a transfer from their side. As a result, in only 37% of cases was there usable information on a case from both the LP and GP.

Schema believes that the information it did receive has enabled a fair picture of the degree of slamming and mis-selling to be determined and that key insights have been gained into both the level of slamming and mis-selling and the behaviour of service providers transferring and cancelling services. However, the failure to provide full audit trails does not engender confidence about compliance.

### 7.2 The accuracy of slamming / mis-selling data

An objective of this study was to see whether mis-selling and slamming remain a serious problem. Whilst the volume of complaints and cancellations has declined in comparison to the size of the market, the research revealed that slamming and mis-selling are still leading to large numbers of cancellations and complaints.,

There are two methods by which the level and reasons for mis-selling and slamming are captured: firstly, complaints to OCC and secondly reason codes used in Cancel Other (slam) actions. The first key objective of the study was to determine the accuracy of the mis-selling and slamming data currently being gathered through these means, to understand how closely it truly reflected the degree of mis-selling and slamming occurring.

#### ***Accuracy of OCC data***

Schema's research revealed that the degree of slamming and mis-selling recorded by OCC accurately reflects the degree of slamming and mis-selling evident from the data presented to OCC by customers. In 98% of cases Schema agreed with OCC's decision to categorise a case as slamming or mis-selling, based on the data available to OCC.

However, when evidence was analysed from the service providers about which the complaints had been made, Schema found that the level of slamming and mis-selling fell to 78% of cases. This fall is largely explained by customer confusion or change of mind (termed Customer Issue cases).

### ***Accuracy of Cancel Other (slam) data***

Regarding Cancel Other (slam), Schema did not find that the number of Cancel Other (slam) actions being executed by losing providers gave an accurate reflection of the degree of slamming and mis-selling being carried out by gaining providers. In 16% of cases for which usable information was received from the losing provider, Schema found that the cancellation made was invalid (LP Issue cases). Often the invalid nature of these cancellations was evident from the evidence presented by losing providers themselves.

Schema found that there was a process related reason causing 14% cases to be unfairly recorded as a type of slamming. Almost a third of cases cancelled under code 9X80 – Failure to Cancel – involved situations where the customer had first requested cancellation from the losing or gaining provider in the final 48/72 hours before the service was due to go live. Whilst it was legitimate to cancel such cases under rules relating to the 9X80 codes, such a situation did not imply any failure on the part of the gaining provider. This is distinct from the other 70% of 9X80 cases, in which the gaining provider had failed to act on a cancellation request despite having ample time to act.

Once evidence from gaining providers was considered, the proportion of slamming and mis-selling fell to 54% of cases. This was again largely the result of Customer Issue cases – where customer confusion or a mind change lay behind the case.

The level of slamming and mis-selling indicated by losing providers, through the Cancel Other (slam) actions they implemented was thus found to be inaccurate for three main reasons:

- Losing providers making invalid cancellations of cases where slamming and mis-selling have not occurred (17% of cases overall)
- An anomaly in the process for recording 9X80 cases of failure to cancel, meaning that slams and process issues are bracketed together (14% of cases)
- Customer Issue cases, where the losing provider cancels in good faith based on the customer's version of events, which gaining provider evidence reveals to be erroneous (14% of cases).

### ***Changes over time***

Ofcom was also keen to understand how the picture of slamming and mis-selling, as indicated by Cancel Other (slam) data, had varied over time, and Schema thus analysed a similar number of cases from July and November 2006.

The analysis showed that slamming, mis-selling and misconduct together accounted for a slightly lower proportion of CO cases in November compared with July, but that there was a much higher incidence of LP issues in particular in November. The reasons for these differences are not immediately clear, but are likely to be due to particular service providers being more active in one month than another, or to the use of particular practices that have subsequently been curtailed.

It is notable that a very similar breakdown of cases was experienced on the 2004 UTI study, where Schema found that only 69% of cases appeared to be unfair trading based on BT's own evidence, and that this fell to 53% of cases once evidence from the gaining providers was also considered.

### 7.3 Service provider behaviour

Another key objective of the study was to identify overall trends, practices and issues relating to mis-selling and slamming. In doing so, Schema compared the findings with those from the UTI study conducted in 2004, and highlighted the relative incidence of different practices in the two studies.

On the positive side, Schema observed a decrease in the sales technique of "selling on cancellation" compared with the situation observed on the 2004 UTI study. This practice involves persuading the customer to accept a position whereby the onus is on them to call and cancel transfer, or transfer will go ahead. This technique is sometimes used deceptively. Whilst Schema should make it clear that this practice is still in use – and in fact is still a common or standard sales technique of some leading providers – the use of it appears to have been improved, to some extent, meaning that service providers are being clearer in explaining the customer's obligation to cancel.

There were also fewer cases of companies strongly implying they were part of, or closely affiliated to, BT. Whilst there were still some instances of this – including one independent company with "BT service provider" at the top of its contracts – there was generally greater clarity in sales scripts regarding independence from BT. There were also fewer cases of customers mistaking the gaining provider for BT – and it is probably true to say that both reductions come also from a greater understanding on the part of customers of BT's independence and the ability to receive services from other companies (as a result of greater market maturity).

There were fewer instances of sales reps making misleading statements about bank details, or about transfer, such as "nothing changes". Customers seemed more familiar with the difference between line rental and calls and there was generally greater clarity with regard to the mechanics of transfer.

However, whilst there seemed to have been a reduction in some selling practices, Schema encountered new practices around cancellation and contracts. For example:

- Customers unable to contact service providers to cancel during the cooling-off period, despite repeated attempts
- Customers attempting to cancel, stating that they had been put on hold for long periods, passed around various numbers, and being cut-off (though finding it very easy to get through to the sales department)
- Service providers employing double standards with regard to the definition of an authorised decision maker: using a broad or narrow definition dependent upon commercial advantage



- Companies trying to transfer back former customers, or customers who have recently cancelled an unauthorised transfer, without permission. In several cases repeated attempts were made to transfer the customer
- Losing providers cancelling transfer requests for failure to cancel well in advance of the final 48/72 hours, and therefore not giving gaining providers adequate time to cancel
- BT automatically scheduling a cancellation in advance of the final 48/72 hours. Telling customers such a procedure is in place risked acting as a disincentive for customers to call the gaining provider and cancel
- Companies taking advantage of customers who were elderly or whose understanding was evidently impaired
- Customers having transfers cancelled by losing providers due to the existence of a contract, in spite of the desire of the customer to transfer (and sometimes without telling the customer at all).

## 7.4 Recommendations

The second objective of the study was to make recommendations to Ofcom regarding how improvements could be made in terms of ensuring the true reasons for complaints are accurately recorded, as well as how the integrity of the data can best be monitored on an ongoing basis. Where there were weaknesses in the data recorded, Ofcom wanted these reasons to be revealed and solutions proposed

### 7.4.1 Recommendations to service providers

Schema makes the following recommendations regarding the actions and activities of service providers:

**Service providers to record the time and date of calls to and from customers.** In determining cases of failure to cancel, the timing of customer contact is critical. Very few call recordings contained information proving the time and date of a call. Whilst SPs sometimes indicated the date a call occurred (in the file name or in documents) there was no way to verify this information. Were time and date information to be recorded, either through adding it to rep scripts or digitally marking recordings, better insight could be gained into cancellation. It would also help to verify that call recordings provided as evidence of a particular sale are truly evidence for that sale (and not another for the same CLI).

**Service providers to improve record keeping.** Schema requested 1,497 records regarding OCC complaints and Cancel Other (slam) cases. There was no response at all from SPs regarding 304 records (20%). This meant they were able to provide no information to explain a complaint, or justify a transfer or a cancellation. In a further 323 cases (22%) the information returned was insufficient to produce a verdict. The information was insufficient through being incomplete, too brief or covering the wrong period or case. Overall, the availability and quality of information to justify service provider actions fell short of an acceptable level.

**Service providers should keep complete call recordings.** The quantity of call recordings provided was low. In addition, in some cases only the verification part

of a sales call was provided. Whilst in some cases this can be better than nothing – it can add an additional element of security in the case of a sale made face to face, for example – in many cases it does not give enough information on the main part of the sale. In some cases a verification call can sound fine, though the customer may have been misled earlier in the sale process. Service providers should keep and provide recordings of all calls made to and from customers about sale and cancellation – in some cases this may mean several calls during which the sale or cancellation attempt was made.

**Service providers to keep records for 12 months.** Some SPs claimed recordings no longer existed as the sale being examined occurred in June 2006. The fact that records are kept for six months only restricts the period over which changes in selling practices can be measured. Extending the obligation to 12 months would enable Ofcom to monitor mis-selling over a longer time period and would reduce the ability of SPs to claim records were no longer held (though it should be noted that there was no better response rate for November 2006, and that the date records were requested was not a significant factor in the lack of SP response).

**All service providers should keep records for Cancel Other (slam) cases, in addition to records for sales.** In order to monitor effectively the validity of Cancel Other (slam) actions, as well as sales activities, all service providers should retain records for Cancel Other (slam) actions. This should include all recordings, documents and papers to justify a Cancel Other (slam) action taken.

**Service providers to improve adherence to guidelines on authorised decision maker.** Both partners in a household (eg husband and wife, co-habitants) are authorised to agree a sale and cancel a sale. A sale agreed by the wife of the account holder, for example, is legitimate – it cannot be considered a slam simply because the account holder did not know or agree. Current BT UFT scripts are designed to cater for this fact – referring to decisions made by people in the household – but cases are still falsely being identified as slams on this basis. SPs should refresh their knowledge of the rules regarding authorised decision maker and make sure reps understand them and that they are implemented better.

**Service providers should keep a proper audit trail for web sales.** In some cases SPs claimed they could not provide information about the sale of a fixed line service because a customer signed up via their website, stating that there was therefore no information to provide about the sale. SPs should take steps to ensure that a full audit trail is kept of web sales so that information regarding them can be provided along with information regarding other sales channels (phone, doorstep etc).

**Service providers should ensure that customer lists are accurate and current.** A number of cases were encountered in which customers were erroneously transferred without giving permission. In a few cases this was part of a bulk transfer of customers following the acquisition of another service provider – though the customers transferred were in fact no longer customers of the acquired company. In other cases it was less systematic, but no less incorrect. Service providers should ensure that they have a more accurate record of current

customers and that should take care not to assume former customers wish to be transferred.

**Service providers should accept refusal or cancellation as final.** There were a significant number of cases in which service providers repeatedly tried to transfer a customer, in spite of the customer's refusal of transfer or request to cancel. In some cases a gaining provider would almost immediately reapply to transfer a customer once a cancellation was put into effect – and did so several times.

#### 7.4.2 Recommendations regarding Cancel Other (slam) Process

Schema makes the following recommendations regarding the Cancel Other (slam) process:

**Split 9X80 reason code into separate codes.** Splitting the 9X80 code into two codes – perhaps 9X80 and 9X90 – would enable a proper distinction to be made between cases where the gaining provider has genuinely failed to cancel (which would be a 9X80 slam) and situations in which the customer has contacted the LP and / or GP in the final 48/72 hours (which would be a 9X90 process cancellation).

**Losing providers to amend scripts to capture difference between 9X80 and 9X90 codes.** In conjunction with the splitting of the 9X80 code, LP scripts should be amended to identify precisely timings with regard to attempts to cancel, so that reps are able to identify exactly whether and when contact with the GP was made by the customer, what the GP's response was, and whether the case is one of failure (9X80) as opposed to related to the process and timing of customer contact (9X90).

**Gaining providers should take steps to ensure customers are able to contact them to cancel easily during the cooling-off period.** A significant number of customers were unable to contact gaining providers to cancel transfers, despite numerous attempts. Failure to enable a customer to cancel is a form of slamming and steps should be taken to ensure that customers are able to get through and cancel.

**Service providers should not use automated procedures to mark transfers for cancellation in advance.** The Cancel Other (slam) process requires a customer to attempt to cancel a transfer with the gaining provider, in cases where the customer has changed their mind. The LP can legitimately cancel the transfer in the last 48/72 hours if the GP has failed to cancel the service (or the customer has failed to request cancellation until that time). If a losing provider tells the customer that they will mark the transfer for automatic cancellation in advance of the last 48/72 hours, there is less incentive for the customer to contact the GP and cancel. Such an automated process thus subverts the cancellation process. Losing providers should not automate this aspect of the process.

**Losing providers implementing Cancel Other (slam) should ensure greater accuracy in use of reason codes:** When a Cancel Other (slam) action is taken, the cause of the cancellation is shown through a reason code. However, in a number of cases the code used did not reflect the situation. Some service providers

systematically or randomly selected reason codes to cancel transfers which should not have been cancelled. In other cases there was a legitimate reason for cancellation, yet the wrong code had been used. For example, a 9X50 code was sometimes allocated (a slam without contact by the GP), for cases of slamming in which the customer had clearly told the LP that there had been contact (though not agreement) – so the case should have been a 9X20. Using the wrong code gives gaining providers a false idea of why the service was cancelled. This can lead them to claim, understandably, that a slamming allegation is false, when in fact the wrong reason has been given.

### 7.4.3 Recommendations re OCC's handling of complaints

Schema makes the following recommendations to OCC:

**Refine process for collecting fixed line CLI.** For nearly 20% of complaints received by OCC in November, a valid fixed line CLI was not recorded. In many cases a mobile number was recorded and in others no CLI at all. To review a fixed line slamming and mis-selling complaint it is important to capture the CLI involved. Schema suggests OCC advisors specifically request the fixed line CLI which is the subject of the transfer and that this be entered in a separate field. Schema would suggest this field be intelligently configured to accept only CLIs with the correct number of digits, since some CLIs recorded were invalid for this reason.

**Refine process for collecting service provider information.** For a third of complaints received by OCC in November the identity of the gaining provider complained about was recorded as unknown. It may be that the lack of information on gaining providers was due to customers being prompted into making a complaint by the arrival of a Losing Provider letter - which gave no information about the GP. However, as "SP Unknown" accounted for such a significant proportion of the cases, Schema recommends that the procedure for collecting information on the identity of Gaining Providers is refined. There were also some cases in which the service provider recorded as the gaining provider was actually the customer's existing provider (or the losing provider). Schema suggests the following steps are taken:

- Introduce fields in OCC systems to record the identity of the customer's existing providers for line rental and calls (losing providers in a transfer)
- Introduce fields in OCC systems to record the identity of the customer's gaining providers for line rental and calls (companies trying to take over these services)
- Make every effort to gain information on the above from the customer, asking them to refer to any letters received or to recall any contact with service providers.

**Refine process for capturing information on service type.** In a number of cases, the service which was the subject of the slamming or mis-selling attempt was not recorded by OCC. This may again be because the customer was ignorant of the sales attempt, having learnt of it through a Losing Provider letter. However, in some cases information on the service could be inferred from the OCC's own case

notes, and Schema believes closer questioning of the customer could help to reduce cases of service unknown. Customers often understand, for example, the distinction between “their line” and “their calls”, even if they do not know the meaning of WLR or CPS. Schema believes the changes suggested in the previous recommendation will also help, since they will help clarify which aspect of fixed line services are being provided by which provider.

**Consolidate process for recording case notes.** In the vast majority of cases, the notes recorded on cases by OCC advisors captured sufficient information to understand the complaint made by the customer. In a few cases the notes were too brief or were unclear. OCC should ensure that sufficient notes are recorded on a case in all cases.

**Capture information on attempted rather than actual sales:** A number of the complaints received by OCC turned out to involve sales which were attempted by a potential gaining provider, but which were not actually carried through. For example, there were cases in which a company tried to pass itself off as BT, but in which the customer realised this claim was false. Challenged by the customer, the service provider did not pursue the sale. These cases generated slamming and mis-selling complaints, but it could be argued that they were a different grade of slamming and mis-selling, since the transfer attempt did not occur. Schema recommends that Ofcom tracks this kind of complaint (for example, through adding a question on it to OCC scripts). This raises questions about the evidence service providers can be expected to provide on such cases. On the one hand they may well have acted improperly. On the other hand if a transfer has not actually been initiated, they may not have evidence for that CLI. Schema would recommend that this matter be considered when future requests for information are made, and that it be handled in accordance to the type of information being reviewed. However, Schema believes in principle it is correct to request records for these cases, since whether or not a transfer has been set in motion, improper behaviour by the service provider has been alleged.

**Capture additional complaint data.** Schema found that in a significant number of cases customers were complaining about other forms of service provider behaviour, in addition to slamming and mis-selling. This information was captured reactively by OCC, even though it was not being systematically sought. Schema believes it would be beneficial to introduce means to track additional forms of behaviour proactively, so that the true extent of such practices could be appreciated. Schema suggests check boxes /fields are introduced to OCC systems and that OCC advisors ask questions about the following:

- Has the gaining provider in question made this slam attempt more than once? If so, how many times? (2/3/4 times; if more state “multiple attempts”)
- Has the gaining provider charged a fee to cancel service during the cooling-off period?
- Has your service been disconnected as a result of this issue?
- Is this an actual or attempted transfer?

## 7.5 Revised Categorisation Framework

At present the framework used by OCC to categorise complaints is based on a framework developed by Schema during the UTI study (see section 4.2.2). In the course of the current study Schema found new categories, which it added to the framework used. It also found some categories to be redundant. Furthermore, whilst a high degree of granularity was appropriate to categorising cases during this review, a slightly simpler version is more appropriate to future use.

Schema has therefore produced a new version of the framework for future use. This framework is shown below:

<b>Level 1 slams - No contact with GP and no contract made</b>	
<b>Subcategory</b>	<b>Criteria</b>
Person not present (e.g. not in country, on holiday, deceased)	* customer had no contact with GP (and physically absent at time of sale)
Nobody in household or company has spoken with GP	* customer has no awareness of any contact with GP;
Number mistakenly transferred (e.g. from a previous account, or as part of bulk transfer)	* number mistakenly transferred by GP, without the customer's knowledge
Transfer from one service to another (eg IA to CPS, CPS to LLU), without contact or permission	* customer's existing service changed to another type of service, without due notification or permission
Previous provider has transferred service without recent contact or permission	* customer had had a past relationship with GP; * customer has had no recent contact with GP specific to the current transfer; * GP has transferred service without permission
GP sold service to person they knew was unauthorised; authorised customer knew nothing of sale	* the genuine customer had no contact with the GP; *another unauthorised party agreed transfer without the customer's knowledge; *the GP knew this person was not allowed to agree sale

Key changes made:

- "Number mistakenly transferred..." now includes text covering cases where a bulk transfer had lead to mistaken transfer
- "GP sold service to person they knew was unauthorised..." previously this was included as a type of mis-selling, rather than slamming, but Schema felt the key characteristic was that the true customer had no contact with the gaining provider and that this should therefore be considered a level 1 slam

<b>Level 2 slams - Contact with GP and no contract made</b>	
<b>Subcategory</b>	<b>Criteria</b>
Told GP did not want to change / did not tell GP wanted to change	*customer had contact with GP and either told GP that it did not want to transfer, or did not tell GP that wanted to do so
Requested information only	* customer had contact with the GP but agreed/requested information only. Customer did not agree to transfer of service
Purchased another service e.g. digital TV, utility, mobile or broadband	*customer agreed other service with GP but did not agree to take up CPS/WLR
Purchased another fixed line calls service (e.g. international option, or bought CPS but given WLR)	* customer agreed a particular fixed line service with GP but did not agree the fixed line service that was provided

Key changes made:

- The top subcategory “told GP did not want to change / did not tell GP wanted to change” was previously two categories, but Schema felt that little benefit was being gained from distinguishing between these two subtly different types of refusal.
- Level 2 slams relating to a failure to cancel have been moved into a newly created section - Level 4 slams - specifically covering this type of case.
- “Purchased another service...” has been amended to include “utility”

<b>Level 3 slams - Misrepresentation</b>	
<b>Subcategory</b>	<b>Criteria</b>
GP stated, or strongly implied, was part of BT/connected to BT	* customer was told GP representative represented BT or a company operating on its behalf; or GP strongly implied this; * customer did not think a transfer to separate company was involved
GP said was part of a different company (not GP, not BT)	* GP falsely claimed to be operating on behalf of a third company (not BT or actual GP)

Key changes made:

- Previously a distinction was being made between companies which stated they were BT (or part of BT) and those which strongly implied it. There were fewer incidences of both types of case, and it was felt the distinction could be removed

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<b>Level 4 slams – Customer agreed contract initially, but changed mind in cooling-off period; GP failed to cancel</b>	
<b>Subcategory</b>	<b>Criteria</b>
Customer wishes to cancel within cooling-off period, but is unable to contact GP	* customer wishes to cancel service within cooling-off; * customer makes repeated attempts to contact GP, but is unable to communicate desire to cancel
Customer has told GP wishes to cancel within cooling-off period; GP has had time to cancel, but has failed to do so	* customer wishes to cancel service within cooling-off; *customer makes contact with GP to request cancel in good time; *GP still fails to cancel transfer
GP refuses to cancel, stating spouse/partner not authorised as not account holder	* spouse/partner of customer requests to cancel service within cooling-off; * GP refuses to cancel, stating spouse/partner is not authorised to cancel; *under industry guidelines, spouse/partner is authorised
Customer tries hard to cancel in cooling-off period, but is unable to contact GP until last 48 hours. GP is at fault.	* customer wishes to cancel service; * customer makes repeated attempts to contact GP, but is unable to communicate desire to cancel

Key changes made:

- As mentioned above, this new level was created to cover slams relating to a failure to cancel. Many examples of this type of slam were encountered in this review, and Schema felt that the different circumstances surrounding them made it advisable to consider them separately. Schema believes this also helps the categories of this framework map more closely onto the Reason Codes used for Cancel Other (slam). For example:
  - Level 1 slams correspond to 9X50
  - Level 2 slams correspond to 9X20
  - Level 3 slams correspond to 9X60
  - Level 4 slams correspond to 9X80. (N.B. As concluded above, Schema believes that cases where there has been no failure to cancel by the gaining provider should no longer be considered under 9080).

<b>Level 1 Misconduct</b>	
<b>Subcategory</b>	<b>Criteria</b>
[GP aware that] customer not fully capable of understanding the offer (thru ill health, general infirmity or language problems)	* customer incapable of understanding for health, age or language reasons; GP representation continues to pursue sale even though this is evident
Customer wishes to cancel as felt threatened into agreeing to contract	* customer agreed contract; * customer wishes to cancel as felt threatened into making their decision by the GP representative



Key changes made:

- The framework previously considered separately exploitation of people incapable on understanding through age or infirmity and those incapable of understanding for linguistic reasons. These have now been merged.

<b>Level 1 mis-sell - Contract agreed without full understanding / acceptance (GP at fault)</b>	
<b>Subcategory</b>	<b>Criteria</b>
GP told lies about the competition	* customer agreed/signed a contract with the GP on the basis of false information about BT or other competitors
GP told lies about what the customer was signing	* customer agreed / signed a contract with the GP for a different product, service, or reason; *the GP lied to the customer to engineer this
Misleading/inadequate information given about service (eg tariffs, features etc)	* costs and/or features of package/service sold differ from those of the product delivered
Misleading/inadequate information given about transfer (eg two bills, or possibility of LP termination fees)	* GP fails to explain adequately the nature of the transfer process and/or the billing implications of transfer (e.g. two bills; LP might charge a termination fee)
Misleading/inadequate information given about contract (eg terms, length, notice period)	* customer agreed contract; * customer wishes to cancel, as feels was not given full or accurate information about contract duration
Customer agreed on the basis of false information	* customer agrees to transfer service on the basis of false and/or misleading information

Key changes made:

- Schema has merged level 1 and level 2 mis-selling. Level 2 mis-selling covered contracts made with the wrong person, with the GP at fault. Schema took the view that this should be categorised as a type of level 1 slam.
- The number of mis-selling subcategories was reduced considerably as it was felt that there was some overlap and redundancy and that greater clarity could be achieved through a smaller set.
- Subcategories have been amended to cover 3 different facets of sales and transfers about which customers are being misled:
  - deception regarding the service itself (eg details of features and tariffs)
  - deception regarding the nature of transfer (eg that will get two bills if taking CPS, that the LP might charge termination fees)
  - deception regarding contracts (eg their terms, length, notice period).

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<b>Level 1 Customer Issue - Contract agreed in error (customer at fault)</b>	
<b>Subcategory</b>	<b>Criteria</b>
Customer thought the GP was a different company	* GP did state the name of the GP company; *GP did not state or imply GP company was part of a different company; * Customer thought company was part of a different company
GP thought they were speaking to authorised person	* GP given the impression that they were speaking to an authorised decision maker; * In fact, respondent is not authorised to make decisions on the account
Customer changes mind	* customer originally accepted transfer; * customer has changed their thinking and wishes to cancel transfer
Customer denies agreeing contract/transfer (despite evidence of agreement)	* customer states that did not agree to transfer; * Evidence shows that customer did agree to transfer
Customer unaware order made by other authorised person	* customer calling BT is unaware of any agreement to transfer service; * Evidence from GP or another party indicates that another authorised person did agree to transfer
Customer cannot remember if spoke to or agreed to contract, and wishes to cancel	* customer cannot remember of had contact with GP or agreed contract; * customer believes it is possible they did; * customer does not claim to have been misled by GP
Customer wishes to cancel within cooling-off period, but failed to contact GP, though there was enough time for GP to cancel	* customer wishes to cancel transfer; * customer has not tried to cancel with GP
Customer confused about the service on offer	* customer does not understand the service they agreed; *the GP is not responsible for this confusion

Key changes made:

- Schema has merged level 1 and level 2 Customer Issues. Given the desire to streamline the framework, it was felt the distinction was no longer required, since both levels covered cases where customer confusion or a change of mind lay at the crux of the case.

<b>Level 1 Process Issue - Customer wishes to cancel an agreed contract (Process at fault)</b>	
<b>Subcategory</b>	<b>Criteria</b>
Customer does not know how to contact GP to cancel	* customer wishes to cancel transfer; * customer does not know how to go about cancelling the service
Customer requested cancellation from GP but GP is unable to cancel because so close to transfer date	* customer wishes to cancel transfer; * customer has contacted GP, but GP says to contact BT to cancel as customer request so close to transfer date
Customer requested cancel from GP or LP 48/72 hours prior to transfer date; LP cancels as transfer is imminent	* customer wishes to cancel transfer; * customer requested cancellation (from GP or LP), but only did so in last 48/72 hours prior to service going live

Key changes made:

- The cases in this category cover situations in which the LP has a right to cancel service, because the customer has requested cancellation, and transfer is imminent. But in these situations the timing of the customer’s request means the GP is not to blame for the fact that the service was had not been cancelled so far. These level 1 Process Issue cases correspond to the new 9X90 Reason Code proposed by Schema.

<b>Level 1 LP Issue - Invalid action / cancellation on part of Losing Provider</b>	
<b>Subcategory</b>	<b>Criteria</b>
LP cancels service as non bill payer made order (when by its rules, non bill payer is authorised)	* LP cancels transfer on basis of inappropriate decision maker; * By rules widely used by SPs, decision maker would normally be considered authorised; * no other legitimate basis for cancellation
BT representative fails to complete or comply with Cancel Other (slam) procedure	* BT representative registers a Cancel Other (slam) without following procedure; * insufficient data gathered by representative to justify a Cancel Other (slam) order
Service cancelled against the wishes of the customer	* LP Cancels service; * Customer does not ask LP to cancel service
LP cancels service on grounds of slamming / mis-selling, when no evidence mis-selling has occurred	* LP cancels service alleging slamming / mis-selling; * there is no evidence that mis-selling has occurred
LP implements FTC before last 48/72 hours	*Customer requests cancellation from LP before last 48/72 hours; *LP cancels service before last 48/72 hours; *LP should have referred customer to GP to cancel
LP cancels service without telling customer	*LP received notice of a transfer request from a GP; *LP cancels the transfer without informing the customer