Communications Consumer Panel and ACOD response to Ofcom’s consultation on making switching easier and more reliable for consumers

The Communications Consumer Panel (the Panel) and the Advisory Committee for Older and Disabled People (ACOD) welcome the opportunity to respond to Ofcom’s consultation on making switching easier and more reliable for consumers.

The Panel works to protect and promote people’s interests in the communications sector, including the postal sector. We are an independent statutory 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 micro businesses.

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.

Four members of the Panel also 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. Following the alignment of ACOD with the Panel, the Panel is more alert than ever to the interests of older and disabled consumers and citizens.

Response

Switching between Communications Providers (CPs) is often complex and involves steps that must be coordinated between different providers in ways that do not arise in other consumer markets. What should be an easy and seamless consumer journey as part of a vibrant market can in many respects be an obstacle-ridden process that, evidence suggests, discourages switching and thus deprives consumers of potential benefit.

Additionally, consumers may suffer instances of poor service that are in themselves a cause of harm and detriment - as well as having a negative impact on the industry’s reputation.

As we have previously emphasised, an attractive switching process is part of an effective competitive market place - and we would hope that providers would welcome that. We believe it is time for all switching processes across the communications sector to be simplified and harmonised, so that consumers can feel confident switching provider or service without risk of detriment.
Reform of switching regulation has been long needed and we welcome Ofcom’s proposals. The current switching regime is a source of multiple types of detriment and we believe these are accurately reflected in the consultation document.

We have previously highlighted our concerns about the barriers to switching faced by consumers and micro businesses, most recently in our responses to Ofcom’s consultations on mobile switching1 and the potential removal of mobile notice periods2 - where we support reform of the current anomalous and unfair situation in respect of notice periods.

In short, as well as removing technical barriers to switching, there should be no financial disincentive for the consumer and no unjustified enrichment for providers. We firmly believe that all switching process should be considered holistically; matters such as notice periods are an important part of this and should not be handled separately. We strongly support removing notice period charges from the point at which the losing provider deactivates the old service.

**Consumer detriment**

We agree with Ofcom’s assessment of the three main areas of consumer detriment: loss of service; double paying; and difficulty contacting providers. Reform of the switching process needs to address these issues, the last of which is perhaps representative of a wider customer service problem within the industry. So it will be a positive step if this can be tackled with full support from CPs.

Ofcom’s Switching Tracker 20153 highlights that there are higher levels of dissatisfaction amongst consumers with bundled services across socio-economic groups:

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Whilst bundles can offer engaged consumers significant cost savings, they can also bring about complications that make it harder for a consumer to switch. Ofcom’s Switching Tracker shows that one in ten consumers with a dual (11%) or triple-play bundle (10%) had used a different provider for at least one service in their bundle in the previous 12 months. Eight per cent of dual-play customers had switched their entire bundle, compared to 7% among triple-play customers.

We consider it vital that consumers who want to switch should be able to do so without fear of loss of service or unreasonable charges. The consultation document presents a worrying picture of the consumer experience, with 79% of switchers saying (when prompted) that they had encountered some kind of difficulty and 58% saying they experienced at least one process-related difficulty. This is not acceptable and we strongly support Ofcom’s case for intervention.

In terms of unreasonable charges, as we have previously highlighted, our belief is that consumers cannot and should not be expected to be knowledgeable about providers’ notice period policies/practices; nor should they have to manage and co-ordinate the timing of a switch to avoid paying for a deactivated service that is useless to them. Furthermore, once they have initiated a switch, we believe that they should not have to speak to their...
losing provider again, unless they choose to. This places control with the consumer and safeguards against unwanted or over enthusiastic reactive save activity by CPs.

We are in full support of a Gaining Provider Led (GPL) process as a consistent practice across the communications market; consumers should not have to understand and negotiate multiple types of switching process within the same market. The GPL process is more straightforward for consumers than the Enhanced Cease and Re-Provide option set out in the consultation document. 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.

Ofcom’s recent Switching Tracker showed that at least one in ten consumers (10% - 18%) in each communications market said they had taken up an offer of extra or improved services from their current provider in the last 12 months. This is more than the number of consumers who had switched to another provider, in each market. While an offer of improved services appears beneficial on face value, making switching easier may encourage customers to also look elsewhere and perhaps find even better offers; and to compare deals from other providers with those that they are being offered by their current provider - and potentially benefit from a genuinely improved service.

**Making switching easier and more reliable for consumers in vulnerable circumstances**

The detriment experienced by consumers as a whole is intensified for consumers who are more reliant on communications services, especially for those who may have arranged a specific set-up with their CPs. The Panel’s recent research ‘Inclusive Communications - We’re Not All the Same’ gave insight into disabled and older people’s experiences in contacting their CPs. Some participants had considered switching when service levels had been extremely poor, but could not face the effort involved. Whilst age and disability do not necessarily confer vulnerability, this suggests that this group may find themselves less able to navigate the inconsistent and discretionary notice period element of the switching process.

Where specific equipment or help is needed to support a disabled consumer to gain equivalent access to a service, the transfer of understanding and information from the losing providers’ customer service agents to the gaining providers’ is needed. As an outcome of our research we recommended that all CPs’ staff receive disability training and that CPs consider having a more experienced and dedicated team or ‘virtual team’ who can address more specific needs of people needing more tailored support. In our view the case for such an approach is strengthened in relation to switching - to help ensure that all consumers are treated equally well, and that consumers in vulnerable situations are fully supported.

Micro businesses also warrant particular attention - where switching complexity can be off-putting and acts as a brake on market engagement to the detriment of the very people

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4 http://www.communicationsconsumerpanel.org.uk/research-and-reports/we-re-not-all-the-sameinclusive-communications
who should benefit from a thriving and competitive market sector. Self-employed people running a business encounter similar issues to domestic consumers, but may also suffer the added dimension of detriment that comes from risk of harm to their business and to their own customers (and thus their livelihoods).

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 time-poor micro businesses owners open to harm and detriment.

We would also highlight the needs of those with Power of Attorney for the original account holder. Improved switching processes should make it easier for Attorneys to ensure that the people they are responsible for are able to get the best deals without fear of experiencing the detriment set out in the consultation document, such as loss of service or unfair notice periods.

Any consumer or micro business owner could find themselves in a vulnerable situation for the short or long term (for example, a hospital stay, redundancy or a relationship break-up) and should not be made more vulnerable by CPs’ inflexible processes or staff who are not well-trained to anticipate and respond to vulnerability.

Informed decisions and safeguards

Switching needs to be a hassle-free process with effective “safety nets” to mitigate against loss of services - consumers need to be able to make informed decisions, and be assured that they will not incur excessive cost, time or disruption as a result of a decision to switch. If consumers are not informed, it can lead to poor buying decisions and anxiety about engaging with the market and switching providers in future.

As outlined in the consultation document, only 27% of triple play customers knew whether they were within a contract and how much longer it had to run. Consumers and micro businesses need to have access to accurate usage data; clear contract terms and conditions; and start and end dates and notice periods need to be clear from the outset.

As we emphasised in our response to Ofcom’s Annual Plan, accessible, accurate and digestible information on buying and switching services is key. Awareness of trusted sources of information is lower among older consumers in each market. In its Switching Tracker, highlighted in the Consumer Experience Report 2015\(^5\), Ofcom notes that the proportion of consumers aged 65+ who are unaware of any trusted sources of information is about double the average in each market - ranging from 5% in the bundled services market to 26% in the fixed line market. However, it should also be noted that the list of trusted sources included family members and friends.

Ofcom’s Switching Tracker also highlights that consumers find it harder to make cost comparisons for bundled services - and that for those consumers who find it difficult to

make cost comparisons, bundles are the most problematic of all (as illustrated by the following charts).
We have previously recommended that automatic compensation should apply in cases of service loss and delayed repair or restoration, and where a customer has been left out of pocket. There should, we believe, be a clear link to switching delays and problems, so that automatic compensation is triggered as soon as there is a problem. We believe this will rebalance the relationship where at the moment it is the consumers, who are asked to sustain financial discomfort rather than those who are more capable. We hope this will help to build consumers’ trust in the communications market.

Summary

- The issue of switching has been under discussion for a considerable time, so we would expect CPs to enact any changes without delay, with systems and processes already being in a state of preparedness;
- We support the case for option 2, a GPL system: this gives consistency with other improved switching processes and is more straightforward for consumers;
- Consumers should have access to clear usage data and be supported in making informed decisions, by the availability of clear, comparable information, so that they understand the benefits and repercussions of any switch;
- We believe that once they have initiated switching, consumers should have no further need to talk to their losing provider unless they want to;
- We support moves to curtail over-enthusiastic reactive save activity;
- We believe that Ofcom should consider implementing automatic compensation as part of reformed switching processes, as a safety net for consumers and micro businesses.