



Claudio Pollack
Ofcom
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Dear Claudio,

Ofcom's Consumer Policy

UKCTA welcomes the opportunity to comment briefly on Ofcom's consultation document setting out its approach to consumer policy.

We believe that the document deals comprehensively with all the relevant aspects of Ofcom's consumer policy. We are generally in agreement with the key points put forward by Ofcom in this area.

We agree with the proposed overall objective of Ofcom's consumer policy:

"To work together with other organisations and industry to ensure that consumers benefit from increasingly competitive communications markets, are effectively protected from financial and physical harm, unreasonable annoyance and anxiety, and have the information and tools necessary to make informed choices."

It has always been UKCTA's belief that consumer interests can generally best be served by promoting competition in the provision of communications services, as enshrined in the Communications Act 2003. In this context, it is of paramount importance that Ofcom ensures that BT meets its regulatory obligations such as those emanating from the strategic review undertakings.

We do accept that market failures may occur also in increasingly competitive markets and this is where Ofcom has a duty to provide adequate protection for consumers. However, this protection must be proportionate and introduced only where necessary, following rigorous analysis. UKCTA believes the approach to introducing regulation for consumer protection should be as robust as the process to introducing more 'competition' based regulation.

Before introducing consumer measures, Ofcom must first identify the market failure it wishes to address, and present robust evidence of consumer harm detailing both the scope and scale of the problem. Based on such evidence, Ofcom can then state their intended outcome and propose a proportional, targeted response based on their evidence.

Ofcom must then do a full Regulatory Impact Assessment to convince itself that the proposal is appropriate, and that the market will not deliver its own suitable outcome over time. In UKCTA's view, this is necessary because consumer protection measures often place additional burdens on communication providers and are therefore introducing regulation rather than removing it.

UKCTA would also like to see Ofcom monitoring the effect of its consumer measures over time to ensure they meet their intended outcome through periodic review points.

Following the process as described above would ensure that any measures are tightly targeted (in both scope and scale) and proportional. For example, we suspect Ofcom may be able to present evidence which shows specific market failures are having an adverse effect on specific consumer groups in specific markets, but we expect there is very little evidence for introducing specific measures to protect business users, particularly large corporate users.

Furthermore, we welcome Ofcom's proposed specific initiatives including the development of an Early Warning System, updating the Ofcom website and a review of self- and co-regulation. With regard to the latter initiative, we believe that this is an area that arguably may have suffered from some policy neglect in recent years and we consequently fully support the need for a review.

Finally, with regard to the important issue of consumer empowerment, we continue to believe that market forces are generally best equipped to provide the consumer with the information they need to make rational and informed purchase decisions. Whilst we welcome Ofcom's plans to provide more consumer information on its own website, we would argue that the market is working quite efficiently in this area, negating the need for any further regulatory involvement.

Yours sincerely,

Rickard Granberg
On behalf of UKCTA