Ofcom recently published its annual Consumer Experience evaluation and research report which looks at the overall experience of consumers in the communications market and show that consumers are finding new ways to save money on their phone, broadband and pay TV services. Ofcom also held a stakeholder event to discuss the issues raised in the report.

‘Bundles’

An increasing number of consumers are choosing to take discounted ‘bundles’ with their providers. In 2009, 35 per cent of consumers took a discounted ‘bundle’ compared to 30 per cent in 2008.

The research also found that some consumers could make significant savings by taking some or all of their phone, pay TV and broadband services from the same provider. Typical communications baskets for some groups of consumers revealed possible savings of between £88 and £140 a year.

New international comparisons in the report suggest that for many types of consumer better telecoms deals are available in the UK than in the comparison countries in Europe and in the US.

‘SIM-only and longer contracts’

Over 20 per cent of new mobile contracts in the first three quarters of 2009 were for one month only, whereas two years previously these contracts were not available.

24-month contracts are also becoming increasingly popular as consumers commit to longer periods in return for lower monthly fees and inclusive, or heavily discounted, handsets. In the third quarter of 2009, 42 per cent of new mobile contracts were for 24 months or longer, compared to only 5 per cent a year previously.
‘Switching rates slowing down’

The research also shows that, despite consumers seeking better deals, there has been a large reduction in the proportion of those consumers who take bundles switching providers in last 12 months (from 24 to 13 per cent). More generally consumers are not switching as much in the communications sector as they are in other sectors such as energy and car insurance.

‘Potential obstacles to switching’

Ofcom has started a review of consumer switching to improve consumers’ experience of switching providers. The aim will be to deliver processes that ensure there are no complaints to ADR; and businesses help not prevent consumers from switching without their knowledge or consent.

High levels of satisfaction and availability but concerns remain around ‘not spots’

The report shows that communications services are becoming more important for consumers with growing take-up of internet and mobile data services in particular. Mobile and broadband prices have continued to fall and have driven increases in take up. Competition has delivered better choice and value for money which in turn has generated high levels of satisfaction amongst consumers.

There is also wide availability of communications services across the UK but problems of not-spots for broadband and mobile services have been identified for both residential and business consumers.

The Consumer Experience evaluation and research reports can be found here: http://www.ofcom.org.uk/research/tce/.

Improving consumer complaints handling

Ofcom has made new proposals to increase consumers’ awareness of Alternative Dispute Resolution (ADR) and to set out minimum standards of complaints handling for communications providers.

Most providers view customer service as a key part of their operations and will try to treat their customers fairly. It is not Ofcom’s role to regulate customer service standards. Our aim instead is to make sure that when something goes wrong, consumers are able to find out easily how to make a complaint and can be sure their provider will have appropriate processes to receive and handle their complaint.

Evidence gathered for our current review of providers’ complaints handling shows that a significant proportion of consumers pursuing a complaint have a poor experience:

• 30% of complaints are still unresolved after 12 weeks;
• the majority of consumers who cannot resolve their complaint promptly have considerable difficulty getting their provider to recognise they are making a complaint and in finding out information about the complaints process;
• those consumers who are unable to resolve their complaint within 12 weeks are much more likely to suffer financially or through stress;
• awareness of ADR is considerably lower than comparable schemes in other sectors with only 8% of consumers aware that they can take unresolved complaints to ADR; and
• Ofcom receives nearly 1,000 complaints a month from consumers who are unhappy with their providers’ handling of complaints.

In a consultation published in December, we are proposing to establish some basic high level standards for complaints handling for the telecommunication industry. This will ensure the accessibility and transparency of providers’ complaints handling procedures and require providers to have processes in place to secure the fair and timely resolution of complaints.

We are also proposing that providers give additional information to consumers to increase awareness of ADR. Providers will need to include relevant information about ADR on all consumer bills and to write to consumers whose complaints have not been resolved within 8 weeks to tell them of their right to go to ADR.

We are also seeking stakeholder views on possible measures to improve transparency of the relative performance of providers’ complaints handling which we believe could benefit both industry and consumers.

We are inviting comments on our proposals by 12 March 2010.

For more information, please see below: http://www.ofcom.org.uk/consult/condocs/complaints_procedures/

New rules to reduce landline mis-selling

Ofcom has introduced new rules intended to increase protection for consumers from being mis-sold landline products and services.

Since 2005 landline providers have had to follow Ofcom rules when they are selling their services, including having to follow a code of practice on sales and marketing to ensure providers deal with consumers in an appropriate and responsible manner, and, in particular, to prevent consumers from being switched without their knowledge or consent.

These measures have succeeded in reducing harm to consumers and the number of consumer complaints to Ofcom has declined over time. However, the level of complaints remains unacceptably high and, following a review, we are introducing tougher measures to stamp out mis-selling in the landline sector.

We are introducing a general prohibition on inappropriate sales and marketing activity which replaces the requirement for providers to establish and comply with a code of practice. The new rules also require providers to keep good records of their sales and marketing activities.

This is intended to ensure there is a lasting record of the sales call so that any disputes can be settled on the basis of reliable evidence.

Also, at present providers are able to prevent their customers from switching to another provider when they believe the customers have not agreed to this, using a process called ‘Cancel Other’. Until now, only BT has been subject to rules on when to use this process. We are now extending the rules to cover all providers. This should help ensure that consumers who wish to switch are not prevented from doing so.

The measures are being introduced as ‘General Condition 21’ and will come into effect on 18 March 2010.

A phone is for life, not just for Christmas

PhonepayPlus, the phone-paid services regulator and an agency of Ofcom, recently launched its “A phone is for life, not just for Christmas” campaign.

Mobile phones continue to feature highly as must-have gifts on kids’ Christmas lists, making the holidays a peak time for young people to get their first handset. Personalising their phones with ring tones, wallpapers and other downloads is often the first priority for kids after they’ve unwrapped their gifts, so PhonepayPlus wants to help them (and their parents!) understand how to make the most of these services - without incurring high bills at the end of January that put them off using them again in the future.

With the assistance of Parentline Plus, a national charity that works for, and with, parents, the initiative is designed to help parents and children better understand the charges that can be incurred whilst using their mobile phone, and accessing services from it. It also advises parents on how to put a few simple measures in place to arm their children with the information they need to use their phones without worry.

PhonepayPlus has teamed up with parenting forums and price comparison websites to carry the message. www SuperNanny.co.uk and www.Mumsnet.com will be carrying details of the campaign, and www.PriceRunner.co.uk will also carry the logo and campaign information on the pages where users can compare mobile phone prices.

To find out more about the campaign, please visit www.phonepayplus.org.uk/output/A-phone-is-for-life.aspx.
Fall in switching complaints leads to closure of enforcement programme

In November, Ofcom announced the closure of an enforcement programme that was first opened in February 2007, following the introduction of the new rules intended to help consumers when switching broadband provider.

The rules, established under General Condition 22, set out that Internet Service Providers (ISPs) had to provide Migration Access Codes (MACs) to their customers who wished to switch to another supplier. A MAC is a unique code which identifies a particular line and enables customers to switch ISPs smoothly and with minimal disruption. Before these rules were introduced, ISPs could choose whether to provide customers with a MAC which meant that consumers were often left without broadband for some time while a transfer was made, or simply stuck with their old provider. So, in February 2007, Ofcom introduced new rules ensuring all ISPs supplied consumers with a MAC upon request and free of charge.

Alongside the introduction of General Condition 22, Ofcom set up an enforcement programme to ensure that ISPs complied with the new rules. Since then, there has been a significant decline in complaints; falling from 825 in March 2007 to 147 in September 2009 (the lowest level since the opening of the enforcement programme). Over the past 12 months, the total number of MAC related complaints received by Ofcom has more than halved. The reduction in complaints, alongside the evidence gathered through our enforcement activity and analysis, indicates that compliance has improved considerably across the industry and that most consumers are able to move easily and quickly to a new ISP of their choice. As a result, Ofcom have decided to close the enforcement programme.

Ofcom will continue to actively monitor the MAC related complaint levels and we have already written to those ISPs who were generating the most number of complaints. We have reminded them that should we see an increase in complaints, or identify trends relating to any ISP, whether we have written to them or not, we will not hesitate to open individual investigations, which would be published on the Competition and Consumer Enforcement Bulletin.

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 will 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/