

## Consumer Panel: advice to Ofcom Response to Consultation

CONSUMER  
PANEL

**Ofcom**  
OFFICE OF COMMUNICATIONS

<b>Title of Ofcom Project:</b>	Migrations, Switching and Mis-selling
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1. The Consumer Panel has met with Ofcom a number of times to discuss the problem of mis-selling within the communications industry and we welcome Ofcom setting Consumer Protection as a key objective in this year's Annual Plan, and flexing of its muscles in terms of enforcement. The Consumer Panel warmly welcomes this consultation in order to create a framework for industry which will hopefully help resolve many of the problems and protect consumers - making the switching process as seamless as possible and to prevent slamming.

### **The Process Maximises Customer Satisfaction/Minimises Confusion**

2. The Consumer Panel agrees with Ofcom on the proposed principles which should be adopted to ensure customer satisfaction is maximised and confusion minimised. From the consumer end - ensuring that the consumer is in control of the switching process, is well informed, that the switch is seen to be seamless and the timeframe for the switch is minimised as much as possible will all help provide a good customer experience. An increase in good customer experience and shorter timeframes will only add to a strong and competitive communications market which is in the interest of consumers as it will provide the best in innovation and deals.

### **Well Informed Customers**

3. In the response to the TSR consultation the Consumer Panel said that the demand side of the communications sector had been neglected by Ofcom. To understand what consumers need the Consumer Panel re-iterates this point. In terms of information, it is essential for consumers to be provided with the correct information so they can make the correct purchasing choices. This in turn ensures that markets can work at their best. We agree with Ofcom's 'information list' with what information companies should provide consumers with at the point of sale. But specifically, Ofcom

itself points out the communications market has a range of, “complex bundles of services (and) a lack of price transparency at the point of purchase”. It is essential therefore that Ofcom ensures companies are required to explain to consumers exactly what products they are purchasing so the consumer can decide whether they actually require the product.

4. The Consumer Panel will have further discussions with Ofcom on this when the results of its Consumer Decision Making research is finalised and before Ofcom sets out its final position on information provision to the public. The Consumer Panel thinks it is essential that companies must provide clear information on pricing. This means all costs to the consumer must be explained, i.e. not just the monthly cost of a service but the line rental as well and initial start-up costs. And that companies should make consumers aware of the time it will take for consumers to switched/ migrated/ or receive new services.
5. Also, it is essential that communications companies provide consumers with information on their consumer rights at the point of purchase and how and who to complain to if something goes wrong.

### **The Process Ensures Proper Protection Against Dishonest Sales and Marketing Activity**

6. There must be a strong robust regulatory framework in place to protect consumers from dishonest sales and market activity. While the Consumer Panel notices the downward trend in reported slamming cases to the Ofcom Contact Centre it still believes that the volume of cases (646 cases reported in February 2006) is still far too high. As it has often been the sales tactics by companies that has led to the high level of reported cases of slamming. The Consumer Panel welcomes Ofcom’s new stance in formally opening investigations into companies on mis-selling and thinks a strong enforcement approach will resolve many of the issues by sending a signal to service providers that certain sales tactics are unacceptable.
7. Previously, the Consumer Panel welcomed Ofcom’s introduction of a mandatory code of practice on sales and marketing for fixed line services to strengthen service provider’s processes. Though it did say at the time that Ofcom should have set a standard code and not issue guidelines from which industry writes their own – partly to reduce the resource burden on Ofcom when reviewing the guidelines, partly to resolve industry confusion as to what their guidelines should say and partly to ensure that industry clearly understands its obligations to consumers. The Consumer Panel thinks this approach should be adopted wherever Ofcom sets a Code of Practice.
8. In light of the increasing numbers of migrations occurring and the rise in LLU which is permitting companies to offer the ‘whole’ package to consumers, Ofcom should introduce a mandatory code of practice on

sales and marketing for all the communication services within the consultation, as the Consumer Panel sets out above, to ensure that the same consumer detriment issues do not suddenly start flaring up for example in broadband.

### **Single Code Process**

9. The Consumer Panel takes the view that the Single Code Process is the best option to ensure that consumers are in full control of the switching process. It thinks that the Single Code of Practice will ensure that the consumer harm caused by slamming is greatly reduced. As Ofcom points out the Single Code Process is used by Gas and Electricity companies and was introduced after a period of slamming practices occurred in the energy sector. Along with the introduction of robust sales processes by energy companies to reduce slamming the Single Code Process greatly helped in reducing consumer harm.
10. The Consumer Panel strongly recommends to Ofcom that the Single Code Process should be introduced not only for the fixed line service but for broadband and LLU services. The voluntary MAC code in the broadband market is not working perfectly due to many consumers having difficulties in obtaining their MAC code from the losing provider – in turn causing consumer harm. The consumer should not have to rely on the losing provider to release the MAC code, they should own their code. Further, the Single Code Process will also benefit consumers because it is a strong validation system which will greatly reduce the time consumers wait to be switched to new services – in comparison to the letter facilitation process.
11. With the increase of bundled communication services being offered to consumers it is important that a unified process exists across all the products. A unified approach will reduce consumer confusion and ensure the consumer is in control of any switching process. Further, without these safeguards it is possible that Ofcom having started to comprehensively tackle mis-selling in the fixed line market, it may start to see instances of consumer detriment arise in other markets due to the increasing numbers of consumers switching and the increasing number of companies providing broadband services - within a highly competitive market. Ofcom must stay alive to future risks, and be proactive and not reactive to consumer detriment.