



Internet Telephony Services Providers' Association

ITSPA response to Ofcom Consultation on Automatic Compensation

Introduction

The Internet Telephony Services Providers' Association ("ITSPA") represents over 90 UK businesses involved with the supply of next generation communication services over data networks to industry and residential customers within the UK. Our traditional core members are VoIP providers. ITSPA pays close attention to both market and regulatory framework developments on a worldwide basis in order to ensure that the UK internet telephony industry is as competitive as it can be within both national and international markets.

Please note that certain aspects of the ITSPA response may not necessarily be supported by all ITSPA members. Individual members may respond separately to this consultation where a position differs. However, the ITSPA Council is confident that this response reflects the views of the overwhelming majority of ITSPA members.

A full list of ITSPA members can be found at <http://www.itspa.org.uk/>.

Response

ITSPA welcomes the opportunity to respond to Ofcom's consultation on its proposals for automatic compensation for residential consumers of landline and/or broadband services who suffer quality of service problems.

ITSPA is supportive of Ofcom's continued focus on reducing consumer harm and supports the regulator's objective of enabling consumers to receive compensation when their communications service provider has not delivered a service in line with their expectations. However, we would like to remind the regulator that the proposals introduced must be focused on the overarching principle that all participants in the complicated next generation supply chain are incentivised to improve the quality of service that they are responsible for.

ITSPA welcomes Ofcom's identification of the types of service event that would warrant automatic compensation and believes that these are correct. However, ITSPA would like to highlight the need for Ofcom to ensure that consumers are made aware of the events that trigger the automatic compensation process.

ITSPA noted that our point that automatic compensation could have a potentially devastating financial effect on small CSPs if not formulated properly due to the fault of wholesale providers was highlighted in Ofcom's consultation document. However, we were disappointed by Ofcom's statement that their 'provisional view remains that it is appropriate for requirements for automatic compensation to be imposed on the retail provider' and that they 'do not consider it appropriate to impose requirements on wholesale providers to pay out compensation directly to consumers'. ITSPA would urge Ofcom to reconsider this



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position in light of the potential effects that the automatic compensation proposals could have on small CSPs, thereby damaging the UK's vibrant and competitive telecoms market.

ITSPA would also urge Ofcom to consider the implementation of a system whereby Openreach (and other wholesale providers), if responsible for the outages resulting in retail providers having to pay compensation, must fully reimburse those retail providers. Automatic compensation proposals which result in retail providers being financially liable for the service deficiencies of Openreach (which has significant market power) would be an unacceptable outcome for the UK's telecoms market.

Whilst we welcome the decision taken by Ofcom not to impose automatic compensation obligations on business services, we remind Ofcom of the point made in ITSPA's original submission that small businesses have greatly different communications requirements to those of residential users and that the introduction of the automatic compensation regime may incentivise SMEs to purchase consumer-grade services, despite these not being most suited to their needs.

Similarly, whilst ITSPA supports the move towards greater clarity regarding the quality of service that SMEs who purchase business services are entitled to under their contracts, we feel that further details are required on what exact obligations will be introduced on communications service providers.

As ever, ITSPA would welcome further dialogue with Ofcom on this important issue.