

Communications Consumer Panel response to PhonepayPlus' consultation on its Business Plan and Budget 2014/15

Introduction

The Communications Consumer Panel welcomes the opportunity to comment on PhonepayPlus' consultation on its Business Plan and Budget 2014/15.

The Panel works to protect and promote people's interests in the communications sector. We are an independent body, 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 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 face many of the same problems as individual consumers. Individual members of the Panel represent the interests of consumers in England, Northern Ireland, Scotland and Wales respectively.

Following the alignment of the Advisory Committee for Older and Disabled People with the Panel, the Panel is more alert than ever to the interests of older and disabled consumers and citizens.

Response

The Panel recognises the growing complexity of the market that PhonepayPlus regulates and the challenges that this presents. This growing complexity serves to underline an equivalent growing need to help and protect consumers, and the Panel supports fully PhonepayPlus' ambitions in this respect.

We note that during 2014 PhonepayPlus proposes to consult on its next three-year Strategic Plan. This provides an opportunity to establish priorities which can both regulate the market today and be flexible enough to adapt to future changes without stifling competition. We welcome the opportunity to input to this Plan. We comment in detail on the proposed priorities and workplans below.

Theme 1 - Strengthening Compliance and enforcement

The Panel welcomes any move to build greater consumer support, and hence confidence, in the PRS sector and acknowledges the work already carried out to maintain consumer

protection in a rapidly changing and developing market. The consultation emphasises that consumer trust is increasingly important in a competitive payments market where consumers have a number of options to pay for digital content. Consumer trust is also vital for the effective operation of the PRS market, particularly as it is undergoing a period of turbulence. We would emphasise the need for a consumer-centric focus across all of PhonepayPlus' policy and publication output. We would encourage that within this, there is a particular emphasis on the needs of more vulnerable consumers, including young people.

Alongside this, it is important to prevent harm by encouraging and helping industry to remain compliant whilst enabling them to operate with confidence, certainty and clarity about regulation. We support PhonepayPlus' commitment to assist industry in due diligence and risk assessment and control (DDRAC). Preventing consumer harm is always preferable to attempting to rectify it through enforcement. We welcome swift, clear and robust action against infringers of the Code and support the principle of 'polluter pays'. We agree with the aim that the minority of providers who cause harm in the market should be required to pay for both the direct and indirect costs of that harm and that the collection of fines and related costs should increase. We [responded to PhonepayPlus' Call for Inputs in relation to the review of the Code](#) and look forward to discussing further changes to the Code to strengthen the 'polluter pays' principle. We believe that it is important that this principle is seen to be applied in practice. We also support robust action in relation to non-payment of fines - ensuring that non-paying relevant services are suspended and that non-payers of fines are targeted when internal procedures have been exhausted.

The consultation notes that complaints relating to misleading digital marketing have increased significantly. This type of activity highlights the value of early proactive work to ensure adequate protection, and redress when necessary. As the industry attracts a greater diversity of players, with a range of experience, we would suggest that any guidance will need to take this into consideration - including the need for international co-operation. We agree that it is vital for PhonepayPlus to develop its expertise in online marketing to ensure that its policy in this area is founded on robust understanding and evidence.

The Panel would encourage the publication of data about complaints received by PhonepayPlus, broken down by provider. In 2010, the Panel encouraged Ofcom to publish data relating to complaints it received about the communications market. Ofcom commenced such publications in 2011, which allows consumers to make an informed choice and gives an incentive for providers to improve their service.

Theme 2 - Improving the Customer Experience

The Panel notes, and welcomes, PhonepayPlus' honest assessment that the consumer journey (in respect of problems or complaints with PRS services) can be sub-optimal. We strongly support the further work planned by PhonepayPlus to review the consumer journey. We would suggest that the review could usefully focus on identifying optimum consumer experiences and outcomes at all stages of the journey and we would support

action to improve levels of consumer satisfaction with, and experience of, making a complaint. We therefore strongly endorse PhonepayPlus' intention to review both its own service delivery and that of the PRS industry as a whole.

We note that an agreement with industry is favoured in the context of achieving an optimal consumer journey and the Panel believes that there is great merit in a collaborative approach. It is important that the industry as a whole commits willingly to improving the consumer experience (and we appreciate that it is a minority of service providers that cause problems). However, should it prove necessary, we wonder what measures may be available to ensure compliance with any service standards that are agreed. We appreciate that these may emerge as detailed plans are developed, along with what will happen in the case of non compliance or failure to meet agreed complaint handling standards.

As noted above, in the current competitive payments market, consumers have a number of options to pay for digital content. Consistency in protection across payment options is fundamental if consumers are to have greater confidence in digital services.

The Panel's own research, *Going Round in Circles? The consumer experience of dealing with problems with the communications services*, highlighted the sub-optimal experience of a number of consumers across the communications sector, identifying common themes and frustrations. Our report, which includes recommendations that may be useful in the context of PhonepayPlus' forthcoming consultation, can be found at <http://www.communicationsconsumerpanel.org.uk/going-round-in-circles/going-round-in-circles>. The Panel looks forward to the publication of PhonepayPlus's own research findings in this area and the opportunity to discuss the implications.

As PhonepayPlus undertakes a review of its customer handling processes, it would be helpful to benchmark levels of consumer satisfaction before any improvements are implemented, as well as afterwards.

It is vital that network operators effectively inform and signpost consumers to PhonepayPlus. We particularly welcome the additional activity PhonepayPlus intends to undertake to protect more vulnerable consumers, including the usability of its website and guidance related to in-app purchases for children, and we look forward to discussing this workstream in greater detail in due course. The Panel strongly supports the decision to update the Children's Plan and take other measures to ensure that children and vulnerable consumers can use PRS safely and confidently.

When developing consumer guidance it may be useful for PhonepayPlus to consider dovetailing its publications with the work that Ofcom has done on consumer publications. These offer a range of advice ranging from protecting against nuisance calls to guides on buying communications devices for children.

Theme 3 - Future-proof regulation and Theme 4 - Enhancing regulatory efficiency and effectiveness

It is vital that PRS regulation is able to keep pace with technological advances and legislative developments in the UK and EU; and that the Code is adequately future-proofed against a fast-changing environment. We would strongly encourage working in partnerships not just nationally but also internationally to ensure that there is adequate cross-border consumer protection.

The business plan highlights that the PRS market involves a complex market chain. We would be interested to hear more about specific anticipated actions and key deliverables, particularly when considering the range of activities PhonepayPlus intends to initiate in the coming year.

Budget

The Panel is not in a position to comment in detail on resource allocation or the charging model, but would stress the need for it to ensure sufficient funding for PhonepayPlus to operate effectively and provide a high standard of service for consumers.

We are pleased to see an increase in the budget dedicated to consumer support, although we remain slightly concerned that a greater portion of the overall budget is allocated to industry support. We note, too, that there has been a 32% rise in the number of calls from the public being logged with PhonepayPlus over the past two years and hope that the budget increase is commensurate with the additional consumer support that may be required - especially given the focus on the consumer journey and the support of vulnerable customers.