

consumer policy

National Consumer Council response to Ofcom's consultation

About the National Consumer Council

The National Consumer Council (NCC) makes a practical difference to the lives of consumers around the UK.

With changes in provision of services by government and companies, there is apparently more choice, and more talk about meeting consumers' needs. Yet, the rhetoric does not always match people's experience: markets can operate in ways that act against consumer interests; and consumers who are disadvantaged or inarticulate can be ignored.

The NCC uses its insight into consumer needs to advocate change. We conduct rigorous research and policy analysis to investigate key consumer issues, and use this to influence organisations and people that make change happen. We don't just respond to policy discussions, but shape future debate through our groundbreaking thinking.

An open and collaborative organisation, we seek to work with public service providers, businesses and regulators. We hold regular policy forums which provide us with a unique opportunity to exchange views and test our thinking.

Our relationship with the Department of Trade and Industry – our main funder – gives us a strong connection within government. But we are ready to challenge any organisation, public or private, that does not give consumers a fair deal.

We have linked organisations in Scotland and Wales, and a close relationship with colleagues in Northern Ireland. We play a leading role within European and worldwide consumer groups, ensuring that cross-border consumer issues are tackled and the consumer voice is heard within global institutions.

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A consistent set of issues seems to be top-of-mind for the consumers we interviewed. Ask anyone about the things that annoy them, and they'll almost certainly mention 'robotic' call centres, hard-sell extended warranties, missed appointments, poor after-sales service, cold calling, automated services or being put on hold, never to emerge. At heart, people think that too many companies simply have no idea what it feels like to be a customer, and simply lack common sense, let alone personal touch. And time and again, the same sectors are mentioned... the telecoms sector (including mobile phone companies) is cited as an industry characterised by poor service and a chronic lack of transparency.

The Stupid Company, National Consumer Council, 2006

1. Introduction

Communications, in all its forms, plays an increasingly important and welcome role in consumers' everyday lives. At this point in time, in terms of creative innovation, there are few more significant consumer service sectors across the economy. Yet, just as the diffusion of technological advances creates opportunities for consumers, so they can also create new ways in which people can lose out. That is why it is entirely positive that the regulator, Ofcom, is signalling that it will step up the quality and effectiveness of its work for the benefit of consumers.

The National Consumer Council (NCC) therefore appreciates this opportunity to respond to Ofcom's first Consumer Policy Consultation.

We would like to make clear that we do support a number of the detailed proposals it contains. At the same time, the current draft strategy falls short of setting out a sufficiently comprehensive and balanced approach to promote consumer interests. To help achieve such an approach, we begin by summarising the ten key consumer challenges we believe that Ofcom faces; if implemented together, these recommendations will deliver positive results, both for consumers and for the businesses they will trust.

We then respond in more detail to the individual consultation questions.

2. Ten key consumer challenges for Ofcom

2.1 Ofcom should be more confident in integrating the consumer and citizen issues for the purposes of its consumer policy strategy: We fundamentally disagree with the division Ofcom has developed in its operational work between citizen and consumer interests.

To comply with the Communications Act, it is not necessary to define consumer interests so narrowly. This unduly restricts the proper scope of consumer policy and particularly limits Ofcom's ability to address issues of disadvantage in a consumer-focused way.

We recommend that Ofcom rethink its definition of consumer and citizen interests, that it uses the distinction as little as possible in practice, and that it includes issues of access within the scope of its consumer policy.

2.2 Ofcom should develop a more balanced approach to its consumer strategy: The strategy is overly focussed on consumer information: While information has a role to play in any consumer policy, this is but one part of the package.

In general, Ofcom's approach to consumer issues appears to be too heavily influenced by an economic model that may make unrealistic assumptions about consumer behaviour. Consumers' use of information in decision-making is complex, yet Ofcom disproportionately relies on the provision of information to drive competition and address problems. As a result, we are concerned that Ofcom's thinking may be insufficiently grounded in a real-world analysis of how consumers behave – and thus fail to prioritise the other necessary ingredients of a balanced consumer strategy.

We recommend that Ofcom refocuses its strategy, by giving sufficient weight to the substantive components of consumer policy discussed in the points below.

2.3 Ofcom should safeguard all interests by ensuring that issues related to disadvantage are core to its work: A key challenge for Ofcom's consumer policy is how best to ensure that the needs of vulnerable consumers are met.

While we strongly welcome the inclusion of vulnerable consumers within the strategy, we are disappointed that Ofcom's policy in this area is only briefly discussed – it covers less than one page, whereas the discussion on consumer information runs to over 20 pages. And while Ofcom quotes the Department of Trade and Industry's (DTI) formulation of a world-class consumer regime, which includes the protection of vulnerable consumers, its own formulation (at section 4.13) does not include this.

We recommend that Ofcom further clarifies its policy on vulnerable and disadvantaged consumers, analyses how it will ensure that their interests will be considered throughout all its work, and publishes a paper on its findings.

We also specifically recommend that Ofcom draws up a ‘Children’s Consumer Interest Assessment’ to identify and monitor issues of concern to young people, as NCC’s research suggests that many young people believe they are treated as second-class customers.

As part of its consideration, we call on Ofcom, given the commercial opportunities in exploiting the relative vulnerability of children and the detriment that flows from it, to indicate that it will take extremely seriously any evidence of mis-selling to or other exploitation of children.

2.4 Ofcom should adopt a more rigorous approach to monitoring and enforcement: In the past, enforcement at Ofcom has been too slow and insufficiently robust. So we welcome Ofcom’s commitment to strengthening its enforcement work and would urge Ofcom to ensure that the necessary resources are available to underpin this.

However, we do agree with the Consumer Panel that Ofcom should have published criteria for judging whether regulatory intervention is necessary. We are not convinced by the Board’s position that this might limit Ofcom’s ability to respond to issues in a fast-changing market as these criteria need not be exhaustive. We therefore hope that the Board will reconsider its decision.

2.5 Ofcom should be more energetic in cleaning up poor practice around consumer redress: Some communications providers appear to be more concerned with customer acquisition than with customer care and retention. As a result, it appears that a wide range of ‘communication cowboys’ often handle complaints badly (if at all), despite Ofcom’s provisions on redress.

We recommend that Ofcom strengthens its activity on redress, especially to require companies to take complaint handling seriously and to ‘name and shame’ companies that do not. In addition, and as set out in our response to the review of Alternative Dispute Resolution (ADR) schemes last year, we would like to see a single consumer redress scheme to operate across the communication sector.

2.6 Ofcom should take forward its work on media literacy: We are disappointed that Ofcom has not included in the strategy further plans for action on media literacy. We congratulate Ofcom on some of its good early work in this area but we are concerned that this work now lacks strategic direction. In particular, there has been little focus on how high-priority improvements in media literacy can be resourced and delivered by key actors – taking into account the costs and benefits of action or inaction. Media literacy is not simply an issue of consumer protection, as

capable consumers are active contributors, as NCC research suggests, to market competition and to business innovation.

We would support a leadership role for Ofcom, while recognising that this takes resources and that other bodies, such as public broadcasters and education providers, may need to pick up the reins of leadership if Ofcom does not.

We urge Ofcom to take the opportunity to develop ‘delivery coalitions’ for media literacy and assess resource needs and funding options for taking this work forward.

2.7 Ofcom’s consumer policy should be proactive and include wider, crosscutting projects: Ofcom’s consumer policy (and budget) should include the capacity to work on broader issues that will deepen Ofcom’s understanding of consumer policy, beyond practical market research. The strategy should state that Ofcom will look at broader conceptual issues – this might include, for example, commissioning discussion papers (such as the application of behavioural economics to aspects of communications policy).

2.8 Ofcom should deepen relations with consumer organisations and ensure that its decision-making takes account of their input and constraints:

We are pleased that the strategy recognises there is scope to improve the level of communication between organisations such as ours and Ofcom. We are ready to play our part in this partnership. At the same time, Ofcom should also improve its communication with special interest bodies, which work for vulnerable consumers, such as Age Concern and Royal National Institute for the Blind (RNIB).

Of course, when working with consumer organisations, it is important that Ofcom recognises the disparity in resources available to consumer and business organisations and finds ways to engage with consumer organisations that are sensitive to their circumstances. We are particularly keen that consumer organisations have a real opportunity to engage in policy formation at an early stage in Ofcom’s thinking. Too often, for instance, informal consultation occurs at (expensive) conferences that consumer organisations cannot afford to attend.

We would urge Ofcom to give sufficient weight to consumer responses to consultations and in decision-making processes generally. The number of responses, for example, received from the consumer movement (which may often be low, given available resources) may not reflect the importance of the issues to consumers.

With this in mind, we recommend that Ofcom considers the idea of establishing a fund for consumer bodies to support relevant communications-related projects (in a

similar fashion to the Financial Services Authority's Innovation Fund). Ofcom staff secondments to key consumer organisations would also be welcome.

2.9 **Ofcom should embed consumer thinking throughout the**

organisation: We are pleased that the strategy states (at section 3.27) that Ofcom's response to the Consumer Panel's recent toolkit (Capturing the Consumer Interest) is likely to lead to auditable processes to ensure that consumer interests 'are given sufficient priority'.

We also support the managerial and educational changes (such as consumer training and consumer seminars) promised in response to the toolkit, to further integrate consumer thinking throughout all Ofcom's work. We trust that Ofcom will make available the necessary resources to fulfil these commitments effectively.

However, we find the Ofcom Consumer Panel's remit too narrow, as it is unable to address major consumer policy issues related to content – such as, for example, the recent consultations on children and food advertising or product placement in TV and radio programming. We therefore recommend that Ofcom puts additional mechanisms in place to give adequate attention to the consumer interest in consultations on contents issues, for example by setting up 'pre-draft' consultations with relevant consumer groups.

Ofcom should also consider whether its Board gives sufficient weight to the consumer interest and review its membership to ensure that it includes consumer analysis and representation expertise.

2.10 **Ofcom should improve and review regularly its 'consumer**

protection index': We agree with the proposal to use annual indicators as a measurement for the effectiveness of consumer policy in the telecommunications sector, though the list proposed in Annex 7 of the consultation document should be stronger and clearer.

In particular we would like to see:

- break down of data to monitor the effectiveness of policy for particular groups of consumers, particularly vulnerable consumers, and for parts of the UK;
- breakdown of complaints data, including main causes for complaints and companies most complained about;

- consumer satisfaction with both companies complaints handling and ADR;
- monitoring innovation/take-up of new technologies.

3. Responses to the consultation questions

General

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

No. We agree with the Consumer Panel's advice in Annex 9 of the strategy that the distinction between consumer and citizen interests should be of small significance when determining appropriate regulatory interventions.

Although we do appreciate the need to distinguish between consumer and citizen interests, to comply with sections 3 (6) to (8) of the Communications Act (so Ofcom can identify when consumer and citizens' interests conflict), we are concerned that the strategy's market-based definition of consumers is too narrow.

In policy terms, the distinction fails to take account of the role markets play in creating exclusion. Access to and participation in markets are key consumer issues. NCC has carried out a significant amount of work on how markets fail to meet the needs of disadvantaged consumers (and not always for economically justifiable reasons), yet Ofcom's interpretation of the Act would erroneously lead to these issues falling within the ambit of citizen interests.

On a practical level, this is critical because, as Ofcom's Board recognises in Annex 9, the distinction has important implications for policy development. Ofcom's interpretation means that key areas of consumer policy (such as Digital Switchover, Universal Service Obligations and media literacy) are not included in the strategy.

As the document does recognise, there is a close relationship between consumer and citizen interests, and the public makes no conscious reference to these roles in decision-making. But while citizen/consumer conflicts sometimes exist (although interests may also be complementary), they are unlikely to be the main source of conflict in Ofcom's consumer policy-making. Conflicts between different groups of consumers, for example, are at least as important.

In practice, consumer organisations will judge the success of Ofcom in furthering consumer interests from their (wider) perspective. If Ofcom continues to draw such a narrow distinction in its consumer strategy, it is highly likely that consumer organisations will remain critical of Ofcom's consumer policy.

In future, we recommend that Ofcom uses this distinction as little as possible and rethinks what counts as consumer policy accordingly. At the very least, policy related to access to communications must be included within the ambit of the consumer strategy: this would be perfectly consistent with the Communications Act.

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

We strongly agree that Ofcom should have particular regard to the interests of vulnerable and disadvantaged consumers – their interests should be given additional weight in policy-making.

However, we are disappointed with the cursory way the consultation discusses vulnerable consumers. We urge Ofcom to carry out further work in this field, in order to clarify its policy and how the interests of vulnerable consumers will be addressed in its work.

Certainly, when responding to issues of disadvantage and vulnerability, it will be vitally important that Ofcom looks broadly at a whole range of policy interventions, and chooses the most appropriate. The example given in section 3.38, for instance, that information might 'solve' problems (including the consequences of lack of mobility) seems rather glib.

The NCC also recommends that Ofcom draws up a 'Children's Consumer Interest Assessment' to identify and monitor issues of concern to your people. In our research, one in five 16-24 year olds are dissatisfied with mobile phone companies – higher than other age groups. As a result, mobile phone companies were the worst-rated sector for service – worse than door-to-door salesmen. The *Halifax Pocket Money Survey* has also put mobile phone pricing as the top concern for children's spending.

The NCC's research suggests that many young people believe they are treated as second-class customers. Seven out of ten children say that they are being 'ripped off' by companies. In the communications sector, this often revolves around special deals that are 'too good to be true' and conditions in the small print.

As part of its consideration, we call on Ofcom, given the commercial opportunities in exploiting the relative vulnerability of children and the detriment that flows from it, to indicate that it will take extremely seriously any evidence of mis-selling to or other exploitation of children.

3.3 Do you agree with the proposed high-level objectives for consumer policy?

The proposed overall aim of Ofcom's consumer policy in section 3.60 is capable of improvement. It is strange to start a high-level aim with 'work together...to ensure'. Co-operation is part of how the aim is to be achieved, not the aim itself. If Ofcom fails in its goal, it will not be clear whether it was Ofcom or others who were responsible for this.

Most importantly, the aim should acknowledge that consumers cannot derive any benefits from a market unless they can access it. Accordingly, we would reword the overall aim to start: 'To ensure that all consumers can access and benefit from increasingly competitive communications markets....' Would-be consumers should fall within Ofcom's consumer strategy.

The three broad objectives in section 3.19 are all necessary components of the overall aim in defining Ofcom's consumer policy. However, this section fails to mention consumer/ media literacy, which we believe is a key component of consumer policy and should be added here as an objective (or added to an expanded definition of consumer empowerment).

The bullet points in section 3.61 (indicating when the overall objective is likely to be achieved) are sensible, if consumer interests are broadly conceived. In making this work, the challenge will be to ensure that the words used as qualifiers (such as 'adequate' and 'due') are not narrowly construed.

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

We agree that indicators are potentially a good tool for monitoring the effectiveness of consumer policy in the communications sector. However, the list proposed in Annex 7 of the Ofcom consumer policy paper can be further improved, and made stronger and clearer, as follows:

- VOIP (voice over internet services) should be listed as a separate category, as it is both a growing segment of the market and increasingly relevant in monitoring competition policy
- The relevant data across all three headings (competition, protection and empowerment) should be further broken down to give intelligence on specific groups of users and different parts of the UK. Data related to those on universal service tariffs and children would be particularly relevant in view of Ofcom's obligations to vulnerable consumers.
- The distribution of indicators between the Competition and the Empowerment headings is rather artificial, because the two are closely related. We suggest merging the two headings and using a simplified list of strategic indicators that would effectively capture both, namely: service availability, pricing, choice of supplier awareness, switching/ease of switching, ease of making costs comparisons, ease of making quality of service comparisons, ease of use of technology and keeping informed about developments. We also suggest introducing either a dissatisfaction (rather than satisfaction) index, for example with pricing levels and quality of service delivery OR a general trust indicator ("would you recommend your provider to a friend?").
- The Consumer Protection indicators are not good enough for the purpose. We suggest the following list: number of complaints to all relevant sources (not just Ofcom); main causes of complaints (and companies most complained about); cases taken to ADR; satisfaction with provider complaint resolution; satisfaction with ADR; Ofcom enforcement activity indicators could also be included here.
- Finally we perceive a lack of focus on innovation/take up of new technology – our suggestion would be to make a 'basket' of new technology products and compare UK take-up with other OECD countries.

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

Yes, an Annual Report including all the indicators and discussing their significance would be helpful. We might suggest the term 'consumer interests' to 'the consumer interest', as the former better conveys the diversity of consumers.

We would encourage Ofcom to explore;

- The scope for third party verification or assurance on such a report
- The possible integration of stakeholder views in a structured way

Consumer Protection

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

The elements of an effective consumer regime listed at 4.13 should be expanded, to include all those listed in the DTI's characterisation of an effective regime (which is set out on page 26, in figure 3). Consumer advice, consumer empowerment/ literacy, advocacy and the protection of vulnerable consumers are all missing from Ofcom's list.

We would add that Ofcom should be pro-active in raising consumer awareness of risks; the term 'access to information' suggests that information will simply be available on enquiry. For example, in case of a major new scam, we would expect Ofcom to reach out to consumers through the media, and not simply to put an informative document on the consumer part of its website. Fighting scams will be a long-term project (see, for example, the OECD Consumer Policy Committee's recent report on scams and information campaigns at:

[www.oilis.oecd.org/olis/2005doc.nsf/43bb6130e5e86e5fc12569fa005d004c/911996b0a67a8e9cc12570dd003bd320/\\$FILE/JT00196254.PDF](http://www.oilis.oecd.org/olis/2005doc.nsf/43bb6130e5e86e5fc12569fa005d004c/911996b0a67a8e9cc12570dd003bd320/$FILE/JT00196254.PDF)).

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

We support all three of the actions proposed in paragraph 4.61. We particularly welcome the development of an early warning system (so that complaint-handling organisations share information about complaints by type) and closer co-operation with other enforcement agencies. This should be co-ordinated not just across UK agencies but also internationally, as scams often move across borders.

In relation to the review of self- and co-regulation, we appreciate Ofcom's recognition that self-regulation has not always been effective - and we welcome its review of the circumstances in which soft law is likely to be effective. The NCC has considerable experience of soft law: a key publication is *Models of self-regulation*, available on our website at www.ncc.org.uk/regulation/models_self_regulation.pdf.

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

We are pleased that Ofcom is prioritising awareness activities around scams, rights and redress. In relation to scam alerts (discussed at 4.74), in addition to using an e-mail registration service, Ofcom should follow up scam alerts with media work. Many vulnerable consumers are unlikely to hear of scams anywhere other than in the media.

We agree that Ofcom's Competition Bulletins should be made more accessible. Their current top-level organisation (into open and closed cases, and then by legal category) is unhelpful. Those cases likely to be of interest to consumer groups could usefully be expanded - for example those on unfair contract terms could include full details of the contract terms in question.

More broadly, we recognise the complexity of the existing consumer protection framework. We trust that Ofcom will work with other relevant organisations (such as Consumer Direct) to provide the simplest possible explanations of consumers' rights and advice on sorting out problems. At a minimum, all those involved should be fully informed of each other's roles and be able to refer consumers to the best place for their particular problem.

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

We think that the proposals in sections 4.83 and 4.84 do not go far enough.

Ofcom's own research, published in its review last year of ADR, found that two-thirds of consumers were 'very dissatisfied' with the way their providers' staff handled their complaints. Our own recent report (*The Stupid Company*, www.ncc.org.uk/publications/stupid_company.pdf) criticises mobile phone operators for especially poor practices. Telecoms also emerged as a problem area in the recent focus groups on consumer detriment carried out for the Office of Fair Trading (OFT).

In general, and as we set out in our response to Ofcom's review of ADR schemes last year, we would prefer a single consumer redress scheme to operate across the communications sector.

In relation to the detail of these proposals, ADR schemes should break complaints data down by the name of the companies involved. Reputational sanctions can powerfully influence consumer choices and company behaviour.

We believe Ofcom should do more to ensure the industry improves its initial handling of complaints. The strategy, for example, states that Ofcom intends to ‘proactively encourage’ communications providers to ensure that complainants are correctly signposted to ADR. We believe that Ofcom should require, not “proactively encourage”, companies to provide details about their complaints processes, including ADR, on consumers’ bills and on their websites. Similarly, Ofcom should require companies to record complaints data accurately, to issue deadlock letters appropriately and to signpost enquiries properly.

More broadly, we welcome Ofcom’s commitment in section 4.85 to monitor available research and undertake further research where appropriate. Because consumer research is critical to all consumer policy, we would welcome more consultation about Ofcom’s substantial consumer research programme. Ofcom and its Consumer Panel should discuss proposed consumer research and involve outside bodies like the NCC at the planning stage.

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

We strongly agree that Ofcom should adopt a more rigorous approach to enforcement. Enforcement is essential for effective consumer protection yet Ofcom has been strongly criticised by consumer groups in the past for its performance in this area. Processes need to be streamlined and issues resolved faster.

We especially support the establishment of a dedicated consumer protection enforcement team. It is crucial that this team is fully resourced and staffed with enforcement specialists. The team should work closely with the consumer policy panel – problems uncovered in policy work should feed into enforcement and vice versa.

Consumer Empowerment

3.11 Do you agree with Ofcom’s approach to the provision of consumer information?

Section 5.11 states that Ofcom believes that the improvement of information flows between suppliers and consumers is best left to the market, yet provides no evidence to support the claim. We are concerned about this lack of rigour and are also disappointed that the strategy fails to set out the criteria that would indicate when Ofcom should intervene if consumers suffer from a lack of information.

Section 5.11's statement that 'Where evidence suggests that [lack of appropriate information] has resulted in consumer harm, or is likely to do so in future, there may be a case for regulatory intervention' is far too general. We believe Ofcom should publish criteria setting out when it will intervene.

We are also concerned that Ofcom states its preferred method of intervention will be to promote soft law or the third-party provision of information. Again, why these are preferred options – and why it is only in exceptional cases that Ofcom will provide information about suppliers – is unclear. It is at odds with Ofcom's earlier recognition that soft law has not always worked. It also is empirically weak to suggest that this policy can be justified simply by reference to Ofcom's bias against intervention. Ofcom should look at the evidence, and then decide what kind of intervention is necessary.

We think there is merit in the idea of consumers accessing trusted, impartial information from one single source, for the sake of simplicity and for ease in raising awareness. However, if Ofcom's reluctance to take on this role is due to a lack of resources, and/or a belief that it would be more economically efficient for another organisation to provide information, it would be helpful if it said so and provided the evidence to support the claim.

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

Ofcom's 2003 research indicated that the majority of consumers were aware that they had a choice of suppliers in most communications markets. Ofcom's conclusion is that it does not need to take action to increase levels of awareness (although there may be a case for initiatives in relation to older people).

However, Ofcom also states (in section 5.20) that during 2003, almost two-thirds of fixed-line decision-makers were unable to name any indirect fixed-calls supplier without prompting – and suggests this may be down to lack of interest in fixed-line telephony. Our own research (reported in *Switched on to switching?*, http://www.ncc.org.uk/access/switching_findings.pdf) also found that in fixed telephony switching levels were still very low. Our view is that this may be due to lack of knowledge, especially as fixed line companies appear to carry out less marketing activity than other providers (such as mobile operators).

The text fails to clarify whether all the research mentioned surveyed only those who already had access to technology and – if not – whether there was a difference between those who did not have access to (different forms of) technology. For

example, section 5.21 states that most internet decision-makers knew of at least one alternative provider – but were these people with existing access to the technology? This is important as if Ofcom is to deliver on its commitment to vulnerable consumers, it needs to know how different groups of consumers understand technology.

We would, therefore, like Ofcom to set out more clearly the levels of knowledge that different groups of consumers have, and relate this to whether they already had access to different types of technology. Ofcom should carry out new research, and publish this with further economic evidence of what might constitute high levels of awareness. This is necessary before we are able to comment on whether current levels of awareness are adequate.

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

Of the four options outlined in sections 5.49 to 5.60, our clear preference is for Option 4. We believe that a single comprehensive and authoritative website, backed by Ofcom's approval, will serve consumers significantly better than several lesser versions.

We look forward to the further consultation on the provision of price comparison information later this year.

3.14 What is your opinion about the ideas on generating awareness of price comparison information?

We agree that Ofcom should make greater use of the media, free or paid. An annual report on price comparisons that named companies and was widely reported in the media could help raise consumer awareness – although it may be too-out-of date to assist consumer decision-making throughout the year.

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

There are lessons to be learned from the history of these self-regulatory initiatives, in the length of time they have taken, and in the difficulties they have experienced along the way.

We therefore look forward to Ofcom's reviews of the schemes this year and particularly await Ofcom's assessment of their accessibility. We are especially

concerned that as these services are internet based, many people will be unable to obtain quality of service information. Ofcom may be somewhat optimistic in relying on retailers to fill this gap, by passing on quality of service information – for example, sales assistants may not have the incentives to do this. It is highly likely that Ofcom will need to take further action to ensure that quality of service information is available to all consumers.

3.16 Do you agree with our proposed approach regarding switching processes?

We note Ofcom's separate, concurrent consultation on switching.

We also note that, while switching is very important, high switching levels alone do not automatically signify that a market is competitive. As our report *Switched on to switching?* found (2005:2):

First, if pricing is unclear and products complex, price differentials and subsequent switching can occur over a long period of time, without the market becoming more competitive. Second, if companies co-ordinate their behaviour to keep prices high, the market will not be competitive regardless of switching behaviour. Third, high switching levels can conceal certain undesirable activities, such as mis-selling and market churning.

We also reiterate our view (set out in our response to the Strategic Review of Telecommunications) that there would be considerable consumer benefit in companies alerting consumers to alternative, cheaper packages, based on consumers' recent usage patterns. Universal service providers should be required to provide such alerts, and other companies encouraged to provide them. A 'best package with current supplier' initiative could be more beneficial to consumers, overall, than a switching campaign.

Looking ahead, we would welcome a continuing dialogue with Ofcom, to help develop its consumer strategy further.

For further information, please contact Anna Fielder at the National Consumer Council (a.fielder@ncc.org.uk)