

Lucy Wicksteed
Ofcom
Floor 6, Strategy and Market Developments
Riverside House
2A Southwark Bridge Road
London, SE1 9HA

8 October 2008

Dear Lucy,

Review of quality of service information

Consumer Focus welcomes the opportunity to respond to this consultation. This response is not confidential and we are happy for it to be published in full on your website.

Consumer Focus' predecessor bodies, energywatch, National Consumer Council and Postwatch, all either have a strong track record in publishing quality of service or complaints performance information or particular policy interest in this area. An important priority for regulators and consumer bodies must be ensuring that consumers have access to the right information to help them make informed switching decisions and incentivise improvements in overall industry standards. Publication of accessible company performance information will help consumers develop greater confidence in the switching process and the market as a whole.

The National Consumer Council, actively campaigned for regulators to make more information available to consumers about past business performance.¹ This is for three reasons:

- consumers have a right to know when businesses act illegally or perform poorly, to inform their choice in markets where there are wide information asymmetries;
- regulators can tap into the impact of business reputation on consumer behaviour to spur firms to comply with the rules and treat their customers fairly; and
- disclosure shines the spotlight on the regulator's activities, encouraging greater consistency and improving accountability.

We are pleased to see evidence of regulators and complaint organisations responding to this agenda. For example, the Food Standards Agency is well advanced on plans to

¹ Steve Brooker, Reputation and regulation, NCC, 2006

introduce a national 'scores on the doors' scheme reporting on food hygiene standards in restaurants and other food outlets, Ofgem has put in place a new complaint handling standard, the Financial Services Authority has published a discussion paper on transparency as a regulatory tool and the Hunt Review recommended that the Financial Ombudsman Service publish firms' complaint records.

energywatch had extensive practical experience in this area. It published a regularly updated supplier performance league table, based on contacts to energywatch, for the past seven years. This league table was widely utilised by consumers, industry, the media, and price comparison sites, with energy suppliers competing with one another for the top spots.

energywatch was heavily involved in lobbying Ofgem to ensure that the new complaint handling standard would enable Consumer Focus to publish direct complaints performance information that would:

- help consumers make informed switching decisions; and
- place sufficient incentives on energy companies and drive up customer service standards across the industry.

Ofcom is considering collecting a wide range of information. We think the majority of information that Ofcom is proposing to collect will be of interest to consumers and will help Ofcom understand the overall quality of service provided by fixed line, mobile phone and broadband providers.

Ofcom should take care to ensure that the range of variables that are eventually published are both easy to understand and relevant to consumers. For example, energywatch published simplified complaints performance information as well as more detailed performance information. A casual browser could view the simplified performance variable, with the more interested consumer able to click through to more detailed performance information. It is important not to overwhelm consumers with too much performance information or information presented using terminology or industry jargon that they may not understand.

Starting in 2009 Consumer Focus will be publishing new complaints performance information to help energy consumers make informed decisions about their choice of supplier. Our timescales for publishing this new set of information are dependent on whether Consumer Focus is able to satisfy itself that the information received from energy companies is sufficiently accurate and comparable. We will work closely with Ofgem during this period.

Our two organisations' similar programmes of work represent a good opportunity for joint working between Ofcom and Consumer Focus. If similar variables for publishing service performance or complaints performance could be developed in both the telecommunications and the energy sector, this will make it easier for consumers to

understand and utilise this information to make informed switching decisions. This will be particularly important if price comparison sites become an important vehicle by which consumers are able to access this type of performance data.

Section 3- Ofcom's strategy for delivering quality of service information

Question 1: Do you have any views on Ofcom's proposal to review technical information on mobile networks (including the existing TopNetUK scheme), which could help inform the consultation?

This is a good opportunity to review the content and presentation of the information on the site. Consumer Focus has looked at the TopNetUK website and it is not particularly consumer friendly.

Question 2: To what extent would it be useful for consumers to have access to comparative performance information on broadband speed and broadband quality of service?

If this information could be presented in a consumer friendly way it would be useful to consumers in helping them make informed purchasing decisions.

Question 3: Do you agree with Ofcom's proposed timetable for phase one of our review of quality of service information?

Yes.

Section 4 – Should the scope of the QoS Direction be amended?

Question 4: Should Ofcom require industry to publish QoS information?

Yes. Consumer Focus supports the continuation of the current proposals requiring the publication of QoS information.

The ability of consumers to make informed choices about their choice of provider makes markets work more effectively. It will also place appropriate incentives on providers to improve the quality of service delivered to their customers.

Question 5: Should Ofcom encourage the development of more (or more detailed) consumer surveys focusing on customer service?

Yes. Consumer surveys are extremely useful and an excellent supplement to actual company performance data.

However, the publication of actual performance data may be more likely to incentivise providers' ongoing improvements in customer service performance since it is based on real data as opposed to a selected number of consumers' opinions at a point in time. Over the past eight years energy suppliers have competed strongly with one another over their position in the energywatch league table. A company's position in the league table is often a variable closely tracked and reported upon by the boards of these companies.

Question 6: If we considered it was appropriate to continue requiring industry to collect and publish QoS information, is there any need to amend the existing QoS Direction?

Yes. The QOS Direction should be expanded to cover information concerning the performance of broadband / internet providers and mobile phone operators. This also represents an opportunity to look at the current performance variables in the Direction.

Question 7: If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended - how should the information be made available?

There are a number of ways the QoS information could be publicised. The information should be hosted on a specialist website.

Ofcom should encourage a number of organisations to link to the website including Consumer Focus, Consumer Direct as well as Ofcom itself. At the moment it is very difficult to locate Topcomm's details on the Ofcom website.

Callers to Ofcom's consumer contact centre should be able to request printed copies of the information if they do not have internet access.

It would be useful if price comparison sites operating in the telecommunications sector used this performance data on their sites. However there is a risk that consumers may be confused if price comparison sites all present the data in slightly different ways – one site could list Company A as the best performer as it receives the lowest number of complaints, while another site lists Company B as the best all round performer by combining a number of variables.

energywatch previously experienced some problems with certain price comparison sites where the performance data they displayed appeared to have been influenced by their commercial relationships. energywatch also experienced problems with some suppliers where they presented the organisation's complaints data in a format that could mislead consumers.

Ofcom should explore whether there is a need for some voluntary guidelines covering the presentation of the performance information by third parties who have commercial relationships with certain providers.

See also the answer to Question 73.

Question 8: Would third parties – such as price comparison sites – be interested in collating QoS information

Given the experience of the energy sector, I think it is likely that price comparison sites will be interested in publishing performance information, as most energy price comparison sites published some form of performance data based, wholly or in part, on energywatch statistics.

There are risks associated if each site chooses to display the information in a slightly different format, as this could cause consumer confusion. Therefore it is recommended that Ofcom give strong consideration to developing some high level voluntary guidelines or some guidelines through its code for price comparison sites, that cover the presentation of performance information by price comparison sites.

Question 9: If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what services should be covered?

Fixed line, broadband / internet and mobile phone services should be covered in the Direction.

Question 10: If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what type of revenues should the threshold for participation be based on?

The proposal to change to relevant turnover appears sensible.

Question 11: If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – should we exempt providers with less than a certain number of subscribers from the requirements?

Yes. This would avoid placing undue burdens on new market entrants. Although, smaller providers should be allowed to sign up to the scheme on a voluntary basis if they were of the view that this would represent an opportunity to publicise their particular strengths e.g. quality of customer service, etc.

Question 12: How easily could providers assess whether they hit a subscriber threshold?

Consumer Focus assumes that providers would closely track subscriber numbers as part of their core business processes.

Question 13: If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what should the relevant turnover threshold be and why?

The proposal for setting the revenue threshold at £40 million seems reasonable. If smaller providers wished to be included then they should be allowed to sign up to the scheme on a voluntary basis.

Section 5 – Information to be published

Question 14: If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – how could the information requirements be defined and measured?

Consumer Focus prefers Option 2, with the definitions and metrics to be specified jointly by Ofcom and stakeholders. Although this approach carries with it less flexibility, it will provide more certainty and is more likely to result in a balanced set of information requirements that will be of use to consumers.

Question 15: Should Ofcom remove, keep or replace the existing parameter on service provision?

Consumer Focus believes this consultation represents a good opportunity to replace the existing parameter on service provision. This represents a good opportunity to standardise the definitions used on service provision, which will make it much easier for consumers to make informed purchasing decisions on the basis of this information.

Question 16: How much would it cost to introduce and maintain a new parameter on service provision?

No comment.

Question 17: As a provider, is data on service provision something you already collect?

No comment.

Question 18: Do you agree with this definition of ‘complaint’?

Yes. The proposed definition is a widely used and understood definition. It is also the definition used in Ofgem's new standard for complaints handling in the energy sector. Consumer Focus is planning to publish performance information based on the complaints handling standard and standardisation of definitions with the telecommunications sectors would be very useful.

Question 19: Should Ofcom remove, keep or replace the existing parameter on complaints?

Consumer Focus believes the existing parameter should be replaced.

3a – resolution of complaints

The recommendation in paragraph 5.58 of publishing an aggregate value is something that will be easy for consumers to understand. Not all consumers purchase bundled packages so there would be merit in publishing separate complaint figures for each service. However, if it was a question of prioritising what data to publish, a breakdown of complaints per thousand on individual services may be of more use to consumers. Regarding paragraph 5.62, this seems a sensible approach.

Consumer Focus will be collecting information on the percentage of complaints resolved at first point of contact. This is a variable that Consumer Focus is considering publishing to highlight energy companies' performance, if we can be confident that we are comparing like with like information.

3b – total number of complaints per thousand

This is a performance variable that energywatch used to publish. It is easily understandable by consumers. Regarding the information in paragraph 5.69, this is information that Consumer Focus will be collecting from energy suppliers and will look to publish.

Question 20: How much would it cost to introduce and maintain a new parameter on resolution of complaints (option 3a)?

No comment.

Question 21: How much would it cost to introduce and maintain a new parameter on total number of complaints (option 3b)?

No comment.

Question 22: If a new parameters on total complaints per thousand customers was introduced (option 3b), should customers taking multiple services count as multiple customers?

Yes.

Question 23: If new parameters were introduced, is there a case for requiring complaints data to be published separately for fixed voice, mobile and broadband services?

Yes. Not all consumers are purchasers of bundled products.

Question 24: As a provider, is data on complaints something you already collect?

No comment.

Question 25: How could we ensure complaints were being recorded in an accurate and comparable way, and how could we avoid the potential for gaming by providers?

The proposals have a much greater chance of success if there was regular performance monitoring by Ofcom in the early stages after the new Direction was introduced. Performance data should be submitted on a regular basis – at least every quarter. Ofcom should have bilateral discussions with providers if it identifies any potential anomalies. This is the process that Consumer Focus will have in place as it develops its new complaints performance measurements in the energy sector. This process should be supported by regular audits particularly in the early stages after the Direction is introduced.

Question 26. Should Ofcom remove or replace the existing parameter on complaints about faults?

Given the small number of faults reported, the existing parameter on complaints about faults in the fixed line market seems to have limited value.

Question 27: If we introduced a new parameter, should it be limited to broadband providers?

If the information could be presented in a consumer friendly format then it may be appropriate to introduce a new parameter covering broadband fault performance. There does not seem to be a strong case for continuing to publish information on the performance of fixed line providers or introduce new requirements on mobile phone providers.

Question 28: How much would it cost to introduce and maintain a new parameter on complaints about faults?

No comment.

Question 29: As a provider, is data on complaints about faults something you already collect?

No comment.

Question 30: Should Ofcom remove or replace the existing parameter on how long it takes to repair a fault?

See answer to question 27. If this parameter is kept, the definition must be consistent across all providers, as otherwise the information will not be sufficiently comparable.

Question 31: How much would it cost to introduce and maintain a new parameter on how long it takes to repair a fault?

No comment.

Question 32: As a provider, is data on how long it takes to repair a fault something you already collect?

No comment.

Question 33: Should Ofcom remove or keep the existing parameter on billing accuracy complaints?

Billing complaints are often one of the biggest consumer bugbears. Billing complaints consistently accounted for the highest volume of consumer contacts to energywatch, around 70% of all cases received at the time of the organisation's closure.

Consumer Focus agree that billing issues are not the only problems experienced by telecommunications consumers – sales and marketing and transfer complaints are also key customer service issues. It could also be that the definition of a complaint about billing accuracy is not recorded on a consistent basis by providers. If this parameter is kept it would be worthwhile redrafting it so all providers are reporting data on a consistent and comparable basis.

Regarding the coverage of the Direction, it would seem sensible to limit coverage of this parameter to household users and small business users, as larger businesses are much more likely to have special account management arrangements in place with the fixed line, mobile phone or broadband providers.

Question 34: How much would it cost to providers not currently part of the TopComm Forum to introduce and maintain the existing parameter on billing accuracy complaints?

No comment.

Question 35: As a provider, is data on billing accuracy complaints something you already collect?

No comment.

Question 36: Should Ofcom introduce a new parameter on the time it takes to answer a consumer's call?

This is an interesting parameter but not necessarily essential. What may be more important to consumers is whether their problem gets resolved the first time they contact the company or whether they need to make repeated phone calls about the same issue e.g. how effective a company is at resolving problems. There may also be a trade off, with consumers willing to wait a bit longer on the phone if it subsequently means that their call is dealt with professionally and effectively rather than having a customer service agent, working to strict timescales, rushing to pick up calls.

Question 37: How much would it cost to introduce and maintain a new parameter on the time it takes to answer a consumer's call?

No comment.

Question 38: As a provider, do you already have in place systems that capture the time it takes for your customer service agents to answer a customer's call?

No comment.

Question 39: If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – should providers be required to publish QoS information on bundles?

Yes given the growing prevalence of bundled deals in the market it would make sense to provide this type of information. We prefer Option 1.

Question 40: If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – who should QoS information be provided for? Should this include large business consumers?

The priority audience for this information should be households and small businesses. Consumer Focus does not feel that publishing information aimed at large business consumers should be a priority as they are much more likely to be able to negotiate bespoke service agreements with providers.

Question 41: What evidence do you have that small and large businesses would / would not benefit from QoS information?

Consumer Focus feels that this information is more likely to be of use to smaller businesses, as larger businesses are more likely to have a special account management relationship in place with their provider.

energywatch's experience in the energy sector was that the demand for additional performance information or specialist help and support was from small businesses, not medium or large businesses. There are a number of similarities between the energy and the telecommunications markets in terms of the issues that these consumers are likely to experience in their relationships with providers.

Ofcom should speak to the FSA and other regulators as well as business trade bodies to see if this divide between the information needs of small and medium to large businesses is reflected in other markets.

Question 42: Would information on one or more particular services be more or less valuable for different sizes of businesses?

See comments on Question 41.

Question 43: Could reporting information for small and large businesses together be misleading?

Yes the needs of small and large businesses are likely to be different. There will also be differences in the type of contractual arrangements or account management relationship they are likely to have with their telecommunications provider.

Question 44: How could Ofcom distinguish between small and large businesses?

See comments on Question 41.

Question 45: How easy would a threshold based on the Communications Act definition be to implement and how much would it cost?

No comment.

Question 46: How easy would a threshold based on a business customer's annual communications spend be to implement and how much would it cost?

No comment.

Question 47: How easy would a threshold based on whether a business had a bespoke service level agreement in place with its provider be to implement and how much would it cost?

No comment.

Section 6 – How could information be verified

Question 48: As a provider, do you internally audit information on quality of service? What data do you audit and how much does this cost?

No comment.

Question 49: If a member of the TopComm scheme, did you internally audit information on quality of service prior to the imposition of the scheme and what, if any, additional auditing costs did you incur as a result of the scheme?

No comment.

Question 50: If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – should Ofcom determine the verification process or leave it to providers?

Ofcom should have a role in this process. There is no point collecting data if Ofcom will subsequently have concerns about its accuracy or comparability.

There need to be strong incentives on providers to report this information accurately. Otherwise other providers could be penalised for reporting accurately and consumers will be misled. Therefore an independent audit process is essential, particularly in the earlier years after the revised Direction is introduced.

Option 4 - the combination of an internal auditor and an independent audit is most likely to produce accurate and comparable data that will help consumers make informed decisions about their choice of provider. Ofcom should have some involvement in this process in ensuring that all the internal auditors are working to the same definitions and auditing the same information.

Question 51: Should any verification process include either an internal or independent audit, or both?

It should include both an internal and independent audit process (Option 4). We would hope that companies would also have their own (voluntary) internal audit processes and performance management systems.

Question 52: If we considered it was appropriate for data to be audited internally, should internal auditors be required to possess a recognised qualification?

Yes this seems reasonable.

Question 53: What would be an appropriate qualification for internal auditors?

No comment.

Question 54: Should internal auditors have to pass a test on the regime and, if so, who should administer it?

No comment.

Question 55: If we considered it was appropriate for data to be audited internally, how often should internal audits take place?

Internal audits should take place on a regular basis – perhaps quarterly for the first period after the new Direction comes into effect and then moving to six monthly as processes are bedded down.

Ofcom should have detailed discussions, at this initial stage of the process, with all providers to ensure that they are all interpreting the requirements of the Direction in a consistent manner

Question 56: If we considered it was appropriate for data to be audited independently, how often should independent audits take place?

Given the importance of ensuring that consumers are basing their switching decisions on accurate data and that a level playing field is created amongst providers, independent audits should take place once a year.

However during the first phase after the introduction of the amended Direction, conducting two audits in the first year would seem appropriate to ensure that companies were reporting information on a consistent basis and any emerging issues could be picked up and quickly addressed.

This is the process to be used by Ofgem. It is conducting an independent audit one month after the new complaint handling standard came into effect. This audit process will verify whether energy licensees are compliant with the new standard and recording data in a consistent manner. The process will help Consumer Focus reach a decision as to whether the complaints data it will receive from energy suppliers is sufficiently comparable and whether it can go ahead and publish performance information based on direct complaints data.

Question 57: If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – how frequently should data be submitted for publication?

Ideally at least every three months as otherwise the data will be significantly out of date by the time of its publication.

For example, Consumer Focus will be collecting data from energy companies on a monthly and quarterly basis and will be looking to publish updated figures on a monthly basis. Our predecessor body, energywatch, used to publish updated complaints figures on a monthly basis, with the performance covering a rolling three month average of suppliers' performance.

Question 58: How long a period would be required between the end of the data collection period and the publication of information?

As soon as possible. Ideally no more than one or two months after the end of the reporting period as otherwise the data will be out of date by the time it is published.

Question 59: What would be an appropriate sample size in order to ensure that information is robust?

No comment.

Question 60: As a provider please could you provide information on;

- the number of stages involved in each QoS event set out in section 5;
- the number of sites (locations) associated with each QoS event;
- the percentage of QoS events located at each site; and
- the number/percentage of sites based overseas

No comment.

Question 61: How many site visits do you consider appropriate and why?

No comment.

Question 62: If we considered it was appropriate to audit the data internally what measures should an internal auditor take to verify the QoS information?

No comment.

Question 63: If we considered it was appropriate to audit the data independently, what measures should an independent auditor take to verify QoS information?

No comment.

Question 64: To what extent should Ofcom specify how audits should be carried out?

Consumer Focus recommends that Ofcom should issue guidance and specify the terms of reference for the audits as this will provide greater clarity to industry and avoid confusion.

Question 65: If we considered it was appropriate to audit the data internally and independently, should we amend the existing Direction to make the verification process more robust?

Yes. Option 2 seems appropriate.

Question 66: Would there be scope to reduce the cost of site visits if providers used the same independent auditor?

No comment.

Question 67: What would be the cost of an internal auditor visiting all sites over a period of a year?

No comment.

Question 68: If we considered it was appropriate to audit the data independently, how should any independent auditor(s) be appointed?

No comment.

Question 69: If we considered it was appropriate to audit the data independently, should providers all appoint the same independent auditor?

Yes .This would drive consistency and improve the comparability of the data.

Section 7 – Promoting awareness of the scheme

Question 70: If they published QoS information, should providers publish trend data?

Consumer Focus believes that the data should be published by a central body rather than depending on each provider to publish their own performance data. However, providers should be encouraged to publish their performance data on their own websites or provide a link to the main website.

Trend data or the publication of performance data over time is also likely to be of use to consumers.

Question 71: How could the information be made accessible to all consumers, in particular disabled consumers and consumers without Internet access?

Ofcom's contact centre could dispatch printed copies of the performance information to consumers without internet access. Other organisations that may be well placed to dispatch printed copies of the information include Consumer Direct, or bulk copies could be supplied upon demand to advice agencies such as Citizens Advice Bureaux, etc.

Ofcom and other organisations should ensure that the media is aware of this performance information so it is highlighted in general consumer articles about these sectors.

Question 72: Should providers be required to provide a link to the specified website on their websites? Where should the link appear and what should it say?

This would be useful but it would be important that all providers use similar words e.g. independent performance data, etc. Consumers may not necessarily view a single provider's website as the best source for finding independent performance data about a company and their competitors. They are also likely to look at a neutral body's website or a trusted intermediary's website and Ofcom should encourage a wide range of organisations to link to the central website.

Question 73: If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what should be done to promote awareness of the scheme and improve usage of the information?

In addition to Ofcom and the Ofcom Consumer Panel, bodies that could be well placed to provide links to the central website include:

- Consumer Focus;

- Consumer Direct;
- The statutory redress schemes, Otelco and CISAS;
- Price comparison sites
- Advice agencies
- Industry trade bodies or trade bodies representing particular consumer groups
- Retailers of telecommunications products / services

Ofcom should also encourage consumer journalists to publicise the scheme and issue press releases when new data is published.

Question 74: If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – is ‘TopComm’ the right name under which to publish the information or should alternatives be considered?

Alternatives should be considered.