

15 January 2010

Mr Bradley Brady
Director of Strategy & Stakeholder Relations
PhonepayPlus
1st Floor, Clove Building
4 Maguire Street
London SE1 2NQ

Dear Mr Brady

PhonepayPlus Business Plan and Budget 2010/11

Consumer Focus is grateful for the opportunity to comment on PhonepayPlus' Business Plan and Budget for 2010/11.

Over the past 12 months, we have welcomed cooperation with PhonepayPlus, including the introductory presentation given to Consumer Focus staff in September 2009 and involvement in the development of PhonepayPlus 12th Code of Practice. We look forward to joint working in the future.

The research carried out by PhonepayPlus into the Premium Rate Services industry over the past 12 months has been valuable in highlighting particular areas of concern as Consumer Focus has sought to identify sources of consumer detriment in the mobile phone sector. This is particularly the case as regards to the approach PhonepayPlus has taken to regulating 087, and the focus placed on the time consumers spend in telephone queues. Also the work into mobile phone paid services and their marketing.

We welcome PhonepayPlus' preventative approach endeavouring to pre-empt problems before they come to market and recognise the challenges it faces in regulating such a dynamic and rapidly evolving sector. When considering its longer term strategy we would encourage the regulator to be aware of potential developments in smart metering which could result in the promotion of premium rate services via in-home displays which show real-time energy consumption and other information.

While we appreciate the budgetary challenges presented by the current economic climate we are eager that the re-directing of resources away from consumer support does not result in a fall in quality of support for customers seeking help.

Consumer Focus looks forward to continuing to engage with PhonepayPlus in the development of its 12th Code of Practice. We recognise the potential of this Code to improve and reform the enforcement of existing regulation of premium rate services. We also particularly welcome PhonepayPlus' intention to improve and expand its number checker service. It is important that consumers have an easily accessible tool which enables them to establish an accurate cost for premium rate numbers, particularly given the lack of transparency that currently exists around the cost of many premium rate services. We look forward to being involved in this process.

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Consumer Focus believes that it is the responsibility of PhonepayPlus to ensure that consumers are PRS literate. It is not necessarily the case however that PRS education campaigns need to be conducted personally by the regulator. Other organisations – such as consumer groups and advice agencies may be better placed to perform this role. Where there is a clear gap in terms of provision however, as there is now, it is important that PhonepayPlus steps in to fill this role. With this in mind we are opposed to Option A to reduce the budget assigned to PRS literacy activity. Our preferred option is B - assuming that suitable contingency arrangements are put in place if a proportion of fines levied provides insufficient funding for necessary campaigning.

Consumer PRS literacy is not only important because it builds an appropriate level of trust in the market, as is stated. Empowered consumers, knowledgeable of their rights and with the skills to seek redress where necessary, could help drive improvements in this sector reducing the necessity for regulation. The development of a new PRS Communications Advisory Group, comprising of communications professionals, industry and consumer representatives, if well used, could help improve the impact and effectiveness of PRS education and literacy campaigns. We look forward to exploring how Consumer Focus might be involved and add value to this Group.

We fully support the development of an annual review of the market for premium rate services and the emphasis given to the experiences of vulnerable groups. We would agree with the urgency to address the breakdown in compliance with broadcast PRS. We have recently carried out some research into the transparency of charges for participation voting TV shows and look forward to exploring mechanisms to improve the consumer experience in this area.

Lastly, as a result of our statutory duties in relation to post and energy, Consumer Focus has wide experience of complaint handling and redress, working in partnership with industry. We would be happy and willing to share our experience in this area.

Consumer Focus looks forward to a close working relationship with PhonepayPlus in the future to maximise the effectiveness of both our organisations on behalf of consumers. Finally, we would invite PhonepayPlus to submit any comments it feels are appropriate to Consumer Focus' consultation on our Annual Plan for 2010/11, which is open for consultation until 9 February 2010.

Yours Sincerely,



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