Mystery shopping to check compliance with Ofcom’s Voluntary Code of Practice on Broadband Speeds has revealed that Internet Service Providers (ISPs) are meeting some aspects of the Code but are falling short in other areas. The Code, introduced in 2008, contains a number of requirements on ISPs to provide better information to consumers on the internet service they are likely to receive.

The research found that the majority (85 per cent) of telephone mystery shoppers were provided with an estimate of the maximum speed available on their broadband line before signing up with a provider. However, almost half (42 per cent) of these shoppers had to prompt ISPs for their speed late in the sales process. In addition, three quarters (74 per cent) of mystery shoppers were not informed that their actual speed was likely to be below their maximum line speed.

The research also showed that shoppers often received a wide variety of different estimates of the maximum line speed from different ISPs for the same broadband line.

Having investigated the issue further, Ofcom has found that ISPs use different methods for calculating and presenting these estimates. Some ISPs also often gave the estimate for the maximum line speed in the form of a wide range (such as 10-20Mbit/s) which could lead customers to expect a much higher speed than they actually receive.

Ofcom is now proposing to tighten the Code to address these issues in order to ensure that consumers are given adequate information about their broadband service when making purchasing decisions. This involves working with the ISPs to ensure that they are able to give more consistent and accurate information on line speeds. Ofcom expects to be able to agree changes to the Code by summer 2010.

The full mystery shopping report can be found by following the link below:
http://www.ofcom.org.uk/telecoms/ioi/copbb/voluntary_code_copbb/
Lower mobile termination rates to benefit UK consumers

Ofcom has published proposals to reduce mobile termination rates - the wholesale charges that operators make to connect calls to each others’ networks - to benefit UK consumers.

Ofcom’s proposals would reduce termination rates over four years. As rates fall and operators adapt, consumers will benefit from cheaper calls and competition in both the UK fixed telecoms and mobile markets.

Lower termination rates will enable cheaper calls to mobiles for the 32.7 million UK homes and businesses with a landline. The proposals will also mean that both landline and mobile operators have more flexibility in designing competitive call packages, promoting competition for the benefit of consumers.

For more detailed information on these proposals, please follow the link below:
http://www.ofcom.org.uk/consult/condocs/wmctr/

Broadband speeds research

Ofcom has recently commissioned a second round of broadband speeds research following last year’s research which provided consumers with a clear picture of the UK’s actual broadband speeds. Ofcom is planning to publish the first findings from this round of research in July 2010, and every six months thereafter. The research will test some of the fastest advertised broadband packages on the market today.

The previous publication can be found on the link below:
http://www.ofcom.org.uk/research/telecoms/reports/broadband_speeds/broadband_speeds/

Faster switching for consumers: transferring mobile phone numbers

Subject to the outcome of a further short consultation, consumers will be able to transfer their existing mobile phone number to a new provider in just one working day rather than the current two days.

In addition, the Porting Authorisation Code (PAC) that consumers need to switch provider and keep their number will in future be issued immediately or within a maximum of two hours by text message. The time and way in which PACs are issued currently varies considerably between providers, some only issue PACs by letter, which can take several days to arrive.

Following a six week consultation on legal implementation and timing of the proposal, Ofcom expects these changes to come into effect in the first half of 2011.

For more information on this consultation, please follow the link below:
http://www.ofcom.org.uk/consult/condocs/mnp/

Ofcom launches probe into Continental Telecom

Ofcom has launched an investigation into a London-based phone and broadband provider.

The probe will examine whether Continental Telecom is complying with rules introduced to protect consumers from mis-selling and will also look at whether the telecoms company is following the required steps and giving adequate notice before cutting customers off for alleged non-payment of bills.

The investigation will also look at how Continental Telecom uses the information it receives to help consumers switch to rival companies and will examine whether the contractual terms contained within Continental Telecom’s standard Terms and Conditions are fair.
New research into mobile coverage in the UK

Ofcom is taking forward a range of work this year exploring the issue of mobile coverage gaps – so called mobile ‘not-spots’.

Mobile coverage is generally good in the UK (in 2009, 98% of households are covered by second generation (2G) and 87% by third generation (3G) mobile services) but there are issues, particularly in rural areas. Not-spots have been identified as an important issue by some stakeholders and consumers and Ofcom’s annual plan has highlighted ‘mobile not-spots’ as one of our priorities for 2010-11.

As a first step, we are aiming to measure the size and location of the not-spots in the UK and – to find out exactly why they exist and the impact they have on people living and travelling in not-spot areas.

This work may enable us to publish improved information on mobile coverage and to establish whether there are any solutions, within our powers, to solve not-spots. We will also be better placed to support any local initiatives aimed at tackling the problem.

In addition, we will be looking to better understand mobile broadband. We will research how consumers are using this increasingly popular service and we will try to evaluate the performance of mobile broadband networks.

Ofcom investigates Lycatel in relation to its international pre-paid calling cards

Ofcom has launched an investigation into Lycatel, one of the leading global suppliers of pre-paid international calling cards.

The move has been prompted by complaints to both Ofcom’s Advisory Team and Consumer Direct. It also follows discussions between Ofcom and Trading Standards Offices about the terms and conditions of the Lycatel cards, as well as the company’s advertising practices.

The investigation will consider whether Lycatel has engaged in conduct which infringes any relevant consumer protection law. It will also examine if Lycatel is complying with obligations to publish clear and up to date information about its prices and terms and conditions.

Ofcom will conduct the investigation over a six month period and will publish the results in its Competition and Consumer Enforcement Bulletin.

Further information can be found in Ofcom’s Competition and Consumer Enforcement bulletin here: http://www.ofcom.org.uk/bulletins/comp_bull_index/comp_bull_ocases/open_all/cw_01046/

New Code of Practice for Premium Rate Services

Premium Rate Services (PRS) encompass a diverse and growing number of services that can be offered across telecoms platforms, and include services such as directory enquiries, TV vote lines, interactive games, ringtone downloads, ‘red button services’ and adult services.

Ofcom has overall responsibility and accountability for regulating PRS, but has designated PhonepayPlus as the independent organisation responsible for delivering the day-to-day regulation of these services. PhonepayPlus does this by taking action against those providers who breach its Code of Practice. Ofcom and PhonepayPlus are both intending to launch consultations in April 2010 on a draft of a new Code of Practice, which is likely to signal a fundamental shift in the way that PRS is regulated in the UK.

The draft Code will be outcomes-focused, which is designed to give PhonepayPlus greater flexibility in targeting those providers that it considers to be causing consumer harm. Stakeholders will also be asked to provide their views on a range of other initiatives, including new sanctions, new processes for PhonepayPlus investigations, and new complaints handling obligations on providers.

The consultation is expected to be published at the end of April.
Ofcom takes Telephonics to High Court

In February, Ofcom launched a High Court action against a telecoms company for continuing to breach consumer rules.

Telephonics Integrated Telephony Limited – Telephonics was fined £183,898 in August 2009 and ordered to clean up its act. This came after Telephonics customers complained to Ofcom that they’d been prevented from switching to rival telecoms providers by having their transfer orders cancelled without their consent. In some cases they’d also been threatened with solicitors’ letters demanding thousands of pounds in early termination fees even though they’d given the required notice under their contract with Telephonics.

Other customers of the Birmingham-based company complained that Telephonics changed the terms and conditions of their contract after they said they wanted to switch away to another communications provider.

Last August’s fine was the maximum amount Ofcom could fine Telephonics and reflected the serious nature of the rule breaches. The telecoms company was also told to comply with the rules in future.

However, since then it has failed to either pay the fine or comply with the rules and Ofcom has now started proceedings against Telephonics before the High Court of Justice (Chancery Division).

Forthcoming publications

There are several publications expected in the coming months to look out for.

Statement on complaints handling
Ofcom consulted in December on a number of new proposals which included, among other things, measures to raise the standard of complaints systems used by communications providers. The consultation has ended and we are now considering responses from stakeholders. We are planning to publish a statement in the summer.

Consultation on switching processes
Ofcom is conducting a review of consumer switching processes across communications services and evaluating the extent to which they promote good outcomes for consumers.

The aim of this review will be to develop a more streamlined approach to switching across the industry and which leads to a more straightforward experience for consumers. We are planning to publish a consultation in the summer that sets out this work in more detail and will provide an opportunity for consumer stakeholders to comment on our proposals.

Consultation on metering and billing
Providers of publicly available telephone services (PATS) with a relevant annual turnover in excess of £40m must obtain approval of their metering and billing systems from third-party assessors. The third-party assessors are known as Approval Bodies and there are currently two in place.

Ofcom has received a request from a third organisation seeking to become an Approval Body. We are planning to publish a consultation later this month examining our consideration of this request.

Complaints data

In our annual Consumer Experience report Ofcom publishes complaints figures which it receives about telecoms issues over the previous year. We will now be publishing complaints data alongside the Consumer Bulletin to enable its stakeholders to view trends in the complaints it receives from the public about particular issues.

The figures show complaints data about the following issues (in order of number of complaints):

- Fixed line mis-selling
- Additional charges
- Silent Calls
- Broadband migrations – Tag on the line
- Broadband Migration Authorisation Codes (MACs)
- Mobile mis-selling

The complaints data can be found at:
http://www.ofcom.org.uk/telecoms/ioi/bulletins/complaints/

We’d really welcome your views on our Consumer Bulletin. Do e-mail john.o’keefe@ofcom.org.uk or call John on 020 7981 3568 if you have any views on how we can improve the next issue.