

Communications Consumer Panel and ACOD response to Ofcom's consultation on Consumer Switching: Proposals to reform switching of mobile communications services

Introduction

The Communications Consumer Panel and the Advisory Committee on Older and Disabled People (ACOD) welcome the opportunity to comment on this consultation to Ofcom's consultation on Consumer Switching: Proposals to reform switching of mobile communications services.

The Panel works to protect and promote people's interests in the communications sector. We are an independent body set up under the Communications Act 2003. The Panel carries out research, provides advice and encourages Ofcom, governments, the EU, industry and others to look at issues through the eyes of consumers, citizens and microbusinesses. The Panel pays particular attention to the needs of older people and people with disabilities, the needs of people in rural areas and people on low incomes, and the needs of micro businesses, which have many of the same problems as individual consumers. There are four members of the Panel who represent the interests of consumers in England, Northern Ireland, Scotland and Wales respectively. They liaise with the key stakeholders in the Nations to understand the perspectives of consumers in all parts of the UK and input these perspectives to the Panel's consideration of issues.

There is also cross-membership with Ofcom's Advisory Committee on Older and Disabled People (ACOD). This means that Members, in their ACOD capacity, also provide advice to Ofcom on issues relating to older and disabled people including television, radio and other content on services regulated by Ofcom as well as about issues concerning the postal sector.

Response

The Panel welcomes Ofcom's consultation on proposals to reform switching of mobile communications services. We have previously highlighted our concerns about the barriers to switching which face all consumers, but particularly those who are older, disabled, or on lower incomes. The number of different switching processes operated, lack of clarity regarding timescales and charges and the fact that switching processes are currently in

the hands of the provider who has most to lose from the switch, all leave consumers open to harm and detriment. In light of Ofcom's recent improvements to the switching process for broadband customers, we believe this consultation is timely and we fully support the proposed reforms.

The switching process

Ofcom research has found that switching levels in the mobile market have increased by three percentage points since 2014 (from 7% to 10% for mobile). Engagement levels have also returned to levels comparable with those in 2013 at 18%. However 30% of UK adults remain inactive in the mobile market. This does not suggest a healthy and vibrant market and could indicate that the market is not working as well as it might for consumers. We believe that easier switching will help consumers and microbusinesses to understand and engage in the communications market.

We believe that consumers - and in the long run the industry which serves them - will benefit from a switching process that is quick, easy, convenient and error free. Based on the evidence to date we therefore support Ofcom's view that a gaining provider led (GPL - option 2 in the consultation document) process most closely meets these requirements and is a considerable improvement on the current arrangements. Putting the responsibility for the process in the hands of the gaining provider - who would benefit from the switch - would appear to be the best way to ensure fewer obstacles and errors, resulting in a smoother journey for consumers.

The key findings of Ofcom's recent study into mobile switchers' experience of difficulties are reproduced below. While no difficulty was mentioned by a majority of mobile switchers, nearly two-fifths (38%) said they had experienced major difficulty with at least one (prompted) aspect during their switch.

Figure 39 Experience of difficulties among those who have switched mobile provider in past 18 months

Experience of difficulties (% of switchers): Ordered on 'main' mentions	Major	Minor	Main
Contacting your old provider	11%	23%	3%
Cancelling your previous service	10%	27%	3%
Keeping your phone number	10%	24%	5%
Getting the information you needed from your previous provider	9%	27%	2%
Unlocking your current/your previous handset	8%	21%	2%
Getting the switch to happen on the date you wanted	8%	21%	3%
Your previous provider trying to persuade you to stay	7%	21%	3%
Understanding the relevant steps required to switch provider	7%	27%	2%
Finding time to research the market	6%	26%	2%
Contacting your new provider	5%	19%	2%
Comparing what different providers are offering	5%	19%	2%
Paying the charge to exit your contract early	4%	9%	2%
Moving content from one cloud storage to another (i.e. to or from a Cloud service provided by a mobile provider)	3%	11%	1%
Paying the upfront cost of the new handset	3%	10%	1%
Setting up a new online account	3%	15%	1%
Any difficulty mentioned	38%	70%	-

Source: Ofcom mobile quant study, conducted by BDRC, August - September 2015
 Base: All switched in last 18 months (1306) Data include codes with over 1% responses
 Tables ordered on main, then major. 'Main' figures may not total the net precisely due to rounding.

The evidence suggests that a GPL process will help alleviate and mitigate these difficulties. Under a GPL system, since consumers would not need to contact their losing provider, we believe they would also be protected from excessive pressure by providers who want to retain their business.

Considerers

Ofcom's recent study into 'mobile considerers', highlighted that the actual or anticipated process of switching has at least some impact on consumers' decisions. Just under two in five considerers who decided not to switch (38%) mentioned that a major factor in their decision was a desire not to lose their phone number. Around a fifth expressed concerns that it was too time-consuming (19%), that they might lose their service during the switch (17%), or be required to pay for two services at once (17%). These concerns suggest that perceived problems are a deterrent to switching - so the reassurance provided by a robust GPL system would, over time, hopefully help build consumer confidence.

Figure 36 Factors influencing decision not to switch, among those who considered switching in the past 12 months

Factors influencing decision (% of considerers): Ordered on major mentions.	Major	Minor	Main
Current provider is still the best deal/cheapest	54%	27%	20%
Prefer to stay with trusted/ known provider	44%	39%	5%
There wasn't enough difference in cost to be worth switching	44%	34%	5%
Current provider has the best quality of service (e.g. network coverage)	43%	32%	5%
I negotiated/accepted a deal with my current provider	40%	21%	12%
Did not want to change my mobile number	38%	25%	5%
Worried service wouldn't be as good with new provider	35%	39%	3%
Didn't want to pay the upfront cost of the new handset	35%	27%	2%
Problems/issues with current provider are not sufficiently bad/ frequent to switch	29%	34%	1%
Better handsets available with my current network/ didn't see any other handsets I liked	22%	24%	1%
I was still in a contract so couldn't leave/would need to pay to leave	21%	15%	3%
Didn't want to lose friends and family or other call discounts	19%	21%	2%
It's too time consuming to go through the process of switching from one provider to another	19%	38%	2%
Hassle to set up a new online account	18%	30%	1%
Difficulty comparing what other providers were offering	17%	29%	1%
I was worried I might not be able to use my mobile during the switch	17%	32%	1%
I was worried I might have to pay two providers at the same time	17%	20%	1%
Lack of choice	16%	29%	1%
Didn't want to lose the content stored in the cloud service provided by my existing provider (e.g. O2 cloud service NOT)	14%	16%	<1%
Bad experience switching other services previously	14%	19%	1%
Bad experience switching my mobile provider previously	14%	15%	1%
Handset is locked to current network and I don't want a new handset	12%	19%	1%
Not knowing what to do to switch	12%	26%	2%
Would take too long to research the market	11%	30%	1%
Difficulty when contacting my current provider	11%	19%	1%
I had difficulty getting the code I needed from my current provider (i.e. the PAC)	10%	15%	<1%

Source: Ofcom mobile quant study, conducted by BDRC, August - September 2015

Base: All who considered switching (500)

Tables ordered by main, then major. **Main' figures may not total the net precisely, due to rounding.

This is borne out by the Panel's 2013 research, *'Going Round in Circles'* - which highlighted the consumer experience of dealing with problems with communications services. Our research found that although switching suppliers had been considered by some consumers whose problem had not been resolved or who remained unhappy with the outcome, many felt that this was not a viable option. As well as financial concerns, consumers' reasons for not switching included negative expectations of the switching process and negative perceptions of the communications marketplace.

Under the current 'Cease & Re-Provide' process we have significant concerns about consumer harm in that some people effectively pay double for a period of time. Double billing is a major issue - Ofcom estimate that the overall cost to consumers per year could be £46 million. This may be due to concerns about possible loss of service, or simple unawareness. In any event the Panel would strongly advocate that there should be no notice period when consumers who switch are out of their initial contract term as there is no cost incurred to mobile providers - revenue gained in this way amounts to unjustified enrichment. We welcome the fact that Ofcom will be discussing further the issue of overlapping payments with industry and we would urge this to be done as quickly as possible in the interests of consumers. In principle, we do not believe that it is right that a consumer should pay twice for a service; nor should a consumer have to defer a switch just to wait for a meaningless notice period to expire.

Continuity of service is a big concern for consumers who are considering switching. This clearly indicates that there needs to be a focus on making sure the process is "error free" - so a process with as few "touch points" as possible is favourable, with highly effective safeguards and mitigation in terms of loss of service. Consistency in processes should lead

to familiarity - and with a robust process, incorporating safeguards and mitigation in respect of continuity of service, this in turn should help consumer confidence and engagement with the market.

Consumer-friendly information

Ofcom research¹ has highlighted that awareness of trusted sources of information is lower among older consumers. The proportion of consumers aged 65+ who are unaware of any trusted sources of information is about double the average in each communications market - in the mobile sector this stands at 9% amongst people aged over 65+ compared to 5% in the general population. This lower level of awareness may indicate a lack of interest in these markets, but may also act as a barrier to switching, by increasing the perceived level of hassle for these consumers in searching for alternatives.

The research also highlights that amongst the general population, 16% of consumers find it difficult to make a cost comparison between mobile phone suppliers and 11% don't know - cumulatively over a quarter of mobile users. Moreover, older consumers find it more difficult than the general population to make cost comparisons. Amongst people aged 65-74, 24% find it difficult to make these cost comparisons and a further 19% don't know - representing nearly half of mobile users within this age group. Amongst people aged over 75, 20% find it difficult to make these cost comparisons and 33% don't know.

We would encourage communications providers (CPs) to continue to improve the information available online and by other means. It is also vital that consumers understand the switching process, and that the information available on tariffs can be easily compared via independent price comparison and switching sites, to make the process easier from the point at which a consumer starts to consider switching. We note that a similar situation in the energy market, where there was a huge proliferation of tariffs, resulted in consumer disengagement and required the eventual intervention of the regulator to simplify the market.

The Panel's *Going Round in Circles* research referenced above found that provision of clear information about contract terms, dates and penalty clauses for consumers and robust switching processes are key - and consumers need to be assured that they will not incur excessive cost, time or disruption as a result of a decision to switch.

We believe a holistic approach to the reforms is needed, taking into account all aspects of the process where consumers may be subject to harm - for example, ensuring that contracts are fair and consumers are not subjected to unfair fees for early termination. This should include consumers' ability to unlock handsets when they switch provider and clear information should be available on this.

¹ <http://stakeholders.ofcom.org.uk/market-data-research/market-data/consumer-experience-reports/consumer-experience-15/>

The aim should be to make processes clear, straightforward and robust so that consumers can make informed choices, understand what is going to happen next, are not misled and can resolve any problems quickly and easily.

Risk-free switching

The Panel has advised in previous responses - and remains of the opinion - that there should be a "safety net" provision within the overall switching process. In other words, there should be the capability to restore easily a consumer's service when an error has occurred or where there is a proven case of slamming. Such a process should be part of the overall switching process so that consumers can have confidence about continuity of service and protection from errors. The 'make before break' proposal addresses some of the concerns we have in this area.

Risk-free switching would benefit all, but particularly older, disabled and more vulnerable consumers. It is also vital that CPs give consideration to extra support that may be needed by some disabled customers switching to them - for example, use of assistive technology and making preferred method of contact (such as text or video relay) easily available. Making switching easier should mean making switching easier for all consumers.

Conclusion

We believe it is essential that there is consistency in switching processes for all communications markets, so that consumers become accustomed to a straightforward and fair process in each part of the communications sector. Having started with broadband, there is no better time to implement the GPL process in the mobile market. In order to build consumer confidence in switching in the mobile sector, it is vital that consumers have access to easily digestible information; are provided with a safety net in case of difficulties with the switch; and that the process avoids double billing; loss of service; and unreasonable delays.

In summary, we would strongly urge Ofcom to implement a clear, guaranteed, risk-free and robust switching process in the mobile market, for all consumers, as swiftly as possible.