



PHONE-PAID SERVICES: 1 APRIL TO 30 SEPTEMBER 2007

A Half-Year Summary by PhonepayPlus

ICSTIS, the phone-paid services regulator, became [PhonepayPlus](#) on 15 October 2007. Our new name more accurately reflects our organisation, our culture, and our responsibility when phone accounts effectively provide credit and the 'way to pay' for goods or services.

[PhonepayPlus](#) is committed to protecting consumers and providing the basis for stable markets. We do this by pre-empting and preventing problems through market understanding and enforcing an effective Code of Practice. We give advice and support to businesses on compliance, and to the public about how to understand and use this form of credit and the services on offer with confidence. We can, and will, act with speed to deliver protection using our extensive enforcement powers.

We believe that our specialist regulation plays a valuable role in a market where services are distance-sold, generally instantly enjoyed or consumed and often attractive to children. The UK phone-paid services market remains the largest of its kind in the world, with services ranging from interactive games and minority community chat and dating to charitable giving by text and sports, money market and weather alerts.

Phone payment via a TV return-path, web click and buy, or more conventional texting and calling is a simple and easy way to buy services and goods. Universal access to phones, PCs and TVs has huge attractions for traders and offers significant convenience for the public.

The ease with which anyone can instantly buy goods or services presents obvious consumer protection issues, as well as credit management and other issues for billing networks. We are committed to creating a market in which consumers can use phone payment options and businesses can innovate and invest with high levels of confidence.

In our first Half-Year Summary under the [PhonepayPlus](#) banner, we outline the headlines in what has been a period of change in the phone-paid services market.

PUBLIC ENQUIRIES

Dealing promptly and effectively with billing and other queries about numbers and mobile short codes can prevent misunderstanding turning into frustration and distrust. Our Contact Centre gave help to almost 40,000 callers, while our online number checking service has taken nearly 600,000 queries – a rise of 12% on this time last year.

COMPLAINTS AND INVESTIGATIONS

From March onwards we saw major problems with participation TV across all channels. Some of these were unrelated to the actual phone payment itself but some high profile cases, particularly the competitions on *GMTV* and *Richard & Judy*, revealed that millions of viewers had been charged for calls after potential winners had already been selected.

Despite these well-publicised problems, the total number of individual complaints about phone-paid

services has fallen by 25% to around 6,000. Our website remains the route most used by complainants.

We opened 212 investigations that had the potential to result in formal adjudications. In addition, we identified a range of other instances where either the marketing or technical operation of a service led us to address the matter with the service providers concerned using our Informal Procedure. Most of these cases were initiated as a result of our in-house monitoring programme, which is designed to identify and address potential problems before they give cause for complaint.

There has been a steady growth in the number of calls and cases about mobile services. These now account for more than 75% of calls to the Contact Centre and 60% of our investigations case load. This is slightly higher than the overall percentage of the market represented by mobile content sales.



Of the investigations completed, 39 have resulted in fines, orders to pay refunds or the imposition of some form of bar on access. A total of £775,000 in fines has been imposed. Our success rate in recovering fines stands at 86%. All fine income is used in the following year to reduce the cost of regulation for businesses that use phone payment mechanisms legitimately.

In addition, over the last four quarters we have seen a 100% increase in the demand for copy advice and other information concerning compliance with our Code of Practice.

OUR PERFORMANCE

We met our Key Performance Indicators in a number of areas:

- We brought more than 80% of investigations to a conclusion within 12 weeks.
- We answered over 80% of all calls to our Contact Centre within 30 seconds.
- In five of the six months, we issued fine and administrative charge invoices within 10 days of adjudications being made.
- We dealt promptly with those callers who were directed to us in error – clearing more than 80% of our out-of-remit correspondence within 10 days.
- We scored a 74% positive satisfaction rating from those complainants who responded to our case-handling questionnaire.

CONSUMER UNDERSTANDING

We introduced new requirements for TV channels and programmes wholly dedicated to quizzes. The key change required clear information on the number of callers taking part to be given to viewers.

We also welcomed the mobile networks' introduction of Payforit, a payment process that should help to lessen the risk of customers entering into purchases without being aware of the offer and price.

WHERE NEXT?

October saw us publish our Three-Year Strategic Plan for 2008/11. In the second half of 2007/8 we will begin work on a number of initiatives in support of our pre-empt, prevent and protect agenda.

We will be working to support all billing networks and their customers by offering enhanced support for their customer service staff and making further improvements to our number-checking service. We will also ensure that service providers that have undertaken to make refund payments meet their commitments.

In the new year we will launch a new text-based service for enquiries and complaints. This will be designed, in particular, for younger consumers who might not otherwise engage with a regulator by conventional means.

We will continue preparing for our forthcoming additional responsibility for regulating all services operated on 0871 numbers. Our focus is likely to be on pricing transparency and on ways of managing call waiting times.

We will hold sector-specific workshops and publish new guidance material. We will also ensure that our staff have the specific skills necessary to help on an individual business or sector basis.

We will commission research into the size and make up of the phone-paid services market, and identify current trends and longer-term developments in new products, platforms and payment mechanisms. We will share the findings widely.

We will help Ofcom to reach and, if appropriate, implement decisions on the nature and structure of regulation of broadcast services with a phone-paid element for votes, competitions or other purpose.

Finally, we will participate in a debate, led by Ofcom, on the scope and structure of regulation of phone-paid services in an increasingly converged world.

For more information about our work and how we are working to build the best regulatory environment for consumers and industry, please visit www.phonepayplus.org.uk.

