

## FORMAL AGREEMENT

### Government, industry and Ofcom pledge to help consumers get the best out of their telecoms services

The UK's highly competitive telecoms market offers consumers a wide range of choice of services at prices that are among the best in Europe<sup>1</sup>. We are seeing the telecoms industry invest in their networks so as to be able to offer new services and an improved consumer experience and the Government welcomes that investment.

We want to ensure that consumers enjoy the best experience possible – including when things go wrong as they sometimes do. Ofcom and the industry already offer guidance and ways to manage the level of expenditure. But we want to work together to do more.

Government published proposals in the summer and announced the intention to develop a Telecoms Consumer Action Plan in September<sup>2</sup>. We have started working with the telecoms industry on this, and have made progress in several areas to help improve the consumer experience:

- **Helping consumers to avoid unexpectedly high bills:** Average household communications bills have come down 12% since 2006<sup>3</sup>, with the telecoms companies offering much better services at lower prices. But there are rare occasions when consumers face unexpectedly high bills, such as when their phone gets lost or stolen. **Mobile operators already offer protection to consumers from the point at which they report a phone as lost or stolen. Today we can announce that 3, EE, Virgin Media and Vodafone have all agreed to work towards the introduction of a monetary cap on customer liability for usage charges associated with a lost or stolen phone. Government, Ofcom and the mobile operators will undertake detailed work to determine the level of the cap and the conditions that will apply to it with the ambition of introducing the cap in spring 2014.** We will continue to work with the wider industry to find ways to improve phone security and reduce theft.
- **Bill transparency and certainty over the lifetime of a contract:** Ofcom recently published guidelines promoting transparency in contracts when prices change. The guidance protects mobile, landline, and broadband consumers from mid-contract price rises, by giving them the right to exit a contract without penalty if their provider increases the cost of their monthly deal. **Major telecoms companies<sup>4</sup> have agreed to work with government and Ofcom on ways to improve transparency in contracts in line with the principles underpinning the Ofcom guidance.** We will continue to work with the industry to promote further ways of ensuring that consumers have the best possible information to help them make informed choices about the communications services they purchase.
- **Eliminating roaming charges:** The government has made it clear that it sees no place for mobile roaming charges in a true European Single Market. The UK has been at the forefront of efforts to bring down roaming charges over time and the current EU Roaming Regulation will see roaming charges decline further. The market is responding. Operators offer various

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<sup>1</sup> Ofcom research – Consumer Experience of 2012, International CMR 2012

<sup>2</sup> "Connectivity, Consumers and Content paper – 30 July 2013, Telecoms Consumer Action Plan announcement – 17 September 2013

<sup>3</sup> Consumer Experience of 2012, Ofcom, January 2013.

<sup>4</sup> 3, BT, EE, Sky, TalkTalk, Virgin Media and Vodafone

deals – such as daily rates, no roaming charges when using partner networks, or a contract price that includes roaming – which can help consumers and businesses manage costs. **But we want to go further. We will work with Ofcom and the industry to develop a UK government position for on-going negotiations in the EU that will help us achieve the goal of eliminating roaming charges<sup>5</sup> within the EU by 2016. This will need to be accompanied by appropriate safeguards to prevent abuse and ensure that UK mobile operators are encouraged to continue to invest in their networks.**

## **Background**

### **Helping consumers to avoid unexpectedly high bills**

Ofcom and the industry already offer a number of tools to help consumers avoid unexpectedly high bills. Ofcom has published a series of online guides providing tips and details of some of the tools that the industry offers, such as text alerts when travelling.

Government, Ofcom and the industry will be examining what more can be done. We have already announced that we will work towards an industry Code of Practice to avoid unexpectedly high bills.

3, EE, Virgin Media and Vodafone have agreed today to work with us towards the introduction a cap on liability for bills associated with lost and stolen mobile phones. We will need to establish what reasonable conditions should apply to such a liability cap. In the medium term we want to work with the mobile operators and others in the telecoms industry on measures that might be developed to combat unauthorised use of lost and stolen phones. We also want to educate consumers to take simple security measures to help avoid problems, such as always setting passwords or PINs.

### **Helping consumers to understand their bills and to find the best deals**

The UK market includes literally hundreds of companies offering a very wide range of services. Fixed broadband services are available for less than £10 per month (excluding line rental charge) and in the mobile sector SIM-only deals are also available for less than £10 per month. There is so much choice that it can sometimes be bewildering.

There are a number of price comparison websites which can help consumers work out the best deal for their use and circumstances. Ofcom has an accreditation scheme for price comparison websites and there are currently 6 accredited members of this scheme.

### **Certainty over the lifetime of a contract:**

Ofcom has also recently provided new guidelines to the industry about mid-contract price rises. This guidance makes it clear that consumers and small businesses are able to exit their landline, broadband or mobile contract without penalty if the provider increases their monthly contract. The new guidelines also explain how the industry should communicate contract modifications etc to consumers. Clear transparent information about contracts and bills is essential in helping consumers to make informed choices about the services they buy and we want to continue to work with the industry to make further improvements in transparency where possible.

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<sup>5</sup> i.e. roaming charges above the cost of the same service when accessed in the consumer's home market.