

Improving mobile coverage cancellation policies: update

Executive Summary

Many consumers will now find it easier to cancel their contracts if they do not get the coverage they need, thanks to changes made in company policies following pressure from the Communications Consumer Panel.

This news follows the publication in July 2010 of the Communications Consumer Panel's research report *Can I cancel? Mobile coverage and contract cancellation*. The report showed that more than half of the customers that took part in the research were not given the correct information when they asked whether they would be able to cancel a new mobile contract if they found that network coverage was poor. The report also found that many operators and retailers had confusing or inconsistent policies, which made them difficult for consumers and staff to understand and remember.

The Panel called for operators and retailers to make their policies simpler and more consistent, and recommended a 14-day minimum returns period for customers with coverage problems. It also called for operators and retailers to improve staff training, so that sales advisors could give the correct information about cancellation policies when asked.

Since the report was published, Carphone Warehouse has introduced a 14-day coverage returns policy that is applicable to all the contracts it sells across all its sales channels. Phones4u has also committed to introducing a 14-day coverage returns policy in 2011. These third-party retailers previously had many different policies, which made it much more confusing for consumers and sales advisors.¹ The policies variously depended on which network the contract was for, whether the contract was bought in a store, online or over the phone, and required consumers to pursue their problem with coverage through complex internal processes that sales advisors were not always trained to explain. So the Panel welcomes these new, straightforward policies being put in place to protect consumers who experience problems with coverage.

¹ Each mobile operator agrees contract cancellation terms with the third-party retailers that will sell its contracts. These cancellation terms are not necessarily the same as those that the operators offer to their own customers and will vary depending on the operator. So, if a retailer decides to offer different terms to its customers from those that it has agreed with the operators, it is liable for the difference.

Vodafone has also improved its policy and has made its in-store coverage returns policies consistent with its website and telesales policies. This means that consumers will be able to cancel their contracts within 7 days if they have any problems including, but not restricted to, coverage, regardless of how they bought their phones.

Orange does not currently have a formal returns policy for coverage for contracts bought in store and T-Mobile has retained its 7-day cancellation period for customers who experience poor coverage. Everything Everywhere, the parent company of newly-merged Orange and T-Mobile, is currently reviewing the cancellation policies for both brands and has already committed to introducing a formal policy for Orange in the first half of 2011. Until then, Everything Everywhere has given Orange store managers greater power to make decisions on returns, which should make the process more straightforward for consumers. The Panel urges both brands to implement 14-day cancellation policies at a minimum for coverage issues.

A number of operators already had policies that met or exceeded the Panel's recommendation for a 14-day cancellation period: O2 and Tesco Mobile each operate a 14-day any-reason cancellation policy; and Virgin Mobile has kept its 28-day any-reason returns policy. Each of these operators' policies is applicable to contracts bought in-store, over the phone and online.

3 has also retained its existing policy and is the only operator or retailer to allow cancellation at any point in the life of the contract if customers find that they have coverage problems. However, the Panel is disappointed that 3 does not intend to advertise this market-leading policy to its customers.

All operators and retailers covered in the original report have put in place measures to ensure that their staff are properly trained on their coverage cancellation policies, so that they will be better able to explain them to consumers.

Background

The Panel commissioned a mystery shopping exercise in early 2010 to test whether the major UK mobile operators and mobile-phone retailers were giving consumers accurate information about their existing policies on cancellation. The results were published in July 2010.

The research found that more than half (56%) of the shoppers who took part in the survey were not given accurate information about cancellation policies for problems with coverage.

The exercise was concerned with policies that applied to problems consumers had with coverage for voice and text services.

The research looked at the seven largest mobile phone operators (3, O2, Orange, T-Mobile, Tesco Mobile, Virgin Mobile, Vodafone) plus the two largest third-party retail chains (Carphone Warehouse, Phones4U).

It focused on the information sales advisers gave to consumers in store before purchasing a new mobile phone contract but it also evaluated the information about coverage cancellation policies available online and through telesales. This information was then compared for accuracy against the relevant cancellations policies that operators and retailers had supplied to the Panel.

Why did the Panel commission this research?

Because mobile services are now so crucial to the life of people in the UK, it is essential that these services are reliable and accessible in the places where they are needed. However, the Panel has been concerned for some time that many UK consumers, including small businesses, continue to experience problems making and receiving mobile phone calls.

The Panel recognises that mobile internet and mobile broadband services may suffer from even greater problems with coverage than basic voice and text. However, these are relatively new services and the technology that supports them is still being rolled out by operators. Also, although usage is growing very quickly, mobile internet and mobile broadband services are not yet as integral to the lives of most UK consumers as voice and text services.

Research the Panel published in 2009 showed that over a half (56%) of consumers and 91% of small businesses had problems with mobile coverage.² Overall, a third of mobile consumers and small businesses had regular difficulty with mobile coverage. The Panel advised Ofcom of its findings and the regulator has since prioritised improving mobile coverage in its 2010/11 Annual Plan.

But improving coverage will take time and, in the meantime, consumers and small businesses need to be able to check where they can expect to get coverage before they commit to a mobile phone contract.

Consumers are currently encouraged to rely on coverage checkers, but these do not provide a completely accurate picture of where they will and will not get coverage. The data provided is not standardised and it does not help with very local issues such as indoor coverage.

This is why the Communications Consumer Panel called for people to be able to cancel their mobile contracts if they find they cannot get the coverage they need.

Many operators and third-party retailers did already have policies that allowed consumers to cancel if they did not get adequate coverage. So the Panel wanted to test the extent to which these policies were made known to consumers.

² Communications Consumer Panel *Mobile coverage: the consumer perspective* and *Mobile Coverage: the small business perspective* (2009)

<http://www.communicationsconsumerpanel.org.uk/smartweb/research/mobile-coverage>

What did the research find?

The results of the Panel's mystery shopping research suggest that there is a strong risk that consumers will not be given the correct information about cancellation policies before they sign a contract.

Overall, the research found that more than half (56%) of mystery shoppers were not given accurate information, before purchase, about whether or not they would be able to cancel a mobile phone contract due to coverage issues.

Also, most operators and third-party retailers had many different policies around cancellation: some related to coverage only, others allowed customers to cancel their contract for any reason; some contracts could be cancelled if they had been bought online but not in a store; some offered different cancellation policies for different products, one for handsets and one for mobile broadband.

What did the Panel recommend as a result?

Mobile operators and retailers need to work on their policies to make them easier for consumers to understand and remember. The extent of the variation in policies also means that sales advisors are confused about the messages they should be giving to consumers. Even some of the operators and third-party retailers' head offices had difficulty giving us a clear statement of their relevant policies. So the Panel called for coverage cancellation policies to be simplified. The Panel also called for sales and customer service staff to be much better trained so they can communicate their companies' policies in clear terms to consumers.

More specifically, the Panel's recommendations were that operators and retailers should:

1. Improve their cancellation policies
 - Individual operators and retailers should make cancellation policies simple and consistent across their own products and retail channels
 - Introduce a minimum 14-day cancellation period for coverage problems across the industry.
2. Improve the information given to consumers about policies that allow contracts to be cancelled due to poor coverage.
 - Better training for sales advisors so they can explain policies when asked.
 - Better in-store information about policies to support sales advisors.

What has been the reaction from operators and retailers?

Four of the mobile operators and retailers surveyed in the Panel's research are making positive changes to their cancellation policies and the others have

retained their existing policies, which in most of these cases already met the Panel's recommendations.³

All have reviewed the training and information given to sales advisors about the cancellation policies.

Policy changes

Since the Panel published its research in July, Carphone Warehouse has implemented a 14-day cancellation policy for all its UK customers who have coverage problems. This policy is the same regardless of whether customers buy in a store, online or over the phone. It is also the same for all of the mobile contracts that are available through Carphone Warehouse, regardless of which operator the contract is with. When a customer complains of coverage problems, Carphone Warehouse will refund the contract or move the customer to another network that has better coverage.

Phones4u has committed to launching a 14-day cancellation policy for poor coverage in early 2011. The policy will apply to contracts for all the mobile networks sold by the retailer. It will also apply whether the contract was bought in a store, on Phones4u's website or via its telesales channel. The retailer's sales advisors will be trained to understand this policy and be able to explain it if asked. This marks a change from the company's existing policy, which is to instruct staff to direct customers with queries about cancellation to a central head-office telephone number.

Vodafone has moved to a consistent 7-day returns policy for both its mobile voice and broadband contracts. This 7-day cancellation policy is valid for any reason, including poor coverage, and can be used regardless of whether the contract was bought in a Vodafone store, through its website or over the phone.

Orange is currently reviewing its returns policies and has committed to introducing a formal returns policy in 2011 for contracts bought in its stores. Until then, the operator has given individual store managers more discretion over whether to authorise returns if customers complain about poor coverage.

Staff training

Those operators and retailers that have not changed their policies since the Panel published its research in most cases already met or exceeded the Panel's recommendation of a minimum 14 day cancellation period for problems with coverage. T-Mobile is the exception and has retained its 7-day cancellation period.

³ Please note that the operators and retailers whose cancellation policies apply only to coverage problems will often require proof of coverage problems before terminating a contract, in order to ensure that the return is legitimate. This usually means that the operator will analyse the customer's usage patterns to see if they have been having trouble making or keeping a connection.

O2 has kept its 14-day returns policy that is applicable to any reason for return, not just coverage, and for contracts bought in store, online and over the phone. The operator will ensure that staff are properly trained on this policy and will make changes to its online coverage checker. O2 has committed to undertake its own mystery shopping research to make sure these measures have the desired effect.

Tesco Mobile has also kept its 14-day, any-reason returns policy, which is applicable for mobile contracts bought via any of its retail channels. The operator retrained its retail staff on the returns policy during September 2010.

Virgin Mobile has retained its 28-day cancellation policy, which allows mobile contracts to be cancelled for any reason. The operator already keeps details of the cancellation policy at point of sale in its retail stores for sales advisors to refer to, and it will remind its sales advisors of the policy in its regular staff updates.

Three will continue to allow customers to cancel mobile contracts for reasons of poor coverage at any point in the contract, regardless of whether the contract was bought in store, online or over the phone. This policy is not advertised but the operator has committed to retraining its staff to be able to explain the policy if asked.

T-Mobile has kept its 7-day cancellation policy, which is applicable only for coverage problems for contracts bought in a store but can be used for any reason if the contract is bought online or over the phone. Customers must be able to show that they have checked the expected coverage in their area before purchasing the contract to be able to take advantage of the network guarantee. Sales advisors are being reminded of the policy and how it should be applied.

What are the next steps?

The Panel is delighted to see the industry responding to its proposals, which will make it simpler for consumers to know they can get redress for coverage problems. But it would still like to see all the providers offering a minimum of 14 days for all retail channels with transparent information about this right at the point of sale. Four companies in particular fall short of meeting all the Panel's recommendations.

Vodafone and T-Mobile both offer 7-day returns periods, but the Panel hopes that they will consider implementing 14-day cancellation periods in light of the improvements made by their competitors.

Three and Orange do not make their policies easily accessible to consumers. The Panel hopes that these operators will realise that making consumers aware of cancellation policies does not represent a risk when those policies are properly constructed. It hopes they also realise that the benefits in terms of customer experience and loyalty make it worth advertising these policies.

The Panel will ask Ofcom to monitor the situation as part of its ongoing work on mobile coverage. It will recommend that the regulator takes action on mobile coverage cancellation policies, if necessary, to protect the interests of consumers.

Overview of operator and retailer responses to the results of July's 'Can I cancel' report

Previous/existing policy	% of shoppers given accurate info in store during research	Changes to policy since research published	Changes to staff training
<p>THREE</p> <ul style="list-style-type: none"> • Contracts bought in store or over the phone or internet can be cancelled at any time if there are coverage issues • Customers must contact Three, which will check to see if there are any planned upgrades to the network or fault remedies that will solve the problem. If not, customers can cancel without penalty • Policy is not advertised 	<p>4%</p>	<ul style="list-style-type: none"> • None required - policy is already consistent across channels and, since customers can cancel at any time without penalty, so exceeds recommended 14 days • Onus remains on customers to contact Three if they are having a problem with coverage 	<ul style="list-style-type: none"> • Briefed retail staff to communicate policy at point of sale if asked. • Do not currently plan to change how they communicate the coverage policy
<p>O2</p> <ul style="list-style-type: none"> • Customers can cancel contracts within 14 days of purchase for any reason • Policy is valid across all O2's own channels • Customers made aware of policy in writing at point of sale, on its retail website, support pages and FAQs, as well as in the Customer Code of Practice. 	<p>79%</p>	<ul style="list-style-type: none"> • None required - policy meets recommendation for 14-day returns after purchase across direct channels 	<ul style="list-style-type: none"> • Taken steps to increase awareness and training with specific coverage questions • Will carry out own research to ensure these measures have effect • Will continue to ensure that coverage information made available to customers is clear, easy to use and accurate

Previous/existing policy	% of shoppers given accurate info in store during research	Changes to policy since research published	Changes to staff training
EVERYTHING EVERYWHERE			
<p>ORANGE</p> <ul style="list-style-type: none"> No option to cancel contracts due to poor coverage if bought in store Contracts bought at a distance have 7 days to cancel for any reason 	<p>ORANGE 32%</p>	<ul style="list-style-type: none"> Project currently underway to determine best way to improve cancellation policies. T-Mobile will retain its existing policy at least until the project is complete Orange will introduce a formal cancellation policy in the first half of 2011 Orange has also streamlined its in-store returns processes now empowers the store managers to make it easier for customers 	<ul style="list-style-type: none"> Retail staff are being reminded of T-mobile and Orange coverage policies and how these should be applied
<p>T-MOBILE</p> <ul style="list-style-type: none"> Customers have 7 days to cancel for coverage reasons if bought in store Customers must use StreetChecker before purchase to check whether they can reasonably expect good coverage, and receive a 'network guarantee code' to use if they subsequently have problems Customers have 7 days to cancel their contract for any reason, if bought over the phone or online 	<p>T-MOBILE 71%</p>		
TESCO MOBILE			

<ul style="list-style-type: none"> Customers who buy a contract in store, over the phone or online have 14 days to cancel for any reason 	<ul style="list-style-type: none"> 71% 	<ul style="list-style-type: none"> Will continue with existing policy 	<ul style="list-style-type: none"> Retrained all store staff on the returns policy during September 2010
Previous/existing policy	% of shoppers given accurate info in store during research	Changes to policy since research published	Changes to staff training
VIRGIN MOBILE			
<ul style="list-style-type: none"> Customers who buy a contract in store, over the phone or online have 28 days to cancel for any reason Details of customer service guarantee are kept by till for staff to refer to 	70%	<ul style="list-style-type: none"> Will continue with existing policy 	<ul style="list-style-type: none"> Will remind customer service staff of the returns policy in a weekly store update
VODAFONE			
<ul style="list-style-type: none"> Customers have 7 days to cancel if they bought their contract in store, over the phone or online Returns are for coverage only if bought in store but contracts can be returned for any reason if bought at a distance 	58%	<ul style="list-style-type: none"> New cancellation policy implemented on 2nd August 2010 New cancellation policy gives customers 7 days to cancel their contract, regardless of purchase channel or reason for return Also applies to mobile broadband contracts 	<ul style="list-style-type: none"> Policy change accompanied by detailed briefing document for staff Dedicated training modules ready for call centre staff and in-store advisors for September 2010
CARPHONE WAREHOUSE			
<ul style="list-style-type: none"> In store - customers buying contracts with O2 and Virgin have 14 days to cancel for any reason. Contracts from 	56%	<ul style="list-style-type: none"> 14-day coverage returns policy launched on 1 September 2010 across the UK 	<ul style="list-style-type: none"> Trained all sales and customer care staff in the new policy

<p>any other operator cannot be cancelled</p> <ul style="list-style-type: none"> • Phone/online - all contracts can be cancelled within 14 days of purchase for any reason 		<ul style="list-style-type: none"> • Policy applies to coverage problems only and is applicable to all networks, sales channels & mobile products 	
<p>Previous/existing policy</p>	<p>% of shoppers given accurate info in store during research</p>	<p>Changes to policy since research published</p>	<p>Changes to staff training</p>
<p>PHONES4U</p>			
<ul style="list-style-type: none"> • Customers can cancel at any point in their contract for coverage reasons but must be willing to try another network before cancelling • Cancellations dealt with centrally and not through individual stores. Store staff are not trained in the policy 	<p>4%</p>	<ul style="list-style-type: none"> • Customers able to return new products within 14 days from the date of purchase if they are unable to use the product due to poor network coverage in their area. • If the above circumstances apply, Phone4u will first look to find an alternative provider with better coverage in the customer's area, but if this is not available then it will provide them with a full refund 	<ul style="list-style-type: none"> • Will communicate policy to store manager and reinforce regularly • Regional directors to be briefed so they can enforce policies across their stores • Cancellation policy to be documented on staff intranet • Will form part of weekly training hour