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Rialáil Cumarsáide
Commission for
Communications Regulation

Bill Shock Review

Control of expenditure

Call for Inputs

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1 Introduction

- 1 The Commission for Communications Regulation (“**ComReg**”) is responsible for the regulation of Electronic Communications Networks and Services (“**ECN**” and “**ECS**”) in accordance with European Union (“**EU**”) and national legislation.
- 2 ComReg is concerned that consumers may incur unexpectedly high charges from their usage of electronic communications services such that bills may not match expectations (“**bill shock**”). Bill shock refers to the negative reaction a consumer can experience if their typical bill has unexpected charges.
- 3 In publishing this preliminary consultation (“**Call for Inputs**”), ComReg is cognisant of its statutory objectives, as set out in Section 12 of the Communications Regulation Act 2002 (as amended) (“**the Act**”),¹ promoting competition whilst promoting interests of users of electronic communications services.² In so far as safeguarding the consumer interest is concerned, ComReg must take all reasonable measures which are aimed at achieving this objective including “ensuring a high level of protection for consumers in their dealings with suppliers....”, “promoting the provision of clear information, in particular requiring transparency of tariffs and conditions for using publicly available electronic communications services” (Section 12(1)(c)(ii) and (iv)). ComReg is also cognisant of its objectives as set out in Regulation 16(1)((d)(ii) of the European Communities (Electronic Communications Networks and Services) (Framework) Regulations 2011) which include “*promot[ing] the ability of end-users to access and distribute information.....*”.
- 4 This Call for Inputs primarily focuses on the risk of domestic bill shock as a result of consumers using their fixed, broadband and mobile telecoms services when in Ireland (domestic usage).

¹ And in the European Communities (Electronic Communications Networks and Services) (Framework) Regulations 2011.

² Section 12(1)(a)(iii) of the Act.

- 5 We do not propose, at this stage, to address bill shock issues that may arise whilst roaming as there are, since 15 June 2017, specific EU rules³ on mobile roaming in place that protect consumers. These consist of tariffs when travelling in other EU countries and alerts for data at the €61.50 (inclusive VAT) default financial limit/cap. This means when travelling in the European Union, Norway, Iceland and Lichtenstein, roaming consumers can ‘roam like at home’ (“**RLAH**”) and will be charged the domestic retail price for calls, texts and data (“**RLAH rates**”). It is also noted that the alert provision applies in the rest of world and not only within EU.
- 6 Since 15 May 2019, the cost to Irish consumers of making calls or sending SMS text messages from Ireland to a fixed or mobile number in another EU Member State (“**intra-EU communications**”) is price capped.⁴ This should help reduce the risk of bill shock relating to consumer intra-EU communications (business tariffs are excluded).
- 7 The purpose of this Call for Inputs is to enable ComReg to better understand the issue of unexpectedly high bills, and to invite stakeholders to share their views and experiences.
- 8 There are already a number of consumer protections in place in relation to the control of expenditure, some of which are provided voluntarily by service providers, while others are as a result of regulatory or statutory interventions. As set out in section 3, the current measures already available should help mitigate risk of bill shock.
- 9 Notwithstanding the consumer protections in place, there may still be a risk of harm to certain consumers should these protections prove insufficient to safeguard consumer interests in light of a rapidly changing market and consumer behaviour, as set out in section 2. ComReg would like to better understand the potential need, if any, for new bill shock specific measures to enable consumers to more effectively monitor their usage of and expenditure on electronic communications services, mindful of the principle of proportionality⁵ as well as economic efficiency.

³ Regulation (EU) No 531/2012 of the European Parliament and of the Council of 13 June 2012 on roaming on public mobile communications networks within the Union Text with EEA relevance.

⁴ Regulation (EU) 2015/2120 of the European Parliament and of the Council of 25 November 2015 laying down measures concerning open internet access and amending Directive 2002/22/EC on universal service and users’ rights relating to electronic communications networks and services and Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the Union, as amended by Article 50 of the BEREC Regulation 2018/1971 introduced new EU rules on retail price caps for intra-EU communications.

⁵ Pursuant to Section 12 of the Act and Regulation 16 of the Framework Regulations.

- 10 ComReg can, as appropriate, use its powers to help improve consumer experiences and avoid bill shock. In particular, in accordance with Regulation 24 European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations 2011 ("**the Regulations**"), ComReg may specify that service providers make available the facility whereby service providers *"offer other means.... to control the cost of publicly available telephone services, including free of charge alerts to consumers in the case of abnormal or excessive consumption patterns"*.
- 11 In 2018, ComReg commenced a process of collecting information from both fixed and mobile service providers relating to the number of consumers incurring billed amounts over their standard monthly fee ("**out of bundle costs**"),⁶ and to the facilities currently being provided in the market to protect consumers against unexpectedly high bills. ComReg also conducted consumer surveys, details of which are set out in Section 4 and at Appendix 1.
- 12 This Call for Inputs sets out certain issues, on an indicative basis, that are likely to be relevant to bill shock; however, at this stage, these are not intended to be in any way definitive. ComReg will consider all the responses to this Call for Inputs, and the information gathered separately from service providers or through surveys, in order to better understand the issues around bill shock. Further consumer research is being carried out by ComReg as part of the mobile consumer experience work stream which will assist with more targeted research on mobile consumer attitudes and behaviours and potential for bill shock. ComReg may further consult on any issues identified to be addressed and whether there is a case for intervention to ensure consumers are protected against the risk of bill shock.
- 13 ComReg encourages all stakeholders, including industry and consumers, to respond. ComReg looks forward to receiving inputs from all stakeholders to inform its consultation process.
- 14 This Call for Inputs proceeds as follows:
- **Chapter 2** sets out market trends and challenges that are likely to impact the bill shock issue.
 - **Chapter 3** summarises consumer protection measures in place relating to control of expenditure which should help to reduce the risk of bill shock.

⁶ For the purposes of this document the terms 'out of bundle' costs' and 'overages' (as referred to in economic literature) are deemed to have the same meaning and are used interchangeably throughout.

- **Chapter 4** presents in summary preliminary evidence in relation to the issue of bill shock.
- **Chapter 5** considers market driven measures and the scope if any for new bill shock specific measures.
- **Chapter 6** sets out the process for submitting comments in response to this Call for Inputs.

2 Trends and Challenges

2.1 Overview

- 15 In exploring the bill shock issue, ComReg will take into account, amongst other things, market trends and challenges that are likely to impact the bill shock issue. Electronic communications products and services can be complex, meaning that decision making can be a difficult task for consumers. As services are bundled in new and varied ways, consumers may not always make the most 'economically rational' choice.

2.2 Mobile Market

2.2.1 Smartphone usage

- 16 Increasing numbers of Irish consumers are using smartphones for their daily voice and data needs. According to the latest ComReg quarterly report, in Q2 2019, there were 4,745,020 mobile voice and data subscribers using 3G/4G networks in Ireland. This figure can be taken as an indication of the number of smartphone users accessing advanced data services, such as, web/internet content, online multiplayer gaming content, Video on Demand (VoD) or other equivalent advanced data services (excluding SMS and MMS). This represents approximately 94.8% of all mobile subscriptions.⁷
- 17 Over the past ten years we have also seen an explosion in the rate of data usage on mobile phones. According to a recent report⁸, monthly data traffic per smartphone continues to increase, with the traffic generated by smartphones due to increase by 10 times between 2016 and 2022. By the end of this period, it is estimated that more than 90% of mobile data traffic will come from smartphones.
- 18 For Irish consumers, mobile data usage volumes continue to rise, increasing by 30.2% in the year to Q2 2019 to reach 124,398 terabytes. The average traffic per smartphone reached 6.7 GB of data per month in Q2 2019 (up from 6.5 GB per month in Q1 2019) while the average traffic per dedicated mobile broadband consumer in that same quarter was 26.2 GB of data per month.⁹

⁷ ComReg Document 19/82, "Quarterly Key Data Report – Q2 2019", 12 September 2019

⁸ <https://www.ericsson.com/en/mobility-report/future-mobile-data-usage-and-traffic-growth>

⁹ ComReg Document 19/82.

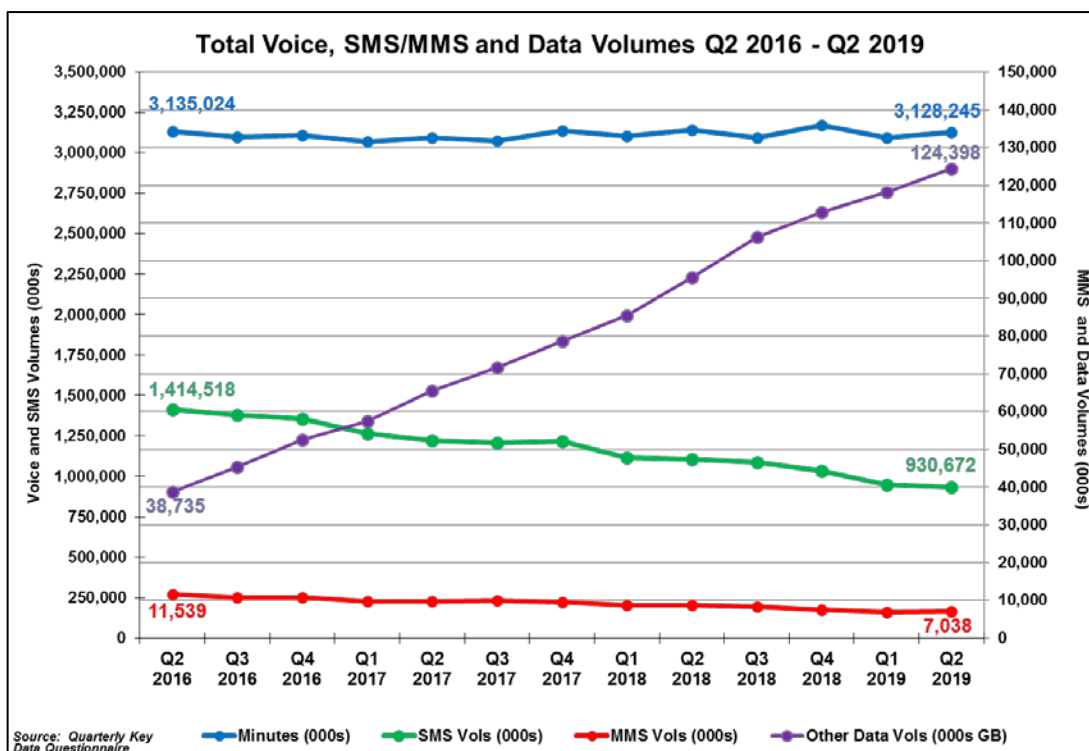


Figure 1: Total Mobile Voice, SMS, MMS and Data Volumes¹⁰

19 The use of SMS by Irish consumers continues to decrease – in Q2 2019, the total number of SMS messages sent by Irish mobile users was over 931 million, down 15.7% on Q2 2018 and down by 1.9% since Q1 2019. The number of multimedia messages (MMS) sent was also down, by 18.5%, in the year to Q2 2019.

20 Voice calls made on mobile phones have been on the increase whereas voice calls made from fixed lines have generally been decreasing. For Irish consumers, in Q2 2019, the total mobile voice traffic was 3.128 billion minutes, down by 0.5% on Q2 2018. Voice traffic originating on fixed line networks was 0.616 billion minutes, down 21.6% on Q2 2018.¹¹

	Q2 2019 Mins	Q1'19 – Q2'19 Growth	Q2'18 – Q2'19 Growth
Fixed Voice Minutes	616,616,924	-7.8%	-21.6%
Mobile Voice Minutes	3,128,245,304	1.1%	-0.5%
Total Voice Minutes	3,744,862,228	-0.5%	-4.7%

Figure 2: Total Voice Traffic

¹⁰ ComReg Document 19/82.

2.2.2 Impact of Over The Top (“OTT”) services

- 21 The increasing use of OTT services such as the applications (“apps”) VoiP, Facetime, Whatsapp, Viber etc. by consumers may have an impact on consumers’ bills. These services consume data and as more traditional means of communications, such as voice calling and SMS, are substituted by the use of such apps, consumers’ needs for plans with more data will increase. The 2016 RedC market research survey,¹² conducted in conjunction with ComReg, found that 61% of survey respondents used OTT apps for Voice/Video calls, with Whatsapp being the most popular (41%). Similarly, 58% of respondents reported using OTT apps for instant messaging, with 39% stating that Whatsapp was the most popular.
- 22 The Ireland Communicates Survey, conducted in 2017¹³ on ComReg’s behalf, found that 60% of mobile phone users stated that they used their phone to send and receive instant messages via apps. In addition, 46% of those surveyed indicated that they used their mobile phone for instant messaging at least once a day. When on WiFi, that figure rose to 50%. Regarding data usage on their mobile phones, roughly a quarter of respondents expected their usage over 3G/4G to increase over the next 12 months, with almost 1 in 3 expecting usage of videocall services over mobile networks to increase over the same period.

2.2.3 Mobile Pre-pay and Post-pay

- 23 For mobile consumers, the type of bill shock will likely relate to the type of mobile service used. Pre-pay consumers can incur bill shock in terms of having their credit run down faster than they may have anticipated. They may be somewhat protected insofar as when the credit runs out, their ability to incur more unexpectedly high charges is reduced. For post-paid consumers, this is slightly different in that the risk of bill shock is higher due to the fact that they are billed retrospectively for charges that can be run up, in some cases, without a limit.

¹² ComReg Document 17/90a, “ComReg FVCT Market Research”, 27 October 2017.

¹³ ComReg Document 18/23a, “Ireland Communicates Survey 2017: consumer survey”, 23 March 2018.

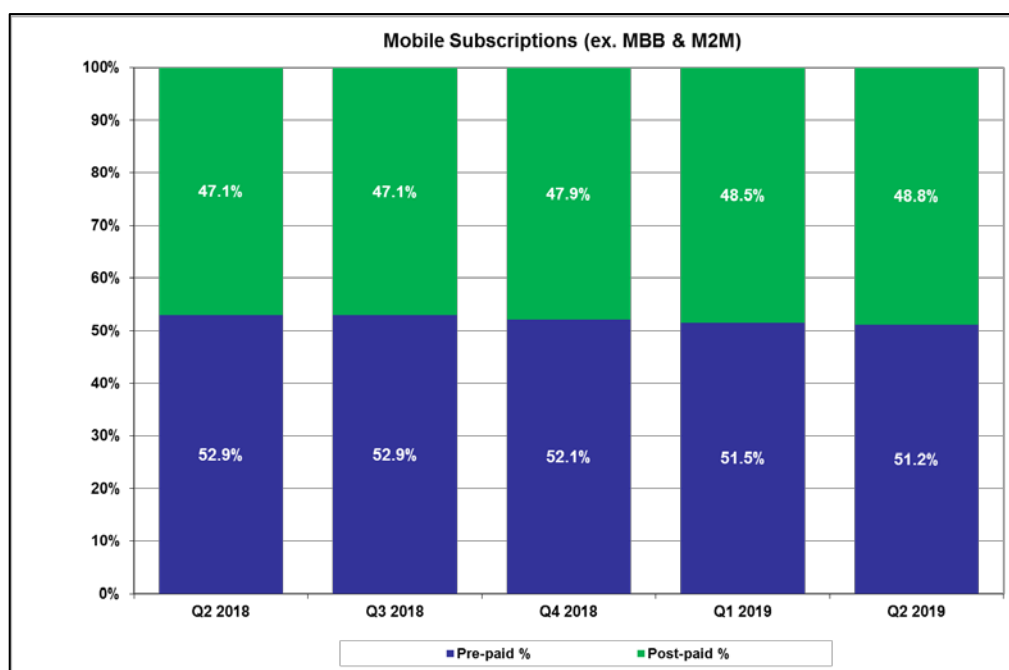


Figure 3: Mobile Subscriptions (ex MBB & M2M) Pre-Paid and Post-paid

24 Figure 3 shows the mobile subscription base (excluding mobile broadband (e.g. USB dongles) and machine to machine (“M2M”) subscriptions) in Ireland classified by the proportion of pre-paid and post-paid subscriptions on 2G, 3G and 4G networks at the end of Q2 2019. Post-paid subscriptions are increasing, accounting for 48.8% of subscriptions, up from 47.1% in Q2 2018.¹⁴

2.3 Fixed Market

25 There were over 1.26 million (direct and indirect PSTN and ISDN) access paths in the Irish market in Q2 2019. This represents a decrease of 1.8% on the last quarter and a decline of 6.4% since Q2 2018.

26 In addition, voice calls made from fixed lines have generally been decreasing. Fixed voice traffic in Q2 2019 was just over 616 million minutes, which was a 7.8% decrease on Q1 2019 and a fall of 21.6% since Q2 2018.

27 The estimated fixed broadband household penetration rate was 67.2% in Q2 2019.

¹⁴ ComReg Document 19/82.

2.4 Broadband usage

- 28 The number of broadband subscriptions in Ireland has been steadily increasing. In general, there has been a steady growth in the number of fixed broadband subscriptions and a slight decline in the number of mobile broadband subscriptions (e.g. USB dongles). At the end of June 2019, there were 1.742 million active broadband subscriptions in Ireland. Most consumers subscribe to broadband services with advertised download speeds of between 30Mbps - 100Mbps, most of which have very large or unlimited download limits.
- 29 In Q2, 2019 the average monthly data usage per residential subscriber reached 194.3 GB.¹⁵
- 30 The broadband per capita penetration rate (including mobile broadband) was 35.4% in Q2 2019, with fixed broadband per capita penetration rate of 29.2%.

2.5 Consumer attitudinal and behavioural preferences

- 31 The following aspects of electronic communications leads to complexity in consumer decision making including:
- Rapid technological change;
 - Offers are increasingly innovative, complex and difficult to compare;
 - Even where the tariffs consist of a substantial flat-rate component, consumers need to ration their usage relative to allowances of minutes, texts and megabytes; and
 - Consumers tend to incorrectly estimate their usage.
- 32 Complexity in electronic communications decision making, amongst other things, likely leads to consumer behavioural tendencies or decision making 'biases'.¹⁶
- 33 In the electronic communications services ("**ECS**") sector, behavioural bias can manifest itself in consumers choosing products and services that may not suit their needs, or failing to make switching decisions that would save money. These biases, particularly in combination, may also plausibly be causal factors in, or exacerbate, bill shock.

¹⁵ ComReg Document 19/82.

¹⁶ The behavioural economic literature has identified behavioural bias as a market failure. It refers to how individuals often act in a non-rational manner, contrary to the expectation on conventional economic models. Such irrational behaviour can lead to people making poor economic choices.

- 34 As set out below, while consumers do differ in their attitudes and behaviours,¹⁷ biased consumers are more likely to choose sub-optimal tariffs and experience bill shock.

2.5.1 Complexity

- 35 ECS are complex both in a technical sense and in the way they are provided through contracts that are sometimes difficult to understand.
- 36 Most plans that are offered in the electronic communications market tend to consist of a bundle or bundles of services. In addition, a post-paid mobile plan is generally made up of allowances of minutes, SMS and data, and if a handset is included, the various types of plans available can become quite complex. The cost of the handset, if not purchased upfront, is subsumed into the monthly cost of the contract over the duration of the contract period and the monthly fee will be dependent on the type and make of handset, plus the volumes of allowances included. If a mobile service is bundled into a dual, triple or quad play offer, including a fixed, broadband and/or TV service, the range and types of offers available can become quite complex for consumers to navigate. This could cause consumers to choose plans and packages that may not be best suited to their particular needs, thereby increasing their risk of bill shock.
- 37 Growth in the take-up of bundles continues. According to the ComReg's recent Quarterly Report, in Q2 2019 45.4% of fixed market retail subscriptions were single play, 29.5% were double play (a bundle of two services) and 25% were a combination of triple play (a bundle of three services) and quadruple play (a bundle of four services).
- 38 It is noted that the benefit derived from the product or service is intangible; it is not the phone itself, but what the phone allows one to do, communication, entertainment etc. It is furthermore noted above that the industry is changing rapidly making the environment uncertain, future predications including about usage hard to make, and requiring the decision making of consumers to be frequent.¹⁸

¹⁷ According to the economic literature, not all consumers are alike. Some may be sophisticated in the sense that they act in a rational manner, as expected with conventional economic models. Others may be 'biased' and display some of the behavioural tendencies set out in Section 2.5. Competition works best when even a proportion of consumers being sophisticated means all consumers receive a better deal. However, sophisticated consumers may be cross subsidised by biased consumers.

¹⁸ ESRI 2013, Telecommunications Consumers: A behavioural Economic Analysis. *The Journal of Consumer Affairs*, Vol. 47, Issue 1, Spring 2013, pp. 167-189.

39 In this light, behavioural biases can have a strong impact in the ECS sector compared to other consumer markets. The following describes some of the well documented behavioural biases which electronic communications consumers' display that may plausibly contribute to bill shock, for instance:

- Inattention;
- Overconfidence; and
- Self-control (present bias).

2.5.2 Inattention

40 When information gathering is costly, consumers may not search for the best option to meet their needs, and may make quick decisions to avoid information overload,¹⁹ especially when faced with complex choice, as set out in Section 2.5.1.

41 Economic research suggests that individuals simplify the task for themselves and focus on a subset of the information to find an option that is "good enough". Although this may be a sound strategy with no adverse consequences, in some circumstances, this behaviour results in inattention to information that matters. An example of this might be a consumer selecting a plan based on a handset type, and not paying sufficient attention to the volume of allowances that come with that plan for that monthly fee. Such a consumer may not be willing or able to spend a higher monthly fee, but ends up selecting a plan with allowances that are lower than what they need, simply due to the fact that the handset is the most important attribute to that consumer.

¹⁹ Avoidance of complex decision making through use of 'rules of thumb' or 'heuristics'.

- 42 A standard mobile phone contract is highly complex with a range of important attributes.²⁰ Therefore, in order to help avoid bill shock a post-pay consumer would have to estimate the probability of exceeding multiple allowances for different types of services (calls, texts and data). Even where the tariffs consist of a substantial flat-rate component, consumers need to ration their usage relative to allowances of minutes, texts and data. Survey evidence (ComReg Omnibus survey 2018)²¹ suggests that consumers may not be monitoring their usage and therefore the resultant bills may result in bill shock. As regards the self-monitoring of usage, 65% of respondents stated that they do not monitor their telecom service usage through the billing cycle. In these circumstances, consumers may exceed their plan allowances without realising it, because they do not keep track of past usage.
- 43 There are facilities available which aim to assist consumers in making their decisions, such as ComReg's price comparison website as set out in section 3.4 below. Additionally, service providers provide facilities which allow for online monitoring (see section 5.2.2) where customers can check their current usage and also their historic usage in a number of ways.
- 44 However, there is uncertainty over usage, as set out above, and hence, the final price that is to be paid. The consumer may have a degree of choice over how this uncertainty is handled, through pre pay or post pay options, but uncertainty remains nonetheless. The price consumers pay depends not only on which offering among very many they sign up to, but also on their ability to predict and control their own future usage as set out below.

²⁰ For instance, in-plan allowances of minutes, texts and/or data, the price of on and off network calls and texts, out of bundles rates, and add-ons etc.

²¹ ComReg iReach omnibus survey, "*ComReg Billing Study*", September 2018, See Appendix 1.

2.5.3 Overconfidence and miscalibration

45 Two types of overconfidence are relevant to the incidence of bill shock. The first, is that consumers tend to be too optimistic in assessing abilities and future outcomes. Second, consumers believe that their assessments of market conditions and potential outcomes are more accurate than in fact they are (i.e., consumers “miscalibrate”). An overly optimistic consumer will overestimate their ability to increase or decrease usage as desired. A miscalibrated consumer will underestimate variability in usage. Thus, overconfidence biased consumers seem to believe that they are in better control of usage than in fact they are, underestimating the likelihood of exceeding allowances (or consume insufficiently to justify the flat rate payment). Meanwhile firms can generate additional revenues from those incurring billed amounts over their standard monthly fee because they exceed allowances.²²

2.5.4 Self-control (present bias)

46 Consumers may find it hard to resist immediate consumption of a service for which they will pay at a later stage (i.e. self-control). It is possible that for a proportion of consumers day to day usage exceeds the level that they would more generally desire. The ‘buy now pay later’ nature of ECS may lead consumers to over consume. Therefore, present biased consumers may experience harm in terms of increased charges depending on the extent of over consumption. In response, self-aware consumers may seek to pre-commit which may come at a cost.²³ Taken in conjunction with inattention to charges and out of bundle rates and/or overconfidence about incurring those charges, present biased consumers may be more likely to experience bill shock.

2.6 Summary

47 For Irish consumers, the following summaries key trends that may have an impact on consumers’ bills:

- Falls in the more traditional fixed phone lines and voice calls made from fixed lines have generally been decreasing;
- Voice calls made on mobile phones have been on the increase;
- Internet penetration and usage including mobile internet continues to grow;

²² Firms can also obtain additional revenues from those who pay for the service they do not use, with potential consumer detriment.

²³ It is noted that risk-averse consumers may pay extra for insurance against high bills, although they may not realise the size of the insurance premium they are paying.

- Most consumers subscribe to fixed broadband services with advertised download speeds of between 30Mbps - 100Mbps, most of which have very large or unlimited download limits;
- The use of SMS continues to decrease;
- Use of OTT services, such as, apps (VoIP, Facetime, WhatsApp, Viber etc.) is increasing;
- Data usage volumes continue to rise and consumers' needs for plans with more data will increase;
- Monthly data traffic per smartphone continues to increase;
- Post-paid subscriptions are increasing in percentage of the mobile subscription base; and
- Growing practice of bundling telecoms services by end-users.

48 Biased consumers, notably overconfident consumers may mispredict their actual usage. In addition, consumers may find it difficult to select plans or packages that best suits their particular needs because of a failure to control usage. The following sections take into account, amongst other things, these market trends and challenges which may impact bill shock.

3 Consumer Protection Measures Relating to Expenditure Control

3.1 Overview

49 There are currently a number of consumer protection measures in place which assist consumers in managing their expenditure and billing costs and should therefore help to reduce the risk of bill shock. This section identifies consumer protection measures and facilities which are in place as a result of regulatory or statutory interventions.

3.2 Contracts

50 Importantly, ECS/ECN providers are already obliged to make available clear contractual information.²⁴

51 Regulation 14(4) of the Regulations provides that undertakings must notify their subscribers, at least one month in advance, of modifications they propose to make to the conditions of those subscribers' contracts. Undertakings must, at the same time, notify their subscribers of the subscriber's right to withdraw without penalty from their contract if they do not accept the proposed modification(s).²⁵ Regulation 14(5) of the Regulations allows ComReg to specify the format of these notifications.

52 In this respect, ComReg Decision 13/12²⁶ sets out specifications regarding the format of notifications to be given by service providers to subscribers when informing them of proposed changes to their contracts. This decision strengthens the protections afforded to subscribers by ensuring uniformity and predictability in how service providers notify contract changes.

²⁴ Regulation 14 of the Regulations specifies that undertakings providing PATS shall do so in accordance with a contract and that eight specific areas must be addressed in that contract including pricing, terms and conditions.

²⁵ Regulation 14(6) of the Universal Service Regulations, 2011.

²⁶ ComReg Document 12/128 and D13/12, "Response to Consultation and Decision: Contract Change Notifications", 30 November 2012.

- 53 In addition, consumers have rights under the European Union (Consumer Information, Cancellation and Other Rights) Regulations 2013²⁷ which set out amongst other things, consumers' rights in respect of information requirements for contracts and 'cooling-off' provisions during which consumers have the right to cancel distance contracts and off-premises contracts without reason, subject to specified and limited exceptions. These regulations also require that, in respect of off-premises and distance contracts, specified information must be provided on a durable medium prior to concluding such contracts and should contain details of the costs the consumer could potentially incur within the billing period. Out of bundle rates, including for data, should be provided in a manner which assist a consumer in calculating the cost of their service. In circumstances where the customer's ECS call package is limited or is subject to a fair usage policy, details of out of bundle charges and what point they will apply to the customer should be provided in that contract.
- 54 Currently ComReg's comparison website allows consumers to compare offerings based on tariff information provided by undertakings. In addition, ComReg may consider utilising its discretion under other aspects of the Regulations as regards possible requirements on undertakings to publish transparent information on prices and tariffs.

3.3 Itemised billing and billing mediums

- 55 Decision 08/13²⁸ defined the ways in which all service providers authorised to provide electronic communications networks and services must issue bills to consumers. These measures standardised the rules relating to billing applicable to service providers and are therefore consistent and transparent across the industry.
- 56 As a result of this decision:
- Every service provider, must provide post-paid consumers with a bill, which the customer can access, free of charge;
 - The level of itemisation of a bill a customer receives cannot be changed unless the customer's explicit consent has been obtained;
 - Post-paid consumers can be provided with alternative billing mediums (such as e-billing); and

²⁷ S.I. No. 484/2013 – European Union (Consumer Information, Cancellation and Other Rights) Regulations 2013.

²⁸ ComReg Document 13/52, D08/13, "Consumer Bills and Billing Mediums", 6 June 2013 ("Decision 08/13").

- Pre-paid customers are entitled to request their transaction details in a medium that is accessible to them, free of charge.

57 In addition, Decision 08/13 included a requirement not to identify calls which are free of charge; the provision of a minimum set of information regarding alternative billing mediums; the provision of alerts to inform the customer that the bill is available online and conditions which service providers must fulfil in order to ensure customers can access and use alternative billing mediums.

58 These measures were introduced to ensure basic rights with respect to bills, to standardise service provider requirements and in doing so, to protect all consumers.

3.4 Price Comparison

59 ComReg's consumer protection strategy emphasises the role of informed decision-making. ComReg's website www.compare.ie allows consumers to compare the cost of personal/non-business mobile, home phone and broadband price plans. It offers consumers the opportunity to browse all plans available and to find out the best option based on usage and what they want to spend per month. For mobile packages it also allows consumers to filter by network, handset model and contract type. It therefore allows consumers who are, for example, switching provider or looking for a better deal with their existing provider or other providers to determine the best package based on their individual usage.

3.5 Barring facilities

60 A number of fixed and mobile service providers provide call barring facilities to consumers. In some instances these facilities are provided free of charge, in others charges are incurred.

61 In 2018, having considered barring facilities available in the market and the demand for such services, ComReg issued Decision 03/18,²⁹ which placed requirements on mobile network operators ("**MNOs**")³⁰ in respect of the implementation of free of charge premium rate SMS and MMS barring facilities. Furthermore, it set out obligations in terms of informing subscribers (no later than 28 January 2019) of the availability of barring facilities and related details. As a result of this decision, consumers can now choose to prevent access from their mobile to premium SMS or premium MMS, thus reducing the possibility of bill shock due to the use of these services.

²⁹ ComReg Document 18/09 and D03/18, "*Selective Barring, Response to Further Consultation 15/125 and Final Decision*", 15 February 2018.

³⁰ This obligation, however does not apply to mobile virtual network operators ("**MVNO's**").

3.6 Non-Geographic Numbers (NGNs)

62 NGNs are used by many Irish organisations to deliver a range of voice-based consumer services such as helplines. Unlike a geographic number (i.e. landline) a NGN is not linked to a specific location. ComReg found that the NGN platform as currently structured is causing significant harm to many Irish consumers.

63 The main problem is that the majority of consumers cannot tell the different NGNs apart and do not know, or cannot estimate, the retail charges for calling different NGNs. Many consumers have also experienced “bill-shock” at some time from calling an NGN. This happens because retail tariffs for some NGN calls can be high, particularly when made from a mobile phone. Most NGN calls are also not included in the typical monthly “bundle of call minutes”, which has become the main subscription package offered by Irish telecom service providers.

64 ComReg has introduced two measures³¹ designed to address the cost of using such NGNs and also tackle confusion among consumers about the differences between numbers. The changes introduced by ComReg are:

- **Geo-Linking Condition:** from 1 December 2019, a call to an 1850, 1890, 0818 or 076 NGN will cost no more than the cost of calling a landline number. This means that if landline calls are included in your “bundle of call minutes” then NGN calls will also be “in bundle”. No separate charge will apply for any NGN call (unless you have used up your bundle of call minutes when out of bundle per min call rates may apply).
- **NGN Consolidation:** From 1 January 2022, the five NGN ranges (1800, 1850, 1890, 0818 and 076) will be reduced to two. The 1850, 1890, and 076 ranges will be withdrawn and the 1800 (Freephone) and 0818 range will remain .

65 ComReg is of the view that once these changes are implemented consumers propensity to incur bill shock as a result of NGNs should largely be mitigated.

³¹ ComReg Document D15/18, “Review of Non Geographic Numbers”, 3 December 2018

3.7 EU rules: roaming, international calls and SMS

- 66 Under the Roaming Regulations,³² mobile customers receive a notification when they have used the applicable fair use volume of data roaming services or any usage threshold applied. The customer will receive a data price cap alert when the financial limit of €61.50 (€50 ex VAT) has been reached (per monthly billing period). A customer who data roams is automatically opted into the alert unless they have requested not to receive the usage alert.
- 67 As set out above, when travelling in the European Union, Norway, Iceland and Lichtenstein, roaming consumers can 'roam like at home' and will be charged RLAH rates (the domestic retail price for calls, texts and data).
- 68 In the event of 'no-deal' Brexit, mobile service providers will no longer be required to offer the RLAH rates to Irish consumers travelling to the UK. This means that consumers may not continue to be able to use their domestic mobile allowances when travelling in the UK and may incur charges for using their mobile for making calls, sending texts and using data services in the UK. However, mobile service providers may decide to offer RLAH rates on a voluntary basis. This is entirely a commercial decision for service providers to make in the context of costs and competition in a liberalised market. In any event, when roaming in the UK, Irish consumers will still receive the data alert when their data consumption reaches €61.50, regardless of what happens with Brexit. The alert provision applies in the rest of world and not only within EU.
- 69 In addition, retail price caps on intra-EU communications entered into force on 15 May 2019. This means that EU and Irish consumers will be charged no more than €0.19 (+VAT) per minute for calls made (including any connection charge) and €0.06 (+VAT) for each SMS sent from Ireland to any fixed or mobile number in an EU Member State.³³ Unless a consumer decides otherwise the regulated intra-EU communications maximum prices will automatically apply. This should help minimise bill shock risk for consumers (business tariffs are excluded) using these intra-EU call and SMS services (multimedia services (MMS) and number independent services such as, OTTs like WhatsApp are excluded).
- 70 In the event of 'no-deal' Brexit, Irish and EU mobile and fixed service providers will no longer be required to apply the regulated intra-EU communications maximum prices to communications to the UK. Depending on the response of service providers, the price EU and Irish consumers pay to make voice calls or send SMS to the UK may exceed the regulated intra-EU communications prices.

³² Regulation (EU) No 531/2012 of the European Parliament and of the Council of 13 June 2012 on roaming on public mobile communications networks within the Union, see also Communications (Mobile Telephone Roaming) Regulations 2013 (S.I. No. 228 of 2013).

³³ Ibid.

3.8 European benchmarking

- 71 ComReg has researched whether other National Regulatory Authorities (“NRAs”) have imposed specific bill shock requirements in addition to other domestic consumer protection measures.
- 72 As is the case in Ireland, across the EU, there are a variety of tools being used in order to help consumers to manage their consumption and expenditure more effectively.
- 73 Most of these measures have not been imposed through regulation but are instead offered by service providers voluntarily.³⁴
- 74 Most of the measures available across the EU are similar to what is currently available in the Irish market. In most countries, service providers voluntarily offer consumers online facilities with which they can monitor their usage.
- 75 In general, tariff advice specific to avoid bill shock is not mandated across the EU, but in most countries consumers have access to a price comparison tool with which they can assess what other plans and packages are available to them, based on their individual usage needs.
- 76 As regards specific bill shock requirements, in Italy, the Netherlands and Sweden, alerts for data consumption are mandated. In the UK, since 1 October 2018, providers of mobile phone services must give customers the ability to limit the cost of their bill. Consumers can choose the spend limit amount themselves and when that limit is reached, they must be notified by their service provider.³⁵

3.9 Summary

- 77 ComReg considers that the existing consumer protection rules, as set out above, help protect consumers from experiencing bill shock and help ensure that consumers have information available to them before deciding whether to purchase a particular service. ComReg will continue to actively monitor service provider compliance with obligations and take action/redress where appropriate.

³⁴ Cullen International report, ‘Expenditure control and bill shock protection’, 10 February 2019.

³⁵ For more information, please refer to <https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/costs-and-billing/mobile-bill-limits>

- 78 ComReg considers there to be a direct link between the provision of clear, comprehensible and transparent information to customers at the point of sale regarding the potential application of out of bundle rates for data usage, the specific rates involved and the circumstances in which they will be applied, and the avoidance of consumer harm in the form of incurring charges – or a level of charges – of which the consumer was insufficiently inform. Both the content and the manner of its presentation are critical to the avoidance of such harm.
- 79 Information may not be published in a way that is most meaningful to the consumer, thereby making navigation of usage and billing costs difficult for consumers generally. Different price references may be used (e.g., 3c per MB or €20 per GB) which may not be sufficiently explained to the consumer for example: how that rate applies to how the consumer uses data on their smartphone i.e. how many GB's is Netflix movie or how MB's is used for video or music. In cases where such information was published on a service provider's website it is often not explicitly linked to the pricing.
- 80 ComReg preliminary view is that in a fully functioning competitive market, facilities to enable consumers to monitor and effectively manage their consumption and expenditure should be available. In circumstances where such facilities are either not available, or are available but are not fully effective in protecting consumers against a risk of bill shock, ComReg considers that requiring service providers to make more effective measures available would likely be desirable so that consumers are protected.
- 81 In particular, Regulation 24(1)(b) of the Regulations provides that ComReg may specify that all service providers³⁶ make available the facility whereby service providers offer means to control the cost of publicly available telephone services, "*including free of charge alerts to consumers in the case of abnormal or excessive consumption patterns*".³⁷ Similar provisions are also part of the European Electronic Communications Code ("the Code") yet to be transposed in Ireland.³⁸

³⁶ More specifically, Regulation 24(1) of the Regulations refers to "*all undertakings providing publicly available telephone services or access to public communications networks*".

³⁸ On 17 December 2018, the European Parliament adopted a new directive to replace the 2002 Common Regulatory Framework, Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018 establishing the European Electronic Communications Code.

4 Research and Survey Findings

4.1 Overview

82 ComReg's consumer statistics indicate that contacts made to service provider helplines and to ComReg around billing issues remain high, as set out in section 4.2. In addition, some concerns about bill shock relating to domestic and internal telecoms services have been expressed directly by consumers in queries or complaints received by ComReg.

83 In 2017, ComReg carried out some consumer survey research where a significant minority of consumers reported experiencing bill shock as a result of domestic usage of fixed and mobile voice and broadband services, as set out in section 4.3.

84 In parallel, with a view to better understanding the issue of possible bill shock, ComReg, in August 2018, requested³⁹ fixed, broadband and mobile service providers to provide detailed information on a number of issues including whether overages were incurred by subscribers.

85 Bill shock can happen for a number of reasons⁴⁰ such as:

- Exceeding a monthly inclusive allowance of voice minutes, texts, or data;
- Calling numbers that your allowance doesn't cover (for example, non-geographic, international or premium rate numbers);
- The expiration of promotional rates; and
- Unclear or misunderstood advertising.

4.2 Consumer Line Statistics

86 For mobile and fixed users, billing issues⁴¹ are the main issues raised in complaints to the ComReg Consumer line.

³⁹ Pursuant to Section 13D of the Act.

⁴⁰ Consumer harm is also possible where consumer rights are not upheld by service providers (e.g., tariffs that were not sufficiently disclosed at the point of sale).

⁴¹ Billing issues include disputed charges, refund/credit and invoices.

87 ComReg’s consumer line statistics show billing issues⁴² have increased by 27.8% from Q4, 2018⁴³ (1,381) to Q1, 2019 (1,765),⁴⁴ but decreased to 1,429 in Q2 2019 and come second only to PRS issues in Q2 2019.

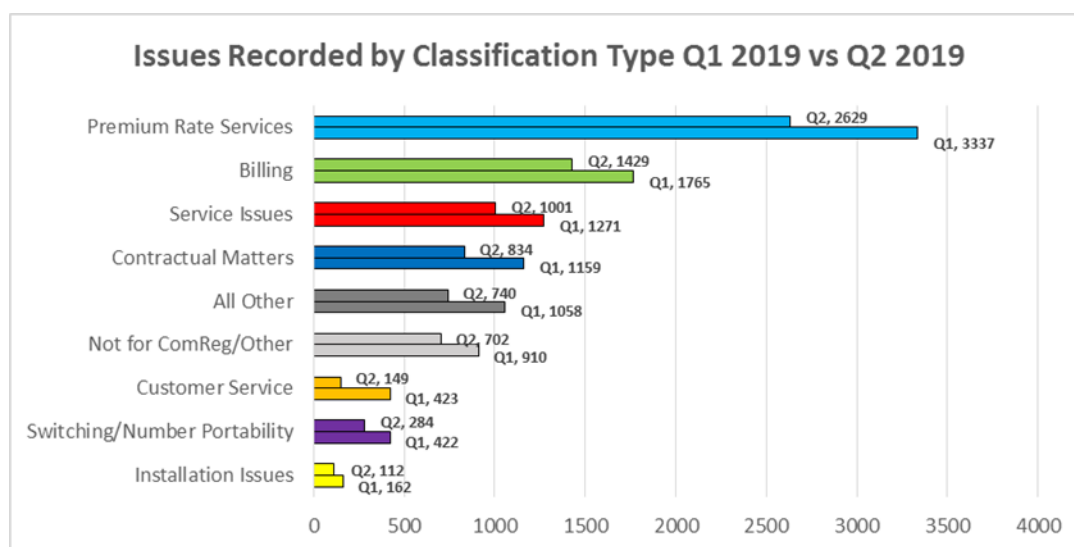


Figure 4: Consumer Line Billing Issues

88 Figure 5 shows the number of billing complaints by service provider for Q1 2019.

		Billing Complaints	Complaints
Mobile	Eir Mobile	80	143
	Tesco Mobile	6	12
	Three Ireland	18	53
	Vodafone	46	105
	Total Mobile	150	313
Fixed	Eir	144	388
	Sky Ireland Limited	12	26
	Virgin Media Ireland	10	30
	Vodafone At home	33	114
	Total Fixed	199	588
Total	349	588	

Figure 5: Billing Complaints by Service Provider

⁴² Billing issues relate to ECS only, i.e. not premium rate services “PRS”. Hence billing issues relating to PRS are classified as a PRS issue not a billing issue.

⁴³ ComReg Document 19/77, “ComReg Consumer Line Statistics Report Q2, 2019”, 9 August 2019.

⁴⁴ ComReg Document 19/77.

4.3 Consumer Surveys

89 In 2017 and 2018, ComReg conducted two consumer surveys which, amongst other things, considered the extent, if any, of bill shock experienced by consumers across all telecoms services. The most relevant results of these surveys are outlined in summary below.

4.3.1 Ireland Communicates Survey 2017⁴⁵

90 According to ComReg's *Ireland Communicates Survey 2017*, 20% of householders reported that they experienced bill shock (received a bill or paid more for the services than expected) at some stage, with almost half of these indicating their most recent bill shock related to their mobile phone:

1 in 5 householders say that they have experienced bill shock at some stage, with almost half of these indicating that their most recent experience related to their mobile phone.

Bill Shock - Services

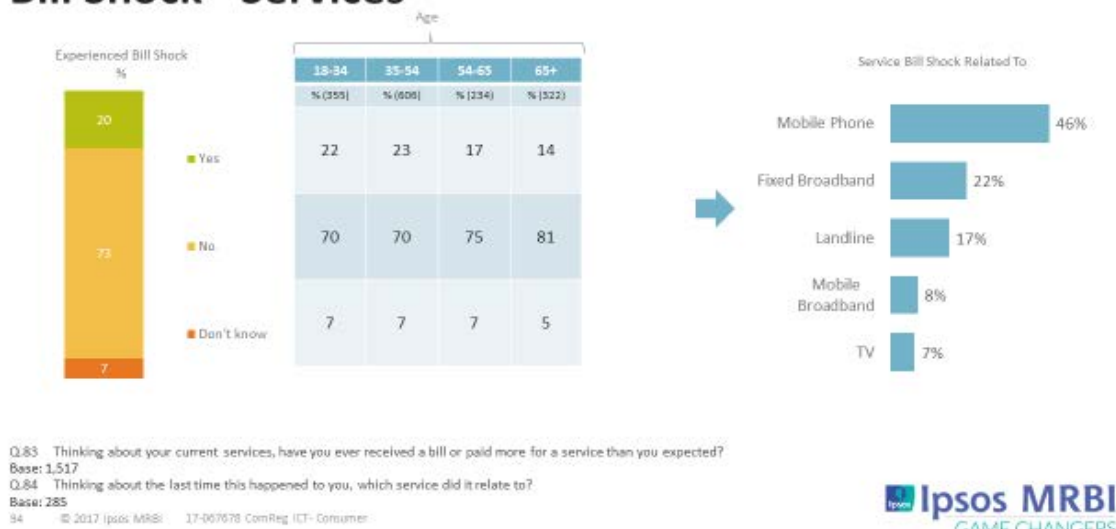


Figure 6: Ireland Communicates Survey 2017

⁴⁵ ComReg Document 18/23a, "Ireland Communicates Survey", 23 March 2018. The 2017 Ireland Communicates survey was conducted by ComReg and its survey partner Ipsos MRBI. Over 1,500 Irish consumers and 500 SMEs were interviewed about their use and experiences of telecommunications in Ireland.

Bill shock typically related to exceeding allowances on phone/broadband packages. 2 out of 5 experiencing bill shock say they paid the bill and took no further action.

Bill Shock

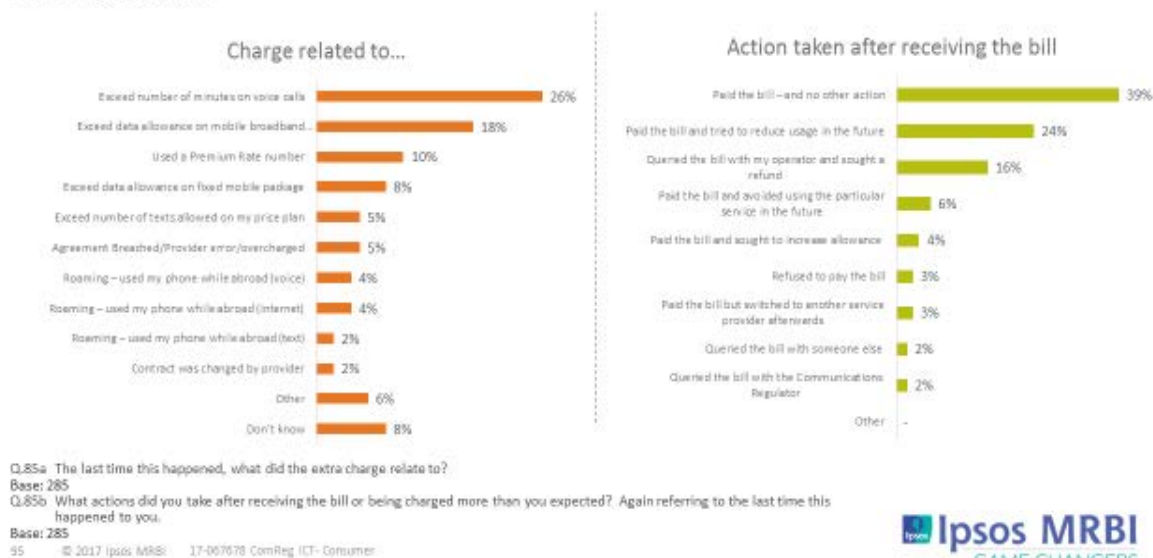


Figure 7: Ireland Communicates Survey

91 The above figure demonstrates that in over a quarter of cases the bill shock charges related to consumers exceeding the number of minutes on voice calls, with just under one fifth relating to exceeding the data allowance. Of those 26% where the bill shock charges related to consumers exceeding the number of minutes on voice calls, 10% of these related to fixed voice and 16% to mobile voice.

92 It is also noted from the same survey that 2 out of 5 experiencing bill shock said they paid the bill and took no further action; followed by the response “paid the bill and tried to reduce future usage” (24%) and “queried the bill with my operator and sought a refund” (16%).

93 The preliminary evidence would indicate that the propensity for bill shock relates to fixed as well as mobile services, voice and data services.

4.3.2 Omnibus Consumer Survey 2018

94 In September 2018, ComReg engaged iReach to conduct as part of its Omnibus consumer survey a survey of billing aspects. The survey conducted was nationwide with a sample size of over 1000 people. The full survey can be found at Appendix 1 to this Call for Inputs. The most relevant findings from this survey are as follows:

- Most of the respondents did not feel that their bills for any of the four services (fixed line (excluding broadband) / fixed broadband / mobile phone / mobile broadband) were unusually high in the last 6 months.
- Of the respondents who stated that their bills were unusually high during the previous six months charges, 20% said their mobile phone bills were unusually high (relative to 6% for the fixed phone). This was mainly due to data roaming (31%) and calls to international numbers (27%) closely followed by calls to Irish mobile numbers (22%).
- Of the respondents who stated that their bills were unusually high during the previous six months charges, 8% cited they experienced unusually high fixed line bills. This was mainly due to calls to Irish mobile numbers (51%) and premium rate calls (26%).
- For those who stated that their bills were unusually high in the previous six months,⁴⁶ the average increase was €38 above their standard monthly bill, with the highest number of responses citing increases in the monthly mobile phone and data plans.
- Regarding alerts, the majority (77%) of respondents reported that they have not received alerts notifying them that they are close to or have already exceeded the usage limit for any service they use.
- Of the 23% of respondents who did receive such alerts, the vast majority (84%) of the alerts were for mobile phone usage.
- 59% of respondents indicated they would like to receive usage alerts. Of these, 87% would like to receive alerts when they are approaching their usage limits, as opposed to an alert which notified they had spent a certain amount above their standard bill.
- Regarding usage monitoring, only 35% report to monitor their telecom services usage throughout the billing cycle. The majority reported service provider websites as the main method of checking usage (63%), followed by the use of Apps constituted (38%), and other methods to monitor usage including invoices, phone settings and enabling usage notification limits on devices (8%).
- Almost 60% of those surveyed stated that they would like to receive an alert from their service provider, the remaining 40% stating they would not.

⁴⁶ (8%) fixed line/ home phone excluding broadband, (9%) fixed broadband, (20%) mobile phone and (6%) mobile broadband (dongle).

4.4 Service Provider Information

95 As outlined previously, ComReg collected data from ECS/ECN providers using our statutory powers. A summary of the findings is set out below.

4.4.1 Data on overages

96 ComReg collected data on the number of customers which experienced overages in their bill in a 2 month period from providers. This data was collected by service type and looked at bills which were €10 or more above the standard monthly bill.

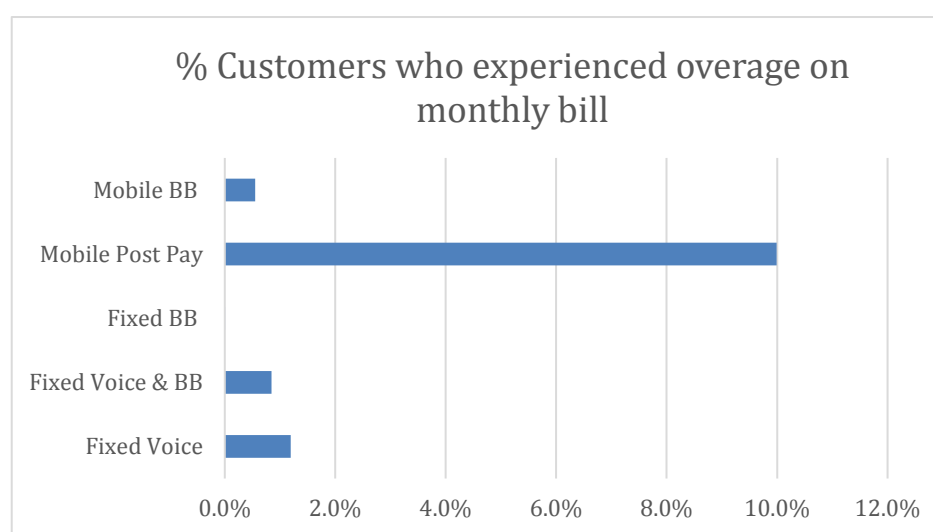


Figure 8: Overages by Service Type

97 Figure 8 above demonstrates the percentage of customers receiving bills higher than their monthly contracted amount.

98 There appears to be an insignificant incidence of overages as regards standalone fixed broadband services and therefore, a low risk of bill shock being experienced by fixed broadband consumers. Having regard to the trends set out at section 2.3, it is noted that the majority of fixed broadband plans already include large amounts of data download allowances. This trend is likely set to continue with the result that these consumers will most likely tend not to exceed their allowances and therefore are not likely to significantly incur out of bundle usage charges.

99 Additionally, for the services fixed voice, mobile broadband and, fixed voice and broadband bundles, preliminary data would suggest that currently incidences of consumers incurring overages in excess of €10 are low.

100 However, mobile post plan overages appear relatively more significant with approximately 10% of mobile post-paid consumers incurring overages in excess of €10. Preliminary data would suggest that the causes of these overages primarily relate to calls and data usage and not SMS. Of the mobile call overages, almost 50% related to calls to International numbers.

101 An overall analysis of service provider information would therefore provisionally indicate that a significant number of customers are exceeding their monthly contracted amount. The provisional analysis also suggests that mobile post-paid consumers appear most at risk of incurring bill shock, and the mobile services incurring the overage charges are predominantly voice and data.

4.4.2 Out of Bundle usage charges

102 ComReg notes that when consumers go outside of their bundle allowance the costs of calls, SMS and data can be high.

103 Service providers charge rates of 25- 35 cent per minute for landline and mobile calls outside of the allowance in the tariff plan. Out of bundle SMS charges range from 10-17 cent approximately.

Call overage rates	per min
Vodafone	25c
TM	32c
Three	35c
eir	30c
VM	25c

Figure 9: Current Mobile Post-Paid Call Overage rates

104 Additionally for out of bundle data prices range from 1 to 6 cent per MB.⁴⁷

Data overage rates	per MB	per GB
Vodafone	1.5c/2c/3c	€15.36/€20.48/€30.72
TM	3c	€30.72
Three	6c	€61.44
eir	2c	€20.48
VM	1c	€10.24

Figure 10: Current Post-paid Data Overage rates⁴⁸

105 Therefore going outside of the bundled allowance can potentially lead to a significant increase in the bill amount largely for post-paid mobile customers.

⁴⁷ Source: Operator websites, June 2019.

⁴⁸ Source: Operator websites, June 2019.

4.5 Summary of general analysis

106 Having regard to the preliminary evidence gathered from the various sources so far,⁴⁹ ComReg has identified a potential scope for consumer harm as a result of bill shock:

- A significant minority of consumers reported having received unexpectedly high bills (bill shock) across all services, but predominantly for fixed voice and mobile post-paid services (see Figure 6);
- For mobile post-paid services, overages seem to occur for voice and data services; the biggest cause of voice overages (almost 50%) are for calls to international numbers;
- The risk of bill shock is higher for post-paid mobile services, relative to pre-paid services due to the fact that they are billed retrospectively for charges that can be run up, in some cases, without a limit. Notwithstanding this, some pre-paid mobile customers have incurred overage charges in relation to data usage having exceeded the opted into top-up amount and /or not proceeding to top-up with 28 days, and therefore possibly experiencing bill shock; and
- The current overage rates for mobile calls and data are high (see Figure 8 and Figure 9).

107 ComReg notes the following trends: the proportion of mobile post-paid plans are increasing; monthly data traffic per smartphone continues to increase; and consumers' needs for plans with more data are also set to increase. Pre-paid subscriptions account for 51.5% of mobile subscriptions.

108 On the other hand, whereas voice calls made on mobile phones have been on the increase, the growing use of OTT services, such as, apps (VoIP, Facetime, WhatsApp, Viber etc.) is increasing with the result that call costs should in general be declining.

109 As set out previously, the new price cap on fixed and mobile intra EU calls and SMS, effective from 15 May 2019, should help to minimise the risk of bill shock for consumers calling fixed and mobile numbers in the EU. In addition, most consumers were aware at the end of 2017 that EU roaming charges had ended, and consequently 78% were more likely to roam in another EU country.⁵⁰

⁴⁹ ComReg iReach omnibus survey 2018, ComReg "Ireland Communicates Survey 2017", and Information collected from service providers in August and December 2018.

⁵⁰ ComReg's Ireland Communicates Survey 2017: consumer survey.

110As regards the propensity for bill shock in relation to PRS services, there are existing consumer protection rules that help protect consumers from experiencing this type of potential bill shock as set out in section 3.5.

111Notwithstanding the existing consumer protection safeguards, having regard to consumer behavioural biases, as set out in section 2.5, there is a risk of consumer harm in terms of bill shock because consumers:

- Tend to incorrectly estimate their usage, a significant proportion of consumers are receiving bills higher than their monthly contracted amount (Figure 8);
- May not be aware that they are required to monitor their usage and/or how to monitor their usage and therefore billing costs. Survey analysis revealed that the majority of consumers did not monitor their telecom services usage throughout the billing cycle;
- Are somewhat unaware that they can exceed the allowance on their package and/or of the out of bundle rates that apply.

112Overall, the existence of many service providers does not mean that the market is without imperfections. In the presence of market imperfections competition may not always operate to the full benefit of consumers, with the result that there may still be consumer harm. For instance, there may be an asymmetry between firms and consumers with respect to the details of service contracts or salient information. In these circumstances, consumers may experience difficulty in judging the merits of the contract terms and the tariff structure or information generally. A lack of clear information on the part of consumers, including at the point of sale, about tariffs and out of bundle usage charges, in particular data associated charges, may exacerbate bill shock.

113Effective competition also depends on demand side factors and principally, the ability and willingness of consumers to switch suppliers in response to a better deal in the marketplace.

114ComReg is seeking to better understand the issue of unexpectedly high bills, and invites interested stakeholders to share their views and experiences. In addition to the information gather through this Call for Inputs, consumer research is being conducted by ComReg which will assist with better understanding consumer attitudes and behaviours and potential for bill shock.

115 As there are measures in place when consumers are roaming and as regards international calls and SMS tariffs, ComReg's focus for the purposes of this Call for Inputs is on possible bill shock as result of domestic usage. However, ComReg will continue to closely monitor developments on Brexit, and may decide to expand the scope of the bill shock issue beyond domestic usage at a later date as appropriate.

116 ComReg is interested in eliciting the views of stakeholders on how the trends and challenges set out above are likely to impact on consumers who use ECS and on the propensity for bill shock.

Q. 1 Do you agree with ComReg's preliminary general analysis of the propensity for bill shock? Please explain the basis of your response in full and provide any supporting information.

Q. 2 Do you agree that, in light of EU rules in place, the scope of this Call for Inputs should focus on domestic bill shock? Please explain the basis of your response in full and provide any supporting information.

Q. 3 Do you agree with ComReg's review of market trends and developments that may impact positively or negatively on the propensity for bill shock? Please explain the basis of your response in full and provide any supporting information.

Q. 4 Are there any other factors that you think are relevant to consider as regards the bill shock issue? Please explain the basis of your response in full and provide any supporting information.

5 Bill shock specific measures

5.1 Overview

117As set out in section 3 above, there are currently a number of consumer protection measures in place as a result of regulatory or statutory interventions. There are also number of consumer protections in place in relation to the control of expenditure, which are provided voluntarily by service providers, these are set out below. Notwithstanding consumer protections in place, there may still be a risk of harm to certain consumers should these protections prove insufficient to safeguard consumer interests in light of a rapidly changing market and consumer behaviour. If so, there may scope to devise new bill shock specific measures to help ensure that consumers are protected.

5.2 Market Driven Measures

118In December 2018, ComReg requested from service providers, information on the types of alerts facilities offered, if any, the availability of self-monitoring facilities and details on any tariff advice provided by service providers to consumers.

119Many service providers offer, on a voluntary basis, (i.e. without being directed to do so by ComReg), alerts and other self-monitoring facilities.

120In general, ComReg considers that consumers should be able to avail of a range of facilities that would help them to effectively manage their consumption of and expenditure on telecoms services. ComReg acknowledges that service providers take steps which may assist their consumers avoid bill shock.

5.2.1 Usage and Spend (Credit) Alerts

121There are two types of alerts currently offered in the market. “Usage alerts” are primarily used by broadband and mobile service providers. They are used to notify consumers that they are approaching, have reached or have exceeded certain allowance limits.

122“Spend alerts” (sometimes known as credit alerts) are used primarily by mobile service providers to inform consumers that they have reached a certain monetary amount, generally above their standard bill amount. The provision of alerts is more prevalent in the mobile market.

123As set out above, the proportion of mobile post-paid plans are increasing. These plans involve monthly allowances (minutes, texts, data) which, when reached, are followed with out of bundle or 'overage' charges (see Figure 9 and Figure 10). In the absence of alerts, or clearly worded alerts, therefore, consumers may be unaware that they are incurring these overage charges or may be unaware of the high cost of them, relative to the unit cost of in-plan allowances. Figure 9 and Figure 10 show that currently these overage charges can be quite high, especially for data, relative to the volumes of allowances included for the monthly fee.

124In these circumstances, and in light of consumer biases prevalent in electronic communications, ComReg considers that it is important that consumers are at least aware of these overage charges, especially when they have reached their in-plan allowances, and before they continue with their usage. An awareness of the overage charges may help to minimise the risk of bill shock insofar as consumers would be aware of the extent of the extra charges coming in their bill. Consumers should be made aware of out of bundle or overage charges when they reach the limit of in-plan allowances and before they decide to continue using the service.

125As was outlined in section 4, overages are experienced by consumers across all services and predominantly in the mobile post-paid market. Overages are being experienced by consumers even in cases where they have received an alert so it is unclear at this stage, and in the absence of further targeted research, if alerts are effective. ComReg acknowledges that it could be the case that some consumers who did receive alerts chose to continue using a service knowing that they would incur extra charges on their bill. Just because a consumer experienced overages does not necessarily mean that this was a case of bill shock – a consumer may have made an informed decision to use the service and incur the associated charges.⁵¹

126Alerts for in-plan and "add-on" allowances are a useful tool for informing consumers that they are approaching their respective limits and thereby if they continue using the service(s), they will be incurring overage rates. It is then the consumer's decision to continue using the service(s) but they would be aware that their next bill would include charges above the plan fee cost, thereby reducing somewhat the likelihood of bill shock.

⁵¹ Behavioural insights suggest that it may be an optimum strategy for certain consumers to exceed their allowance and pay an overage charge for the additional usage that they value.

127 In addition, spend alerts are a positive protection measure for consumers, especially as they cover all types of usage. For instance, calls to International numbers, which made up almost 50% of the mobile post-paid call overages are generally not included in standard post-paid mobile plan allowances. If a consumer makes calls to International numbers, as these are outside the allowance of voice minutes included in most post-paid mobile plans, an alert will not be sent for these international minutes (in cases of an add on of a bundle of minutes for calls to International numbers, an alert should be sent to consumers by the service provider). A spend alert, which is triggered by a monetary amount, may be an effective way to address risk of bill shock as this would cover all types of usage on an account, including calls to non-geographic numbers and premium rate services, and not just those bundles of minutes, texts and data covered by in-plan or add on allowances.

128 However, the spend alerts offered by service providers are generally at amounts that are above the monthly fee (in some cases, significantly in excess of the monthly fee), with the result that by the time the consumer has hit that spend amount, they are already experiencing bill shock. Moreover, they are not standardised across industry and they are not offered by all service providers. ComReg considers that in principle spend alerts could be offered by all service providers, and that the spend amount should likely be lower than those amounts currently in place. In this respect, the consumer could be given the option of choosing one of a number of spend amounts, one of which could be the cost of their standard plan (as is currently the case in the UK in relation to the market).

129 ComReg is aware of the view that alerts this may benefit consumers if service providers do not alter their prices after implementing alerts, i.e. if providers do not increase their prices to reflect any decrease in revenue as a result of the implementation of alerts. However, there is a risk that alerts could hurt consumers' once price changes as a result of the implementation of the alerts are taken into account. For fixed line services, it is not feasible for providers to send a usage alert by SMS, so consumers of fixed and broadband services would need to monitor their usage online. For mobile services, the usage alerts in place are sent by SMS and so they are delivered directly to the consumer's mobile phone. This means that the consumer does not have to remember to regularly check their usage by way of an online account or through an App.

5.2.2 Online Monitoring

130 The majority of service providers (including all of the mobile service providers) also provide online facilities (an online account or portal) where consumers can check their current usage and also their historic usage in a number of ways. This not only enables consumers to ensure they are not exceeding the allowances in the current month, but could also be used by consumers to ensure they have signed up to the correct tariff plan. By looking at their previous few months' usage, consumers can see where they may have exceeded their allowances and incurred out of bundle charges.

5.2.3 Current Balance Status

131 All mobile service providers offer facilities whereby consumers can send a text to a specified number requesting their current balance. This may be their balance in terms of call credit for pre-pay customers, or their usage allowance status for some pre-paid consumers and for all post-pay consumers.

5.2.4 Mobile Apps

132 Mobile consumers can also download an app which allows them to monitor their usage and to check the current status regarding any allowances of texts, mins and data included in their plan.

133 In addition, there are a wide range of apps available in the market which gives consumers the ability to apply call barring. Some apps may be provided by third parties, whereas others may be provided by the service provider themselves.

5.2.5 Tariff Advice

134 Currently, consumers are generally only given tariff advice from service providers when they are entering a new contract (this includes new customers signing up and current customers changing plan).

135 Service providers have indicated to ComReg that they also contact consumers on an ad hoc basis to discuss their bills. Otherwise, service providers engage with consumers about tariffs and billing costs when they are contacted by consumers directly about their bills. Where a consumer's bill exceeds the plan fee by a certain amount over a period of a number of months, having regard to behavioural biases set out above, it may be beneficial for a service provider to proactively contact the relevant consumer to discuss the matter and to establish if the consumer is on the right plan or package that best suits their particular needs, or is fully informed of the reason for the excess charges/overages. This would help ensure the consumer is on the right tariff plan or is fully informed of the reason for the excess charges/overages avoiding bill shock.

5.3 Regulatory Specific Measures to Address Bill Shock

136 ComReg can, as appropriate, use its powers to help improve consumer experiences and avoid bill shock.

137 In particular, in accordance with Regulation 24(1)(b), of the Regulations, ComReg may further specify cost control measures including that service providers make available the facility whereby service providers *“offer other means.... to control the cost of publicly available telephone services, including free of charge alerts to consumers in the case of abnormal or excessive consumption patterns”*.

138 There are currently no requirements on service providers to provide domestic usage alerts.

139 ComReg acknowledges that there are currently facilities available in the market which allow consumers to monitor their usage and their bills.

140 While consumers benefit from these facilities, what is not clear is whether the facilities currently offered by services providers are sufficiently effective in minimising a risk of bill shock.

141 It is noted that alerts facilities are not uniform or standardised and they vary by service type and by service provider. Alerts for data consumption are being provided by some service providers, but not all; Alerts for voice and SMS consumption are less commonly provided. It is also not clear whether the alerts contain sufficient information to fully inform the consumer. There is very little ability for consumers to select a spend alert or spend cap, and where these do apply, the limit is pre-set by the service provider and is in excess of the plan monthly fee.

142 Furthermore, it is not clear how these facilities are publicised and what the take-up of these facilities is. Benefits that may accrue to the consumer would depend on consumer behaviour, for instance what action they take on receiving an alert.⁵²

143 In light of the propensity for bill shock in the mobile market (pre pay and post-paid mobile phone services) in particular, should it be necessary, in the interest of protecting consumers, to introduce new bill shock specific measures (consisting of for example requiring the provision of specified alerts), the following could be considered:

- Usage alerts could be standardised across service providers to reduce any uncertainty for consumers;
- Usage alerts could be sent for each type of included allowance – minutes, texts and data and for add-ons;
- Alerts could be provided by default instead of an opt-in basis;
- Alerts could be provided prior to reaching the allowance limit (so that consumers are given advance notice to review their consumption behaviour) and again upon reaching the limit (at 80% and at 100% of allowance limit);
- Overage rates could be included in the usage alert sent to consumers when they have reached the limit of in-plan or add on allowances and before they decide to continue using the service; and
- Spend alerts could in principle be sent to consumers of fixed, mobile post-paid and broadband services. For the reasons outlined above, it may be beneficial for consumers to have the ability to choose from a selection of monetary spend amounts, one of which is the monthly plan cost.

144 Additionally, in order to protect consumers, ComReg may further specify measures relating to tariff information (consisting of for example requiring the provision of information and advice to customers of all potential out of bundle charges at the point of sale). In this respect, the following points are relevant:

⁵² It is noted that some consumers may indeed be underutilising their monthly allowance with the result that they may not be receiving an alerts.

- In light of growing market complexity and behavioural tendencies, as set out above, consumers need to be sufficiently informed at the point of sale and in the contract (that is provided to the customer on a durable medium) of out of bundle charges that could apply to their specific package;
- Consumers would need to be aware of the medium that will be used to advise them should they exceed their allowances.

5.4 Summary of general analysis

145As noted above, ComReg has a variety of mechanisms for delivering an improved consumer experience and ComReg may further specify measures.

146Having regard to available information, however, there is a risk of bill shock, which may result in potential for consumer harm because the facilities currently offered by services providers may not be sufficiently effective.

147Out of bundle usage charges, particularly for data, tend to be high and consumers may not be aware of the cost of these, relative to their in-plan allowance unit costs.

148Adequate information may not always be provided to the customer, at the point of sale and in the contract so that consumers have the ability to make a sufficiently informed decision which may impact bill shock. Our consumer protection strategy emphasises the role of informed decision making and ensuring that consumers face low barriers to switching.

149Furthermore, pricing and contractual information is not always provided to the consumer in a central, easily accessible source or, in a meaningful way. It is noted that certain service providers have a single document for their customers' terms and conditions and a single document for their price list, which ComReg believes is useful for the customer and may help customers avoid bill shock.

150The provision of tariff advice generally occurs upon contract renewal or for new customers and it seems is not provided on a proactive basis.

151ComReg is aware that, if implementing any new specific measure to address bill shock, the success of any intervention is likely to be dependent on how consumers choose to act and the engagement of industry.

152According to the Ireland communicates survey 2017, 2 out of 5 experiencing bill shock said they paid the bill and took no further action. However, the latter response by consumers was followed by the response "*paid the bill and tried to reduce future usage*" (24%).

153 It is unclear at this time if consumers know sufficiently about, or if they are using, self-monitoring tools such as apps, online accounts, SMS balance facilities etc.

154 It is also unclear whether consumers understand or pay attention to the text of the alerts. It is also unclear what action consumers take upon receiving alerts.

155 Consumer research is being undertaken as part of mobile experience work which will assist with better understanding mobile consumer experience relating bill shock and mitigating measures.

156 ComReg will consider all the responses to this Call for Inputs, and the information obtained through consumer surveys and from service providers, in order to better understand the issues around potential domestic bill shock, and the potential need, if any, for specific bill shock measures for end-users to be able to control the cost of their bills.

Q. 5 What do you think could be done to improve consumers' ability to monitor their usage and thereby control the risk of bill shock e.g. raising consumer awareness, standardised alerts facilities across service providers, service provider proactively contacting their consumers to discuss the reason for the overages, in certain circumstances or, any other solutions? Please explain the basis of your response in full and provide any supporting information.

Q. 6 What methods do you believe service providers should use to proactively provide tariff advice to consumers and engage with consumers about tariff plans to establish if the consumer is on the right plan or package that best suits their particular needs?

6 Submitting Comments

157 ComReg welcomes all written responses from stakeholders by 5pm on Friday 11th October 2019. It will make the task of analysing responses easier if comments are referenced to the relevant question numbers from this document. In all cases, please provide reasons in support of your views.

158 In the interests of openness and transparency, ComReg will publish all non-confidential inputs received and would therefore request that electronic submissions be made in an unprotected format so that they can be published electronically. Submissions will be published, subject to the provisions of ComReg's *Guidelines on the Treatment of Confidential Information*.⁵³ Any confidential material should be clearly identified and placed in a separate Annex to the stakeholder's response.

159 Responses must be submitted in written form (post or email) to the following recipient clearly marked "**Submissions to ComReg 19/83**":

Retail Consult

Commission for Communications Regulation

**One Dockland Central,
Guild Street, Dublin 1, Ireland, D01 E4X0**

Phone: +353-1-8049654

Email: retailconsult@comreg.ie

⁵³ ComReg Document No. 05/24.

Appendix 1 iReach Survey

ComReg iReach omnibus survey, "*ComReg Billing Study*", September 2018.



ComReg Billing Study (September 2018 – Version 1.1)





ComReg Billing Study EXECUTIVE SUMMARY



OVERVIEW

The billing study conducted for ComReg indicates that the majority of users do not actively monitor their services usage, nor do they receive usage limit alerts. The subsection who monitor their usage do so over the service provider's website or usage-monitoring apps. The majority of respondents who would like to receive alerts would prefer advance notice that they are reaching their usage limits for the service.

Telecom Services Usage Alerts

77% of survey respondents do not receive alerts warning that they are close to or have already exceeded the usage limit for the service. Of the 23% of respondents who do receive alerts, 84% of the alerts were for mobile phone usage. 59% of respondents would like to receive usage alerts. Of these, 87% would like to receive alerts when they are approaching their usage limits.

Telecom Services Usage Monitoring

65% of respondents state that they do not monitor their telecom service usage through the billing cycle. Of the respondents who do monitor their usage, the majority of responses cite service provider websites as the main method of checking usage. Apps constituted 38% of responses.

Telecom Services Billing

The majority of respondents did not think that their telecom services bills were unusually high in the past six months. Only 20% of respondents stated that their mobile phone bills were unusually high, but this was the highest percentage among the four telecom services surveyed. The highest increases in fixed line bills were as a result of calls to Irish mobile numbers. Data roaming charges were the main reason for mobile phone bill increases. Bills increases were by an average of €38 for all services.

KEY POINTS



ComReg Billing Study Methodology

i

ComReg Billing

Study conducted as part of the iReach Consumer Omnibus Survey



Consumer Research Project
Conducted by iReach Insights on behalf of (Client commissioning the research)

Online Survey

Fieldwork undertaken from 6th – 13th August 2018



Mi Pro Survey Software

iReach utilises leading market research solution for all aspects of survey project management: sampling, design, data collection and tabulation

Consumer Panel

Consumer Research Study conducted nationwide
Sample Size = 1,001 Respondents



iReach Online Consumer Panel

iReach uses proprietary research panels across consumer and business groups, built on a nationally representative model

Confidence Level

The iReach Consumer Decisions Omnibus delivers a high level statistical accuracy. Delivering a sample size of over 1,000 interviews, this provides a confidence level of + or – 2.5% at a 95% confidence interval.

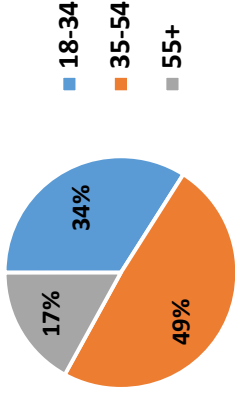
ComReg Billing Study DEMOGRAPHICS

1

Gender



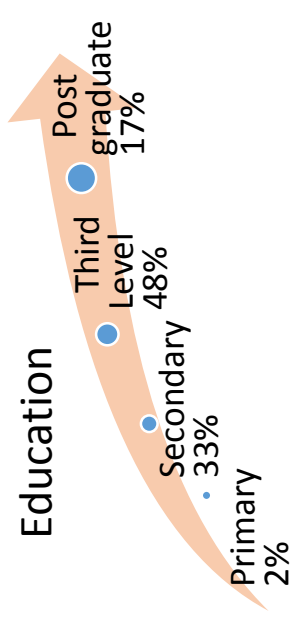
Age of respondents



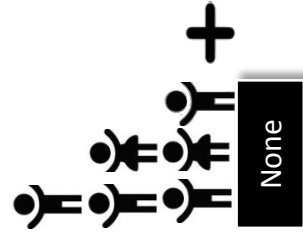
Marital Status



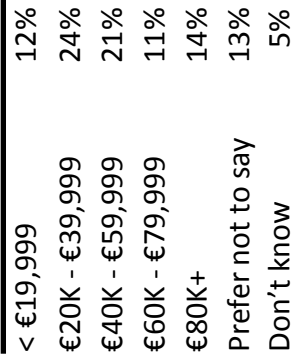
Education



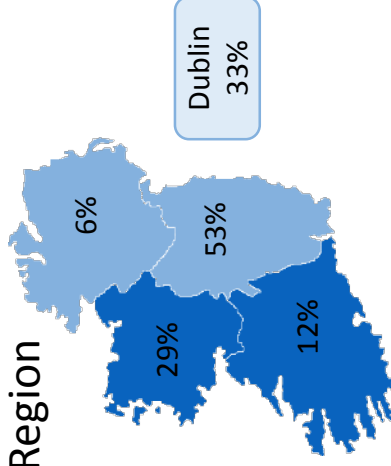
Children at Home



Household Income



Region



Occupation





ComReg Billing Study SURVEY QUESTIONS



Questions

- Q1.** In the last 6 months, have you received an alert notifying you that you are close to reaching or over your limit for any telecoms service – i.e. fixed line or mobile phone, broadband, etc.? (Single Select)
- Q2.** And, which of the following was that alert/ alerts for? Please select all that apply. (Multiple Select)
- Q3.** Do you monitor your telecoms services usage throughout the billing cycle? (Single Select)
- Q4.** And, how do you monitor your usage? Please select all that apply. (Multiple Select)
- Q5.** In the last 6 months, have you received a bill which was unusually high in relation to any of the following: (Single Select Grid)
- Q5a.** What were the reasons for the unusual increase in your monthly Fixed line/ Home phone bill? Please select all that apply. (Multiple Select)
- Q5b.** What were the reasons for the unusual increase in your monthly Mobile phone bill? Please select all that apply. (Multiple Select)
- Q6.** How much above your usual monthly bill was the bill for the telecoms service or services in which you experienced a bill shock? (Single Select Grid)
- Q7.** Would you like to receive an alert from your service provider? (Single Select)
- Q7a.** And, which alert would you prefer to receive? (Single Select)

77% of respondents stated that they did not receive any alerts notifying them that they were close to or had exceeded the limit for any of the telecom services that they use.



Close To/ Limit Reached Alerts Received



Yes

No

77%



23%



Q1. In the last 6 months, have you received an alert notifying you that you are close to reaching or over your limit for any telecoms service – i.e. fixed line or mobile phone, broadband, etc.?
(Single Select) (Single Select) (n = 1001)

Of the 23% that received alerts, 84% of these were related to mobile phone usage.



23% Received Alerts



84%



11%



10%



5%



Roaming

1%

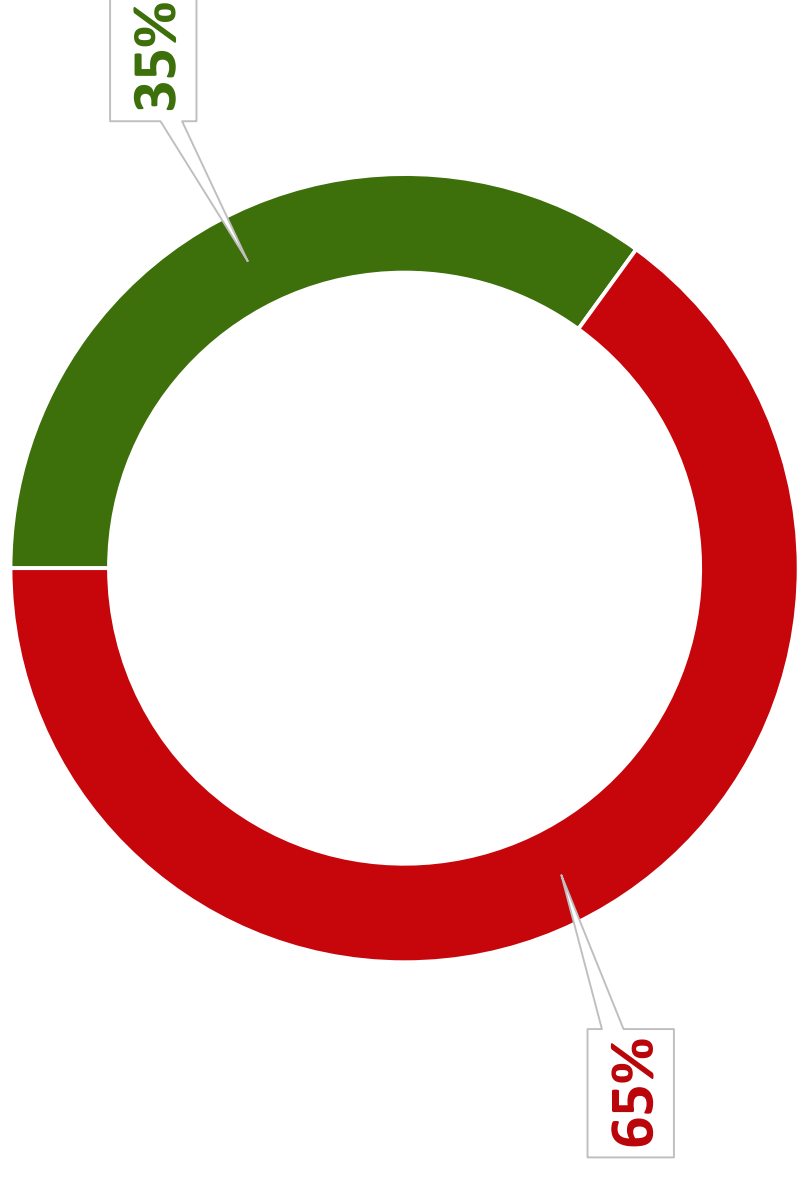
Other including

65% of respondents surveyed stated that they do not monitor their telecom services usage throughout the billing cycle.



Usage Monitored?

Yes No



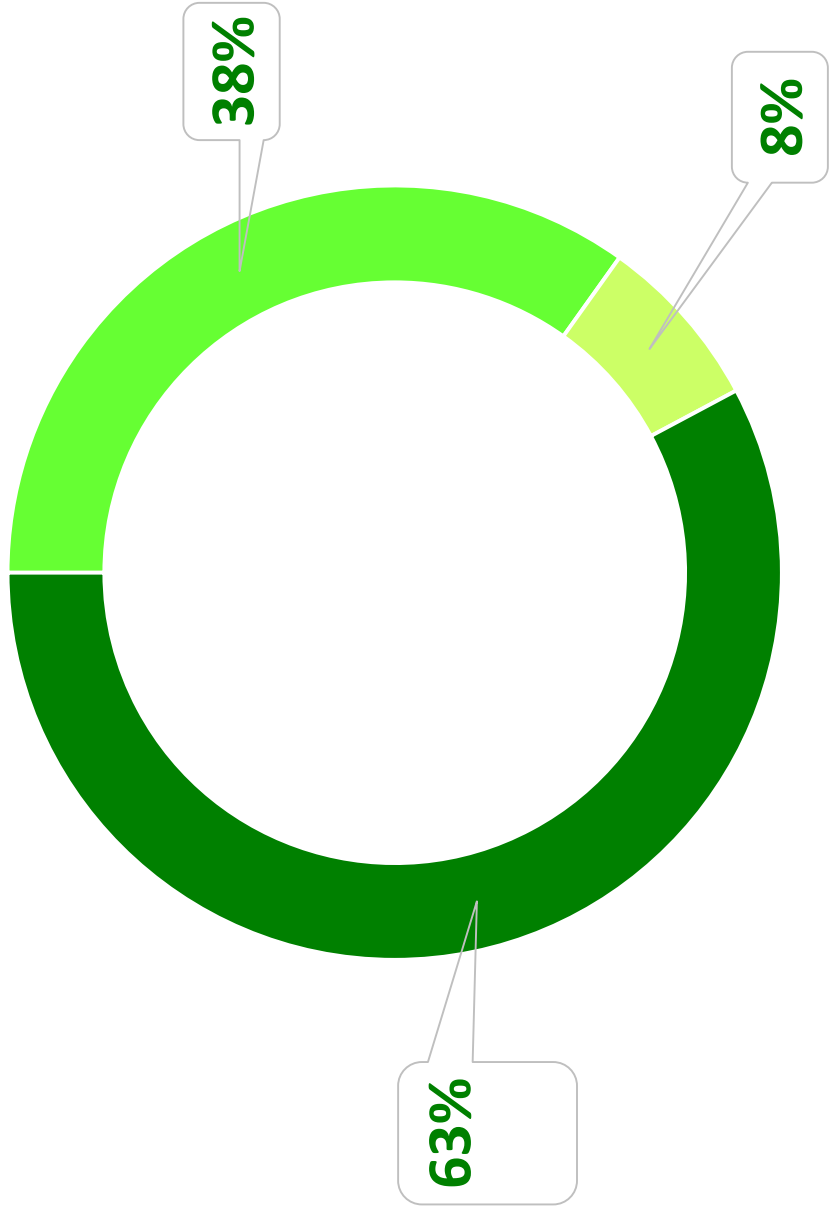
Q3. Do you monitor your telecoms services usage throughout the billing cycle? (Single Select, n = 1001)

Service provider websites are the main usage monitoring tool. 8% of respondents use other methods to monitor usage including invoices, phone settings and enabling usage notification limits on devices.



Usage Monitoring Methods

■ Apps ■ Other ■ Service Provider (Online)

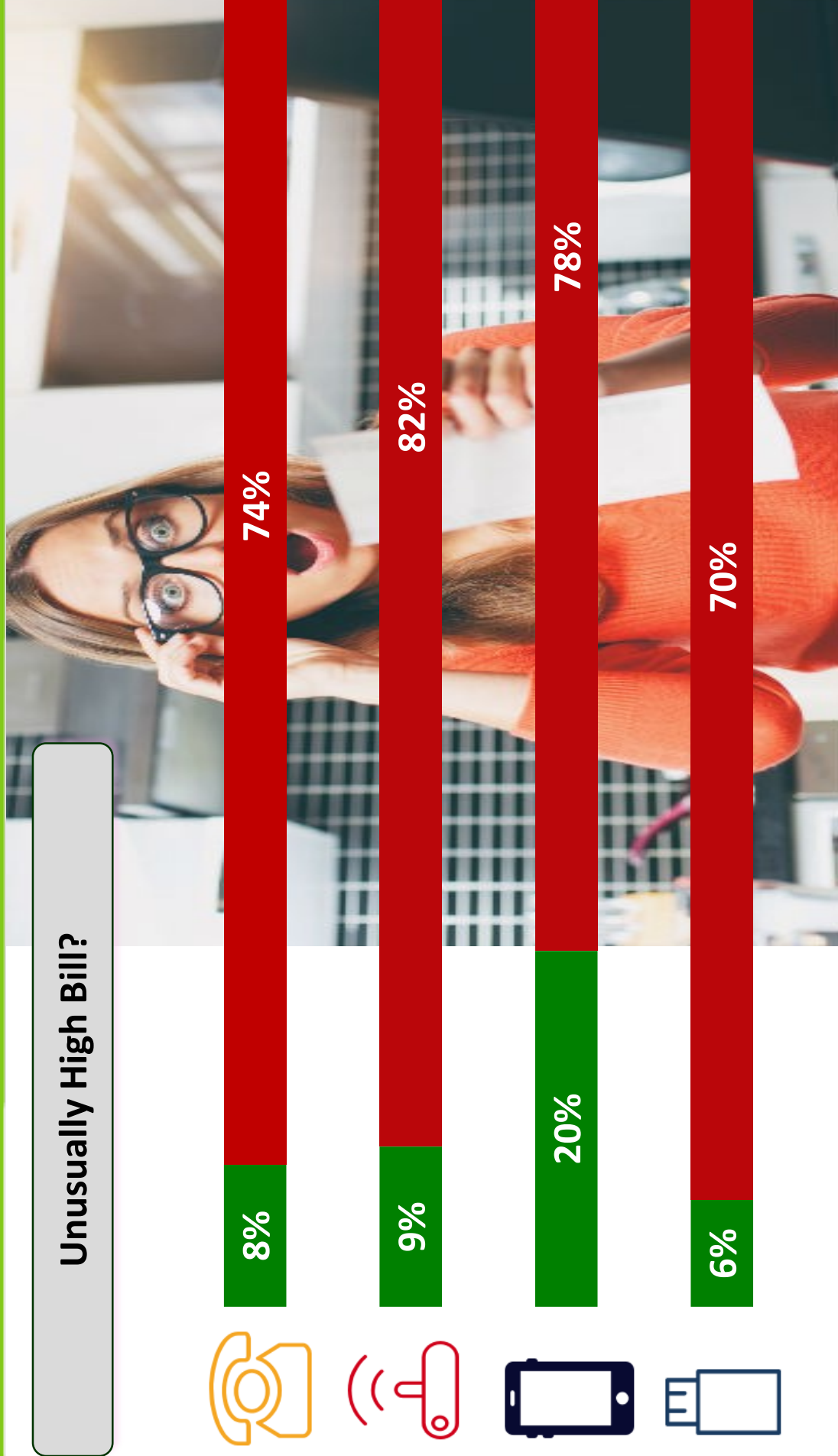


Q4. And, how do you monitor your usage? Please select all that apply. (Multiple Select, n = 349)

Most of the respondents did not feel that their bills for any of the four services were unusually high. Of those who stated that their bills were unusually high during the past six months, 20% cited mobile phone bill increases.



Unusually High Bill?

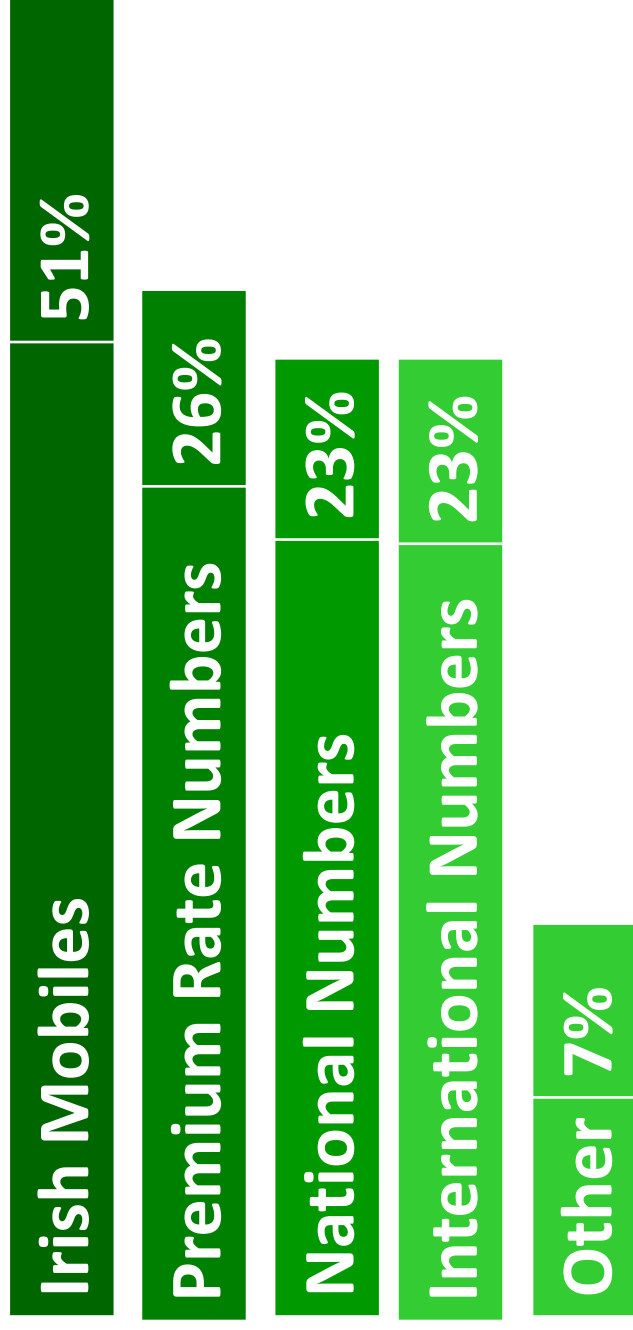
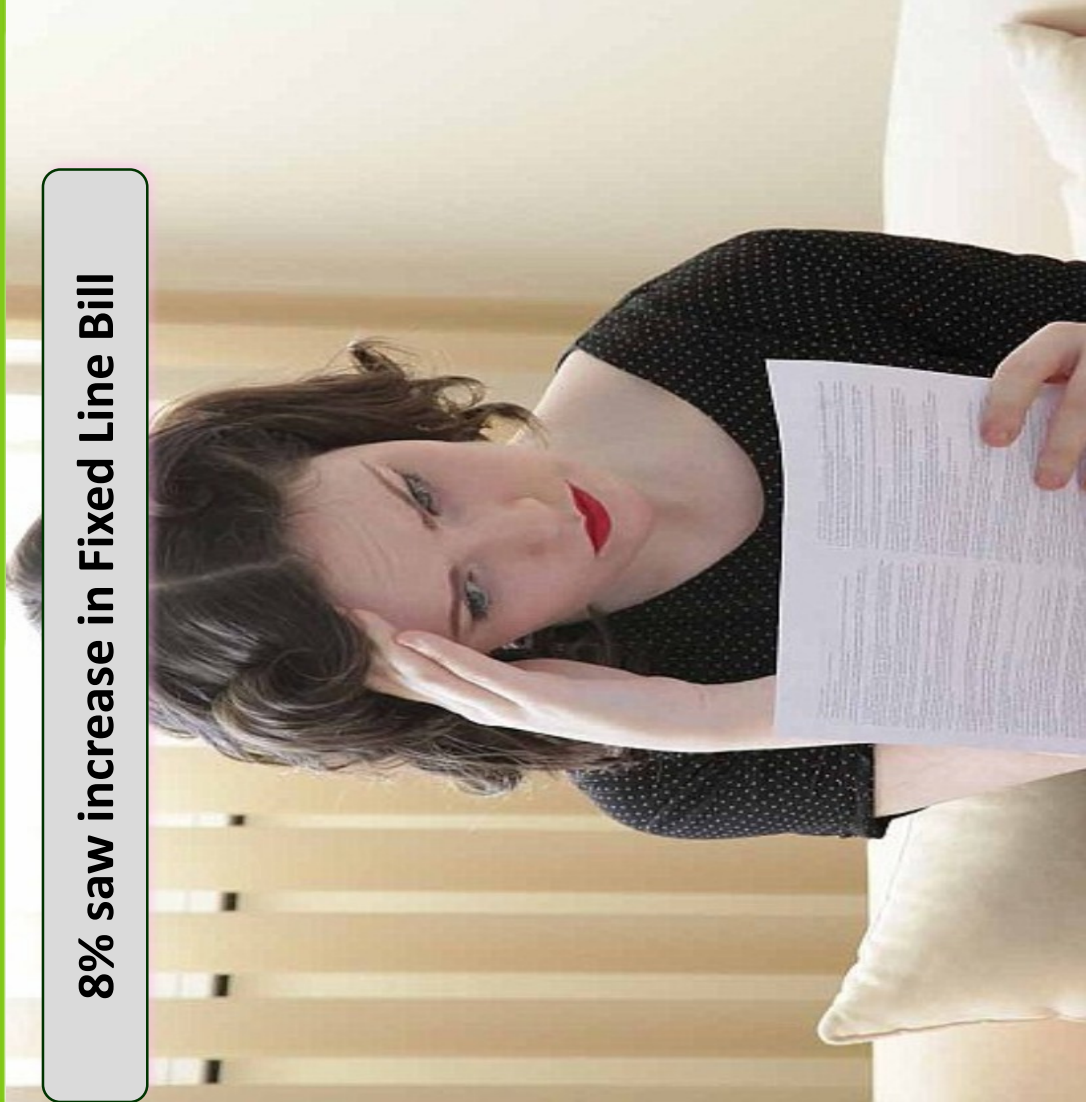


Q5. In the last 6 months, have you received a bill which was unusually high in relation to any of the following: Fixed line/ home phone excluding broadband, Fixed broadband, Mobile phone, Mobile broadband (dongle) Please select all that apply. (Single Select Grid n = 1001)

For the 8% who thought that their bills were unusually high, most related to calls to Irish mobile numbers. Other reasons stated included call charges to the service provider and provider services price changes.



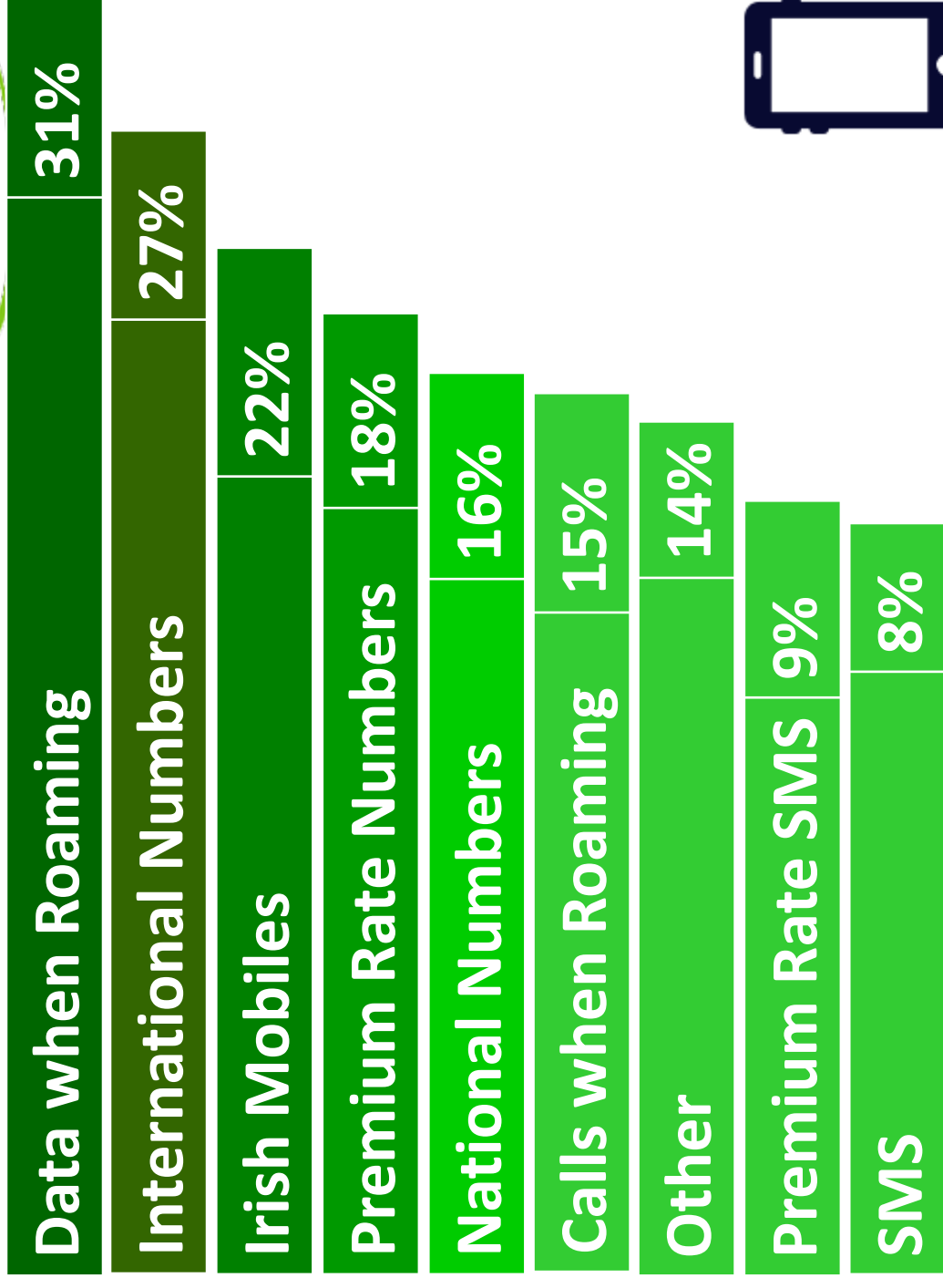
8% saw increase in Fixed Line Bill



Of the 20% of respondents who felt that their mobile phone bills were unusually high, 31% cited roaming data usage and 27% cited calls to international numbers closely followed by calls to Irish mobile numbers.



20% saw increase in Mobile Bill?




Q5b. What were the reasons for the unusual increase in your monthly Mobile phone bill? Please select all that apply. (Multiple Select, n = 200)

The majority of respondents experienced an average increase of €38 in the monthly bill for all four service categories, with the highest number of responses citing increases in the monthly mobile phone and data plans



Average amount of Increase

Averages	€38	€18	€6
	31%	28%	16%
	36%	30%	20%
	38%	30%	11%
	38%	17%	19%

Q6. How much above your usual monthly bill was the bill for the telecoms service or services in which you experienced a bill shock? (Single Select Grid Fixed Line n=82; Fixed Broadband n=86; Mobile Phone =200; Mobile Broadband n=63)

59% of those surveyed stated that they would like a usage alert; 41% stated that they would not.

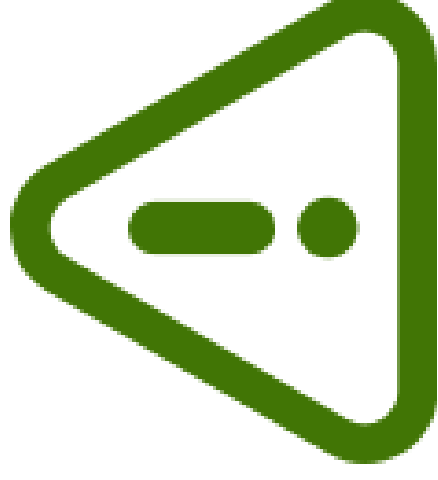


Want a Usage Alert?

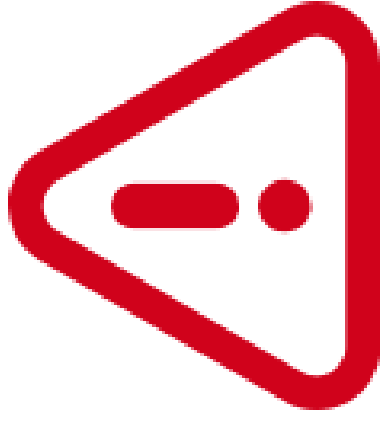
Yes

No

59%



41%



The majority of respondents that would prefer an Alert, 87% stated they would like to have advance notice that they are reaching their telecom service usage limit.



Type of Alert?



Advance notice – Reaching Limit

87%



13%



Usual Spending Exceeded

Q7a. And, which alert would you prefer to receive? (Single Select, n = 595)



Commission for
Communications Regulation

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THANK YOU.



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Annex 1: Questions

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