



**Consumer  
Focus**  
Campaigning for a fair deal

# **Consumer Focus priorities in the mobile phone sector**

**A position paper and advocacy plan**

**October 2009**

# About Consumer Focus

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

Consumer Focus was formed on 1 October 2008 through the merger of three organisations – energywatch, Postwatch and the National Consumer Council (including the Scottish and Welsh Consumer Councils). We are a statutory organisation that works in a devolved setting, with priorities varying across different parts of the country, but all working to common strategic goals.

Through campaigning, advocacy and research, we champion consumers' interests in private and public sectors by working to secure fairer markets, greater value for money, and improved customer service. We have a particular focus on the interests of consumers in markets that are designated by Government as requiring additional consumer advocacy. Currently these include energy and postal service consumers.

Consumer Focus also has a commitment to work on behalf of vulnerable and disadvantaged consumers, and a duty to work on issues of sustainable development.

[www.consumerfocus.org.uk](http://www.consumerfocus.org.uk)

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# Executive summary: Consumer Focus priorities in the mobile phone sector

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In April 2009, Consumer Focus issued a consultation document entitled *Mobile: What's the problem?* in which we identified 20 consumer issues in the mobile phone market that were potential areas for advocacy work by the organisation. This subsequent position paper provides our response to the views we received on each of these issues and identifies three priority areas for further work.

Based on consultation, research and evidence gathering, Consumer Focus has identified a set of priority issues that will be the focus of our campaigning and advocacy on behalf of consumers in the mobile phone sector for the next six months. In forming these priorities, we have considered the level of consumer detriment involved, the advocacy gaps that currently exist and the value that Consumer Focus can add for consumers in this sector.

## **Mobile phone tariffs and billing**

Widespread concern around mobile phone tariffs and billing has been identified by Consumer Focus. Complexity and poor transparency around prices are a significant source of consumer dissatisfaction, while concerns around the cost of calling special-rate numbers from mobile phones are also common.

## **Mobile network operators' quality of service**

Consumer Focus uncovered consumer dissatisfaction with mobile network operators' quality of service, particularly in relation to customer service and complaint handling. Consumer Focus believes consumers should have access to independent, comparative information on mobile network operators' quality of service.

## **Mobile network coverage**

Consumers consulted by Consumer Focus raised poor mobile network coverage as an issue of concern more often than any other. Consumer Focus will support the Communications Consumer Panel in addressing the impact of 'not-spots' and ensuring consumers are fully informed about coverage when choosing a mobile phone.

# Introduction

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The highly competitive and innovative mobile phone market in Great Britain has transformed the telecommunications landscape for consumers. There are now 126 active mobile connections per 100 members of the population<sup>1</sup> and Ofcom predicts that by 2010, there will be more calls made from mobiles than from fixed-lines in the UK<sup>2</sup>.

Mobile phones have become ever-present in day-to-day life. However, areas where the market is failing to serve the best interests of consumers have increasingly come to light. The 2009 Consumer Conditions Survey, which rated a range of services against a Consumer Confidence Index (CCI) to measure market conditions for consumers, ranked mobile services in the lowest category of CCI rating, indicating a lack of general consumer confidence and transparency in the market. Alongside this, data from the Government helpline Consumer Direct shows that more than 100,000 complaints have been received about mobile phone service agreements and hardware in 2007 and 2008.

Against this backdrop of a well-functioning market with emerging evidence of consumer dissatisfaction, Consumer Focus started a project in March 2009 to examine consumer detriment and opportunities to influence improvements for mobile phone users in Britain. This paper marks the end of the initial stage of this project and sets out the issues around which we will structure our campaigning and advocacy in the mobile phone sector during the next phase.

In April 2009, Consumer Focus launched an eight-week consultation intended to gather evidence of consumer experience in the mobile phone sector. *Mobile: What's the problem? Consumer priorities in the mobile phone sector* prompted a range of responses from individual consumers and stakeholders, highlighting sources of consumer detriment and commenting on where Consumer Focus should concentrate its attention and resources. The consultation received 67 responses from individual consumers, along with 12 responses from stakeholder organisations, ranging from mobile phone operators to advocates for disabled mobile users. Annex A of this paper provides a summary of the results of the consultation.

To add to the evidence base provided by *Mobile: What's the problem?*, in March 2009, Consumer Focus commissioned Harris Interactive to produce a 2,000-sample online panel survey. The survey examined consumer priorities and provided an up-to-date snapshot of consumer experience in the mobile phone sector, asking consumers to name (unprompted) their biggest issues of concern and to rate a number of potential sources of detriment in order of importance. Annex B of this paper provides a summary of the results of the online panel research.

The priorities for campaigning and advocacy set out in this paper reflect the outcomes of Consumer Focus' analysis of evidence gathered by the consultation exercise and online panel research, as well as ongoing information gathering and engagement with

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<sup>1</sup> Ofcom, *The Communications Market Report 2008* (p197)  
[www.ofcom.org.uk/research/cm/cmr09/CMRMain\\_4.pdf](http://www.ofcom.org.uk/research/cm/cmr09/CMRMain_4.pdf)

<sup>2</sup> Ofcom, *Mobile Citizens, Mobile Consumers* (August 2008)(p15)  
[www.ofcom.org.uk/consult/condocs/msa08/msa.pdf](http://www.ofcom.org.uk/consult/condocs/msa08/msa.pdf)

stakeholders. The paper explains which mobile issues Consumer Focus has chosen to prioritise and how we intend to take forward our work in these areas. It also sets out briefly what is being done by us and others in each of the 20 areas we initially identified as problematic for consumers.

In taking this work forward, Consumer Focus will use expertise and experience gathered across different sectors in the consumer sphere, drawing on lessons from the energy, financial services and other markets to identify best practice and innovative solutions to problems facing mobile consumers. We will work closely with the Communications Consumer Panel, as well as with Ofcom and other stakeholders, being careful not to duplicate the work of others that is planned or already underway, but adding value to this work where appropriate.

# Mobile phone tariffs and billing

**Consumers find it challenging to make informed choices in the mobile sector because of the level of complexity around tariffs and billing. In particular, action is needed to ensure that a fair charging regime exists around the rates consumers pay for calls from mobile phones to special-rate numbers.**

Several consumers responding to the consultation *Mobile: What's the problem?* raised concerns around mobile phone tariffs. The majority of these comments related either to complexity and a lack of transparency around charges, or the cost of calling special-rate numbers, particularly numbers that would be free from landlines. Taken together, these comments made tariffs and billing the second most commonly mentioned topic in responses to the consultation.

Similarly, the results of the online panel research carried out for Consumer Focus highlighted that consumers find the market difficult to understand and challenging to navigate. Uncertainty around charges for calling 0800 numbers from mobiles was high, as was the view that there are too many mobile tariffs in the market.

'Tariffs should be clearer – some people have no idea how much a call costs because it is different for landlines, mobiles, different networks and different times of the day'

Consumer response to  
*Mobile: What's the problem?*

Mobile consumers face a complex marketplace in which multiple operators offer a huge range of changing tariffs containing varying allocations of voice minutes, text messages and data allowances. Mobile price comparison website BillMonitor currently compares 1.3m mobile deals, based on 84,000 separate mobile tariffs and 200 bundles<sup>3</sup>, while additional 'hidden' charges further complicate price comparisons. Difficulties in making price comparisons in this challenging environment can lead to consumers choosing inappropriate tariff packages and over-spending on mobile phone charges.

Consumer Focus proposes to take steps to address consumer detriment being caused by complexity and poor transparency around mobile tariffs and billing. We intend to improve awareness of and access to resources which can help consumers navigate the complex mobile marketplace, such as Ofcom-accredited price comparison websites.

## Consumer Focus survey

**67 per cent** of respondents agreed that there are too many mobile tariffs in the marketplace

**79 per cent** believed they should be able to access essential services from a mobile at the same rate as from a landline

**47 per cent** were unsure whether or not they would be charged for calling 0800 numbers from a mobile

Ofcom's accreditation scheme covers three telecommunications price comparison websites: BillMonitor, Broadband Choices and Simplify Digital, of which only BillMonitor covers mobiles phones. These sites offer consumers a robust, independent means of comparing the huge number of tariffs and deals in the mobile and telecommunications market.

<sup>3</sup> Bundled deals typically involve a combination of mobile, fixed-line, digital TV and/or broadband. Consumers are increasingly turning to bundles to seek value for money from telecommunications services; Ofcom research has shown that at the end of quarter 1 2009, 46 per cent of UK homes bought communications services in 'bundles', an increase of 7 per cent over 12 months.

Consumer Focus currently manages the Confidence Code for the accreditation of energy price comparison websites, and is able to take a broad view across sectors of how best to provide consumers with effective tools to compare tariffs and prices.

Consumer Focus intends to explore with Ofcom, the mobile operators and other stakeholders what steps can be taken to tackle poor price transparency in the mobile market. From the point of view of network operators' company policy and performance, we believe there is scope for the consumer perspective to be more extensively considered in relation to tariff complexity and transparency. Consumer Focus will seek to identify solutions from a range of other sectors, for example by drawing on our experience of developing and monitoring self-regulatory arrangements in relation to marketing and billing in the energy sector. Our aim is to influence mobile network operators to recognise and address the complexity that creates barriers for consumers seeking to switch provider or choose an appropriate mobile package.

Many special-rate numbers, including 0800 and 0845 numbers, were originally established to offer free or non-location specific calls to essential public services, charities or helplines. With the growth of mobile phone use, however, consumers can now incur considerably higher costs for calling these numbers from mobiles than they would from using a landline. Consumer Focus is concerned that in many cases, particularly where helplines provide essential public services, the level of these charges may be unjustified.

In response to evidence of consumer confusion and detriment in relation to charges for calling special-rate numbers from mobile phones, Consumer Focus intends to take action on behalf of consumers. We are aware that The Helplines Association (THA) has been working with the five main mobile providers to remove or reduce charges for 0800 calls to some helplines that provide a free service from fixed lines. We also welcome the work of the Citizens Advice Bureau to highlight the cost of calling Government helplines from mobile phones, particularly through *Hung UP*<sup>4</sup>, the report produced by Leeds CAB in June 2009. Consumer Focus intends to work in partnership with THA and CAB to seek a fair pricing regime for consumers accessing important services via their mobile phones.

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<sup>4</sup> Leeds CAB report, *Hung UP: The cost of calling government from a mobile phone*, June 2009  
[www.leedscab.org.uk/forms/hungupreport.pdf](http://www.leedscab.org.uk/forms/hungupreport.pdf)

# Mobile network operators' quality of service

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**Consumers are not able to access robust, comparative information on mobile network operators' quality of service. Consumer Focus will take steps to address this lack of information, giving consumers the resources they need to make informed comparisons between mobile network operators.**

Nearly one in five complaints made by consumers responding to *Mobile: What's the problem?* related to poor customer service experienced when dealing with mobile network operators. This evidence highlights the need for accessible, comparative information on quality of service to allow consumers to make informed choices in the mobile phone sector.

Respondents to Consumer Focus' online panel research were given the opportunity to raise mobile-related issues of concern. Better customer service was among the issues respondents expressed a desire to see addressed, with others reporting that customer service was often unhelpful and after-sales care uninformative.

'The network is good and the prices very cheap, but their attitude over the actual phone was appalling'

Consumer response to *Mobile: What's the problem?*

We note that these concerns are mirrored by Ofcom in responses to the first phase of its Mobile Sector Assessment consultation. According to Ofcom, respondents highlighted that there is 'a general feeling that customer service standards are poor' and 'a general mistrust of service providers'.<sup>5</sup>

In the context of Consumer Focus' activities in the mobile phone sector, the scope of the term 'quality of service' will be guided by the content of responses received to *Mobile: What's the problem?* These included comments on companies' failure to address problems raised by consumers, poor handling of complaints and unhelpful customer service staff. Broadly, we will use 'quality of service' to refer to the level of complaints

**36 per cent** of complaints to Telecommunications Ombudsman Otelo in 2008/09 involved customer service issues

**50 per cent** of all cases handled by Ofcom's advisory team between March 2008 and February 2009 were about customer/supplier relationship issues

received by mobile network operators and how satisfactorily these complaints are handled. We will also examine any customer service or company performance issues we believe are related to these.

Consumers need access to a variety of information in order to make informed choices to access the best deal in the mobile sector. Along with information on price, consumers can use information on quality of service to make comparisons between mobile network operators.

Currently, consumers are not able to access independent, comparative data on quality of service. Consumer Focus is concerned that this absence of information is harming their ability to make informed decisions about switching and entering into mobile deals.

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<sup>5</sup> *Mostly Mobile*, Ofcom mobile sector assessment second consultation (July 2009) p178  
<http://www.ofcom.org.uk/consult/condocs/msa/>

Furthermore, our experience in the energy sector has shown that publishing transparent information on quality of service benefits consumers by creating an incentive on suppliers to improve service standards relative to their competitors. We see clear parallels between the energy and mobile sectors in terms of the advantages that comparative quality of service information can bring to consumers.

We are aware that Ofcom is in the process of carrying out a review of how best to provide transparent, comparative information on quality of service to consumers. Under this review, Ofcom announced it would be withdrawing the requirement on telecommunications providers to run TopComm, the industry-operated website that provides consumers with comparative quality of service information on fixed-line providers. Consumer Focus informed Ofcom that a replacement model should have been agreed before the Topcomm scheme was withdrawn.

Bearing in mind the need for Consumer Focus to avoid duplicating Ofcom's activities, we will take appropriate action as decisions are reached by the regulator over how it will provide quality of service information to consumers. We believe Ofcom must take forward action in this area without delay. Consumer Focus will explore the publication of independent comparative data on mobile network operators' quality of service levels. We want to ensure that consumers have access to robust, comparative information on quality of service, to allow them to make fully informed switching choices and to create competition between mobile operators around quality of service.

# Mobile network coverage

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**Consumers are losing out because of poor mobile network coverage, particularly in rural areas. Consumer Focus believes action is needed to address ‘not-spots’ and give consumers access to more accurate information on coverage.**

Consumer Focus welcomes the recent research carried out by the Communications Consumer Panel highlighting consumers’ experiences of poor network coverage<sup>6</sup>. The evidence is supported by Consumer Focus’ own research and creates a compelling case for improving mobile network coverage and providing consumers with accurate, comparable information on the level of coverage they can expect to receive.

In responses to Consumer Focus’ consultation paper *Mobile: What’s the problem?*, complaints about poor mobile network coverage were raised more than any other issue. A lack of acceptable coverage was cited as a problem in more than a quarter of all responses. Similarly, when respondents to the online panel research commissioned by Consumer Focus were prompted with a series of issues to be prioritised, uninterrupted coverage was identified as being their main concern.

‘We are trying to make Orkney an attractive place to live and to do this we need all the services which a modern society expects, which includes mobile phone coverage’

Consumer response to *Mobile: What’s the problem?*

Consumers whose mobile phone use is disrupted due to poor network coverage can suffer detriment beyond the inability to access voice, SMS and data services. Choice can be limited for those seeking to purchase a mobile phone or switch service provider in areas where not all networks operate<sup>7</sup>. In particular, 3G coverage, which is considerably less extensive across GB than 2G GSM coverage, compounds this impact on choice by creating a barrier to the uptake of new mobile technology and services. Areas with poor mobile coverage often have limited coverage and choice in other communications technologies, making a lack of mobile coverage part of a wider digital divide that consumers in these communities can experience.

‘Being able to use my mobile phone throughout Great Britain, without interruptions to coverage’

*Issue identified as top priority by consumers in online panel research*

A lack of mobile network coverage can have a considerable negative social and economic impact on communities, while mobile services have an important role to play around public safety in remote areas.

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<sup>6</sup> Research into consumers’ and small businesses’ experiences of mobile network coverage was published by the Communications Consumer Panel on 6 October 2009. [www.communicationsconsumerpanel.org.uk/smartweb/research/mobile-coverage](http://www.communicationsconsumerpanel.org.uk/smartweb/research/mobile-coverage)

<sup>7</sup> Ofcom figures show 68 per cent of postcode districts in Scotland and 83 per cent of postcode districts in Wales receiving 2G mobile network coverage from one or more operators. In both Scotland and Wales, 39 per cent of postcode districts receive 90 per cent 3G area coverage from one or more mobile network. [www.ofcom.org.uk/research/cm/cmnr09](http://www.ofcom.org.uk/research/cm/cmnr09)

With the accelerating take-up of mobile broadband and the rapid expansion of mobile applications and services across Britain, the divide between communities lacking access to these services and those that enjoy access will continue to widen unless ways are identified of addressing the not-spots that currently exist.

Concerns around gaps in mobile network coverage often focus on rural and remote areas, but Consumer Focus believes that, across GB as a whole, consumers experience not-spots and poor network coverage far more commonly than official coverage data suggests. Information on mobile network coverage must be improved to give consumers an accurate picture of the coverage they will experience with each mobile operator. An independent, robust, accurate and accessible coverage checker should be developed to allow consumers to check whether their mobile phone will give an acceptable level of service in a given area.

Consumer Focus welcomes the Communications Consumer Panel taking the lead on consumer issues relating to poor mobile network coverage. The Panel's detailed investigation into coverage is reinforced by the findings of Consumer Focus' research, and we support the Panel's calls for improved information and consumer empowerment around coverage. We propose to provide an additional consumer voice highlighting consumer detriment caused by poor mobile network coverage. We will carry out public affairs activity and engage with stakeholders, particularly Ofcom and the prominent mobile network operators.

# Issue-by-issue: Consumer Focus actions planned on topics discussed in *Mobile: What's the problem?*

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The consultation paper *Mobile: What's the problem?* discussed 20 areas of potential consumer detriment. The preceding sections of this paper have set out steps that Consumer Focus plans to take in areas of priority for consumers. In addition to this, we will pursue various actions on other issues where we have identified the potential to add value on behalf of consumers. Below we outline the actions Consumer Focus plans to take in each of the 20 areas included in *Mobile: What's the problem?* It also includes activities being undertaken by other organisations, which we may seek to support or work in partnership on. We will seek to avoid duplication where possible.

## **Additional charges**

Concerns around additional charges were highlighted in a small number of consumer responses to *Mobile: What's the problem?*, while broader issues around tariff complexity were raised in the Harris online panel research. Consumer Focus is aware of the valuable work Ofcom carried out around additional charges in 2008 and plans to incorporate considerations around the impact of additional charges on consumers in its aim to empower consumers and improve tariff transparency in the mobile sector.

## **Alternative Dispute Resolution and complaint handling**

Mentions of Alternative Dispute Resolution (ADR) were limited in both *Mobile: What's the problem?* and the Harris online panel research. We are aware that this may indicate low consumer awareness of ADR schemes and we plan to engage with Ofcom's work around consumer awareness of ADR. Issues around mobile network operators' complaint handling standards overlap with those around customer service levels discussed below. We welcome the action by Ofcom to reduce the period consumers must wait to access ADR (from 12 to 8 weeks) and will continue to engage with the regulator as it reviews its approval of current ADR schemes.

## **Calls to special rate numbers**

As discussed, Consumer Focus will explore reductions in the cost of calling special-rate numbers from mobiles, alongside action to empower consumers affected by poor price transparency in the mobile sector.

## **Emergency roaming and international roaming**

Although responses to *Mobile: What's the problem?* were limited on the issue of emergency and international roaming, the Harris online panel research indicated a high level of consumer concern over the level and clarity of charges for using a mobile to make calls, send texts and use data services abroad.

Consumer Focus notes the intention of the Communications Consumer Panel, as set out in its 2009/10 work plan, to monitor the implementation of emergency roaming as it is developed. Given the importance of consumers being subject to a fair pricing regime when using mobiles abroad, as well as the new EU roaming regulations which came into force in July 2009, Consumer Focus plans to monitor and engage with emerging issues affecting consumers using mobiles for international roaming.

### **Growing contract lengths and bundling**

Consumer concern around growing contract lengths was highlighted in a moderate number of responses to *Mobile: What's the problem?* A preference for shorter contract lengths was highlighted in the Harris online panel research, with 91 per cent of respondents expressing a preference for contracts lasting 12 months or less. Consumer Focus has concerns around the impact of increasingly lengthy contracts on consumers' ability to switch mobile provider. We intend to monitor developments in this area, particularly concerning the growing uptake of SIM only contracts, with a view to taking future action to support consumer interests.

### **Handset repairs**

Comments submitted to *Mobile: What's the problem?* about handsets were numerous but tended to address a wider range of concerns other than just repairs. Accessibility of handsets and the sustainability implications of regular handset 'upgrades' were highlighted in several responses. Consumer Focus notes Ofcom's intention to explore improved standards of mobile handset accessibility at European level; we will press for this engagement to take place, as well as potentially exploring and highlighting in greater detail the accessibility needs of consumers. We will also seek opportunities to address consumers' concerns around sustainability, using research commissioned by Consumer Focus highlighting environmental and ethical issues in the mobile industry.

### **Involuntary exclusion from the mobile market**

Consumers' involuntary exclusion from the mobile market was not highlighted as a stand-alone issue in responses to the consultation paper or Harris online panel research. Consumer Focus considers that this may be at least in part linked to the broader exclusion affecting this group of consumers, particularly from internet access. The factors causing this exclusion overlap with a number of the different topics discussed here, such as gaps in mobile network coverage. Consumer Focus will examine exclusion as a theme within the areas of work set out above. We will continue to engage with Ofcom's ongoing Access and Inclusion project; Consumer Focus has a strong range of cross-sector experience to draw from in providing a consumer perspective on tackling exclusion.

### **Lack of differentiation on billing**

Concerns around lack of differentiation between different mobile network operators' billing practices did not prompt responses to *Mobile: What's the problem?* or the online panel research. Consumer Focus believes low consumer awareness of these practices may account for the lack of response, and that this links in with our planned work around improving price transparency.

## Misleading sales practices

Consumer concerns around mobile mis-selling and misleading sales practices were highlighted in a moderate number of responses to *Mobile: What's the problem?* Consumer Focus is aware of Ofcom's activities in this area, including new rules that came into force in September. However, we remain concerned about consumer detriment in relation to mobile mis-selling because of the severity of the harm and distress it can cause. We will examine parallels with the financial services sector, in which Consumer Focus is investigating the inappropriate marketing and targeting of financial products to consumers. We will also monitor trends in complaint figures on slamming and mis-selling, and will press Ofcom to introduce further remedies if the regulator's latest actions are not effective in reducing misleading sales practices.

## Mobile network coverage and 'not-spots'

The steps Consumer Focus plans to take to act on consumers' concerns about poor mobile network coverage are set out above. These will involve supporting the Communications Consumer Panel to press for better consumer information and empowerment, and improvements in mobile network coverage.

## Mobile Number Portability

Though consumers' responses to *Mobile: What's the problem?* did not draw particular attention to Mobile Number Portability (MNP), the outcomes of Consumer Focus' online panel research reported fairly high consumer awareness of MNP, alongside limited engagement with the portability process and some dissatisfaction with current arrangements. Consumer Focus believes consumers would benefit from reform of the existing MNP regime and will engage with Ofcom to provide consumer perspective on number portability, through its current consultation and ongoing engagement.

## Mobile phone tariffs and billing

Actions to empower consumers affected by poor price transparency in the mobile sector will be a priority for Consumer Focus. More detail about our plans in relation to this issue is provided above. Consolidation in the sector, particularly the recently announced merger of the UK operations of Orange and T-Mobile, is set to impact on mobile consumers in a number of ways, one of which may be the lessening of competitive pressures on mobile tariffs. We are monitoring on behalf of consumers to ensure they are not disadvantaged as a result of consolidation. We are also aware of the work that others, such as Which?, are carrying out in this area.

## Mobile phone theft

Consumer Focus' mobile phone consultation, *Mobile: What's the problem?*, signalled that issues around mobile phone theft and insurance were a cause for concern for consumers. These concerns were mirrored in responses to the Harris online panel research, which highlighted consumer confusion around mobile phone theft; 46 per cent of survey respondents said they would expect the network provider to pay call charges in the event of a phone being stolen. Consumer Focus intends to explore ways to address these concerns through our activities to inform and empower consumers with better information in relation to their rights.

## Mobile services for deaf, hearing impaired and sight impaired consumers

The number of consumer responses to *Mobile: What's the problem?* that mentioned mobile services for deaf, hearing impaired and sight impaired consumers was limited, though a high proportion of the responses submitted by stakeholder groups came from organisations advocating on behalf of disabled mobile phone users. We are aware that the Communications Consumer Panel's 2009/10 work plan sets out an intention to advise Ofcom on services for disabled people as a specific element of its work on consumer and citizen empowerment.

Consumer Focus does not plan to duplicate this work being undertaken by the Panel, but, given the range of issues affecting disabled mobile phone users, will examine the potential to add value to the work of other groups in this area. This could include, for example, issues around standards of customer service for deaf and hearing impaired consumers.

## Mobile Termination Rates

Responses to *Mobile: What's the problem?* and the Harris online panel research highlighted low consumer awareness of Mobile Termination Rates (MTRs). No mention of MTRs was recorded in consumers' consultation responses, while just 24 per cent of the survey respondents reported having heard of the term 'mobile termination rates'.

Consumer Focus has supported Ofcom's work on MTRs, for example through our response to its recent consultation paper on regulation of MTRs. We plan to continue this engagement, acknowledging the intention of the Communications Consumer Panel to advise Ofcom on its future of termination pricing project, as set out in the Panel's 2009/10 work plan.

## Premium rate services

Consumer detriment in relation to Premium Rate Services (PRS) was not highlighted by responses to *Mobile: What's the problem?* or the Harris online panel research; none of the consultation responses specifically related issues where consumer harm had arisen as a result of engagement with PRS. Nevertheless, Consumer Focus is aware that complaints about mobile PRS raise cause for concern, accounting for 90 per cent of all complaints received about PRS by phone-paid services regulator PhonepayPlus.

We recently submitted a response to Ofcom's PRS Scope Review consultation and have engaged with PhonepayPlus' ongoing process of developing its 12<sup>th</sup> Code of Practice. We will continue to engage with these stakeholders and monitor complaint trends to maintain an awareness of any worsening levels of consumer detriment in relation to PRS.

## Quality of customer service in the mobiles market

As discussed above, Consumer Focus intends to seek the publication of independent, comparative information for consumers on mobile network operators' quality of service.

## Release of radio spectrum

Based on the responses to *Mobile: What's the problem?*, none of which included mentions of the release of radio spectrum, and the results of the Harris online panel research, most consumers do not perceive issues around radio spectrum to be a major source of dissatisfaction or detriment. However, Consumer Focus recognises that decisions made about management of the radio spectrum have substantial and far-reaching implications for consumers.

We will monitor the impact on consumers of decisions made in relation to spectrum, engaging with stakeholders and consultations, particularly with the Government's Digital Britain agenda. We also acknowledge the aim of the Communications Consumer Panel to address these issues as set out in its 2009/10 work plan and do not intend to duplicate the Panel's activities.

### **SIM locking**

Consumer concerns about SIM locking were confined to a small number of responses to *Mobile: What's the problem?* and the issue was not examined by the Harris online panel research. Because SIM locking was not highlighted as a major source of consumer detriment in our research, Consumer Focus does not intend to undertake pro-active work to address it as a stand-alone issue. However, we are concerned that SIM locking is acting as a barrier to consumers' ease of switching and intend where possible to incorporate these concerns into wider work we undertake around switching in the mobile sector.

### **Value for consumers: pay-as-you-go versus contract**

There was a significant level of overlap between those responses to *Mobile: What's the problem?* that addressed this issue and those that addressed concerns around mobile tariffs and billing. Consumer Focus' plans for action in relation to mobile tariffs and billing are discussed in more detail above.

# Where to from here?

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Consumer Focus will commence targeted advocacy and campaigning work around the priority areas identified in this paper. We will engage with stakeholders in the regulatory sphere, along with industry, consumer, charitable and other organisations, exploring potential partnerships to further these objectives where possible.

In order to provide a strong, effective voice for consumers in the GB mobile phone sector, we will pursue change in the priority areas discussed in this paper, while retaining flexibility to react to emerging issues and developments in the mobile phone sector as they arise.

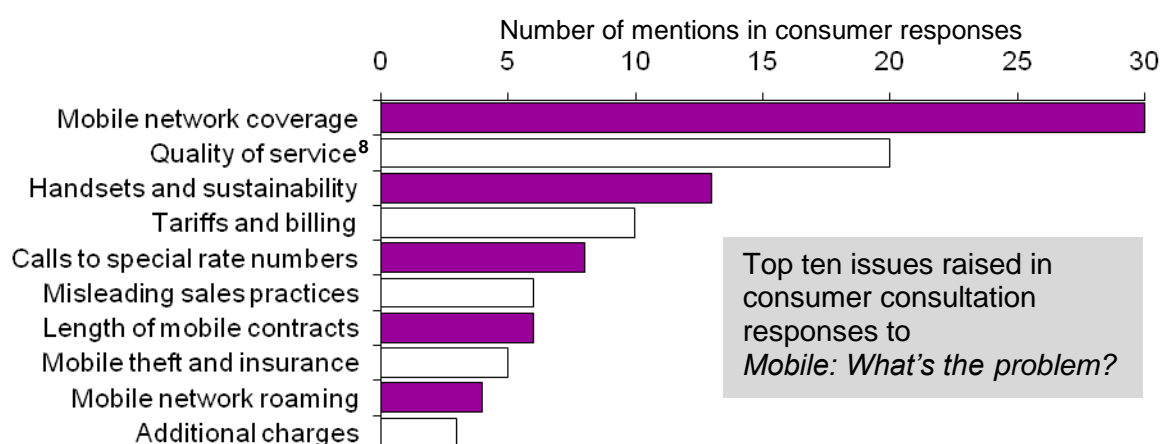
We will seek to examine and address issues of consumer detriment that have relevance beyond the major mobile network operators to other retailers and providers. Our ongoing work in the mobile sector will continue to take place in the context of a partnership with the Communications Consumer Panel, as set out in our Forward Work Programme for 2009/10.

## Annex A: Overview of Mobile: What's the problem?

In April 2009, Consumer Focus launched an eight-week consultation to gather evidence of consumer experience in the GB mobile phone sector. The consultation paper, entitled *Mobile: What's the problem? Consumer priorities in the mobile phone sector*, outlined 20 potential sources of consumer detriment and sought to prompt responses from individual consumers, advocacy groups and other stakeholders with an interest or expertise in the mobile phone sector. The aim of the paper was to gather evidence to help Consumer Focus determine where to concentrate its resources in the mobile phone sector, as well as where we might add value to the work of other consumer organisations.

### Consumer responses to *Mobile: What's the problem?*

The consultation received 67 responses from individual consumers raising mobile-related issues of concern, from which 114 separate mentions of particular issues were identified. The graph below shows the ten issues prompting the most responses from consumers.



In grouping the issues raised by consumers, some of the headings used, such as 'handsets and sustainability', covered a range of concerns, while others, such as 'calls to special rate numbers', reflected a greater focus of responses around a single issue. This was taken into account during our analysis of this evidence. Of the issues covered in *Mobile: What's the problem?*, five prompted no response from consumers, including mobile termination rates and the management of radio spectrum. Some issues, such as the expiry of mobile phone credit, were raised as problems despite not being signalled as potential areas of consumer detriment in the consultation paper.

### Stakeholder submissions to *Mobile: What's the problem?*

12 organisations made submissions to *Mobile: What's the problem?*, including four telecommunications operators and five consumer, charity or advocacy organisations. Issues facing deaf, hearing impaired or sight impaired consumers featured in several of these responses, partly due to the high proportion of responses from charities advocating on their behalf. Issues around tariffs and billing also featured commonly, along with comments on quality of customer service. Broadly, however, the responses submitted by stakeholders tended either to address all or almost all of the 20 issues covered in *Mobile: What's the problem?*, or were restricted to more detailed comments on a less extensive range of issues.

Public responses to *Mobile: What's the problem?* can be read online at [www.consumerfocus.org.uk/mobilephones](http://www.consumerfocus.org.uk/mobilephones).

<sup>8</sup> Examples of 'quality of service' complaints include companies' failure to address problems raised by consumers, poor handling of complaints and unhelpful customer service staff.

## Annex B: Overview of online panel survey

In March 2009, Consumer Focus commissioned Harris Interactive to conduct an online panel survey to investigate consumer priorities in the mobile phone sector and provide an up-to-date snapshot of the consumer experience in the sector.

The survey, which was carried out between March and April 2009 with a sample of 2,000 consumers, presented a series of questions, examined unprompted 'top of mind' concerns and asked consumers to rank issues, represented in the form of short statements, in order of importance.

### Survey findings

The survey found that priority issues for both pay-as-you-go and contract mobile consumers were largely around the level of call charges, as well as complexity and poor transparency of charges in the mobile phone market:

- 34 per cent of respondents raised issues they wished to see addressed, without prompting on the subject of these. The most common concern, expressed by 18 per cent of this group of consumers, was around charges for using mobile phones abroad
- 49 per cent of respondents think there is too much choice in the mobile phone market
- 67 per cent of respondents agreed that there are too many mobile phone tariffs
- 22 per cent of respondents believe that the mobile phone market is easy to navigate
- 23 per cent of respondents believe mobile tariffs and services are easy to understand

When mobile phone users were prompted with a selection of potential issues and asked to rank them by order of importance, the key priorities for consumers that arose were around mobile network coverage and phone theft:

- Uninterrupted coverage and reception across Great Britain (a particular issue in Scotland): 'Being able to use my mobile phone throughout GB without interruptions to coverage'
- Protection of victims of mobile phone theft from charges incurred without their permission: 'Not being charged for usage costs in the event my mobile phone is used without my permission'

Calling special rate numbers, such as 0800 and 0845 numbers, arose as an issue of particular confusion. Respondents generally disagreed with the discrepancy between charges for calling special-rate numbers from mobiles and from fixed-lines:

- 47 per cent of respondents were unsure whether they would be charged for calling 0800 numbers
- 79 per cent of respondents agreed that consumers should be able to access health services and other essential services from mobiles at the same rate as calls from landline

## **Consumer Focus priorities in the mobile phone sector**

### **A position paper and advocacy plan**

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