

NON-CONFIDENTIAL RESPONSE



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## Response to Ofcom's consultation on end-of-contract and out-of-contract notifications

9 October 2018

## Executive Summary

- We agree with Ofcom that it is important that consumers can make informed decisions about their services, at an appropriate time, and get the best deal for them. **Across BT, EE and Plusnet we are on a journey to enhance how we communicate with our customers.** We are therefore broadly supportive of Ofcom's proposals.
- **We are pleased that Ofcom has proposed information remedies to address the limited potential harm faced by some consumers.** At this time we believe that a more interventionist route would be disproportionate and risk adverse unintended consequences for the sector, and ultimately for all consumers.
- UK consumers benefit from some of the most competitive communications markets in the world - delivering significant choice and value. The vast majority of consumers are able to identify when and how to act when their contract comes to an end. Consequently, **most consumers can secure the best deal for them and outcomes across communications markets are good for consumers.** For example,<sup>1</sup> changes in mobile usage<sup>2</sup> have contributed to rapid growth in average mobile data use.<sup>3</sup> But average monthly household spend on mobile voice and data services has decreased materially.<sup>4</sup>
- Some consumers - who are happy with their service and their supplier - may be aware of the option to switch, but make a conscious and active choice not to engage in 'shopping around' other providers. Similarly, some consumers may choose not to change their contract at the end of the minimum period. In these cases consumers are not suffering any harm.<sup>5</sup> Switching is one measure of engagement but care must be taken to ensure it is not seen as the only measure. We are therefore pleased that Ofcom agrees that **the best deals for consumers could mean keeping their current deal or taking a new deal with their current provider.**
- **Consumers in the communications sector are overall highly-engaged.**<sup>6</sup> If we look at switching rates as one indicator of engagement, the UK is already performing better than other European markets. There are few barriers to consumers exercising choice<sup>7</sup> and providers compete with keen acquisition and retention offers to attract customers. Ofcom has already undertaken major reforms to the switching processes, with the intended aim of making switching easier.
- Ofcom must be mindful to avoid unintended consequences (demand and supply side) from regulatory intervention. **Any intervention must be carefully balanced.** Intrusive interventions, such as price controls and forced migrations - which directly control market outcomes and/or over-ride consumer choice - are likely to dampen competition, ultimately to the detriment of consumers.
- Communication markets are developing rapidly, driving more competitive pressure and customer focus. These market developments, driven by normal competitive dynamics, should be allowed

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<sup>1</sup> Communications Market Report Published 2 August 2018.

<sup>2</sup> Growing numbers of smartphone users, faster mobile networks, and the launch of new services (such as video streaming).

<sup>3</sup> Increasing from 0.2GB per month in June 2012 to 1.9GB per month in June 2017 (an eight-fold increase).

<sup>4</sup> By 8% (£4.02) since 2012 to £45.99 per month in 2017.

<sup>5</sup> As economic theory would suggest that their consumer surplus (based on their individual preferences and utility) for their existing supplier or contract still exceeds that of the next best new contract.

<sup>6</sup> Para 10.81 Final Report BT/EE – the CMA found that customers appear engaged, with levels of switching between suppliers that compare favourably with some other sectors on a 'like for like' basis (energy and, in particular, banking).

<sup>7</sup> As demonstrated in the results of Ofcom's latest 2017 Switching Tracker survey.

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to play out to determine if there is prospect of a market solution for any current issues. **Only where there is substantial and enduring consumer detriment, with no prospect of a market solution, should Ofcom consider anything but extremely limited regulatory intervention.**

- We believe that Ofcom’s proposed requirement to enhance consumer notifications is proportionate (subject to the right level of information being provided in such notifications). We are also supportive of Ofcom’s desire to make end-of- and out-of-contract notifications simple for consumers and practical to implement. Therefore, we should not overload consumers with too much or confusing information, as that will drive the risk of consumers not engaging with the message. Notifications must be short, relevant, timely, straightforward and to the point. We are constantly refining how we communicate with our customers to ensure the best experience for them – for example, in EE we are developing trials to determine the best way to present additional end-of-contract information and understand trends in customer engagement. Regulation should set a minimum requirement but, recognising that providers know their customers best, **providers should be given flexibility to communicate with their customers in the most effective way to guarantee the best customer experience.**
- While we are broadly supportive of the proposed new rules, we consider **certain limited changes should be made to them** in order to:
  - ensure consumers only receive the most relevant information to help them make an informed decision, when they come to the end of their contract;
  - minimise the risk of consumers not engaging with the end-of and out-of-contract notifications;
  - allow providers to communicate with their customers in the best way to ensure a great customer experience, and
  - avoid long implementation timescales and unnecessary costs, through requiring a disproportionate degree of systems development work.

### **In summary BT’s position on Ofcom’s specific proposals is:**

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| <ul style="list-style-type: none"><li>– <b>End date &amp; notice periods:</b> we agree that these should be included in end-of-contract notifications. But, the contract end date is unnecessary for out-of-contract notifications and should be excluded (para 8.4.1)</li><li>– <b>Early termination charges no longer apply after the contract end date:</b> we agree a statement should be included in end-of-contract notifications (para 8.4.2)</li><li>– <b>All services provided (including free services):</b> end-of and out-of-contract notifications should only include core subscription services. It is not clear what services Ofcom intends providers include. But should the requirement lead to a long list of services – some of limited relevance - the notification may get overloaded with information, and in fact confuse and disengage consumers. Regulation should set minimum standards but providers must be given flexibility to communicate with their customers in the best way to enhance engagement (para 8.5.1-8.5.12)</li><li>– <b>Other services taken with the same provider:</b> should <u>not</u> be included in the regulatory requirement. This would greatly exacerbate the issue of information overload (para 8.5.10-8.5.12)</li></ul> |
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- **Price (incl. historical discounts):** we agree that the current price should be included. But historical discounts should not be. Historical discounts are irrelevant for consumers' decisions about the future and could be confusing. What matters in making an informed decision, is the price currently paid (and the price after the contract ends). Furthermore, it is not clear what types of historical discounts Ofcom is proposing should be included - for example, one-off goodwill gesture or referral discounts are technically discounts but are irrelevant in making a comparison between services (para 8.5.13 -8.5.14)
- **Changes to price or service at end of contract:** we agree these should be included for end-of-contract notifications but only for core subscription services (as above) (para 8.5.15)
- **Customers' options (and SIM-only deals):** we agree that a simple statement on options available to the customer should be included, including a reference to SIM-only for mobile (para 8.6.1)
- **Method of communication:** we agree in part, but if a provider does not know a customer's preferred contact channel, the default method should not be the same as the customer's bill. It should instead be how most customers would expect their provider to communicate with them e.g. SMS for mobile. This will greatly increase the likelihood of customers taking action (para 8.7-8.8)
- **Timing and frequency of notifications:** we agree with one end-of-contract notification and a one-off out-of-contract notification. But the notification window should be 90 days to 30 days, to accommodate early upgrades and other important service messages (para 8.9-8.13)
- **Standalone notifications:** there are some instances when it would be a better customer experience if notifications were combined e.g. if another contract is due to end imminently then information about this contract may help consumers consider multi-play deals. Providers should therefore, in limited situations, have the flexibility to combine notifications if it drives a better outcome for consumers (para 8.14)
- **Standalone fixed voice customers:** the requirement should apply to standalone voice and the voice provider of split purchases but the communications we are currently developing – as noted by Ofcom - should satisfy this requirement. Notifications to these consumers should not be duplicated (para 8.15)
- **Deployment timescales:** if the above requirement changes are not accepted then deployment timescales will be significantly longer than those suggested by Ofcom. Systems development work will be required to deliver our proposed notifications (which would provide consumers with the key information necessary to make informed decisions). Ofcom's proposals, however, will require significant complex systems development and would require a deployment timescale of c. 12-months from the final statement. For our SME customers, development will require longer lead times given the numerous products and services customers may take and the different systems and platforms that provide them (para 10.1-10.3)
- **Regulatory requirements must apply equally to all providers:** any new obligation should apply equally to all providers. In light of the proliferation of pay TV services (including OTT services) and the different business models for delivering TV services to consumers in the UK, it is important that any intervention or remedy is applied equally to all providers. It is extremely important that consumers receive information on all of their communications services to ensure they can make informed decisions on the best deal for them (para 9.1)

- We set out below our position and arguments in more detail.

## **1. We broadly agree with Ofcom's proposal to enhance end-of and out-of-contract notifications**

- 1.1. We agree with Ofcom that it is important that consumers can make informed decisions about their services, at an appropriate time, and get the best deal for them. As we discuss in section 7, across BT, EE and Plusnet we are already on a journey to enhance how we communicate with our customers, recognising the greater variety of products and services on offer, and the increasing variety of forms and channels of communication available. We accept that there are some areas where we, and the wider industry, can do more to improve consumer prompts and information.
- 1.2. We are therefore supportive of Ofcom's proposals to provide consumers with information at the end of their contract periods and broadly agree with Ofcom's principles for these notifications, namely:
  - notifications should be a further means of raising awareness and providing information about when a minimum contract period is coming to an end, and any significant implications of this;
  - notifications should be in a form that is understandable for consumers and they should be timely so that when consumers receive the information they can act upon it appropriately; and
  - notifications should – as far as possible – mitigate any unintended consequences for both consumers and providers.
- 1.3. However, as we discuss in section 8, we consider certain limited changes must be made to the proposed regulations in order to:
  - ensure consumers only receive the most relevant information to help them make an informed decision, when they come to the end of their contract;
  - minimise the risk of consumers not engaging with the end-of and out-of-contract notifications;
  - allow providers to communicate with their customers in the best way to ensure a great customer experience; and
  - avoid long implementation timescales and unnecessary costs, through requiring a disproportionate degree of systems development work.
- 1.4. We are pleased that Ofcom has proposed information remedies to address the limited potential harm faced by some consumers. We believe that a more interventionist route would be disproportionate and risk adverse unintended consequences. Any intervention by Ofcom – as part of its consumer engagement programme - must be carefully balanced.<sup>8</sup> Intrusive interventions, such as price controls and forced migrations, which directly control market outcomes and/or over-ride consumer choice, are likely to dampen competition, and are therefore unlikely to enhance consumer welfare.
- 1.5. Any intervention should also be considered within the context of market developments, driven by normal competitive dynamics, and time allowed for these to play out. Limited and targeted

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<sup>8</sup> See section 3(3)(a) of the Communications Act 2003: "in performing their duties under subsection (1) Ofcom must have regard, in all cases, to the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed.

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actions may be warranted in some instances, such as with end-of and out-of-contract notifications, but any broader and more intrusive measures must only be considered based on evidence of substantial and enduring consumer detriment with no prospect of a market solution.

## 2. Competition is already driving good outcomes for consumers

2.1. UK consumers benefit from some of the most competitive communications markets in the world - delivering significant choice and value. The vast majority of consumers are able to identify when and how to act when their contract comes to an end; understand their usage patterns and compare services, and find switching (plan or provider) to get the best deal for them straightforward.<sup>9</sup> As a result, consumer outcomes across communications markets are good.

2.2. The benefits to consumers of competition are widespread, as evidenced by Ofcom monitoring:

- **Since 2014, mobile prices have declined 4% whilst data used has increased 217%.<sup>10</sup>** The UK mobile market continues to be amongst the most competitive in the world. Ofcom<sup>11</sup> notes that *“compared to the average of the 28 EU member countries, the UK handset plan prices are between 24%-64% cheaper.”* Ofcom goes on to state that *“the market is operating well for consumers at present, with strong competition between suppliers, relatively low prices for UK consumers, and continued investment in new services.”*
- **Consumers are getting value from their broadband services.<sup>12</sup>** Data use over fixed connections increased by 44% in the year from June 2016 to 2017. Despite increasing take-up of a better product in the form of superfast broadband services, average monthly household spending on broadband services has fallen in the last decade.
- **4G and superfast broadband coverage and speeds have also grown significantly.** EE has the largest 4G footprint, now covering over 90% of UK geography. UK consumers are able to access the fastest average mobile download speeds in the world.<sup>13</sup> In June this year EE announced the launch of the UK’s first 5G trial.<sup>14</sup> Superfast broadband is available to over 95% of premises – more than in Germany, France, Spain and Italy.<sup>15</sup> The average speed of a UK residential fixed broadband connection now stands at over 44Mbps.<sup>16</sup>

2.3. Therefore, any regulatory interventions to try to enhance engagement should not prevent or dis-incentivise competition (whether focused on price or non-price factors).

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<sup>9</sup> Para 10.81 Final Report BT/EE – the CMA found that customers appear engaged, with levels of switching between suppliers that compare favourably with some other sectors on a ‘like for like’ basis (energy and, in particular, banking).

<sup>10</sup> Ibid.

<sup>11</sup> Ofcom (2016), [Award of the 2.3 and 3.4 GHz spectrum bands](#).

<sup>12</sup> Ofcom (2018), [Pricing Trends for Communications Services in the UK](#).

<sup>13</sup> Akamai (2017), [State of the Internet Report Q1 2017](#).

<sup>14</sup> <http://newsroom.ee.co.uk/ee-set-to-switch-on-uks-first-5g-trial-network-in-londons-tech-city-east-london/>

<sup>15</sup> European Commission (2018), [Digital Scorecard](#).

<sup>16</sup> Ofcom (2017), [Connected Nations 2017](#).

### **3. Consumer loyalty should not be confused with consumer disengagement**

- 3.1. It is extremely important to BT that our customers are satisfied. Customers who choose the best deal for them are more satisfied and loyal. We work hard to ensure that our BT, EE and Plusnet brands are ones that our customers place value in. We already engage with a large proportion of our customers – across BT, EE and Plusnet - as they come to the end of their contracts, and have been actively enhancing communications independently of Ofcom’s work. Our engagement with our customers provides us with a key opportunity to deepen customer relationships (e.g. by offering other value added services). Our brand and our engagement can also help to reduce churn (consistent with normal competitive dynamics).
- 3.2. For example, we already send a number of end-of-contract messages to our EE mobile customers, from [X] before their contract end date. This lets our handset customers know the full range of options open to them at the end of their contract; namely to upgrade, move to a SIM-only deal or leave EE. Equipped with knowledge of their full range of options [X] of our handset customers chose a new deal with EE.<sup>17</sup> These customers are fully informed and engaged with the market and have chosen to stay with us.
- 3.3. More generally, consumers who are happy with their service - and their supplier - may be fully aware of the option to switch but make conscious and rational decisions not to ‘shop around’ with other providers. Our assessment is supported by Ofcom’s research, which found that the main reason for consumers not looking at deals from other providers, is that they are satisfied with their current provider.<sup>18</sup> This means that metrics such as how long a customer has been with a particular provider should not be misinterpreted - as long-standing customers may be fully informed and make a conscious choice to remain with their current provider.
- 3.4. It is important that this loyalty shown by satisfied consumers is not confused with disengagement. We are therefore pleased that Ofcom has stated that consumers getting the best deals for their needs, could mean keeping their current deal or taking up a new deal with their current provider.

### **4. The majority of consumers are already fully informed and engaged with the communication markets**

- 4.1. If consumers do decide to switch provider at the end of their contract, there are few barriers for most consumers in doing so. If we look at switching rates as one indicator of engagement, the UK is already performing better than other European markets. Three of the four main fixed broadband providers in the UK, have higher churn rates than comparator firms in the EU (except for Telefonica in Spain).

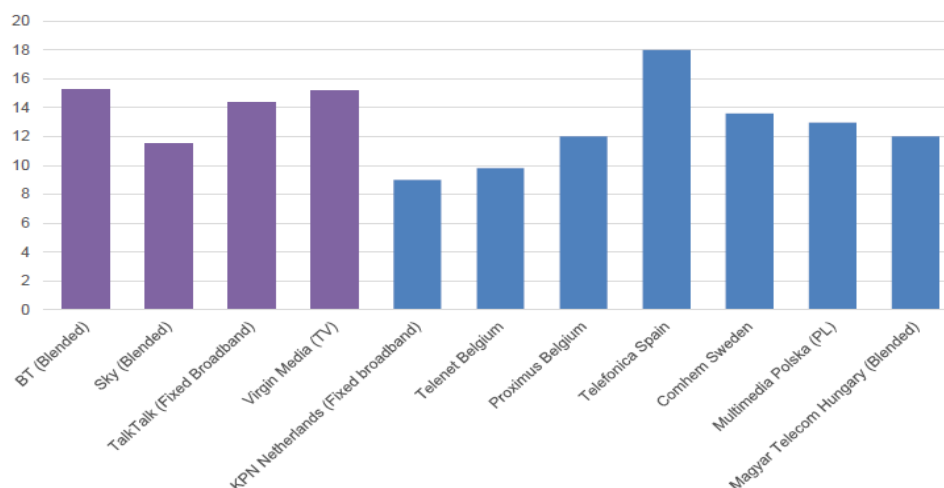
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<sup>17</sup> As at September 2018.

<sup>18</sup> Consumer Engagement 2018. Produced by: Critical Research. July 2018.

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**Figure 1: Annualised churn rates (%) for UK and other European fixed operators (different periods, 2015-17)<sup>19</sup>**



- 4.2. Furthermore, churn rates in communications appear higher than in other UK essential services. For example, in the mobile sector the level of churn in the industry is [3<] per annum, according to BT/EE estimates across both mobile PAYM and PAYG services. For fixed broadband, we see the level of churn at [3<] per annum. For comparison, in energy a CMA survey found that 56% of respondents had never switched supplier, did not know it was possible or did not know if they had done so; and 72% had never switched tariff with an existing supplier, did not know it was possible, or did not know if they had done so.<sup>20</sup> Likewise in banking,<sup>21</sup> it was found that over the past three years only 8% of private current account customers had switched banks.
- 4.3. Ofcom has already undertaken major reforms to the switching process for services provided across the Openreach network, enabling customers to switch by contacting their new prospective provider. Ofcom is also in the process of taking forward reforms to the switching process for mobile and triple play services, with the intended aim of making switching easier. Additionally, price comparison websites allow customers to select their preferred plan; it then directs them straight to the checkout page of the chosen provider’s website, making the purchase quick and hassle-free.
- 4.4. The results of Ofcom’s latest 2017 Switching Tracker survey suggest that there are few barriers to consumers exercising choice.<sup>22</sup> For example, just 7% of standalone mobile phone users who had switched their service within the last year felt that the process had been difficult. For broadband customers, only 16% (who had switched in the last year) felt the switching process had been difficult. Just 3% of mobile customers and 4% of broadband customers who had not switched in the past year said that it was because the process would be too time-consuming.
- 4.5. Ofcom analysis<sup>23</sup> has shown that the proportion of customers classed as inactive<sup>24</sup>, for any service, does not exceed a third and there is no clear relationship between socio-economic

<sup>19</sup> BT analysis.

<sup>20</sup> CMA, Energy market investigation, 24 June 2016 page 22.

<sup>21</sup> Retail banking market investigation final report, 9 August 2016 – CMA pages 154-155.

<sup>22</sup> Ofcom’s Pricing trends for communications services in the UK, 17 May 2018 – shows that the average price difference between superfast dual play and standard is decreasing; average mobile plan costs are decreasing but data is increasing; that the average value of promotional discounts is increasing and that customers are paying less.

<sup>23</sup> Ofcom’s Call for Inputs on Helping consumers engage in communications markets page 4.

<sup>24</sup> Ofcom definition - consumers least likely to have had past involvement (i.e. may have switched, considered or negotiated but not in the past 2 years). This group tends to state ‘no interest in changing provider’.



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group and the level of inactivity. Ofcom research<sup>25</sup> also shows that 74% of people taking landline, broadband and pay TV services (standalone or as multi-play) know when their current contract end date is. This share increases to 85% for mobile. 75% of all consumers know what will happen when their contract ends, with 90% knowing that they could switch to a better deal with their current provider. 75% of mobile customers are aware that they could move to a SIM-only deal at the end of their contract. 87% of dual play customers find it easy to find their usage information, rising to 94% for mobile customers.<sup>26</sup>

4.6. [X]

4.7. [X]

**Fig 2:** [X]

4.8. [X] But as with other services, there are some customers who make an active choice to remain on standard broadband as the package that best suits their needs, for example because they are happy with their service and do not see the need for faster broadband.

4.9. Information remedies are a further means of raising awareness and providing information about when a minimum contract period is coming to an end, and any implications of this – with successful remedies tending to show switching increases of c. 2 percentage points. As demonstrated by the Ofgem Cheaper Market Offers Letter Trial, in summer 2017, which saw switching increases of 2.4 percentage points for supplier-branded letters.

## 5. A minority of consumers may choose to stay on their current contract but this does not equal consumer harm

5.1. It is important to recognise that some consumers may stay on their current contract after the minimum term – not due to a lack of information or concern about switching costs – but through a personal and conscious choice. Consumers may choose not to switch for their own logical reasons that have nothing to do with inertia or inactivity. Ofcom’s research suggests that up to 19% of consumers found value in being out of contract.<sup>27</sup>

5.2. The reasons for consumers going out of contract, and not immediately seeking to re-contract, are varied. For example, they might:

- value the certainty of a fixed price “all you can eat” package even though their historical usage level might suggest they would benefit from a “pay as you go” or restricted data package;
- be on legacy plans with features and tariffs which no longer exist in the market - amongst our EE out-of-contract customers, [X];
- want to wait a couple of months for the latest handset launch;
- have features they value as part of their handset plan not offered on current SIM-only plans – for example - 5 country Rest Of World roaming etc.;

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<sup>25</sup> Helping consumers to engage in communications markets. Consultation on end-of-contract and out-of-contract notifications. Page 4 Section 1.5.

<sup>26</sup> Consumer Engagement 2018. Produced by: Critical Research. July 2018.

<sup>27</sup> Consumer Engagement 2018. Produced by: Critical Research. July 2018.

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- have broadband and phone contracts with different providers and want to bundle but are waiting until the longest contract ends.
- 5.3. Furthermore, it is important to accept that some consumers, regardless of the efforts of operators or regulatory intervention to reduce search and switching costs, regard the gains from shopping around as insufficient to make it worthwhile. Ofcom's research showed that out of contract customers would want savings of between £10 and £23 per month for them to consider it worth switching provider or signing-up to a new deal with their current provider.<sup>28</sup>
- 5.4. It is also important to not make generalised assumptions that out-of-contract customers are more likely to be vulnerable and disadvantaged. Citizen's Advice has stated that "*vulnerable people are more at risk of being overcharged. Older people are twice as likely to be charged for a phone they already own longer than 12 months.*"<sup>29</sup> Whilst we do not agree with Citizens Advice that it automatically follows that older people are vulnerable, we see for our EE customers - who are older and out of contract - that these customers are, on average, actually paying less than the average in-contract monthly tariff available in the market today. Another group of consumers often considered vulnerable by Citizens Advice are those on lower incomes. However, we can find no meaningful socio-economic differences - based on contract status - for our broadband or mobile customers.

## 6. More interventionist regulation could cause unintended consequences for both the demand side and supply side

- 6.1. Ofcom has a statutory duty to promote competition and has a consistently pro-competitive strategy. Given this, we would expect Ofcom to target interventions only to those cases where markets will not solve problems themselves, and where the attendant regulatory burden was proportionate.
- 6.2. Within communication markets, consumers are overall highly-engaged<sup>30</sup> and providers compete with keen acquisition and retention offers to attract customers. The CMA has noted the dynamic and innovative nature of this complex industry – which is characterised by sophisticated competitors responding to opportunities in the market.<sup>31</sup> Similarly, Ofcom's Chief Executive has publically stated: "*There's no doubting the strength of competition in the UK: we have the most competitive fixed and mobile markets in the EU.*"<sup>32</sup> The majority of consumers can, and do, engage at the end of their minimum contract period. Current information arrangements ensure that the majority of consumers are fully informed of their choices. Any consumer harm, which the current arrangements might give rise to, is limited.

### ***Both the demand and supply sides of the communication markets are working effectively***

- 6.3. Consumers benefit from low prices, good quality, high levels of innovation and responsive customer service. Outcome control remedies can directly override market signals, so their design needs to be carefully considered to avoid being harmful or even anticompetitive, for

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<sup>28</sup> Consumer Engagement 2018. Produced by: Critical Research. July 2018.

<sup>29</sup> Press release: Mobile providers need to stop putting customers on hold and answer the call to end charging people for phones they already own. 19 Sept 2018.

<sup>30</sup> Para 10.81 Final Report BT/EE – the CMA found that customers appear engaged, with levels of switching between suppliers that compare favourably with some other sectors on a 'like for like' basis (energy and, in particular, banking).

<sup>31</sup> Para 9, Final CMA Report BT/EE.

<sup>32</sup> Sharon White, article for The Times, 24 April 2015.

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example by limiting innovation. For this reason the whole market context – including unintended consequences - needs to be carefully considered, along with evidence that there is sufficient consumer harm, to justify regulatory intervention. Overly interventionist regulation may distort both the supply and demand side of competitive and dynamic markets. By way of example, a focus purely on price could act as a disincentive for operators to invest in innovative product features and instead just discount upfront prices to attract customers.

### ***Ofcom should consider the impact interventions may have on other segments of the markets***

- 6.4. Ofcom must be careful to consider the markets broadly and ensure any proposed interventions will not have unintended consequences on other segments of the markets. For example, Ofcom reports that customers continue to switch between pre-pay and post-pay products mainly due to the increasing popularity of SIM-only deals. Pre-pay customers continued to fall by 3.5m and post-pay customers continued to increase by 3.4m over the same period.<sup>33</sup> More interventionist regulatory approaches to protect customers who go out-of-contract in the handset segment may adversely impact this highly competitive and growing SIM-only segment of the market. The SIM-only market would likely become more expensive and complex, as providers look to mitigate the commercial risk.

### ***The prevalence of introductory offers and discounting is pro-competitive, and can encourage consumer to shop around***

- 6.5. We agree with Ofcom, that strong competition is the best way to deliver good outcomes for consumers. Highly attractive acquisition prices increases the benefit to consumers of engaging and helps drive competition. With bigger gains, engagement becomes more attractive because the gains are more likely to outweigh the costs associated with a change of contract. This was recognised by the CMA in its response to the Government's green paper, where it discussed the "*unintended consequences of seeking to limit differentials in prices or otherwise to regulate price or product offerings, which can reduce the incentives on consumers to shop around, compare products and switch between suppliers – with the result that competitive pressures can be weakened, risking higher prices, poorer quality and less innovation across the board.*"<sup>34</sup> The strong competition we see in communications markets, driven by keen acquisition prices, results in benefits for all consumers - by helping to drive efficiency and innovation into the communications markets.
- 6.6. Ofcom must ensure that any proposed regulatory interventions would not, perversely, result in customers' having less incentive to engage actively in the market and instead rely passively on their providers, forgoing the opportunity for an even better deal. This risk has been highlighted by consumer advocates within the context of the recent price cap imposed by Ofgem. Martin Lewis, founder of MoneySavingExpert, was quoted as saying, "*there is a real concern the imposition of a cap will give people a false sense of security that doing nothing is fine.*"<sup>35</sup>

### ***Creating commercial risk through regulation can ultimately be counterproductive for consumers***

- 6.7. Ofcom also needs to be mindful of creating commercial risks for providers that may ultimately result in higher prices or less generous offers (e.g. early upgrade deals) for customers. The potential risk to consumers from regulatory intervention was highlighted by Peter Earl, Head of

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<sup>33</sup> Ofcom (2017), Communications Market Report.

<sup>34</sup> Para 18 CMA response to Government Green Paper.

<sup>35</sup> BBC News, Energy price cap to save households £75, Ofgem says, at <https://www.bbc.co.uk/news/business-45422218>

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Energy at Compare the Market. He warned that energy companies could raise the prices of their best value tariffs in order to offset the impact of the price cap imposed by Ofgem; saying that *"we are concerned that engaged energy shoppers will suffer, paying an inertia tax to subsidise households stuck on standard variable tariffs. This may be the great unintended consequence of the price cap."*<sup>36</sup>

- 6.8. In markets with differentiated demand, such as communications, and (other things being equal) differentiated products (and pricing) are consumer welfare enhancing and product and price complexity is to be expected, and is pro-competitive. We believe that it is hugely important to be able to distinguish supplier conduct designed to exploit customer inertia (or other biases) from straightforward competition for market share. Indeed in differentiated markets, we consider that competitive pressures drive firms to help their customers engage and make better choices, and to devise channels for interaction which offer a better customer experience or are cheaper to use.
- 6.9. It is equally important that unnecessary costs are not driven into the sector. In a competitive market such costs will be passed onto the consumer. Ofcom has assessed the cost to the market from its proposed intervention to be around £4 million for mobile operators and £14-23 million for landline, broadband and TV operators over a 10-year time horizon. This is a substantial level of cost to drive into the sector. But Ofcom's figures are based on provider estimates before understanding the full detail of Ofcom's proposals. We consider that the new rules, as they stand, may drive higher levels of cost into the sector, due to the unnecessarily onerous information provision (for example listing all services taken with a provider, even though these contracts are not coming to an end), which would necessitate more complex systems changes than initially thought.

### ***Providing too much information to consumers can be counterproductive***

- 6.10. There is a clear risk that through wishing to fully inform consumers, we instead overload them with too much or confusing information. Qualitative survey work – such as that Ofcom has relied on - has its limitations in regards to providing accurate outcomes. It relies on consumers understanding their own motivations and preferences, which is often difficult and so actual consumer behaviour may differ significantly from reported behaviour.
- 6.11. Customers may say they would like particular information if presented to them within a survey but not actively use this information in real life decision making. As the FCA cautions, *"we recognise, however, that simply providing information does not necessarily help consumers. [...] Our work on behavioural economics has shown that overloading consumers with information [...] can lead to people making poor decisions"*.<sup>37</sup> When deciding what information is important for customers to make informed decisions, it is also important to be mindful that the majority of consumers only have a limited amount of time they are able or willing to invest in choosing the best deal for them. This means that in order to be useful, information provided to consumers must be short, relevant, timely, straightforward and to the point. It must be for each communications provider to judge exactly what information meets this test for its own customers.

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<sup>36</sup> BBC News, Energy price cap to save households £75, Ofgem says, at <https://www.bbc.co.uk/news/business-45422218>

<sup>37</sup> FCA Discussion paper – smarter consumer communications page 5 Section 1.2.

## 7. We are on a journey to enhance consumer engagement

7.1. We proactively make our customers aware of discounted prices, new deals and offers that might be right for them. We have a range of channels and tools through which our customers can access accurate and instant information - on their usage patterns, contract end-dates, current price and any additional services taken. [X]

7.2. [X]

**Fig 3: Our static webpage clearly sets out customers options when they come to the end of their contract.**



7.3. In Plusnet, over [X]of the Plusnet Mobile base are on a 30-day rolling contract with the ability to change tariff at any point in their contract, either through calling us or through 'My Account'. [X]

7.4. [X]

7.5. [X]

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7.6. [REDACTED]<sup>38</sup>

7.7. [REDACTED]

7.8. [REDACTED]

7.9. To ensure end-of and out-of-contract notifications are as effective as possible it is extremely important that they only include the key information consumers need to make an informed decision. Extensive additional information can be found on customers' bills, which run to a number of pages, and include information such as package overview and breakdown of services (see Annex A).

7.10. As Ofcom is aware, BT Consumer is currently trialling communications to standalone voice customers and split purchase customers and so want to avoid duplication of communications. We agree with Ofcom that there is potential for overlap and welcome further consideration once the outcome of the first trial is known and their suggestion that BT can amalgamate communications for split purchase customers (see para 8.15).

## 8. We are broadly supportive of Ofcom's proposals but some aspects need amending to ensure the best outcomes for consumers

### Content requirements

8.1. We are supportive of Ofcom's desire to make end-of- and out-of-contract notifications simple for consumers and practical to implement. However, we do not consider that the current draft regulation fully does this, and so propose that a limited number of changes should be made. Our proposed amendments are necessary to ensure consumers only receive the most relevant information to help them make an informed decision, when they come to the end of their contract. To achieve this (as previously discussed) we need to avoid the risk of overloading consumers with too much information, and in doing so, make the notification complex, confusing and consequently less effective.

8.2. Furthermore, we consider the amount of information Ofcom proposes we provide to consumers would require significant systems development, with the associated costs and increased time to implement.

8.3. We have marked up the draft regulation at Annex B with our proposed changes. We set out our rationale for those changes below:

#### 8.4. Proposed content – date, early termination charges and notice periods

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*(i) The date on which the customer's minimum contract period ends, including that early termination charges no longer apply at that point. It should also include details of any applicable notice periods.*

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8.4.1. **Date and notice periods** - we agree that these should be included for end-of-contract notifications, but are unnecessary to include for out-of-contract notifications. The contract

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<sup>38</sup> [REDACTED]

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end date is irrelevant for a consumer who is already out of contract and is unnecessary information. The notification should simply state that the customer is out-of-contract. We do not consider this approach will have any adverse effect for customers, as the key information is that they are out of contract and have clarity on how they can take action if they so wish.

8.4.2. **Early termination charges (ETCs) no longer apply** – we agree this should be included in notifications.

8.5. **Proposed content – all services provided (including free services), price (including historical discounts), changes to price or service at end of contract, other services taken with the same provider**

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*(ii) The services which the provider currently provides to the customer under that contract, including additional benefits that accompany the contract, such as free subscriptions to other services (e.g. Netflix, Spotify); the monthly subscription price currently paid by the customer for those services (including any historical discounts); and any changes to the services provided and/or monthly subscription price paid by the customer upon the minimum contract period ending. This should include a list of other services taken with the same provider pursuant to other contracts.*

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8.5.1. **All services provided (including free services)** - Ofcom's principles state that notifications should be effective in providing sufficient information when consumers come to the end of their contract period and that this information should be understandable. We have two concerns with this particular requirement:

- a) it is not clear from Ofcom's consultation document what services it intends providers should include in notifications, and
- b) should Ofcom's requirement lead to a long list of services - of limited relevance to consumer's choices - the notification may get overloaded with irrelevant information and disengage customers.

8.5.2. We invest a lot of time and resource in understanding how best to engage our customers and this demonstrates that consumers are more likely to engage with short concise messages that contain only key information. For example, we have invested in segmentation models to help understand how best to engage with our customers. Alongside this we have trialled messages to determine which are most effective in engaging our customers. [X]

8.5.3. In keeping with Ofcom's principles, and our experience of what is most effective, we consider that only the core services for each provider e.g. broadband, call package etc. should be included on the end-of and out-of-contracts notifications, with a requirement to signpost to where further information may be found. This would focus the notifications on the key information needed by consumers to make informed decisions and allow them to shop around. It is appropriate for the regulation to mandate this level of information but there should be flexibility to allow providers to decide what – if any – additional information is added, based on their understanding of their customers.

8.5.4. The inclusion of ancillary services and free subscriptions will lead to complex and lengthy communications, for example [X] of our BT Consumer customers take two or more services, with [X] taking 4 or more services. We believe including a long list of services would be

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potentially confusing and uninformative for consumers, and unlikely to be a material consideration for consumers when deciding on what deal to take. For example, we would be listing services that consumers may have got as part of their deal but never used (e.g. 5 Rest Of World roaming destinations); are irrelevant to choosing between deals (e.g. free caller display) or services that may have long since lapsed (e.g. Free Apple Music for the first 6-months of their contract).

8.5.5. We provide a large number of additional services, all of which our customers can see on their bills or we could signpost to information in our notification. Below are a small set of examples:

Calling feature packs	Paper bill
BT Sport over Sky	Internet Security
BT 1571	Cloud Storage
Call Protect	Extra speed add-on Up to 60Mbps
International add-ons (several versions)	Data roaming add-ons - one-off charge
Call Barring	5 ROW destinations
Anonymous Call Reject	Safeguard – Parental controls product
BT Answer 1571	Apple music
Smart Talk	BT Privacy at Home
Phone Book entry	Smart Divert
Caller Redirect – Quarterly	Choose To Refuse
Caller Redirect - One Month	Call Minder

8.5.6. We consider that Ofcom’s example notification was too simplistic and in fact, it would often be likely that a consumer’s notification could run to multiple pages. Customer bills - that already contain a great deal of this information can run to several pages (see Annex A).

8.5.7. It is important to note that providing this information for some of our out-of-contract customers would be impossible. We have been through multiple systems and business changes and there is no legal reason for us to keep records indefinitely, which means we do not hold the huge amount of legacy information Ofcom’s proposed new rules would necessitate us to have. Furthermore, the majority of this information would be irrelevant for consumers, if not confusing.

8.5.8. It is not clear from Ofcom’s consultation document whether it is suggesting services provided by third parties should be included in notifications. If the requirement is to include these services, there is a level of technical difficulty not considered by Ofcom. For example, we offer new home broadband customers a years’ free trial of Norton Antivirus premium. [X].

8.5.9. We strongly believe that Ofcom should clarify that the requirement is only to include core services that are part of the package customers signed-up for e.g. broadband, call package etc. However, if Ofcom chooses not to do this it must give clear guidance on which services it expects providers to include, being alive to the constraints discussed above. Ofcom should acknowledge that systems development and additional contract arrangements might need to be made in order to implement these requirements, which will require longer implementation times and extra funding by the providers.



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- 8.5.10. **Other services taken with the same provider under separate contracts** – listing all services taken across all contracts with a provider, even though these contracts are not coming to an end, will lead to confusion and a poorer customer experience. For example, our EE customers who currently take mobile and fixed services, are not used to receiving information about any mobile subscriptions (or associated services) in communications about their home broadband and vice versa. The risk of information overload is greatly magnified through this requirement. If Ofcom does not accept this change to its proposal, it must undertake trials to ensure such information was given in a way that would not result in information overload and confusion for consumers, and was genuinely useful.
- 8.5.11. Business customers are highly likely to have multiple products with various contract end dates. Business customers also have more than one of each of the core services i.e. line, broadband and mobile with the same provider. They add and remove lines and services throughout the lifetime of the contract, leading to different contract end dates for each of those services. It would be much more complex to include the level of detail Ofcom is suggesting for a business customer with multiple products. Including this level of detail could make it more difficult for customers to engage with - and act on - the end-of-contact notification.
- 8.5.12. **Price (including historical discounts)** – although we believe that customers are aware of the monthly price they pay for communications services, we agree that the price should be included in end-of and out-of-contract notifications. But, we do not consider that historical discounts are necessary to include as such discounts are irrelevant and could in fact be confusing to customers. What matters to the customer - in making an informed decision - is the price they are currently paying (and will be paying after the contract ends) compared to a service they are considering switching to.
- 8.5.13. We strongly believe that Ofcom should not require historical discounts to be included in the notifications. However, if Ofcom chooses not to do this it must clarify what type of discounts it proposes are included. For example, our front line advisors have some discretion on providing discounts – often one off amounts as goodwill gestures, if for example, the customer has had an issue with coverage. Listing these kinds of discounts would be confusing and irrelevant for consumers. We believe this could drive a significant number of calls into our contact centres, creating a poor experience for the customer and increasing costs for providers.
- 8.5.14. Furthermore, when stating the price customers' are currently paying (excluding historical discounts), it is not clear from the proposal what discounts Ofcom is expecting to be included and it would not be relevant to include discounts such as referral discounts or goodwill gestures etc. as they would be irrelevant or confusing to include in notifications.
- 8.5.15. **Changes to price or service at end of contract** – we agree that these should be included in end-of-contract notifications, for the core subscription services (as proposed above) but not cover any further services.
- 8.6. **Proposed content – customers' options and SIM-only deals**

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*(iii) The options available to the customer after the minimum contract period has ended, including a message that the customer may be able to make savings by exploring the available options. The notification to customers of mobile services should inform them of the availability of SIM-only deals as one of the options.*

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- 8.6.1. **Customers' options and SIM-only deals** – we agree with the proposal to include a simple statement that the customer has options available to them (such as SIM-only deals for mobile) and may be able to make savings.

### Method of communication

- 8.7. We agree with Ofcom, that using consumers' preferred method of contact i.e. paper, email, SMS or other durable medium, is likely to be the most appropriate way of ensuring that the end-of- and out-of-contract notification reaches consumers. But, if a provider does not know a customer's preferred contact channel, there should not be a default to the same durable medium channel as the customer's bill.
- 8.8. Many consumers who take paper bills have a specific reason for doing so e.g. for tax purposes. There is a considerable cost involved in sending a paper bill. It is much more appropriate to interact with consumers by SMS, MMS, email or their online account. These methods are how most customers would expect to be communicated with by their providers. They are therefore more likely to take notice and take action. This is particularly the case for mobile customers. We believe that the best way to interact with consumers about their mobile phone is through SMS. This will greatly increase the likelihood of customers taking action. Additionally - for EE - this requirement would drive further development costs as we do not currently have the processes in place to link end-of-contract notifications with direct mail.

### Timing and frequency of notifications

- 8.9. We agree that the regulatory requirement should be for one end-of-contract notification and a one-off out-of-contract notification. Although providers may choose to communicate with their customers more than once, the regulations should set a minimum baseline requirement. They should allow providers with the flexibility to determine if they want to send more messages and allow for some competitive differentiation, which may further enhance consumer engagement.
- 8.10. However, we consider that the time window for sending end-of-contract notifications is too short. We propose a window of 90 days to 30 days before end of contract. This will allow flexibility for some consumers to benefit from early upgrade offers [39]. The longer window will allow flexibility to fit this message into a drumbeat of communication ensuring that our customers receive key information at the right time. The lower limit of 30-days still allows time for customers to consider their options and choose to move to a different plan from the end of their minimum contract term.
- 8.11. Additionally, a window of -90 to -30 days will allow flexibility for other important service notifications, such as price communications, to be sent to customers. For example, the current proposed timelines cut across the timescales for our price rise communications and as such we have concerns about the sequencing and spacing of these two communications. With the

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<sup>39</sup> [39]

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current proposal there is a risk that a customer may receive an end-of-contract notification at the beginning of the week and a price rise communication at the end of the week. This could result in confusion, rather than clarity. If the window was expanded, the pricing notification and end-of-contract notification could be spaced to ensure a better customer experience.

- 8.12. If Ofcom does not change its current requirement of 40 to 70 days, it must consider the ability of providers to be able to comply with the rules in extreme circumstances due to operational pressures and reflect this in any enforcement work.

### Standalone notifications

- 8.13. Ofcom proposes that the end-of-contract notifications should be a standalone communication, to ensure they are not overlooked by consumers. In most instances we would agree with this approach, so long as we have a sufficiently wide window in which to communicate with our customers (as discussed above). However, there are some instances when it would be better for the customer if notifications were combined, for example, if more than one contract is coming to an end within the notification period. This would make sense from a consumer perspective and drive better outcomes. It would ensure that consumers have all of the information necessary to make an informed decision in one communication, for example if they wished to consider taking a multi-play contract going forwards.

- 8.14. We therefore consider that providers should have the flexibility to combine notifications if it drives a better outcome for consumers.

### Standalone fixed voice customers

- 8.15. As previously discussed, Ofcom is aware that BT Consumer is currently trialling communications to standalone voice customers and split voice customers. We agree with Ofcom that we want to avoid duplication of communications and the end-of and out-of-contract notifications requirement should not apply to standalone voice and the voice provider of split purchase.

- 8.16. To note:

- **Standalone Voice customers:** we are trialling (October 2018) different engagement remedies for customers who have a landline with BT and do not have broadband with BT or any other provider. The most successful will be implemented and this will be sent to all customers. These notifications are being designed in conjunction with Ofcom.
- **Split-purchase customers:** we have already implemented the sending of annual statements to all BT split purchase customers. These set out historic spend and how a customer can save money by bundling with BT or another provider. Again these were agreed by Ofcom.

### Duplication of notifications

- 8.17. It is important that Ofcom recognise the activity that we have already undertaken in regards to end-of-contract messaging (as discussed in Section 7). The regulatory requirements should be flexible enough to ensure there is no risk of duplication of effort and costs. If end-of-contract notifications have already been sent to consumers prior to Ofcom rules coming into force (and these notifications include the necessary information to act as a clear alert to customers that their contract is ending and to take action i.e. include that information as per our amendments to Ofcom's proposal) there should be no need to send a further notification. To do so would not only drive up costs but also potentially confuse consumers who have recently been communicated with.

### Balancing cost and benefit

- 8.18. It is also important that Ofcom carefully balances the shared desire to provide consumers with the information necessary to make informed decisions, with guarding against driving unnecessary costs into the sector.
- 8.19. Ofcom's current proposals on information provision would require significant systems development, for little additional customer benefit. For example, in BT we do not currently use consumer information in the way Ofcom is proposing and so do not have a direct feed, of all information required in Ofcom's proposal, from our core billing platforms to our marketing systems, from which the end-of and out-of-contract notifications would need to be created.
- 8.20. The requirement to provide all services taken with a provider would drive even more significant development costs. For example in EE and Plusnet, our fixed and mobile billing platforms are independent of each other. As we do not currently combine information about home and mobile services in any of our customer facing communications, we do not have accurate methods for matching customers across systems and so would need a significant amount of development work to build this capacity. This additional cost would be disproportionate given we believe that providing this information will confuse rather than help customers in their decision making.
- 8.21. We estimate that the systems changes required to comply with Ofcom's proposals, could extend the required delivery timeline by at least 6-months (beyond what we expect the Ofcom timing to be i.e. 12-months from final notification), with significant additional costs.

## **9. Any regulatory requirements must apply equally to all providers and take into consideration the indirect channel**

- 9.1. It is important to ensure that any interventions or remedies used to help enhance and promote consumer engagement do not distort competition and do not confuse consumers. Any new obligations on providing consumers with end-of-contract and out-of-contract notifications should apply equally to all providers, regardless of the different and dynamic business models they use to provide the particular service. In this regard, we refer to the debate on the ability of Ofcom to impose general conditions in relation to Pay TV, or at the very least in relation to certain pay TV services. In light of the proliferation of the pay TV services (including OTT services) and the different business models for delivering TV services to consumers in the UK, it is important that any intervention or remedy is applied equally to all providers. It would drive a poorer customer experience if a new requirement only applied to, for example, a subset of pay TV services – as consumers would expect to be provided equally with information on all of their communications services. Indeed, if a remedy did not apply, for example, to all pay TV service providers, this would distort competition (because some consumers would have less information on contract termination dates, which may affect switching levels) and also confuse consumers who would expect similar information on their services in this respect.
- 9.2. The indirect channel is extremely important for the sector, for example [X] of those customers currently out of contract in EE mobile last transacted through indirect. Rules imposed by Ofcom could impact on our contractual terms with those companies. Ofcom should be mindful of that and furthermore, ensure that indirect sellers are consulted and engaged as part of this consultation and its broader consumer engagement programme. It is important that Ofcom

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should engage with indirect sellers directly to understand how the relationship between providers and indirect might work when sending these notifications.

### **10. Deployment timescales should be appropriate. This and any further regulatory interventions should be joined up to avoid inefficiencies**

- 10.1. Systems development work will be needed, to implement our proposed end-of and out-of-contract notifications. Ofcom's proposed timescales, of 6-months from final statement for end-of-contract notifications and 9-months for out-of-contract notifications, is only achievable if the regulation requires us to provide only the key information necessary to allow consumers to make an informed decision, as discussed above. If our proposed requirement changes are not accepted then deployment timescales will be significantly longer than those proposed by Ofcom. We would need c. 12-months from the date of Ofcom's statement to deploy Ofcom's requirements as proposed in the consultation. (Please note para 10.2-10.3 in relation to SME).
- 10.2. We agree that notifications should be sent to SME customers. However, Ofcom's requirements present some particular challenges for our SME business. [X] of our SME customers take more than one product, with [X] taking 6 products or more. This means the risk of information overload (previously discussed) is particularly acute for SME, if all services are listed on one notification as per Ofcom's proposal. Including all services on one notification would result in a lengthy and confusing notification for our SME customers and a poor customer experience.
- 10.3. Furthermore, our business products sit across different systems, some of which are provided by third parties, for example the Cloud Phone product. Listing all services on one notification, would therefore require substantial development time and costs, as it would necessitate development not just by BT but with third parties. This will therefore mean, that for SME, a longer deployment timescale is required to implement even our revised proposal of only providing that key information to customers in order for them to make an informed decision. We would ask to engage further with Ofcom to discuss implementation for SME when there is clarity on final proposals. To implement this requirement would require systems development work but Ofcom's proposals, as they stand, would necessitate significant systems development work – with associated resources.
- 10.4. Many of Ofcom's intervention result in significant and complex systems changes. Ofcom has taken a phased approach to its consumer engagement work. But this should not drive a protracted burden of systems changes on the providers. Our development roadmaps consist of projects that are required by Ofcom, by other non-Ofcom regulatory/legal bodies, improvements to the quality of our networks, development of new products and services and consumer focused business initiatives. The greater the number of regulatory projects the fewer non-regulatory projects – which are also focused on improving outcomes for customers - can delivered. This is particularly true for smaller CPs such as Plusnet, which in turn impacts on innovation, as well as greater differentiation in products and services.
- 10.5. We would therefore ask that Ofcom take a forward looking joined up approach to any regulatory interventions it proposes to impose as part of its consumer engagement programme, rather than taking a piecemeal approach that runs the risk of duplicating effort and increasing costs for providers. For example, Ofcom has stated that its next consultation will look at consumers' understanding their usage and ability to navigate the market. If this consultation

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results in proposed new rule changes, it would be more efficient for providers to implement all system development in one go. Ofcom should also ensure that implementation timescales are realistic and achievable, so as to allow us to reprioritise projects as efficiently and effectively as possible, and to dovetail these and other changes, with our existing customer experience improvement roadmap.

Extensive additional information can be found on customers' bills, which run a number of pages

What you've spent    Add-ons    Monthly spend caps    Parental controls

Total cost since your last bill

**£27.80**

You saved **£10.00**

**Monthly breakdown from 20/08/2018**

SIM only plan BT Mobile 20GB Plan	£15.00
SIM only plan BT Mobile 6GB Plan	£12.80

Your next bill will be on **15/09/2018**

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**Your plans**  
You've got 2 plans

**SIM only plan**  
**BT Mobile 20GB Plan**  
20GB data, unlimited minutes, unlimited Texts, unlimited BT Wi-Fi

Your contract has expired

Current cost for this plan: **£15.00 per month**

Your SIM on this plan	Extra spend	Monthly Add-ons	Daily Add-ons	Total
██████████	£0.00	£0.00	£0.00	£0.00
				<b>Sub total</b> £9.00
				<b>Total</b> £15.00

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**SIM only plan**  
**BT Mobile 6GB Plan**  
6GB data, unlimited minutes, unlimited Texts, unlimited BT Wi-Fi

Your 12 month contract ends on 21/02/2019

Current cost for this plan: **£12.80 per month**

Your SIM on this plan	Extra spend	Monthly Add-ons	Daily Add-ons	Total
██████████	£0.00	£0.00	£0.00	£0.00
				<b>Sub total</b> £9.80
				<b>Total</b> £12.80

## How we worked out your bill

**Rental and other charges**

**TV**

**BT TV Essential** 20 Aug-19 Sep 18 **£ 1.50**  
This is the cost of your TV at £1.50 a month, charged in advance from 20 Aug 2018 to 19 Sep 2018

**BT Sport**

**BT Sport Pack** 20 Aug-19 Sep 18 **£ 0.00**  
This is the cost of your BT Sport at £0.00 a month, charged in advance from 20 Aug 2018 to 19 Sep 2018  
Get the best BT Sport deal with BT Broadband - [www.bt.com/packages](http://www.bt.com/packages)

**BT Mobile -**

**BT Mobile 20GB Plan** 20 Aug-19 Sep 18 **£ 20.00**  
This is the cost of your Mobile SIM at £20.00 a month, charged in advance from 20 Aug 2018 to 19 Sep 2018  
**Credit: BT Broadband Discount** 20 Aug-19 Sep 18 **-£ 5.00**  
BT Broadband Discount

**BT Mobile -**

**BT Mobile 6GB Plan** 20 Aug-19 Sep 18 **£ 17.00**  
This is the cost of your Mobile SIM at £17.00 a month, charged in advance from 20 Aug 2018 to 19 Sep 2018  
**Credit: BT Broadband Discount** 20 Aug-19 Sep 18 **-£ 5.00**  
BT Mobile Bband Disc (6GB)(17)

**Total rental and other charges** = **£ 28.50**

## Your package overview

### Broadband

**Superfast Fibre 2 Unlimited**

- Unlimited usage
- Average 67Mb download speed
- Free access to over 5 million UK Wi-Fi hotspots
- 100GB secure online storage with BT Cloud
- BT Parental Controls, BT Web Protect & BT Virus Protect for worry free browsing

**Broadband add-ons**  
Increase your BT Cloud Storage or add BT Virus Protect for real peace of mind.  
[See broadband add-ons >](#)

**Useful links**  
[Fix a problem >](#)

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**Turn on your broadband extras**  
BT Web Protect and Parental Controls are included with your package.  
[See broadband extras >](#)

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### Landline

**Residential Official**

- Inclusive call allowance
- 24/7 help and support for your home phone line
- Line rental included

**Calling features & add-ons**  
Choose from our range of calling features, line rental savers and international calling add-ons.  
[See calling features & add-ons >](#)

**You could get £7 a month off your BT landline**  
You'll be eligible for a discount if you don't have broadband at home - with BT or any other provider.  
[Check eligibility >](#)

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**Turn on your landline extras**  
BT Call Protect is included with your package.  
[See BT Call Protect >](#)

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### TV

**BT TV**

- Up to 80 Freeview channels
- Watch, pause and rewind Freeview channels
- Watch BT Sport 1, BT Sport 2, BT Sport Europe and ESPN
- Catch up on the best shows with BBC iPlayer, ITV Player, 4oD and Demand 5
- Watch TV on the go with BT TV App

**Active add-ons**  
AMC HD  
[Manage BT TV add-ons >](#)

**Useful links**  
[Rentals and purchases >](#)  
[Manage TV bolt ons >](#)  
[Fix a TV problem >](#)

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### BT Sport

**BT Sport Pack on BT TV**

BT Sport 1, BT Sport 2, BT Sport/ESPN and BT Sport 3 on BT TV

The only place to watch UEFA Champions League and top games from Premier League & FA Cup

Additional content on BT Sport Extra via red button

You can also watch online at [btsport.com](http://btsport.com) and via the BT Sport app on supported Apple and Android devices.

**Upgrade to BT Sport HD**  
Watch handpicked matches in HD TV picture quality.  
[See BT Sport add-ons >](#)

**Useful links**  
[Watch BT Sport online >](#)  
[Manage your BT Sport >](#)  
[BT Sport help >](#)

### Mobile

**BT Mobile 6GB Plan**

- Unlimited minutes
- Unlimited texts
- 6GB data
- Unlimited Wi-Fi

**Need more data?**  
Choose from our range of domestic and international data add-ons.  
[See mobile add-ons >](#)

**Useful links**  
[Manage your mobile account >](#)  
[Upgrade your mobile plan >](#)  
[Fix a mobile problem >](#)

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### Mobile

**BT Mobile 20GB Plan**

- Unlimited minutes
- Unlimited texts
- 20GB data
- Unlimited Wi-Fi

**Need more data?**  
Choose from our range of domestic and international data add-ons.  
[See mobile add-ons >](#)

**Useful links**  
[Manage your mobile account >](#)  
[Upgrade your mobile plan >](#)  
[Fix a mobile problem >](#)

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### Frequently asked questions

Broadband    TV    Landline    BT Sport    Mobile    Other

- Test your broadband speed
- How can I report a broadband fault?
- Improve your BT broadband speed
- Help with hubs
- Improve your Wi-Fi with BT

[See all questions >](#)

**Annex B**

Revised General Condition

**“End of Contract Notifications**

C1.10 **Conditions** C1.11 to C1.26 will have effect from [date to be inserted – proposed to be 6 12 months after publication of final statement].

C1.11 **Regulated Providers** must send an **End of Contract Notification** to each of their **Domestic and Small Business Customers** who have entered into a contract with a **Fixed Commitment Period** of greater than 6 months in the manner and form specified by these **Conditions**.

C1.12 An **End of Contract Notification** shall include at least the following information in respect of **the Core Service provided pursuant to a Subscriber’s contract**, in a clear, comprehensive and easily accessible form:

- (a) the date on which the **Fixed Commitment Period** ends;
- (b) that the **Subscriber** may terminate the contract without paying an **Early Termination Charge** once the **Fixed Commitment Period** ends, subject to any applicable notice periods, detailing what those notice periods are;
- (c) the **Core Services**, provided by the **Regulated Provider** to the **Subscriber** pursuant to the contract, **which will end on the date referred to in (a) above**. **Regulated Providers** may also choose to include details of additional services in the notification.
- (d) the **current Core Subscription Price payable by incurred by the Subscriber** pursuant to the contract;
- ~~(e) whether any discounts have been applied at any point during the Fixed Commitment Period;~~
- ~~(e) details of any changes to the services referred to in (c) that will come into effect once the Fixed Commitment Period ends~~ details of any changes to the **Core Services** referred to in (c) that will come into effect once the **Fixed Commitment Period** ends;
- ~~(f) details of any changes to the Core Subscription Price incurred by the Subscriber for the services referred to in (c) that will come into effect once the Fixed Commitment Period ends~~ the **Core Subscription Price**, payable by the **Subscriber** for the **Core Services** referred to in (c) above, that will come into effect once the **Fixed Commitment Period** ends;
- (g) a message to the **Subscriber** that they may be able to make savings at the end of the **Fixed Commitment Period** by considering other options available to them and **Regulated Providers** may also include specific details of ~~the~~ options available to the **Subscriber** at the end of the **Fixed Commitment Period**. ~~This should include a message that the Subscriber may be able to make savings by exploring the available options.~~ An **End of Contract Notification** to a **Subscriber** of a **Mobile Communications Service** shall include reference to **SIM Only Contract** as an available option.

Subject to Ofcom accepting the slimmed down version of the notification we propose below, the 6 month timescale could be met by all but SME who will need a longer deployment time as noted in our response.

Only the Core Services, which will end in relation to the Fixed Commitment Period, for example fixed line, mobile subscription, PAYTV. We believe we should work with Ofcom to define the scope of these.



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~~(i) the services provided by the Regulated Provider to the Subscriber pursuant to any other contract.~~

C1.13 Of the information that shall be included in an **End of Contract Notification**, pursuant to **Condition C1.12**, the date on which the **Fixed Commitment Period** ends and details of any changes to the **Core Subscription Price** must precede any other item.

C1.14 An **End of Contract Notification** shall be sent to **Subscribers** ~~40 30~~ to ~~70 90~~ days before the end of the **Fixed Commitment Period**.

C1.15 An **End of Contract Notification** must be sent via a Durable Medium using the customer's preferred method of contact, if known. ~~otherwise via the same method by which the Subscriber is provided with billing information.~~

C1.16 Subject to **Condition C1.17**, in the case of an **End of Contract Notification** sent via **SMS**:

(a) the information listed in **Conditions C1.12(a), (d) and (fg)** must be included in an **SMS**;

(b) the information listed in **Conditions C1.12(b), (c), ~~(e), and (i)~~** may be provided either in the above **SMS**, or separately. If provided separately, exactly how it will be provided must be explained in the above **SMS**.

C1.17 An **End of Contract Notification** sent via **SMS** to a **Subscriber** of a **Mobile Communications Service** shall include reference to **SIM Only Contract** as an available option in the **SMS**. Other options to be included in an **End of Contract Notification**, pursuant to **Condition C1.12(g~~h~~)** may be provided separately.

C1.18 A **Regulated Provider** may include sales and marketing information in an **End of Contract Notification**, however any such sales and marketing information may only appear after all the information detailed in **Condition C1.12**, and must appear separate and distinct from the information detailed in **Condition C1.12**.

### **Out of Contract Notifications**

C1.19 By no later than [date to be inserted – proposed to be ~~12 9~~ months after publication of final statement] **Regulated Providers** must send an **Out of Contract Notification** to each of their **Domestic and Small Business Customers** in the manner and form specified by these **Conditions**, who as at [DATE], meet the following criteria:

(a) the **Subscriber** has previously entered into a contract with the **Regulated Provider** with a **Fixed Commitment Period** of greater than 6 months;

(b) the **Fixed Commitment Period** for that service has expired;

(c) the **Subscriber** remains a customer of the **Regulated Provider** in respect of the service in question but has not entered into a new contract or agreed to a further **Fixed Commitment Period**.

The notification should not default to customer's billing method because customer may take paper bills for a number of reasons i.e tax but it is not necessarily the most effective method of communicating with them and as a result make it less likely they would take action.

Subject to Ofcom accepting the slimmed down version of the notification we propose below, the 9 month timescale could be met by all but SME who will need a longer deployment time as noted in our response.

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C1.20 The requirement to send an **Out of Contract Notification** pursuant to **Condition C1.19** only applies with respect to **Subscribers** who have not **been sent either:**

- i) a notification from the **Regulated Provider** that the **Fixed Commitment Period** is coming to an end, prior to xx [point of implementation] or;
- ii) an **End of Contract Notification**, pursuant to **Condition C1.11**.

C1.21 An **Out of Contract Notification** shall include at least the following information in respect of a **Subscriber's** contract, in a clear, comprehensive and easily accessible form:

(a) that the **Subscriber's Fixed Commitment Period** for their **Core Services** has ended ~~the date on which the Fixed Commitment Period ended;~~

(b) that the **Subscriber** may terminate the contract for the **Core Services** where the **Fixed Commitment Period** has expired without paying an **Early Termination Charge**, subject to any applicable notice periods, detailing what those notice periods are;

(c) the **Core Services** provided by the **Regulated Provider** to the **Subscriber** pursuant to the contract;

(d) the **current Core Subscription Price** payable by the **Subscriber** pursuant to the contract;

(e) a message to the **Subscriber** that they may be able to make savings at the end of the **Fixed Commitment Period** by considering other options available to them and **Regulated Providers** may also include specific details of the options available to the **Subscriber**. ~~This should include a message that the Subscriber may be able to make savings by exploring the available options.~~ An **Out of Contract Notification** to a **Subscriber** of a **Mobile Communications Service** shall include reference to **SIM Only Contract** as an available option.

~~(f) the services provided by the Regulated Provider to the Subscriber pursuant to any other contract;~~

C1.22 Of the information that shall be included in an **Out of Contract Notification**, pursuant to **Condition C1.21**, the date on which the **Fixed Commitment Period** ended must precede any other item.

C1.23 An **Out of Contract Notification** must be sent via a Durable Medium using the customer's preferred method of contact, if known. ~~otherwise via the same method by which the Subscriber has access to billing information.~~

C1.24 Subject to **Condition C1.25**, in the case of an **Out of Contract Notification** sent via **SMS**:

(a) the information listed in **Conditions C1.21(a)** and (d) must be included in an **SMS**;

(b) the information listed in **Conditions C1.21(b), (c), and (e)** ~~and (f)~~ may be provided either in the above **SMS**, or separately. If provided separately, exactly how it will be provided must be explained in the above **SMS**.

C1.25 An **Out of Contract Notification** sent via **SMS** to a **Subscriber** of a **Mobile Communications Service** shall include reference to **SIM Only Contracts** as an

Across the brands, we have already been proactively engaging customers and this should negate the need to send an Out of Contract Notification to these customers.

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available option in the **SMS**. Other options to be included in an **Out of Contract Notification**, pursuant to **Condition C1.21(e)** may be provided separately.

C1.26 A **Regulated Provider** may include sales and marketing information in an **Out of Contract Notification**, however any such sales and marketing information may only appear after all the information detailed in **Condition C1.21**, and must appear separate and distinct from the information detailed in **Condition C1.21**.”

### **C5 Measures to meet the need of vulnerable consumers and end-users with disabilities**

“C5.13 **Regulated Providers** must make available, free of charge, and in a format reasonably acceptable to any **Subscriber** who is blind or whose vision is impaired, upon their request:

(a) any contract (or any subsequent variation) with that **Subscriber** for the provision of **Public Electronic Communications Services**, including any publicly available terms or conditions referred to in that contract, or variation, **End of Contract Notification**, or **Out of Contract Notification**; and

(b) any **Bill** rendered or made available in respect of those services.”

## Consultation questions

### **Question 1: Do you agree with our assessment of harm relating to residential consumers and Small Businesses?**

We agree that it is important for customers to make informed decisions about their services (*please see section 1 of our response*). However the majority of customers are already fully informed and engaged with the communications market (*please see section 4 of our response*) and even though a minority of consumers may choose to stay on their current contract, this does not equal consumer harm (*please see section 5 of our response*).

### **Question 2: Do you agree that providers should send both end-of-contract and out-of-contract notifications?**

We broadly agree with Ofcom's proposals to send both end-of-contract and out-of-contract notifications (*please see section 1 of our response*). However, we believe some aspects of the proposals need amending to ensure the best outcomes and best experience for consumers (*please see section 8 and 10 of our response*).

### **Question 3: Do you agree with our proposal that notifications should be sent to all residential and Small Business customers who take Public Electronic Communications Services?**

We agree that the notifications should be sent to all residential and Small Business customers (*please see section 1 of our response*), but these requirements should apply equally to all providers. Ofcom must also consider the indirect channel and engage with this group of stakeholders (*please see section 9 of our response*). We do not believe they should be sent to BT standalone voice and split purchase customers as we are already trialling communications to them (*please see section 8 of our response*).

### **Question 4: Do you agree with our proposals on the content of the end-of-contract notification?**

We broadly agree with the content of end-of-contract notifications, however we believe only Core Services should be included in the notifications and that historical discounts and services provided pursuant to other contracts should be excluded completely (*please see section 8 of our response*) in order to ensure the best experience for consumers.

### **Question 5: Do you agree with our proposals on the structure, method, timing and frequency of the end-of-contract notification?**

We agree with the proposals on structure and frequency of the end of contract notifications. We do not fully agree with the method for sending notifications and consider that the default should not be the method by which a customer receives their bill. We do not agree with the timing of the notifications. The window should be expanded from 70-40 days to 90-30 days to accommodate other important customer communications (*please see section 8 of our response*).

### **Question 6: Do you agree with our proposals on the content of the out-of-contract notification?**

We broadly agree with the content of out-of-contract notifications. However we believe that they should only reference that the customer's contract has ended, rather than the specific date it ended and also that the services provided pursuant to other contracts should not be included (*please see section 8 of our response*).

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### **Question 7: Do you agree with our proposals on the structure, method and frequency of the out-of-contract notification?**

We agree with the structure of the out-of-contract notifications and that they should be a one-off notification (*please see section 1 and 8 of our response*). We agree with the method of communication, however we do not agree that the default method should be how a customer receives their bill (*please see section 8 of our response*).

### **Question 8: Do you agree that our proposals are both effective and the minimum necessary to achieve our policy objectives?**

We agree that the proposals could be effective, but only if they are concise and short, and include only that key information on which customers will make decisions. Otherwise there is a clear risk of customer confusion and disengagement (*please see section 8 of our response*). We support Ofcom's decision to implement information remedies, more interventionist regulation could cause unintended consequences for both demand and supply (*please see section 6 of our response*).

### **Question 9: Do you agree with the impacts we identify, and the approach we take to quantify these impacts, in our assessment in Annex 6?**

We do not fully agree with the impacts identified. If Ofcom does not accept our revisions to its proposals then consumer trials should be undertaken to test the effectiveness of the notifications (*please see sections 8.18-8.21 of our response*).

### **Question 10: Do you agree with our provisional assessment that the potential costs for providers are not disproportionate in order to achieve our policy objectives?**

We do not fully agree that they are proportionate to achieve your policy aims as the costs Ofcom has based its cost/benefit analysis on were those assessed before the full proposal was known to providers (*please see sections 8.18-8.21 of our response*).

### **Question 11: Do you agree with our proposed implementation timescale for end-of-contract notifications and for the one-off notification to customers who are already outside of their minimum contract period?**

We agree to your proposed timescale if changes are made to the notifications as we suggest (*please see section 8 of our response*), although this timescale will not be achievable for our SME side. However, if all the information proposed is required, the timescale should be extended to 12 months for both notifications, and consumer testing undertaken, as significant systems changes will be needed (*please see section 10 of our response*).

### **Question 12: Do you have any comments on the draft condition set out in Annex 9 to this document?**

Please see our proposed amendments to the draft condition at Annex B of our response.