

Communications Consumer Panel response to PhonepayPlus' Business Plan and Budget 2013/14

The Communications Consumer Panel welcomes the opportunity to contribute to PhonepayPlus' consultation on its business plan & budget 2013/14.

Q1: Feedback on appropriateness of vision and values

The Panel welcomes the simplicity of the vision statement and supports the values that underpin it. If anything, the Panel would encourage even more emphasis on the importance of trust: so that consumers have complete trust in the players in the market and in the availability of access to redress; and so that industry has trust in fair and proportionate regulation. In other words, the Panel supports PhonepayPlus' recognition that there needs to be a vibrant market but we would be keen to see a high level of consumer confidence for purchasers in that marketplace.

Q2: Do you agree with the assessment of the PRS market?

Broadly yes. That said, we would suggest that given the quoted 93% increase in complaints between April to September 2012, there is still some distance to go before the vision becomes a reality. The Panel appreciates that it is a changing and developing market - inter alia in terms of technology and the wider scope created by social networking sites and mobile malware etc. But we would urge strongly any work that can be done to ensure that (proportionate) regulation keeps pace with market changes and we would encourage forward looking analysis of potential drivers of consumer harm so that they can be reduced or removed sooner rather than later. Two examples, as identified in the consultation, are affiliated marketing and "in app" billing. These are areas of direct concern to the Panel and we would welcome further details on the issues, the extent of the harm and the actions that could be taken to protect consumers.

The Panel would like to highlight that many initiatives are underway to encourage greater digital engagement and online take up. It is therefore likely that potential consumer harm from the issues highlighted in the consultation will, in our view, over time become more far reaching. New users of the internet (and possibly social networking and "apps") may be more vulnerable to harm. This underlines the value of early proactive work to ensure adequate protection and redress in respect of new drivers for harm and robust consumer information.

Q3: Comments on the themes for 2013/14

The Panel will be examining the generic "customer service journey" in the telecoms sector as part of its own workplan for the coming year - so we strongly endorse PhonepayPlus' attention to the specific area of PRS problems.

The Panel favours any strengthening of compliance (theme 1) and can see the virtues of the “polluter pays” approach. It is important that this is articulated clearly to industry so that the benefits can be seen in terms of fairness and the impact - on consumers and industry - of the actions of transgressors identified.

We would be interested to know more about PhonepayPlus’ plans in respect of the consumer journey (theme 2). In particular the Panel Members also have a role on the Advisory Committee for Older and Disabled people, so would be interested to understand more about the needs of, and the impact on, such consumers - particularly in respect of ensuring protection through clarity of information.

Preparing for a digital future (theme 3) is in the Panel’s view a high priority. Please see the final paragraph in response to question 2. We would support any activity aimed at predicting and preventing consumer harm. We would strongly encourage working in partnership with platforms to achieve a common aim of consumer protection.

All three themes are integral to the plan and the Panel has no major comments beyond the points made above.

Q4: Do you agree with proposed workplan for 2013/14?

Broadly yes, with due emphasis on a holistic enforcement regime and the review of the consumer journey.

The consultation points out that the PRS market involves a complex value chain. The Panel would therefore suggest that, in concert with industry, ways of making that complexity simple in the eyes of the consumer are explored. This would increase confidence/trust; and potentially reduce industry costs in the long term. To reinforce this trust, there needs to be a consistently high level of fine and administrative charge collections.

As noted last year, to support consumer empowerment, the Panel would encourage extending the use of the ‘Number Checker’ and ‘PhoneBrain’.

The Panel strongly supports the plan to continue to inform young people eg through Childnet, and consumers more generally through partnership-working with Citizens Advice, Get Safe Online and Which?.

The Panel would also support further work to assess the level of consumer satisfaction and experience of making a PRS complaint to providers and PhonepayPlus.

Q5: Do you agree with planned resource allocation and activities for 2013/14?

The Panel supports the planned activities but does not feel in a position to comment on resource allocation in detail other than to say that it should be clear, fair and transparent; and inspire a collaborative approach with the industry.

The Panel is pleased to note that the proposed allocation for consumer support has been increased, following its reduction in 2012/13. However, as we observed last year, the allocation for consumer support (at 16%) remains less than that for industry support (at 22%) - despite the latter’s proposed reduction in 2013/14. We would question whether this is the optimum balance and wonder whether more should be allocated to supporting consumers - especially given the previous

comments about the consumer journey when there are problems; and in respect of supporting more vulnerable customers.

On the other hand the Panel does appreciate that support for industry may result in better consumer outcomes (for example, through clarity of information and better complaint handling). We would seek assurance that the resources allocated to consumer support are adequate in respect of delivering the plan and ultimately the vision.

Q6: Would you support the cost for a funding a review?

This is beyond the ambit of the Panel and is a question for industry to address - particularly given the suggested size of the required budget for conducting such a review.

Q7: Do you agree with the assessment that the charging model and exemptions should remain unchanged during 2013/14?

The Panel does not have a view on the detail of the charging model, so long as it ensures sufficient funding for PhonepayPlus to operate effectively and provide a high service standard for consumers.