

12th Ofcom Consumer Panel meeting, 24 February 2005

Note of the Twelfth Meeting of the Ofcom Consumer Panel, held at Ofcom, London, 24 February 2005

Introduction

1. The Chairman welcomed members to the twelfth formal meeting of the Ofcom Consumer Panel. Apologies were sent by Nainish Bapna. Flora Demetriou (Consumer Panel Executive Support), David Edwards (Secretary), Julie Myers (Adviser to the Panel) and Dominic Ridley (Policy Executive to the Panel) were present throughout the meeting. Ofcom colleagues Helen Normoyle, Rosalind Stevens-Strohmann and Andrew Walker and Elizabeth France, the Telecommunications Ombudsman, attended for part of the meeting.

Previous minutes and matters arising

2. Minutes were agreed. The Chairman thanked Kevin McLaughlin who, in tandem with Lucy McLaughlin, had delivered a valuable session on disability awareness/equality the previous afternoon. The Chairman also thanked members for their valuable input to the previous evening's 'stock-take' discussion. The Chairman intended to discuss the exercise with Ofcom.

3. A Panel project on spectrum issues was in the process of being fashioned. The Chairman had copied members a note on citizen issues which laid out thoughts following discussion of the subject at a meeting she and the Deputy Chairman had with Lord Puttnam and Peers in January 2005.

Consumer Panel research

4. There was discussion of a summary paper on the Panel's research project. It included reference to consumer empowerment as being the key aspect of media literacy that the Panel was most immediately concerned with; access to or too much consumer information, for education or marketing purposes; digital switchover and the low knowledge base amongst consumers; and whether new services were right for all consumers, eg broadband and the benefits for people who used the Internet for email and occasional web surfing. The Chairman invited comments on the substance and process of the research.

5. The following comments were made on the substance of the research:

- Spatial mapping would be useful to show geographic relationships between consumer awareness/understanding of services and their availability.
- The research raised a number of age related points and thought would need to be given to presentation of those findings.
- Received wisdom suggested that broadband changed society and increased opportunity. Although broadband services were becoming faster and cheaper there remained capital costs for consumers, ie purchase of a

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- PC and peripherals.
 - An agreed approach was to draw attention to the potential of public access points as appropriate means of high speed Internet access for some consumers.
 - In some circumstances there were signs that poorer people were paying more for communications services, just as they were paying more in interest for credit cards and loans. Pre-pay mobile services and international calling cards were examples.
 - There were other issues around pre-pay mobile services: call charges were higher but there were subsidies on handsets; pre-pay allowed consumers to budget and maintain control of spending and had led to a huge increase in mobile penetration.
 - It would be useful to conduct a price basket analysis of pre-pay tariffs before coming to conclusions.
 - It was suggested that poorer consumers paid more because they could be administratively 'more expensive'.
 - Links between age and low income were stronger in the research findings than the summary paper under discussion.
 - The Panel's switchover report on vulnerable consumers had suggested that a greater than expected number of low income consumers already had access to digital television. It would be important to cross-reference this point in the research report rather than maintain a different emphasis.
 - A breakdown of the first language of interviewees in Wales would be useful to see its relationship to adoption of Sky and Freeview, ie as a driving force to receive more channels. In Wales there were only three English language analogue terrestrial channels, BBC1, BBC2 and ITV1, and S4C for Welsh speakers.
 - On broadband benefits, there was a need to find out what these were from the people who had a broadband connection. The totality of on-line activity was very varied and could not be captured by talking about occasional online shopping, email or web searches. It would be useful to know the motivations behind use and by population group.
 - Two or three major issues would be extracted from the research exercise and form part of the Panel's 2005/06 work plan. Two were likely to be issues around treatment of people on low incomes and older people.
6. There was discussion of process:
- Outputs from this years' research would be the summary paper; a paper in preparation by Ofcom's research team putting the Panel's findings into context with the findings of Ofcom's own research; two completed substantive reports covering residential and small business consumers summarizing the MORI and SRB work; and a set of 'deep dive' presentations on the four Nations, age, disability, low income, and rural and urban differences.
 - The summary paper would be used as a part of Panel handouts, eg made

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- available at Panel events and speaking engagements. It should set out the big themes for the coming year, eg issues around age and poverty.
- Julie Myers would liaise with the chairmen of Ofcom's advisory committees (ACs) and Tony Stoller, Ofcom's External Relations Director, to flag up relevant 'deep dive' issues and copy to them, and to the relevant Panel members, the 'deep dive' presentation related to their nation or area of interest. Like the other research documents, the 'deep dive' presentations would be posted on the Panel website.
 - Publication was likely in early May.
 - Research materials would be discussed with the Consumer Forum on Communications that was hosted by the Panel and brought together representatives from a number of consumer and disability organisations.
 - The Chairman proposed use of the research as a basis for engagement with industry, eg in a workshop.
 - The tracker exercise would be repeated on an annual basis and would start again in September/October 2005.

Chairman's report

7. The Chairman announced that the Panel would be engaging a consultant to provide support on communications strategy. Two consultants had been interviewed and a third would be seen shortly. Support would be provided as required.

Members' updates

8. A member drew attention to the EU review of universal service expected at the end of 2005 and argued that the review should take account of a report by InCom covering disability issues; that the Panel should work with Ofcom on its Communications Act 2003 Section 10 responsibilities; and that there were issues around digital switchover and accessible electronic programme guides. Views had been received from representatives of a number of consumer and disability organisations on the documentation of Phase 2 of Ofcom's strategic review of telecommunications and those views would be shared with Ofcom. He had attended a meeting with BT and others to discuss call steering and would keep the Panel informed of developments in this area, including a plan for a research project. He would be attending a meeting at the Office of the Deputy Prime Minister to discuss text messaging and access to emergency services.

9. A member had attended a Radio Practitioners' Lunch on the Public Purpose of Radio at Ofcom the previous day. Part of the radio review, the event had been largely about content. A member would be speaking at Ofcom's Remote and Rural Communications Symposium in Glasgow the following day.

Universal service review

10. Dominic Ridley introduced discussion and took members through a draft

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response to Ofcom's consultation document, including issues of affordability, the new social telephony scheme proposed by BT, provision of public call boxes and disconnections. There was then comment and discussion of the draft and wider issues, including definition and funding of universal service (US), as follows:

- BT proposed a tariff aimed at consumers with incomes under £10,400, a credit reference agency would be used to status-check those who might not be eligible for the scheme, ie those likely to have incomes in excess of that amount.
- It would be helpful to see the economic modelling behind the proposal.
- Irrespective of the form of social telephony it was important that services were well promoted, especially amongst target groups.
- An important question was where to begin thinking about social telephony, the approach taken by the Panel in relation to vulnerable people and DSO could be the way, ie consider who might be vulnerable, size up the costs and avoid prescriptive statements.
- US was a historical concept, an open minded approach was required. The world had changed a great deal since the initial application of US.
- The cost of US was little compared to the size of the market in telecoms.
- It was questionable whether industry should bear the costs; instead the Treasury, for example, could provide a communications allowance.
- There was a question of whether a telecoms operator and the welfare system should fund US.
- There was not a consensus that a central US fund was the solution but if there was a fund it could be contestable.
- When considering affordability it was important to start with first principles, eg was it essential for consumers to have a life-line communications service? Should that service include Internet access? Costing the exercise would then follow.
- A self-referral social telephony scheme sounded good and implied trust.
- It was questionable whether a life-line service should attract high call charges and whether poor people should be penalised if unable to pay by direct debit.
- Cost effectiveness seemed a reasonable consideration in relation to location of public payphones.
- Mobile telephony could be considered as a substitute for a fixed line but there remained issues about quality of service and pricing.
- There was an opportunity to liberate universal service with next generation networks; it could be much more than a basic fixed-line service.

11. As a way forward the Chairman proposed that the Panel answer the consultation questions, including options where appropriate and a short discussion of strategic issues which the Panel could return to on another occasion. Members would provide Dominic Ridley with drafting comments.

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Other matters to note/agree

12. Members had received a revised outline of the Panel's annual report, including text of a foreword from the Chairman. It addressed issues to do with market failure, citizens and consumers. The section on the Panel's strategy would make clear the Panel's approach to focus on priorities rather than attempt to tackle everything. Members were invited to make suggestions for inclusion in the review of the year and to forward details of groups with whom the Panel had engaged for the section on stakeholder issues. The section on looking ahead would be finalised in the light of Panel research but spectrum was likely to loom large. A draft report would be revisited at the next Panel meeting. It was suggested that the stock-take exercise could be mentioned in the annual report.

13. Members were copied a report on recent meetings, consultations and approaches to the Panel; its contents had been noted.

Any Other Business

14. Members received a monthly report of Ofcom Contact Centre headline complaint statistics. The Telecommunications Ombudsman would join the meeting for the next item, along with Ofcom colleagues Andrew Walker and Rosalind Stevens-Strohmann. The latter was leading on Ofcom's review of Alternative Dispute Resolution schemes. The draft Terms of Reference (ToR) for the review had been forwarded to members of the Panel's subgroup on complaint handling.

Elizabeth France, the Telecommunications Ombudsman

15. The Chairman introduced Elizabeth France. Prior to becoming Panel Chairman, Colette Bowe had been Chairman of the Council of the Office of the Telecommunications Ombudsman (Otel) and had been involved in setting up Otel.

16. Elizabeth France explained how Otel operated and answered questions from Panel members:

- Otel had been in operation since 1 January 2003, when it recruited staff and began to establish its procedures.
- Consumers could take complaints to Otel after exhausting the complaint procedures of their telecoms operator and if the operator was one of the 120+ members of Otel.
- Otel began with seven members; new operators joined weekly.
- Otel members comprised 96% of the fixed line market, ? of Internet Service Providers and 50% of the mobile market.
- Approximately one in ten contacts with Otel turned into cases.
- Otel was independent, provided a free service to consumers, was accessible, easy to use, took an inquisitorial approach and did not take

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sides.

- Investigations were paper exercises, with provisional conclusions submitted to the complainant and the target of the complaint.
- Complaints tended to fall into three categories – those by individuals who regularly made complaints; some involved a misunderstanding and some involved errors. The majority were billing disputes and often included customer service issues.
- Consumers had duties as well as operators, eg to have some awareness of their call spend.
- Complaints that were upheld often resulted in goodwill gestures on the part of operators.
- To date no member of Otelo had refused to abide by the Ombudsman's decision; they had 28 days to comply with a remedy.
- Consumers still had recourse to the courts if they remained dissatisfied with decisions.
- Otelo had received some complaints about mis-selling but evidence suggested that these were the result of poorly trained sales staff and not deliberate attempts at mis-selling.
- Otelo occasionally dealt with complaints arising from unfair contract terms and took a keen interest in rulings from Ofcom.

Date of the next meeting

17. The next meeting would be held on 22 March 2005 in Edinburgh.