



**Consumer
Focus**
Campaigning for a fair deal

Consumer Focus response to Ofcom review of non geographic calls services: call for inputs

May 2010

About Consumer Focus

Consumer Focus is the statutory consumer champion for England, Wales, Scotland and (for postal consumers) Northern Ireland. We operate across the whole of the economy, persuading businesses, public services and policy makers to put consumers at the heart of what they do.

Consumer Focus tackles the issues that matter to consumers and aims to give people a stronger voice. We don't just draw attention to problems – we work with consumers and with a range of organisations to champion creative solutions that make a difference to consumers' lives.

Consumer Focus is grateful for the opportunity to contribute to Ofcom's call for inputs into its review of non geographic calls services. This response is non-confidential and we are happy for it to be published on the Ofcom website.

Ofcom review of non geographic calls services: call for inputs

Consumer Focus welcomes this much-needed review. The ubiquity of mobile telephony, combined with the decline of fixed-line ownership, has significantly altered the needs of consumers in relation to non geographic calls services. Where historically, non geographic numbers such as 0800, 0845 and 0870 gave consumers a way of accessing central services from fixed-lines at a low cost, the rise of mobile phone ownership has led to many consumers paying much higher charges for access to the same services. There is clear evidence that today consumers on low incomes are among those paying the highest charges to call non geographic numbers.

Non geographic mobile call charges

Any review of non geographic calls services must take account of the changing structure of the telecoms market. There are already more than twice as many active mobile connections in the UK than fixed-line connections and outbound call volumes from mobiles are predicted to outstrip those from fixed-lines for the first time within the next three years¹. Against this backdrop, Ofcom must consider the impact that higher mobile call charges for non geographic numbers have on consumers.

BT does not charge customers for calls to 0800 numbers, while the cost to call 0845 varies between being free and 2p per minute. The equivalent costs from mobile phones, taken from an average of five of the largest mobile phone operators, are as follows for:

- 0800 calls, 17p per minute (ppm) for contract users and 20ppm for pre-pay users
- 0845 calls, 23ppm for contract users and 25ppm for pre-pay users

According to these figures, a single consumer could end up paying up to £5 more for a 20 minute call to one of these numbers by phoning from a mobile rather than a fixed-line.

For those on low incomes, there may not be a choice of whether to use a fixed or mobile phone. Across the general population, 13 per cent of consumers live in mobile-only households, but for consumers with an income of £11,500 or below, 28 per cent live in a household with no fixed-line. Similarly, 76 per cent of consumers with an income of £11,500 or below use pre-pay mobiles². With mobile operators typically levying higher charges on pre-pay than contract mobiles for calls to non geographic numbers, a significant correlation can be observed between consumers on low incomes and those able to access non geographic calls service only using the most expensive means.

The nature of the consumer detriment caused by mobile non geographic number charges is not only financial. Many essential services are provided via helplines using 0800 and 0845 numbers, such as the administration of pensions and benefits. Where call charges act as a barrier to consumers accessing these services, the 'downstream' impact can be significant. For example, a consumer calling HM Revenue and Customs to resolve a problem with payment of child tax credits is required to use an 0845 number. If the cost of the call prevents the consumer from resolving the issue, negative consequences could include an impact on the consumer's ability to work if the cost of childcare cannot be met.

¹ Ofcom Communications Market Report 2009 (pp.223-224)

² Ofcom Consumer Experience Report 2009 (pp.22,24)

Further consequences for the consumer in terms of stress and anxiety are likely to be present in this scenario.

One respondent to Consumer Focus' 2009 consultation on consumer detriment in the mobile phone sector summed up the frustrations of mobile charges for calls to non geographic numbers:

'Once when my Talk Talk landline and broadband failed I had to call Talk Talk to report it. This obviously had to be done from my pay as you go mobile which had £17 in credit before I made the call and I was left with £2 after the call. All this time I was kept on hold and not speaking to anyone until the final minute where I had to ask them to call me back for fear of the phone running out of credit. It is far too expensive to make these sorts of calls from a mobile and had I been able to call from my landline then it would have been a free call. We are being ripped off big time.'

Scope of non geographic calls services

In relation to the approach that Ofcom takes to reviewing non geographic calls services, it is worth questioning what number ranges should be included in the scope of 'non geographic'. When proposing changes, Ofcom should bear in mind the high level of consumer confusion that exists around what rules apply to the various number ranges and what costs are associated with them. A recent omnibus survey carried out for Consumer Focus by ICM probed the consumer confusion associated with calls to non geographic numbers:

- Less than half of respondents were aware they would be charged for 0800 calls from mobiles, while almost one in five thought that these calls were free
- Awareness of charges for mobile calls to 0845 was somewhat higher among respondents at 57 per cent, but a third of consumers reported that they did not know whether they were charged or not
- Awareness of charges for 0300 calls from mobiles was particularly low; less than a third of consumers knew that they would be charged for these numbers and 60 per cent did not know whether they would be charged or not

Clearly, some changes to the number ranges included in the scope of non geographic calls services may be appropriate. However, consideration must be given to the need to avoid adding to the consumer confusion that already exists. The extent to which consumers will benefit from changes to the numbers used to deliver these services will be limited, unless there is clear communication to inform consumers about new number ranges and changes to existing ranges.

The 03 number range is an example where poor communication with consumers has led to a lack of understanding over what the number range is for and how much calls to 03 numbers cost. The result of this lack of understanding is a negative impact on consumer confidence in using services provided on the 03 number range.

In our view, this, along with a lack of direct promotion of 03 to helpline and service operators, is largely responsible for the sluggish uptake of the 03 number range, despite the genuine benefits it offers as a numbering policy solution. We would encourage Ofcom to analyse why the introduction of 03 has not been a success to date in order to learn lessons relevant to the introduction of any new number ranges.

A central question that Ofcom should consider in its review relates to the rules that are used to prescribe the cost of calls to non geographic numbers. Under the current regime, a substantial discrepancy between the cost of calls from mobiles and fixed-lines has arisen, with an unwelcome range of detrimental impacts on consumers as outlined above.

Consumer Focus would welcome Ofcom conducting a detailed analysis of the impact of various mandated cost scenarios, such as free 0800 calls from mobile phones, in order to guide future policy in this area.

We are carrying out work to investigate the nature of the consumer detriment caused by mobile charges to non geographic numbers and specifically public sector helplines. This work will also seek to identify policy solutions that could be used to address this detriment and we will be happy to engage with Ofcom as the project progresses.

Premium rate services

Consumer Focus is in the process of carrying out a probe of consumer information around the cost of premium rate services. This piece of work is likely to be of relevance to this review of non geographic calls services and we will be pleased to share its conclusions with Ofcom when it is completed.

We look forward to continuing our engagement with Ofcom's review of non geographic calls services.



Consumer Focus response to Ofcom review of non geographic calls services

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