

Note to Ofcom on NTS review, 6 September 2004

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Consumer Panel observations on NTS Framework Review

1. Consumer Panel members have asked me to write to you on their behalf to outline their observations on the NTS Framework Review. The observations build on those made at the 20 July Panel meeting.
2. The Panel's substantive observation is that regardless of the option chosen to address the commercial issues surrounding the use of NTS numbers it must be accompanied by an effective package of measures to remedy the significant consumer concerns generated by NTS number use. In addition, any option that relies on industry action and co-operation to secure remedies for consumers must be thoroughly supported by all stakeholders in advance of implementation to avoid any hiatus in providing effective protection for consumers.
3. Of primary importance is the need to remedy the confusion around the cost of calling NTS numbers. It is clear that the traditional link to local and national pricing is of diminishing use now that calls can no longer be assumed to be made from BT landlines. The increased use of NTS numbers for services that are as likely to be called from mobiles e.g. travel information services - let alone from non-BT fixed lines - means that more effective measures to inform the widest range of consumers of the potential price of an NTS call need to be developed.
4. One Panel member is keen to stress that generic advertising on pricing is unlikely to create high awareness as people are commonly only receptive to advertising on such specific subjects when they are actually in the market for the product or service on offer. That is, consumers ignore information until they know they need it. And they need pricing information at the time they want to make a call. As a result, clear information on pricing structures i.e. that enables all potential callers to make a reasonable assessment of the price that they will be charged, must be readily available. Whether it is possible to convey such complex information in advertising must be appropriately investigated. If it is not, alternative measures such as pre-call announcements, on-line information or pre-recorded help-lines should be explored.
5. In terms of the specific consumer protection measures proposed to accompany Ofcom's preferred option, the Panel offers the following comments:
 - a. Retail price ceiling

Any option that creates a level of certainty for consumers is to be welcomed. The Panel is cautious however about an option that cannot be applied consistently across all networks and which may add to confusion for non-BT customers. As remarked on above, many NTS numbers are used for services which are as likely, if not more likely in some cases, to be used by consumers 'on the move' and thus a remedy which provides transparency – or which at the very minimum does not cause additional confusion - for mobile consumers must be identified.
 - b. Improved retail price awareness

Such moves are absolutely essential. Any advertising guidance must consider the difficulties inherent in communicating complex pricing information in broadcast as well as non-broadcast advertising. See also the comments made earlier in relation to the timing of information provision.

c. Extending the scope of ICSTIS regulation

Any solution must create regulatory certainty for industry as well as for consumers. The Panel would welcome further information on the background to this option and the benefits it is expected to deliver.

6. The underlying theme to all of the above points is that any regulatory solution proposed must be accompanied by thorough consideration of the actual impact of the solution on the widest range of NTS users and consumers – including the smallest SME users. On this latter point the Panel notes that Ofcom's business user research excluded the very smallest businesses i.e. with a turnover of less than £50k p.a.. The Panel is also unsure whether large statutory users were included. This latter group of NTS users is a significant one as many essential services are now provided through 0845 or 0870 numbers e.g. help and advice on rights. The Panel hopes that discussions will continue with this group of stakeholders.



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