

WMF Speech – 25th September 2008

We welcome Ofcom's Mobile Sector Assessment drawing all the issues facing consumers into one place and taking a more strategic look at current and future issues.

The good news first: 93% of people own a mobile phone. 94% of consumers are satisfied with their mobile service and 86% of consumers think they get value for money. Mobiles are so integrated into modern life that 51% of UK household expenditure on telecoms services is on mobile services. We recognise the huge consumer and citizen benefits that have resulted from a vibrant mobile market.

But there is also bad news: there is huge consumer detriment in the market. The 6% of consumers who do have an issue represent over 2.5million customers. And these consumers are complaining. Mobile issues were second and fourth in the top 10 complaints of 2007 to Consumer Direct - **second only to second-hand car salesmen**. While not wanting to cast aspersions on second-hand car salesmen - this is not a great advert for customer service.

From January 2007 to July 2008 there were over 8000 complaints to Ofcom about mobile bills along the lines of tariff packages, DD payments and disconnections. Nearly 7000 consumers disputed the bill they received.

Either you are wrongly charging these consumers or there needs to be a vast improvement in consumer information and price transparency at the point of sale and in promotional literature.

More disappointingly 4000 consumers complained about mis-selling despite talks between mobile operators and Ofcom to resolve this issue and **slamming is still on the rise** and monthly complaints rates are back to the peak in 2005, despite the **voluntary code of practice** that was signed by all mobile operators in May 2007

While the trend for complaints about cash-back deals is on the decline they are still generating more than 200 calls to Ofcom's Advice Team.

And PhonepayPlus is seeing a rising number of complaints about PRS services, which are delivered over your network. These being unsolicited promotional text messages; misleading pricing/ misleading promotion of services; and consumers being signed up to subscription services without realising it.

All these statistics will be the tip of the iceberg. Many consumers will not complain nor know how to.

Ofcom ask about the purpose of regulation, its focus and the potential for de-regulation. The consumer Panel is not in favour of regulation for regulation sake, we call for it only where we see it is necessary, so the question I want to ask the mobile industry today is, what are you willing and able to do to address these areas of consumer detriment yourselves? Because the more you do, the less likely organisations like the Consumer Panel are to ask the regulator to step-in?

I would like to say I felt confident that the industry will do all within its power to address existing and potential consumer detriment without regulatory force. But I am not so sure. At the heart of many of the issues is a demand, albeit implicit, for consumers to be treated 'fairly'. I would argue that treating customers fairly has to be in your long-term interests as well as in those of customers; the long-term reputational damage that could be caused by repeated 'unfairness' would be a huge price to pay for lack of action.

So what could you do?

On Access and Inclusion: we all know that network coverage is patchy throughout parts of the UK and Northern Ireland. Due to the ubiquity of the mobile phone and the pace of convergence the argument that 'lack of coverage is the price you pay for living in rural areas' will become unsustainable – this was the same argument used for the lack of broadband and not-spots. Yet if we look at recent comments by the UK and EU parties, broadband is becoming seen as an essential service to citizens: for shopping, education, health, information. NGA will only make the disparity of access even greater. Citizens expect equitable access.

We hope that the industry will work together with Ofcom perhaps taking the lead to find ways to remove barriers to investment and look for innovative proposals to improve coverage and close not-

spots. This does not mean new regulation but working in partnership with the Scottish Parliament, Assemblies and Local Authorities to understand what the regional needs are and how not-spots could be filled.

On **national 999 roaming**: this is available in 23 EU countries (the exceptions are Belgium, Cyprus, Romania **and the UK**). UK operators cite technical difficulties in delivery, but surely the technical difficulties are common to all providers and your counterparts in other countries have overcome them. This looks to be one of those things the **mobile operators could sort out themselves**, and quickly.

And rapid **Mobile Number Portability**. The Panel agrees this is of benefit to the consumer (by the middle of 2007 40% of consumers have switched operators at some point). Switching is a sign of a competitive market and a quick and seamless process is essential to the consumer experience, if we get this right consumers could really begin to shape market dynamics. We can see around the world that consumers in other countries (Australia, Ireland, Singapore, Canada, and the USA) can switch more quickly than UK consumers. I note, of course, that the CAT has ruled against Ofcom on its most recent proposal, but from a consumer perspective it is difficult to accept that there is nothing to be done here, when others have achieved much quicker switching times. Where is the industry proposal for accelerating the process?

Nearly all **children have access to a mobile phone**. The take-up rate is staggering: age 12-15 92% have a phone, 8-11 53% have a phone; 5-7 17%. As this take-up continues mobile operators will need to think about the issues surrounding sales to minors. 11 year-olds can't be expected to protect themselves. Parents clearly have a role, but built-in protections will also be important, particularly in a world where mobiles will become electronic wallets and mobile internet will open up a host of access to content issues. This is classic territory for good practice/a code of conduct.

Finally, an emerging challenge that is not of your making - the changing economic climate. We have seen substantial growth over the last ten years, nowhere more so than in the mobile market but, if this slows or reverses, consumers are going to find themselves forced to rethink their commitments. There is a significant risk of

reputational damage to the market if the potential ramifications are not well managed.

We believe mobile operators should be thinking about how to manage disconnections and how to respond to requests for contract variations from consumers that are worried about their ability to pay, before you have to start managing the implications of an economic downturn.

In general, then, the Panel see a set of issues relating to responsible company behaviour, which we believe you could address yourselves; at the very least we would like to see you make some positive and concrete proposals for dealing with some of the issues consumers have with the mobile market.

This is the beginning of a review into the mobile market not the end. We welcome Ofcom's strategic approach, we think it sets the scene for the industry to take the moral high-ground and try to get some of this right first time going forward, seeking to avoid problems, rather than waiting for them to emerge and paving the way for a more vibrant, but fairer marketplace.