



**FSB'S RESPONSE TO THE DOCUMENT ENTITLED "OFCOM'S CONSUMER POLICY: A CONSULTATION"
04 APRIL 2006**

Introduction

The Federation of Small Businesses (FSB) is the UK's leading non-party political lobby organisation existing to promote and protect the interests of all who own and/or manage their own businesses in the UK. With 195,000 members, the FSB is also the largest group representing the interests of UK small businesses and the self-employed.

The FSB welcomes the opportunity to respond to the Ofcom consultation document on consumer policy and hopes that Ofcom finds the comments useful.

Overall, the document is clear and concise, with well-thought out policies to benefit the consumer. We welcome the consideration that Ofcom has given to the specific needs of SMEs in the document.

The consultation – specific questions

1) Do you agree with the proposed distinction between citizen and consumer interests?

Yes. Consumer policy is more focussed and specific, whereas citizen-related policy is broader and has more wide-ranging effects. Ofcom has got the balance right.

2) Do you agree with Ofcom's position on vulnerable consumers?

Yes. Vulnerable consumers need more guidance to make the right choices.

3) Do you agree with the proposed high level objectives for consumer policy?

Yes. But it is important to outline the role of SMEs as consumers as well, in particular micro businesses and sole traders that do not use business tariffs for communication services (although it is difficult to say for certain what level the usage of business tariffs are for these groups as there is little research on the subject). Although this is not specifically a high-level objective, but it should be considered in more detailed, specific objectives that filter down from the higher level.

4) Do you agree that the proposed indicators provide an appropriate basis for monitoring consumer interests? Are there any other indicators which should be used?



The indicators are sensible and thorough. Any more indicators would be too many, as the indicators should correspond to the high-level objectives – becoming too micro or specific could distort the broadbrush monitoring of consumer interest.

5) Do you agree that Ofcom should publish an Annual Report on the Consumer Interest?

Yes. The FSB would welcome such a report and particularly welcomes the separation of residential and SME consumer markets as this recognises the specific needs of the SME community.

6) Do you agree with the characteristics identified of effective consumer protection?

Yes – the four major characteristics identified are appropriate and are all of equal importance, although consumer-facing policies such as access to information and effective complaints handling may be seen to be the most important or obvious for consumers themselves.

7) Do you agree with the assessment and priorities for rights and regulations?

Yes.

8) Do you agree with the assessment and priorities regarding consumers' awareness?

Yes. Scams are very worrying for SMEs. Information on new regulation would also be welcome as it can be difficult for SMEs to keep up with the pace of changing regulations and the impact on their businesses.

9) Do you agree with the assessment and priorities regarding complaints handling and redress?

Yes. ADR is particularly important, as it can resolve complaints quickly and in a manner that is satisfactory for all parties involved.

10) Do you agree with the assessment and priorities regarding monitoring and enforcement?

It is important to assess areas of priority for investigation and enforcement and the FSB considers that it is crucial for Ofcom to develop expertise in this area. We are aware that Ofcom is well-regarded as a regulator at EU level and developing expertise here would enable Ofcom to have greater lobbying power at the EU level.

11) Do you agree with Ofcom's approach to the provision of consumer information?

Ofcom should not be involved in supplying information about individual service providers – this is a clear conflict of interest. Advice on services and their functions (eg: Voice over IP, 3-G etc) would, however, be welcome.



12) Do you agree with Ofcom's conclusion on consumer awareness of suppliers and services?

Yes.

13) Which of the options on comparative price information, if any, do you favour? Are there any other options Ofcom should consider?

The FSB does not have detailed comments on this particular question, but awareness of the PASS scheme is low amongst SMEs.

14) What is your opinion about the ideas for generating awareness of price information?

Ofcom's ideas are appropriate, but there is also merit in setting up a dedicated website for price information and use of website advertising through google or other search engines.

15) Do you agree with our proposed approach regarding the Quality of Service initiatives?

Yes. We particularly welcome Ofcom's proposal to include internet services and broadband in any Quality of Service initiative.

16) Do you agree with our proposed approach regarding switching processes?

Yes.