

The changing face of PRS regulation

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Background – the 11th Code

WHERE DID WE START?





Background – 11th Code

- 11th Code served us well – ushered in our more proactive approach
- BUT
 - Increased market convergence called for greater flexibility
 - Some rules, especially service specific ones, had been rendered less effective by new technology
 - Economic changes – i.e. Downturn – could put consumers at risk
 - Needed to examine whether a Service Provider should still be the focal point of regulation
 - Needed to further embed pro-activity into our approach
 - Industry feedback was for a shorter Code, but one that was user friendly and delivered clarity
 - Ofcom Scope Review was helpful, as it framed all this





Summary of Objectives

- “A shorter, more user friendly Code, which still provides clarity to the industry where necessary”
- “A Code which provides greater flexibility, both to industry to develop new products and to PhonepayPlus to target the source of consumer harm”
- “A Code which further apportions responsibility as appropriate”
- “A Code which enables honest providers, but leaves no hiding place for the dishonest”
- “A Code which empowers consumers to purchase confidently, and seek redress easily”



Development – the new Code

WHAT DID WE PROPOSE?





Discussion Paper Proposals

- A shorter Code
- Fewer rules, grouped into outcomes. Supported by specific guidance as necessary
- Responsibility through the value chain – Responsibility to be generally compliant, and to risk assess and control your clients
- Registration through the value chain (subject to Ofcom Scope Review Statement) – makes contact easier, and lets registrants check on potential partners
- Tighter requirements for complaint handling
- Change to Informal Procedure to provide time-based action plans
- New sanctions – requirement to refund all consumers; and to engage and implement a compliance audit at your own expense
- New Terminology for service and information providers



Development – the new Code

WHAT DID WE LEARN?



Discussion Paper Responses

- Generally supportive of the approach, BUT . . .
- Flexibility vs. Certainty
- Technical considerations – e.g. STOP command, automatic refunds
- Registration – Access to information vs. Commercial confidence
- Registration – how far down the chain should it extend?
- Provider histories – Misdemeanours vs. Improvements
- Complaint Handling – should capacity reflect size or role to an extent?
- Terminology – key to recognize that some parties could fall under more than one definition at different times



Development – the new Code

WHERE ARE WE NOW?



Code 12 – Latest

- Instructions being drafted for lawyers
- Outcomes and Rules must be supported by guidance – will review all existing guidance and identify need for new
- Rules will be technology neutral, guidance more specific
- Registration – researching options for a database, subject to Scope Review final Statement
- Database carries lots of potential, but degrees of password protection would ensure commercial confidence
- Investigations – greater flexibility to bring different cases, against different providers, in respect of one incident of harm
- But, not an excuse to “carpet-bomb” the value chain



Code 12 – Draft Structure

- 5 sections
 - Scope and Governance
 - Outcomes to Deliver Protection
 - Registration and Responsibility
 - Investigations and Sanctions
 - Definitions



Code 12 – Next Steps

- Draft Code will need PhonepayPlus Board approval
- Then will be issued as part of a joint consultation with Ofcom
- Consultation early next year

- QUESTIONS?

