Mobile UK

BUILDING MOBILE BRITAIN

Unfair Commercial Practices: CMA Guidance on pricing transparency

Mobile UK Response

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About Mobile UK

1. Mobile UK, which represents the UK's leading mobile network operators BT/EE, Virgin MediaO2, and VodafoneThree. Mobile UK's mission is to work with Government, regulators, civil society and other stakeholders to harness the power of mobile to improve the lives of our customers and the prosperity of the UK.

Introduction

2. Mobile UK welcomes the opportunity to respond to the Competition and Markets Authority's consultation on its Draft guidance for businesses on the price transparency provisions of the Digital Markets, Competition and Consumers Act 2024.

3. Mobile UK supports the principles of pricing transparency and agrees that customers should have all relevant information presented to them in a transparent and timely way as they consider their purchasing options. We agree that drip pricing is not acceptable.

4. We also acknowledge that the CMA, in producing this current draft, has taken much notice of stakeholder feedback and that this is reflected in the updated guidance.

5. The sections of primary interest to mobile operators are on periodic pricing (sections 5.28 to 5.34).

6. In the round, Mobile UK is supportive of a much-improved guidance document but has some specific points of detail to raise.

7. We do not entirely agree with the text in Sections 5.28-5.34: "*Some periodic contracts may include an additional one-off fee (e.g. an administration, set up, or installation fee) that is payable at the start of the contract. In these cases, the trader must provide either a total cumulative price or a total monthly price for the first month that includes those fees*".

8. Our interpretation of this guidance is that the requirement would be, for example, "this is a 12 month contract, first month £75, including installation, followed by £30 pounds per month for the remaining 11 months", whereas "this is a 12 month contract, at £30 pounds per month, plus an up-front £45 one-off installation fee" would not be allowed.

9. If our interpretation of the current wording is correct, it would seem unnecessarily prescriptive and running contrary to Ofcom's general direction of travel, which is to push for more transparency; forcing operators to aggregate all first month costs into a single number runs counter to what Ofcom is trying to achieve. It also runs counter to current industry practice in the mobile retailing sector; one-off fees for periodic contracts - such as device upfront charges or installation fees - are not representative of the recurring monthly cost. Including them in the first month's price artificially inflates that figure and does not represent the customer's ongoing financial commitment under the contract.

10. In fact, such one-off fees are often payable at point-of-sale, with the customer's first bill being produced sometime later. As such, the one-off fee and the first monthly payment under the minimum or fixed-term contract can fall due at different times and may not even be payable in the same month if, for example, the customer chooses to pre-order a new device *prior to launch*. In these circumstances it would be incorrect, and in fact misleading, to include the "one-off" charge as part of the first month's price. We consider that a clear separation between the one-off fee (s) and the monthly price is more meaningful for consumers and better facilitates an informed purchasing decision, taking account of any budgeting constraints.

11. We are not aware of any evidence which would support the idea that current practice is misleading. Changing current custom and practice would be forcing change on consumers, for, at minimum, no gain, and more likely increased consumer confusion. We do agree, though, that unavoidable up-front costs such as installation should be clearly stated and communicated.

12. We trust that CMA will reconsider its guidance on this point of detail. It may look to the CMA that this would be a small change to current practice, but the cost, man hours and complexity involved in making such changes across all sales and communications channels can be very considerable – expenses that are ultimately borne by consumers.

13. It would thus be proportionate to permit both approaches to one-off initial charges (i.e. aggregated or separated from the regular recurring charge).

Implementation

14. The CMA has not yet confirmed that there will be an implementation period or "grace period" following publication of its final guidance. Please can we take this opportunity to emphasise that member mobile operators will require a suitable implementation period to allow them to make any necessary changes to their systems, customer journeys and marketing materials that could arise from the re-issued guidance.