

Press Release

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Over half of consumers not told about mobile coverage cancellation policies, Consumer Panel says

Over a half (56%) of people buying a mobile phone contract in-store did not receive accurate information about cancellation policies in the event of coverage problems, according to a mystery shopping exercise conducted for the Communications Consumer Panel.

Panel Chair Anna Bradley said that consumers must be given simple and accurate information before locking themselves into contracts that they might not be able to leave for up to two years: “Consumers have a right to get accurate and consistent information at the point of sale when they ask legitimate questions about coverage and cancellation policies. Staff often struggle with so many different company policies and communicate them inaccurately to customers.

She said that consumers must also be able to cancel a mobile contract if they don’t get the right coverage: “That’s why we are calling for an across-the-board minimum 14 days to cancel contracts where consumers have coverage problems,” she said, adding: “People must be given enough time to test coverage in the places where they want to use their phone.”

Can I cancel? found that operators and retailers had significantly different policies. In some cases operators would not allow customers to cancel contracts even if they had no coverage at all. And where consumers could cancel their contract the time limit allowed varied dramatically. Shoppers also had considerably different experiences depending on which operator or retailer they visited.

RECOMMENDATIONS

The Consumer Panel is calling on operators and retailers to give consumers:

1. a minimum 14-day time limit cancellation policy for poor or no coverage
2. the right to cancel their contract if coverage doesn’t meet their needs
3. consistent cancellation policies within individual operators and retailers
4. accurate in-store information
5. staff trained to explain company policies correctly.

Anna Bradley advised consumers to check an operator’s coverage thoroughly and ensure that they get a copy of their cancellation policy before they buy: “A new mobile phone is no good if it can’t be used.”

Ends

CONTACTS

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NOTES TO EDITORS

The Communications Consumer Panel was established to advise Ofcom on the consumer interest in the markets it regulates. The Panel is independent and sets its own agenda. Visit www.communicationsconsumerpanel.org.uk for more information.

The Panel's members appointed by Ofcom are:

- Anna Bradley (Chair)
 - Fiona Ballantyne (member for Scotland)
 - Louisa Bolch
 - Kim Brook (member for Wales)
 - Colin Browne
 - Roger Darlington (member for England)
 - Maureen Edmondson (member for Northern Ireland)
 - Leen Petre
 - Damian Tambini
 - Bob Warner
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- *Can I cancel? Mobile coverage and contract cancellation* is available on the Panel website at www.communicationsconsumerpanel.org.uk
 - The Panel's mystery shopping research is the follow up to a survey last year that found over half of consumer and 91% of small business respondents had difficulty with mobile coverage. *Mobile coverage: a consumer perspective* published in October 2009 is available at http://www.communicationsconsumerpanel.org.uk/Mobile_coverage_consumer_perspective.pdf
 - The Panel commissioned a mystery shopping exercise in early 2010 to test whether the major UK operators and mobile-phone retailers were giving consumers accurate information about their existing policies on cancellation. The exercise was concerned with policies that applied to problems consumers had with coverage for voice and text services.
 - The Panel chose to focus on basic voice and text services because these are the services that consumers most rely on and because network roll out for these services has all but finished.
 - Operators were chosen to include all five UK network operators and the two largest service providers, which together accounted for around 98% of all UK mobile subscriptions in Q2 2009 (Ofcom (December 2009) *Mobile Evolution* http://stakeholders.ofcom.org.uk/binaries/consultations/msa/statement/MSA_statement.pdf, p.19). The two third-party retail chains were Carphone Warehouse and Phones 4u. These retailers were chosen since they are the two largest nationwide specialist mobile retailers.
 - This research report is not intended to be a buyer's guide, nor as information to be relied on when considering purchasing of particular services. The research provides only a snapshot of consumer experience taken at a single point in time and the exercise was restricted to a limited number of suppliers for whom we could most easily generate robust sample sizes. Full details of the methodology used, including how samples were drawn, are set out in section 5 and annex A.

- Key findings from *Can I cancel?*

Operator and third-party retailer average findings for in-store mystery shopping evaluations

	% shoppers given accurate information in stores about whether or not they would be able to cancel a contract and any deadline for doing so
Operator and retailer average	44%

Overview of operator cancellation policies and research findings for in-store mystery shopping evaluations

	Cancellation policy details for contracts bought in store			% shoppers given accurate information in stores about whether or not they would be able to cancel a contract and any deadline for doing so
	Cancellation possible due to coverage issues?	Time limit on cancellation	Restrictions on reason for return	
H3G	Yes	None ⁱ	Coverage only ⁱⁱ	4%
O2	Yes	14 days	Any reason	79%
Orange	No	n/a	n/a	32%
Tesco Mobile	Yes	14 days	Any reason	71%
T-Mobile	Yes	7 days	Coverage only ⁱⁱⁱ	68%
Virgin Mobile	Yes	28 days	Any reason	70%
Vodafone	Yes	7 days	Coverage only	58%
AVERAGE				57%

Overview of third-party retailers' cancellation policies and research findings for in-store mystery shopping evaluations

Retailer	Operator ^{iv}	Cancellation policy details for contracts bought in store			% shoppers given accurate information in stores about whether or not they would be able to cancel a contract and any deadline for doing so
		Cancellation possible due to coverage issues?	Time limit on cancellation	Restrictions on reason for return	
Carphone Warehouse ^v	H3G	No	n/a	n/a	69%
	O2	Yes	14 days	Any reason	50%
	Orange	No	n/a	n/a	71%
	T-Mobile	No	n/a	Any reason	65%
	Virgin Mobile	Yes	14 days	n/a	15%
	Vodafone	No	n/a	n/a	67%
	AVERAGE				56%
Phones 4u	H3G	Yes	None ^{vi}	Coverage only	0%
	O2	Yes	None	Coverage only	6%
	Orange	Yes	None	Coverage only	6%
	T-Mobile	Yes	None	Coverage only	2%
	Virgin Mobile	Yes	None	Coverage only	0%
	Vodafone	Yes	None	Coverage only	8%
	AVERAGE				4%

ⁱ H3G will check to see if there is a fault that is due to be resolved or if there is an upgrade planned to the network in the area where the consumer has a coverage problem. If neither are the case, the consumer can cancel their contract without penalty

ⁱⁱ H3G also operate a separate change-of-mind policy, which gives consumers 14 days to cancel a contract. The handset must be returned unused, so consumers who try their phone and then find that they do not get sufficient coverage would not be able to take advantage of this policy.

ⁱⁱⁱ T-Mobile customers must use the operator's StreetCheck coverage checker before purchase and receive a 'network guarantee' code. The customer should then contact the operator and state this code within 7 days of purchase if they find they do not get the coverage they expected.

^{iv} Tesco Mobile was not evaluated in the third-party retailer stores, as its services are not available through third parties.

^v In addition to these policies, at the time of the fieldwork Carphone Warehouse was trialling in its Northern Ireland stores a unified 14-day returns policy for all operators.

^{vi} Phones 4u has no time limit on cancelling but consumers must contact the retailer to complain about the coverage they receive. They may first be switched to another network before being able to cancel the contract altogether.