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Statement of Strategic Priorities Consultation  
Digital Infrastructure Directorate  
Department for Digital, Culture, Media and Sport  
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Dear Sir/Madam

### **uSwitch response to the Government's Statement of Strategic Priorities (SSP) consultation**

I am writing on behalf of uSwitch in response to the Government's consultation on its draft SSP for telecommunications, the management of radio spectrum and post published on 15 February 2019. uSwitch is the UK's leading price comparison and switching service for home services, helping consumers to find a better deal and save money on their broadband, mobiles, TV, landlines, gas, electricity, and personal finance products including mortgages, credit cards, current accounts and insurance.

We welcome the Government's draft SSP as a complement to the Future Telecoms Infrastructure Review (FTIR) in driving forwards progress towards boosting network-based competition and the consumer benefits of better connectivity in the UK. uSwitch broadly agrees with the Government's strategic priorities and desired policy outcomes for telecommunications, the management of radio spectrum and postal services. We believe the SSP is clear in setting out the role of Ofcom in contributing to the Government's strategic priorities and desired outcomes. We're pleased to have the opportunity to engage with the Government on its SSP and we would welcome a discussion of our submission if useful.

#### *Tackling the 'loyalty penalty'*

uSwitch notes that the Government is giving consideration to pricing practices across consumer markets, which has been termed as a 'loyalty penalty' by Citizens Advice. It is true that longer term customers can pay more, particularly if they do not engage with markets, and it is therefore necessary to consider which customers are in this situation and what might reduce the prevalence. In our view, price differentials are experienced by certain customer groups for different reasons. We contend that a consumer who can engage in markets and who can choose from a range of prices has a fair experience within a competitive marketplace. We firmly believe that it is wrong that consumers experiencing vulnerability, who may be fundamentally unable to engage with the market and therefore at risk of an unfair experience, can end up paying too much due to a lack of support from companies.

Companies should not be taking advantage of any vulnerable consumer's situation by charging them higher prices. We hold that policy and regulatory focus should be on ensuring that vulnerable consumers are treated fairly across consumer markets by providing targeted interventions that have the least unintended consequences that could negatively impact otherwise competitive markets. In parallel, regulation of consumer markets should be focused on making competitive markets work better for those who can engage, in turn leading to innovative offerings and lower prices to the benefit of the consumer.

#### *Addressing harmful business practices*

uSwitch agrees with the Government that it is important to consider harmful business practices in order to deliver a fairer experience to consumers. In particular, we welcome Ofcom's review of broadband pricing which is due to go to consultation later in 2019. It is right that Ofcom should undertake a measured review that considers a range of options that are based on its findings. We agree with the Government's SSP that one such option to be assessed should be the CMA's recommendation of a potential targeted safeguard protection to support vulnerable consumers.

We note that it is important that Ofcom is able to properly consider the evidence and the range of policy options within its mobile handset and split contracts work, on which it is due to consult in Spring. Within the draft SSP, the Government has signalled its agreement with the CMA that movement to fairer default tariffs is the desired policy outcome. uSwitch considers that it is unusual that support is being given to this specific policy proposal within a high-level strategic steer from the Government, particularly given that it has not yet been fully scoped out, assessed or consulted on by Ofcom. It is important that Ofcom fully evaluates the risk of unintended consequences of this proposal in comparison to other policy interventions to reach an informed position and avoid diluting the otherwise highly competitive nature of the mobile phone market, particularly for current SIM-only customers.

#### *Improving consumer engagement*

We agree with the Government that Ofcom should continue its work on how to support consumer engagement with the market, both in terms of improving consumer information and consumer confidence. Given that consumers' decisions on telecommunications services are often quality-based, rather than being solely price-based, consumers do need a basic level of awareness in order to engage to get deals that best suit their needs. In terms of making switching processes easier to follow, uSwitch believes that all consumers should have a right to cancel the way they joined, as is common with subscription video on-demand services. Consumers should be able to confidently cancel their service with the click of a button online, rather than having to jump through unnecessary hoops such as speaking over the phone with their providers' retention teams. As a vocal consumer champion, uSwitch is supportive of the SSP's inclusion of cost-benefit analysis of potential mobile roaming in rural areas to assess whether improvements to service provision can be made.

We welcome the Government and Ofcom's planning for the switchover to full fibre networks which will lay the groundwork for consumer choice over the next few years. uSwitch agrees that Ofcom needs to ensure that future switching processes are clear, easy and reliable. Switching processes are needed to enable consumers to upgrade to fibre-to-the-premise (FTTP) services as well as to subsequently switch between competing full fibre networks that will in turn benefit the UK economy. We expect that any such cross-platform switching process will be gaining provider-led to ensure a seamless switching experience for consumers, as required by the new European Electronic Communications Code (EECC). As such, we believe the Government's SSP should make clear that a gaining provider-led cross-platform switching process is a priority. We note that Ofcom's current work to introduce end-of-contract and annual best tariff notifications will also play an important role in providing consumers with timely information that improves awareness and encourages upgrading to faster broadband services. For example, 4 million out-of-contract broadband customers are paying such inflated prices that they could upgrade to superfast broadband for the same price or less.<sup>1</sup>

#### *Realising the consumer benefits of greater data portability*

The Government is right to outline as a priority the provision of third-party access to address-level broadband data, which we expect to substantially improve offerings to consumers. The communications sector lags behind others in terms of the availability of key, basic information and so it is right for Ofcom to be engaged on this issue to deliver swift progress. We consider that data-sharing on a voluntary basis is desirable to avoid the need for detailed prescriptive requirements, although other options should remain available in the instance that an agreement is not reached. We also support the SSP's highlighting of the need to make better use of data to support vulnerable consumers, for example for sharing non-financial data, which could considerably improve the ease of accessing protections and assistance.

We would welcome the opportunity to engage further with DCMS regarding our submission if useful.

Yours faithfully



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<sup>1</sup> Ofcom, 2018. Are you getting the best deal from your phone and broadband provider? <https://www.ofcom.org.uk/about-ofcom/latest/features-and-news/phone-broadband-pricing>