

Pricing for minimum term broadband or phone contracts where the customer pays monthly can be complicated:

e.g. a 24 minimum term broadband contract could have:

- an activation charge of £15 payable in month 1 but otherwise months 1 to 3 could be free of charge; then
- a monthly charge of £23/month until and including the customer's March 2026 bill; then
- from the customer's April 2026 bill, a monthly charge of £25/month; then
- from the customer's April 2027 bill, a monthly charge of £27/month, then
- from 25 onwards (i.e. post-minimum term) a monthly charge of £35/month (which will continue to increase by £2 every April).

Your draft guidance indicates that the trader could either set out the monthly price (which would necessarily include all the scheduled increases) over the minimum term, or as an alternative, set out the total cumulative amount payable by the customer over the minimum term. However, setting out the total cumulative amount alone (without the scheduled price increases) could be misleading if it then appears to the customer either that the monthly payments are equal over the minimum term, or that the total cumulative amount is payable as an upfront lump sum.

Further, your draft guidance, at 3.19 (in relation to partitioned pricing) states that "it is not enough to present the individual price components and expect the consumer to calculate the total price". Would setting out the scheduled price increases from my example above fall foul of this?

I can see how transparency for the consumer could be achieved if they are shown both the scheduled price increases **and** the total cumulative amount payable over the minimum term (which is particularly helpful to consumers in comparing offers). However, broadband providers may be unwilling to do this unless you prescribe it in guidance and create a level playing field. This could be achieved without overwhelming consumers with excessive pricing information if broadband/phone providers simplified their pricing. Given that Ofcom now requires all scheduled price increases to a broadband/phone customer's monthly payments (during their minimum term) to be set

out in pounds and pence, the total cost to the customer over that minimum term is quantifiable in advance and could be charged as equal monthly payments.

Please could you provide some clarity on this and perhaps include a broadband-specific example in the guidance?

Also, it would be helpful if you could confirm whether the post-minimum term price needs to be included in an invitation to purchase as, in practice, many consumers do not terminate at the end of the minimum term. If it does, please could you provide some guidance on the prominence with which you would expect it to be displayed in the invitation to purchase?