

Communications Consumer Panel response to Ofcom's policy position on Simplifying non-geographic numbers

Introduction

The Communications Consumer Panel welcomes this opportunity to respond to Ofcom's policy position on *Simplifying non-geographic numbers*.

The Panel consists of eight experts who work to protect and promote people's interests in the communications sector. We were established by the Communications Act 2003. The Panel carries out research, provides advice and encourages Ofcom, Government, the EU, industry and others to look at issues through the eyes of consumers, citizens and small businesses. The Panel has Members representing the interests of consumers in Scotland, Wales, Northern Ireland and England.

There is also cross-membership with Ofcom's Advisory Committee on Older and Disabled People. 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 Communications Consumer Panel firmly supports the policy to simplify non-geographic numbers and welcomes that Ofcom is minded to implement the changes detailed in its April 2013 policy position *Simplifying non-geographic numbers*.

The Panel has been concerned for some time that calling non-geographic numbers can be confusing and costly. There is a risk of consumers experiencing unexpectedly high bills (especially when using mobile phones) but perhaps a greater risk that consumers may be deterred from accessing socially important services either as a result of the actual price of calls to these services or because they *believe* calls to these services to be expensive. We agree that citizens' interests are a significant concern in this respect and that these arise particularly

when vulnerable consumers are unable to gain access to socially important services. This situation is also likely to restrict the amount of new, innovative services choosing to enter the market and so could have a detrimental impact on consumers and citizens generally.

Consumer awareness of call costs and related behaviour

As outlined in the April 2012 consultation, we consider ‘socially important services’ to include:

- health services, such as GPs’ surgeries;
- benefit payment services such as access to unemployment or invalidity services and state pensions;
- social care by the public and private sector - e.g. help lines such as those provided by The Samaritans; and
- utilities (gas, electricity and water supply).

As the policy document notes, consumers’ awareness of the price of making calls to non-geographic numbers is poor. Research suggests that the majority of consumers are not confident that they know the price of non-geographic calls (NGCs). Ofcom research found that:

- Only 29% of people thought they knew the cost of calling an 080 number from a landline;
- 23% did not know but thought it would be expensive;
- 13% of people thought they knew the cost of calling an 080 number from a mobile; and
- 42% did not know but thought it would be expensive.

Additionally, Ofcom’s 2009 research found that, on average, consumers consistently overestimated the price per minute of calls to 080, 0845 and 0870 numbers from both landlines and mobiles. As far as we are aware, there is no reason to believe that this situation has materially changed.

Clarifying and unbundling the pricing structure

Simplifying non-geographic number ranges by making pricing structures clearer, in addition to the promotion of these charges, will be of benefit to consumers and citizens. Splitting the price of other non-geographic calls into an access charge - paid to the phone provider - and a service charge - paid to the company providing the service - will make charging structures clearer for consumers.

According to Ofcom’s 2009 Consumer Survey, four fifths of consumers have never looked up pricing information to determine the cost of a call. While for some

consumers this was because they did not place much importance on knowing the price of making NGCs, for others it was because prices are often complex and not transparent (29% of consumers cited reasons relating to pricing complexity and lack of transparency). In addition, even if callers choose to look up charges, it is not always easy to obtain the correct price of NGCs. The research found that 15% of people said that search costs are high relative to the associated benefits and 14% said they were not aware of where to find the information.

We note that the 2010 Consumer Survey shows that a significant number of consumers would like better access to information about the price of NGCs, both at the point of call and at the point of subscription. However, this is currently complicated by the large number of charges that callers need to look through and understand in order to make informed decisions and accurate comparisons. This makes obtaining price information difficult and time consuming, both at the point of call and when choosing between providers.

There is also scope for caller confusion in relation to the cost of 080 calls and so we warmly welcome the proposals and believe that if they are enacted, they should effectively address the current confusion in this area. While it is welcome that mobile operators have agreed not to charge for calling some 080 numbers (e.g. DWP helpline numbers or certain charity numbers) we note that the cost of calling other 080 numbers from a mobile when not included in a bundle (which it rarely is) varied in February 2013 from 10.2p to 40p.

Charges for 080 calls from mobiles particularly affect people on lower incomes, who are more likely to rely on a mobile at home and use it to make calls to socially important services. The proposals to make freephone calls (080 and 116 numbers) free to callers from all telephones (fixed and mobile) and to cap service charges for what consumers may pay are therefore significant improvements. However the Panel strongly believes that socially important services must continue to offer a freephone number in future, despite the potential additional costs to them.

The Panel welcomes Ofcom's intention to clarify commercial terms well in advance of the introduction of the new regime and implement a 'fair and reasonable' condition on all concerned - including terminating providers. This should help to ensure that the service providers with freephone contact numbers are not faced with unreasonable charges for the provision of freephone services, resulting in them moving to other number ranges, and to the ultimate detriment of consumers.

Communicating with consumers

As previously noted, clearly communicating these changes to consumers in accessible formats will be vital to the success of the policy. The Panel would

strongly encourage the provision of a consumer information programme involving all stakeholders including communications providers. It is also vital that operators embed communicating these changes in their consumer communications strategy so that both new and existing customers are aware of them. It is essential that, as with broadband speeds, consumers are clearly advised of such charges - and well before they make a decision to purchase or use a new service. Clarity around such charges will also hopefully encourage competition between phone providers in the cost of connecting such calls.

Conclusion

- Consumer awareness of the price of making calls to NGCs is poor;
- Consumers tend to overestimate the cost of making these calls;
- Phone companies are able to choose their own price structure for non-geographic calls;
- There is often a lack of clarity about whether such calls are within a bundle allowance;
- Information about pricing is complex and can be hard for a consumer to locate;
- 080 charges are confusing and, together with other NGCs, are often significantly higher from mobiles;
- People on lower incomes are more likely to rely on a mobile at home;
- The lack of clarity of the cost of NGCs impedes competition between communications providers on the basis of call costs to non-geographic numbers and appears to impede consumers' use of NGCs;
- Simplifying non-geographic number ranges by making pricing structures clearer will be of benefit to consumers and citizens;
- The proposals to make freephone calls (080 and 116 numbers) free to callers from all telephones (fixed and mobile) and to cap service charges for what consumers may pay are significant improvements;
- Socially important services must continue to offer a freephone number in future, despite the possibility of additional costs to them;
- We welcome Ofcom's intention to clarify commercial terms well in advance of the introduction of the new regime and implement a 'fair and reasonable' condition on all concerned; and
- Clearly communicating these changes to communications providers' new and existing customers in accessible formats will be vital to the success of the policy.