Bill Shock Review

Control of Expenditure

Submissions to Call for Input

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Content

1: An Post

Submissions to ComReg 19/83

Response to Bill Shock Review: Control of Expenditure from An Post

11 October 2019

1. Introduction

An Post welcomes ComReg's examination of the phenomenon of "Bill Shock" and the analysis contained within ComReg 19/83, particularly given that 20% of householders have reported experiencing "Bill Shock".[1]

While An Post is not unsupportive of the move towards e-billing or digital communications amongst service providers, a strong body of evidence suggests that many consumers feel in better control of their personal finances when they have access to paper billing, as outlined in section 2 of this submission. An Post requests that ComReg examine regulatory measures, as outlined in section 4 of this submission, that would give further protection to consumers by specifying certain information be provided to consumers in paper format, and that consumer preferences on billing mediums be afforded regulatory support.

Specifically, An Post provides responses to Questions 3, 4, and 5 listed at pages 36 and 44 of ComReg 19/83.

2. An Post's Response to Question 3

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.

An Post agrees largely with the general analysis contained at point 106 of section 4.5 of ComReg 19/83, identifying the causes of "Bill Shock". An Post, however, notes that this section does not make reference to "Bill Shock" as it occurs when consumers move from one bill or pricing step to another, following the ending of an introductory or temporary offer.

Many service providers offer lower-price introductory offers on contracts, particularly for new customers, which are time limited in nature. Such contracts maintain a lower price during an introductory period, after which the price rises to its total amount. Consumers who do not fully understand the nature of this bill step, or the substance of the introductory offer, can experience "Bill Shock" after the ending of the introductory period.

[1] Commission for Communications Regulation, Ireland Communicates Survey 2017, ComReg 18/23a, p. 92.

"Bill Shock" may also occur in instances where poor consumer awareness leads to a failure to apprehend the amount being billed by a service provider immediately, and may only become aware of this fact later through other means, such as a bank statement.

These phenomena should be incorporated within ComReg's definition of "Bill Shock" for the purposes of assessment, and consideration of regulatory or other measures designed to mitigate its harmful impact on consumers.

Furthermore, An Post considers that the effect of billing mediums on consumer behaviour is not adequately treated in ComReg 19/83. For example, at section 3.3 of ComReg 19/83 the fact that consumers can be provided with alternative billing mediums, such as e-billing, is noted, but the impact of billing mediums on consumer experiences has not been examined.

While service providers would argue that online platforms provide greater levels of convenience to customers and their account management, numerous studies have shown that by receiving paper correspondence, consumers are better able to manage their finances and are more likely to avoid running into debt unconsciously or spending beyond their means. A 2015 study by London Economics entitled *'Managing money online – working as well as we think? A behavioural economics study for the Keep Me Posted campaign'* found that "people are more likely to understand information and make better financial decisions when the receive information by post rather than electronically".[2]

Similarly, according to a study by the US National Consumer Law Center,[3] the practice of paperless billing has led to consumers having a decreased level of knowledge of their levels of indebtedness. Many customers are not aware, or not immediately aware, of being overdrawn and/ or of consequential referral charges. The research found that "consumers value the physical mail piece as a record-keeping tool and reminder to pay. That reflects a conscious choice of consumers: they prefer the paper reminder to pay on time. Without that reminder, even computer savvy-consumers can end up missing payments, with significant harm."[4] The study concluded that "As mobile devices and electronic interfaces become more sophisticated and widely used, Baby Boomers age, and Millennials take up a greater share of the population, more consumers may voluntarily choose electronic statements. But paper statements will remain important for many consumers."[5]

Additionally, research conducted for An Post by Kantar Millward Brown shows that 55% of Irish adults maintain paper billing helps them manage their finances better. These sentiments are most clearly expressed by older and lower income consumers, with 64% of those aged between 50 and 64, 81% of those aged 65+, and 63% of those in the C2DEF50- demographic agreeing that paper billing is helpful in this regard.[6] Moreover, 88% of Irish adults believe they should have choice in the billing medium they access.[7]

These findings are reinforced by the results of survey work conducted by Ipsos MRBI and included in ComReg 13/67b, which found that 68% of respondent exhibited a preference for paper billing and with the most popular reasons for this preference being "Have to hand/can deal with it straight away/reminder" (28%) and "Can keep track/keep for comparison/double check" (26%).[8]

3. An Post's Response to Question 4

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.

[2] Managing money online – working as well as your think? (2015), London Economics.
[3] Paper Statements: An Important Consumer Protection (2016), National Consumer Law Center.
[4] Ibid, p. 9.
[5] Ibid, p. 15.
[6] Kantar Millward Brown, An Post E-Statement Research (2018), p. 28.
[7] Ibid, p. 25.
[8] Commission for Communications Regulation, Consumer Postal Users Survey, ComReg 13/67b, p. 31.

Article 105(3) of the European Electronic Communications Code (EECC) includes a requirement for relevant service providers to inform end-users, before the end of a fixed duration contract that will automatically prolonged at the end of the fixed-term, before the end of that fixed-term:

i) that their contractual commitment is coming to an end; and

ii) the means by which they can terminate the contract.

Relevant service providers are also required to give end-users best tariff advice relating to their services, at least annually.

Article 105(4) established that relevant providers must notify end-users, at least one month in advance, of any change in the contractual conditions, and must simultaneously inform them of their right to terminate the contract without incurring any further costs if they do not accept the new conditions.

In the UK it is notable that Ofcom has determined, pursuant to Article 105(3) of the EECC, in its Statement on end-of-contract notifications and annual best tariff information that residential customers must receive a standalone notification between 10 and 40 days before the end of their contract. The notification will include:

- the date the minimum contract period ends;
- the services currently provided and the price paid;
- any changes to the service and price paid at the end of this period;
- information about the notice period required to terminate the contract; and
- details about the 'best' tariffs available from the provider.[9]

An Post consider this information highly pertinent for consumers, and useful in avoiding "Bill Shock" or other financial harms associated with a lack of awareness of the terms of contracts with service providers.

An Post considers that, given the importance of the information set out in Article 105 to consumers and the clear evidence of the benefits of paper mediums to consumer awareness of billing, regulatory measures should be put in place to ensure that compliance with Article 105 of the EECC, and its implementing legislation, be required through paper communication with consumers, rather than digital mediums. This would provide the best mechanism for ensuring that all consumers are fully aware of this contractual information.

An Post considers the focus on merely "Bill Shock" incidents, arising from excessive use, as being too narrow, and recommends that the scope of analysis be widened to include financial harms resulting from: (i) the bill step from introductory offers (e.g. where an 18 month contract has an initial low price for six months but then elapses); (ii) the minimum contract expiry date, a lack of knowledge of which may cause customers to believe they must remain with contracts for longer than is necessary; and (iii) financial harms arising from failure to immediately notice or become aware of higher than expected bills.

At present a broad range of consumer protection regulations for various billing mediums are in place. Given the breadth of regulatory protections, arguably, the ability for any company to initiate a large-scale non-consensual switch is limited e.g. the CRU states that "where a supplier offers electronic billing to customers, a customer must opt into this type of billing format unless specified at sign up in the supplier's terms and conditions of supply."[10] Service providers can 'switch' their consumers without performing some action i.e. notification, verification and/or securing a consumers' explicit consent.

[9] Ofcom, Helping consumers get better deals: Statement on end-of-contract notifications and annual best tariff information, May 2019.

[10] Commission for Regulation of Utilities, Electricity and Gas Suppliers' Handbook (2017), p. 36.

Not all service providers, however, are obliged to switch consumers to paper if requested by the consumer. If a consumer requests alternative billing from a ComReg regulated company, that service provider can use verification of online access as a reason to refuse.

An Post agrees with the points raised by ComReg at 153 and 154 in section 5.4 of ComReg 19/83, indicating that it is unclear if consumers know sufficiently about, or if they are using, self-monitoring tools such as apps, online accounts, SMS balance facilities; or if consumers understand or pay attention to the text of alerts.

This only serves to reinforce, considering the outcomes of the research cited in response to question 3, the importance of access to paper billing, in addition to digital billing, to enable consumers to manage their finances.

4. An Post's Response to Question 5

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.

In order to facilitate consumers to better manage and monitor their relationships their suppliers, and thus reduce the risk of "bill shock" or other financial harms arising from on digital-only billing mediums and communications, An Post recommends that ComReg consider:

(I) Ensuring that regulatory measures require relevant service providers to issue paper notification to consumers concerning their contracts of:
   a. the date the minimum contract period ends;
   b. the services currently provided and the price paid;
   c. any changes to the service and price paid at the end of this period;
   d. information about the notice period required to terminate the contract; and
   e. details about the 'best' tariffs available from the provider.

(II) Providing for an entitlement to free-to-the-user paper billing mediums for existing and new consumers, should consumers prefer to receive billing in this medium.

An Post believes that the provision of paper notification to consumers of crucial contractual information, and the protection of choice in billing mediums, leads to an improvement of consumer awareness of the terms of their contractual relationships with service providers, and the avoidance of "Bill Shock" or similar financial harms.

2: Eir

eir

Response to Call for Inputs:

Bill Shock Review Control of expenditure

ComReg Document 19/83

11 October 2019

DOCUMENT CONTROL

Document name	eir response to ComReg 19/83
Document Owner	eir
Status	Non Confidential

The comments submitted in response to this consultation document are those of Eircom Limited and Meteor Mobile Communications Limited (trading as 'eir' and 'open eir'), collectively referred to as 'eir Group' or 'eir'.

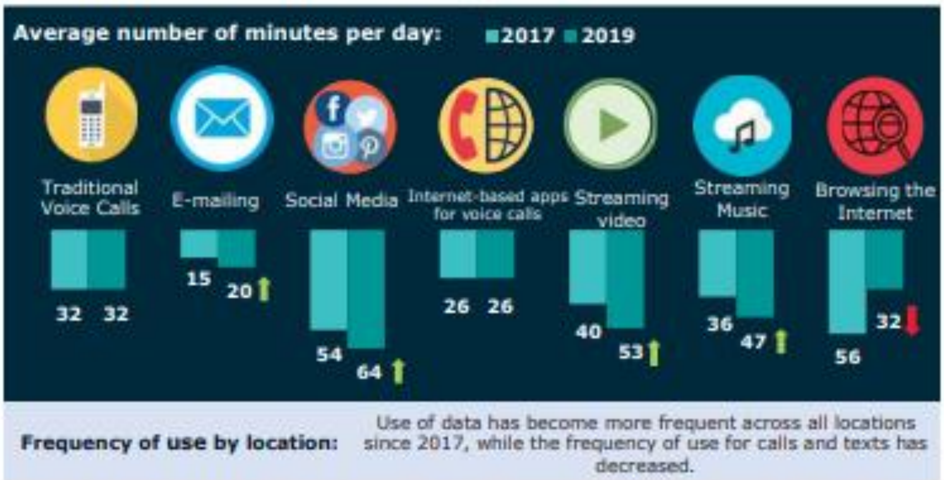
Introduction

eir welcomes the opportunity to respond to ComReg's Call for Input in relation to the ComReg Bill Shock Review.

Response to consultation questions

Q. 1 Do you agree with ComReg's preliminary general analysis of the propensity for bill shock?

eir notes the market trends presented by ComReg at paragraph 47. eir generally agrees with the directional observations made by ComReg apart from the observation in respect of mobile voice. ComReg states that '*voice calls made on mobile phones has been on the increase*'. This conclusion is not evident from Figure 1 in the paper. Figure 1 illustrates 3,135m voice minutes in Q2 2016 falling by 0.2% to 3,128m voice minutes by Q2 2019. Figure 1 illustrates that mobile voice minutes have flat-lined for the three year period. That is despite an increase in the penetration rate of subscribers (excluding Mobile Broadband and Machine to Machine) from 4.8m subscribers in Q2 2016 to 5.0m subscribers in Q2 2019. This suggests that the average voice usage per user across the wider market has fallen or at least stabilised, most likely driven by an ongoing migration to OTT voice, video and messaging services In fact, the summary results of ComReg's latest mobile consumer experience survey also suggest that average number of minutes per day for traditional voice calls has remained stable compared to the reported figures from the 2017 iteration of the survey,



eir agrees with ComReg's view (para. 108) that '*the growing use of OTT services…is increasing with the result that call costs should in general be declining*'. This, combined with the evidence of the ongoing decline in fixed voice usages, leads us to conclude that the propensity for bill shock arising from fixed and mobile voice calls is declining and that consumers have a number of alternative options available to them for the fulfilment of their communication needs.

eir also notes ComReg's observation that '*Data usage volumes continue to rise and consumers' needs for plans with more data will increase*'. This 'need' is recognised and over time new retail packages have been developed by eir with increasingly large data bundles in plans. Over the last two years (to March 2019) eir has seen a [substantial ✀] reduction in the number of customers each month that are charged out of bundle rates for mobile data. However, ComReg's summary of its general analysis (section 4.5 of the paper) appears to suggest that there is an increasing propensity for bill shock in respect of data usage on mobile post-paid plans. This is based on an observation of increased take-up and usage of smartphones. eir notes that ComReg is undertaking further consumer research and we look forward to engaging with ComReg on this.

eir observes the following in respect of the propensity for bill-shock arising from mobile data consumption. As noted above we have seen a significant reduction in the occurrence of out of bundle charges. This is a reflection of the evolution of eir's mobile retail packages as well as the tools and controls made available by eir to its customers. More recently eir has made fundamental changes to its new mobile tariffs such that out of bundle charges no longer apply for mobile data usage on the eir No Limits Data plans for prepay and post pay customers. These market leading plans recognise the increasing consumer need for plans with more data and negate the propensity for mobile data bill shock. The mobile market is very competitive and eir is not the only operator responding to consumer demand for larger / all you can eat data packages such that the risk of this form of bill shock occurring is in decline across the market. This is in line with consumer preferences and the continuing increase in the importance of mobile data. A recent Deloitte study[1] found that in relation to mobile services, 50% of Irish consumers view availability of an unlimited data tariff as important. This is compared to 27% of consumers in the UK.

eir also offers Unlimited fixed broadband plans with no usage caps which negate the propensity for fixed broadband usage bill shock.

eir agrees with ComReg that there are existing consumer protection rules in place to help protect consumers from PRS and NGN related bill shock.

[1] Mobile Consumer Survey 2018: The Irish Cut, Deloitte

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?

eir agrees.

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?

eir believes that the propensity for bill shock continues to decline for traditional voice and SMS services. The propensity for bill shock from mobile data and fixed broadband services, which was already declining, is being removed with the introduction of plans that do not have out of bundle data charges.

While eir notes the results of ComReg's research and survey findings, in particular ComReg's Ireland Communicates Survey 2017, indicating that 20% of households reported that they experienced bill shock at some stage, we also note that '*some stage*' provides an exceptionally large time frame over which to analyse the consumer experience and we do not consider that this is reflective of the current trends in the market. In addition, eir notes that the survey results are from 2017 and as previously stated given developments in the market, the propensity for bill shock has and continues to decline.

Indeed, as noted by ComReg and according to its Omnibus Consumer Survey 2018, the majority of 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"*.
In addition, of the respondents who stated that their bills were unusually high during the previous six months charges, this was mainly as a result of data roaming (31%) and calls to international numbers (27%). As per our response to Question 2 we agree that the focus of this review should focus on domestic bill shock and as such the current potential for same in the Irish market given the market trends and developments.

Q. 4 Are there any other factors that you think are relevant to consider as regards the bill shock issue?

eir has noted above that competitive market developments in terms of retail tariff evolution are substantially reducing the propensity for bill shock arising. ComReg must consider the issue from a forward looking perspective as well.

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?

eir welcomes ComReg's acknowledgement '*that service providers take steps which may assist their consumers avoid bill-shock*'. It is eir's view, as noted in response to question 1, that the propensity for bill shock is declining across all services and recent tariff innovations by eir in respect of fixed and mobile data have negated the propensity of bill shock for those services.

In section 5.2.1 ComReg discusses the potential role for spend alerts. At paragraph 127 ComReg suggests that spend alerts may be necessary for services such as international calls, premium rate services, and non-geographic numbers. However, it is ComReg's position in the call for input that these services are adequately addressed by existing measures. Taking into account the decline in voice services, existing controls for data services and tariff evolution with bigger and unlimited bundles of services it is not clear that there is adequate justification for the provision of spend alerts to be mandated. It should be noted that the billing system functionality to support new alerts (usage or spend) may be expensive and time consuming to implement and any such requirements must be fully justified.

eir notes the list of measures at paragraph 143 that ComReg suggest could be considered further. As noted above eir does not believe there is a need for additional measures, at least in respect of the eir retail base, as the propensity for bill shock is declining. Should ComReg conclude that there is a need for some measures to be specified for the broader market then we believe that ComReg should work with industry to ensure any such measures are clearly specified, workable and applied consistently.

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?

The transposition of the European Electronic Communications Code will require a number of consumer protection measures to be implemented. These include the requirements of Article 103(5) inter alia to '*provide end-users with best tariff information at least annually'.* The implementation of Article 103(5) appears relevant to the subject matter of this question. eir strongly believes it is important for consumer protection measures to be applied consistently by all retail providers and therefore requests that ComReg engages with industry to develop a common understanding of the requirements of the new Code in advance of its transposition.

3: Sky Ireland

ComReg Document 19/83

Bill Shock Review – Control of Expenditure – Call for Inputs

1. Sky welcomes the opportunity to respond to this call for inputs on the risk of domestic bill shock as a result of consumers using their fixed, broadband and mobile telecoms services when in Ireland.

2. As ComReg will be aware, Sky Ireland provides fixed voice and broadband services to consumers in Ireland. We do not provide mobile telecoms services therefore our response to this call for inputs is limited to the fixed voice and broadband markets in which we operate.

3. It appears from the evidence gathered by ComReg to date and published as part of this call for inputs that bill shock is not prevalent in the fixed voice and broadband markets in Ireland. Therefore, we would query the need for, and indeed the proportionality of, any proposed regulatory intervention at this time in those markets.

4. In particular, according to Figure 8 in the call for inputs document, less than 2% of fixed voice customers and about 1% of dual play fixed voice and broadband customers had experienced overages on their bills in the relevant period analysed by ComReg and there is no evidence put forward to suggest that those customers had suffered bill shock as a result of that overage. In fact, those customers may have made an informed decision to incur the charges they incurred.

5. ComReg recognises this at paragraph 125 of the call for inputs document where it states that "*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*". ComReg also notes that 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.

6. When the call for inputs was published, Sky carried out some internal research on call charges to establish whether billing complaints about call charges are frequently received. From a review of the complaints that are escalated from the service teams and complaints that have been submitted to ComReg from Sky customers in the period between January 2017 and October 2019, only […] have been about call charges.

7. Sky's broadband products are unlimited so there are no out of bundle charges for our customers. There is therefore no risk of bill shock on our fixed broadband services.

8. We note that ComReg has acknowledged the low risk of bill shock in the fixed broadband market given the insignificant incidences of overage and we would certainly agree with this position. However, it appears that it is also the case that the incidences of overage in the fixed voice market are insignificant (less than 2%). Therefore, the risk of bill shock must also be low.

9. The lack of any evidence in relation to bill shock in the fixed voice market, coupled with recent developments on intra-EU call caps, roaming, and tariffs for non-geographic numbers would suggest that further regulatory intervention in relation to call charges is not warranted or necessary.

Sky Ireland

4: Tesco Mobile

The Commission for Communications Regulation
1 Dockland Central
Guild Street
Dublin 1

BY EMAIL: retailconsult@comreg.ie

11th October 2019

Submission to ComReg 19/83

Dear Sirs,

I am writing in response to the above Call for Inputs regarding the Commission for Communications Regulation's (ComReg's) on-going review of 'Bill Shock' in the domestic market. Tesco Mobile Ireland ("TMI") welcomes the opportunity to comment and ultimately welcomes any and all initiatives that promotes and prioritises the protection of consumers.

It is our view that existing mechanisms, combined with competition and market forces, are sufficient in enabling consumers to make informed choices as to their service providers and manage their costs and that mandating uniform or more onerous measures is both unnecessary and unjustified. In particular, we note that there are significant cost control measures recently implemented and imminently due (capped intra EU voice and SMS prices and local rating of Non-Geographic' numbers) that postdate the survey data set and are likely to reduce consumer bills and consequently the propensity for bill shock. In addition, the new EU Communications Code (which will be implemented by 1 December 2020) has specific aspects that will help in this space such as a right to be provided with ‘best available tariff’ reviews annually/at the end of their minimum term.

It would appear from the market research conducted by ComReg that consumer apathy is a concern. We propose that ComReg conducts an information awareness campaign similar to those conducted in other areas, for example The Competition and Consumer Protection Commissions activity on “*Brexit and your consumer rights*”, or the Central Bank of Irelands “*Tracker Mortgage*” campaign. We believe that this would greatly increase consumers knowledge regarding means to manage their spend/costs and reduce the occurrence of Bill Shock.

We respond to each of the questions contained in ComReg’s Call for Inputs in an Annex to this letter. If you have any questions in respect of our response and/or wish to discuss, please do not hesitate to contact me.

Yours faithfully

[Contains no signature as sent by email]

JOHN CROWTHER
Regulatory Affairs and Compliance Manager

ANNEX 1

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.

Based on the Figure 5 "Billing Complaints by Service Provider", we do not agree that TMI customers exhibit a propensity for bill shock. Accounting for less than 2% of billing complaints for Quarter 1 2019, with our current market share, it is our view that this would in no way be indicative of an inclination or natural tendency for bill shock.

TMI goes to great lengths to ensure that in the first instance we provide value in our propositions. Our provision of information to existing and prospective customers is transparent and meaningful, and is not designed in such a way as to bombard consumers. It is our view that each operator has an inherent interest in minimising poor customer experiences, such as bill shock, based on the level of customer awareness and a hardening trading environment. Each operator should be free to manage these exchanges in accordance with existing provisions rather than being mandated with further obligations that risk diluting proposition innovation and consumer engagement strategies that each operator should be free to apply based on their individual product offerings and customer experience.

The contents of the preliminary consultation would suggest that ComReg may be seeking for operators to comply with the following:

- Usage alerts for each service type at 80% and 100% i.e. 6 messages
- Usage alerts for add-ons at 80% and 100% i.e. 2 messages per add-on availed off
- Spend alerts when the customer goes beyond their plan starting at the monthly plan amount for example €40 if subscribed to a €40 plan. Potentially again @ 80% and 100% of the amount specified; i.e. 2 messages

In relation to a customer availing of a voice, SMS and data plan, with two add-ons, who goes outside of their bundle/allowance, roams and exceeds their data cap, ComReg's proposals would mean that this customer would get a further 2 or 4 messages depending on services availed of. This is in addition to service and marketing messages (if the customer has opted into marketing messages). We believe that this would be excessive, confusing and ultimately, counter-productive.

This is confirmed by ComReg's consumer survey results which highlight that 41% of customers didn't want alerts. The sheer volume of messages risk exacerbating consumer fatigue or at worst, confuse customers such that they ultimately ignore such alerts or disable them altogether.

In addition, the results of the survey would also question the need/benefit of such an approach given that 77% of the 1000 subscribers surveyed did not receive alerts because they remained within their plan allowance, as noted by ComReg in footnote 51.

As outlined in paragraphs 17 and 18 and based on our own customer insights, data usage is the primary consumable and as such is in our view the only potential area where consideration should be given for regulatory intervention. Voice or SMS notification measures are disproportionate as these traffic types continue to decline.

In regards to the complexity ComReg has referenced (see paragraphs 35 to 39), we would challenge this assumption or interpretation of survey findings as a ubiquitous representation of the market. There are varying levels of complexity, however these are unique to each operator, for example those offering bundled packages i.e. double play; triple and quad play, and to arbitrarily mandate additional requirements is in no way proportionate and we would question the actual benefit or usefulness of such an approach.

We welcome that as part of ComReg's review, adherence to existing obligations and acknowledgement of proactive measures implemented by operators, as referred to in paragraph 8, have been noted. We believe that these current facilities are sufficient.

Recent price changes such as capped intra-EU voice and SMS prices and imminent changes to retail Non-Geographic numbers will further mitigate risks to consumers.

In addition, the recent rollout of the Formal Dispute Resolution process, ASAI guidelines relating to the advertising of mobile phone and broadband services, and EU Communications Code minimum term/annual 'best tariff plan' reviews are all further mechanisms that will enhance consumer awareness which in our view negate the need for any further interim measures.

TMI offers its customers a number of self-care services which provide customer with real time information in respect of their account. Access is readily available via the handset and therefore customers can manage their costs and spend easily and without having to contact anyone to assist them in controlling their costs. TMI also provides usage alerts for certain services which again are sent to the user's handset directly and spend alerts for post pay customers. As detailed by ComReg in the preliminary consultation there are certain cost control measures provided for by the handset itself whereby the user is required to adjust settings on their handset and therefore they can control their costs as required.

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.

TMI agrees that the scope of this Call for Inputs should, if at all, focus on domestic bill shock.

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.

TMI believes that the consumer behaviours outlined in paragraphs 31 to 34, and 40 to 46 are the most pertinent review findings. It is our view that attempting to address a level of consumer apathy through further alerts or altering the existing provision of information practices in place is is misplaced and ultimately counterproductive.

TMI price plans are designed to be competitive in order to attract consumers, and as such include very generous allowances across voice, text and data. This information is clearly outlined at the point of sale for consumers to make an informed choice. As outlined in the review, consumers have the benefit of various comparison tools such as ComReg's price comparison website, which ensure that a customer is adequately informed. As part of the provision of services, contract information is obligatory and provided in a durable medium at the commencement of the agreement. Various lifecycle controls exist such as allowance usage alerts, spend / credit limit alerts and real-time monitoring via app and or website. In addition, resolution mechanisms such as a Complaints Code of Practice, ComReg's Consumer Line team, and the recently launched ComReg dispute resolution process are all avenues for consumers to address dissatisfaction.

It is our view that attempting to address consumer apathy through increasing the amount or frequency of information with an inattentive audience is a poor solution and would propose that ComReg consider other initiatives instead such as an awareness campaign, as seen in other markets e.g. financial services, as a means to meaningfully address these behaviours. Indeed, ComReg could consider conducting such a campaign together with such a body e.g. MABS.

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.

As outlined above, it is our view that influencing the consumer behavioural tendencies identified as part of the survey as part of an awareness or educational exercise would significantly enhance consumer protection and allow the market to continue to innovate and compete on its merits.

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.

As identified in the survey there are a number of mechanisms available to consumers to manage their usage. TMI customers can view their real-time usage via mobile app, online, through SMS and all web / social media channels. In addition allowance alerts and spend alerts (and limits) also enable our customers to take proactive steps to control their spending. In addition, when customers experience difficulties in paying their bills, they will normally engage with customer care who will advise them of these mechanisms.

It is our view that each operator should be free to manage their consumer engagements in accordance with the existing market rules and their own consumer experience/engagement strategy. We believe that rather than further mandated engagement from operators, a general consumer awareness campaign, such as those seen in other service industries e.g. financial services, could resonate with consumers and achieve the desired result of empowering consumers to utilise the existing mechanisms in place.

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?

As previously outlined, we believe that each operator should be free to manage such consumer engagements in accordance with their own consumer experience/engagement strategies and existing obligations. We would be concerned about an excessive volume of consumer contacts and the effectiveness of same. We would note our obligations under the ePrivacy Regulations (SI 336/2011) relating to unsolicited marketing and general consumer appetite for such correspondence. The permissions we have to engage with our consumers in regards to promotions or offers are integral to our commercial success and customer value. Excessive communications will result in consumers unsubscribing or opting out of such communications, despite the distinction between service or marketing messaging being clear. Consumers are likely to react to the volume of communications, and not the nature.

We note there are additional end of minimum term/annual review notification obligations included in the forthcoming EU Code, and as such would again flag a potential risk in elevating consumer fatigue in alerts or notifications resulting in the contrary effect of further disengaged consumers. Customers receive 'best tariff plan' advice when they first sign up and these legislative changes which are due next year will ensure that this advice is updated annually or biennially at the latest.

5: Three Ireland

Retail Consult
Commission for Communications Regulation
One Dockland Central
Guild Street
Dublin 1
D01 E4X0

11th October 2019

Re: Three submissions to ComReg 19/83

Dear Sir/Madam

We are pleased to present the Three Ireland (Hutchison) Limited (TIHL") and Three Ireland Services (Hutchison) Limited ("TISHL") (collectively, "Three") submissions in respect to ComReg document 19/83: "*Bill Shock Review-Control of expenditure*".

Please note that this is the non-confidential version of Three's submission, which can be published or disclosed to third parties.

Executive summary

ComReg will be aware of Three's comprehensive suite of domestic customer spend and usage alerts from previous submissions on this matter, in September 2018 and January 2019. Three has developed different usage/spend alert messages across the TIHL and TISHL customer bases on foot of customer demand and customer care views on what type of customer experience would be most desirable for the customer bases. Our customers are familiar with the usage/spend alerts received in respect of their plan. We believe our customers are satisfied with the existing situation, as evidence by ComReg's Q2 2019 Consumer Line Statistics which show Three with the lowest number of complaints per 1000 subscribers (0.024 per 1000) in the mobile market, with only 18 billing complaints in the quarter. While we cannot speak for other operators in the market, we believe that "one size fits all" rules in this area would not work well, and improvements in standards by operators with poor consumer complaint statistics would be a better approach.

Customer care and managing customer expectations around their bills are points of keen competition between electronic communications services providers. Three strives to give our customers the best possible experience both in terms of managing the quantum of forthcoming bills and when they contact us regarding a bill received. Poor customer management in this regard would lead to customers switching from our services to other operators in the market.

Three notes any ComReg requirements around mandatory usage/spend alerts should be limited to consumers rather than business customers. Our experience demonstrates that business customers are unlikely to require such notifications, and are generally keen to opt out of receiving them.

As ComReg acknowledges in section 2.5.1, paragraph 38, of document 19/83, the telecoms industry is rapidly changing and predictions about they type of products/services, and customer usage of those products/services, is difficult to predict. In such an unpredictable environment, regulatory intervention should be cautious and focused, in the absence of compelling evidence to the contrary.

As detailed further below, Three would support a voluntary industry Code of Practice which operators would sign up to in order to deliver usage/spend alerts specific to their business and customer needs. We believe this approach would offer customers comprehensive measures to avoid bill shock, while maintaining the requisite level of flexibility for operators.

Three's approach to domestic spend/usage alerts

As ComReg will be aware from previous submissions on this matter, Three currently have two types of alert: spend and usage.

<u>Spend alerts</u>

TIHL customer spend alerts are essentially credit limits [CONFIDENTIAL]. TISHL customer spend alerts are voluntary opt-in notifications and are based on what limit the customer chooses. Both TIHL spend alert/credit limits and TISHL spend alerts are based on complete additional expenditure outside the customer's price plan allowances, not just one service type, i.e. based on voice, text and data expenditure cumulatively rather than consumption of one service type, e.g., data expenditure.

<u>Usage alerts</u>

Both TIHL and TISHL billpay customers receive 80% & 100% usage alerts based on the customer reaching the relevant percentage of monthly allowance (applicable both to a customer's price plan and add-on allowances). While these usage alerts are defaulted on to a customer's account when they sign up to a service with TIHL or TISHL, the customer can opt out of receiving the alerts at any time.

ComReg may be aware that the Three business is currently undergoing an IT transformation, involving new billing and customer relationship management (CRM) systems applicable across both TIHL and TISHL customers. [CONFIDENTIAL] We believe that this new CRM initiative should, in combination with our existing usage/spend alerts, largely mitigate any perceived bill shock for customers as they will have a detailed oversight of their usage on an ex-ante basis, prior to receipt of their bill.

We would be happy to demonstrate our new CRM system to ComReg at the appropriate time.

ComReg's questions in document 19/83

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.

Three response: Three does not agree with ComReg that there is a propensity of bill shock that should be addressed by a ComReg decision. As noted above, Three is voluntarily taking steps to further mitigate perceived bill shock by our customers as part of an initiative to improve customer experience. The competitive market for customers is driving these enhancements, not any regulatory intervention. Bill shock drives customer churn, which decreases the opportunities for operators to maintain customer loyalty. There is therefore an existing economic incentive for operators to eliminate bill shock for customers. Short term perceived "gains" for operators through increased bills are eliminated by the medium/long-term loss of brand loyalty.

The evidence presented in section 2.5 of document 19/83, which may be relied upon by ComReg in making a decision in this area, does not appear to be specific to the Irish telecoms industry and is largely theoretical. Such evidence should not be used to reach conclusive and legally binding decisions affecting how operators deal with our customers.

ComReg also refers to its *Ireland Communicates Survey 2017.* We note that 20% of householders reported experiencing bill shock, with half of that 20% (i.e. 10%) indicating the bill shock related to their mobile phone. The survey results indicate various factors involved in the bill shock, including roaming, use of premium rate numbers, and a significant number of "don't knows". Three submits that the evidence presented in this survey is not conclusive and does not justify ComReg action with regard to mandatory spend/usage alerts where mobile operators are already providing these alerts on a voluntary basis.

Three also notes the results of the *Omnibus Consumer Survey 2018*, which shows that most of the respondents did not feel that their bills for fixed line (excl broadband), fixed broadband, mobile phone, or mobile broadband, were unusually high in the prior six months. Respondents who did feel their mobile phone bills were unusually high primarily attributed the high bills to data roaming and calls to international numbers, which have been addressed by the EU Roaming Regulation (Regulation (EU) 531/2012, as amended) and Regulation (EU) 2018/1971 respectively. The survey also showed that the respondents who had received usage alerts were predominantly mobile phone customers. Respondents to the survey also appeared ambivalent regarding whether they would like to receive usage alerts (59% of respondents would like to receive usage alerts). Three again submits that the results of this survey are inconclusive and do not justify a ComReg decision regarding usage/spend alerts that would be legally binding, when mobile operators are already providing these alerts on a voluntary basis.

ComReg's data on overages, presented in section 4.4.1, is also inconclusive. Incidences of overages in excess of €10 are low for fixed broadband, fixed voice, and mobile broadband customers. Approximately 10% of mobile postpay phone overages are over €10, almost 50% of which related to calls to international numbers (which may be largely addressed by the price caps on calls and SMS to EU numbers introduced by Regulation (EU) 2018/1971). Three notes that the actual number of mobile phone overages is not presented, making it difficult for respondents to document 19/83 to understand the scale of the overage issue. While customer bill shock of any quantum is something Three wishes to avoid, we submit that 10% of an unknown number of consumers experiencing an overage of over €10 is not compelling evidence justifying a ComReg decision regarding usage/spend alerts that would be legally binding, when mobile operators are already providing these alerts on a voluntary basis.

ComReg correctly notes in paragraph 38 that the industry is rapidly changing, with an uncertain environment around predicting future customer usage of services. The continued rise in use of OTT players will likely continue and may serve to further reduce any incidences of bill shock for mobile phone customers. ComReg also notes that there are existing consumer protection measures around bill shock, such as ComReg's price comparison tool, ComReg's decision D08/13 on billing, the aforementioned EU Regulations regarding roaming and caps on calls/SMS to the EU, premium rate SMS barring introduced by ComReg decision D03/18, and the forthcoming reduction of cost for calls to non-geographic numbers (decision D15/18). Importantly, operators also need to comply with Regulation 14(1) and (2) of the European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations 2011 (the "Users' Rights Regulations"), regarding required information in customer contracts. Regulation 14(2)(d) requires operators to include in their contracts with customers: "*(d) details of prices and tariffs, the means by which up-to-date information on all applicable tariffs and maintenance charges may be obtained, payment methods offered and any differences in costs due to payment method*".

The inconclusive consumer survey evidence, combined with existing legal obligations and voluntary usage/spend alerts already provided, means that we do not agree with ComReg's analysis of the propensity for bill shock (insofar as ComReg's view is that the propensity for bill shock justifies a binding ComReg decision regarding mandatory usage/spend alerts).

Three's view is that the EU experience on spend/usage alerts, as presented in section 3.8 of document 19/83, is instructive and relevant to the Irish context. In other EU countries it appears spend/usage alerts have not been imposed by regulation and are offered voluntarily by operators, along with online facilities for usage monitoring and a price comparison tool.

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.

Three response: Yes, we agree that the Call for Inputs should focus on domestic bill shock. Roaming usage has been addressed by the EU Roaming Regulation. For the reasons outlined above in response to Q1, we do not believe that this Call for Inputs should lead to any mandatory usage/spend alerts imposed by ComReg.

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.

Three response: As noted in our answer to Q1, we do not agree that there is compelling evidence from consumer surveys or market trends that would justify mandatory usage/spend alerts imposed by ComReg.

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.

Three response: We believe ComReg should be careful in imposing mandatory spend/usage alerts because product/service architecture may lead to poor outcomes for customers. For example, [CONFIDENTIAL] There is propensity for customers to receive incorrect pricing information in this scenario due to complexity, and there are likely multiples of these types of scenarios that could occur.

For this reason, we believe it would be better for operators to design their own usage/spend alerts that are tailored to their product architecture and customer base. Three would not be opposed to the development of a voluntary code of practice which operators would sign up to in order to deliver usage/spend alerts specific to their business and customer needs.

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.

Three response: We believe that our existing spend and usage alerts, in combination with the CRM enhancements being delivered through our 3Vision programme, create a comprehensive capability for consumers to monitor usage and prevent bill shock. We are not aware of the comparable facilities of other operators, but as noted in our answer to Q4 above, Three would be open to an industry voluntary code of practice which would be flexible enough to encompass each operator's specific business and customer needs.

Operators are also subject to the provisions of the Users' Rights Regulations and European Union (Consumer Information, Cancellation and Other Rights) Regulations 2013, which give consumers transparency in regard to prices of services purchased.

In terms of service providers proactively contacting consumers regarding overages, we would be cautious regarding this proposal as it may involve invasive monitoring of customer usage. A comprehensive data protection review of this proposal would be required to assess its legality and proportionality. Our customer care team are always available to discuss appropriate bill control issues with consumers, however not on the basis of proactive monitoring of usage.

Increased consumer awareness of the possibility of bill shock would be positive, but we would see this type of campaign as an appropriate ComReg initiative.

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?

Three response: Our view is that it would not be a good idea for ComReg to impose rules around proactively providing tariff advice to consumers. Careful consideration would need to be given around the justification for and proportionality of actively reviewing consumer usage and contacting them unprompted to discuss moving price plans or otherwise purchasing products/services. Three has consent from some but not all of its consumer customers to contact them for marketing purposes. In our view, contacting consumers to discuss or advise on moving price plan or purchasing add-ons is marketing, even if our view is that they may be getting better value by moving price plan/add-on. We are happy to discuss the best price plan/add-ons for customer needs when we are contacted by them. The concept of the price plan/add-ons that best suits customer needs is subjective, and we foresee that it would be difficult for ComReg to establish practical rules around proactively contacting consumers without effects on our obligations not to directly market to consumers under data protection/privacy law (without consent) and without irritating a significant cohort of our customers by contacting them about products/services they do not want.

Consumers purchasing Three services through our retail or telesales channels would be able to have a conversation with the retail agent about the best package for their needs. Customers purchasing online are able to browse our online store and price guides in order to make informed decisions about what services best suit their needs. Online customers can also engage with our agents through webchat to discuss options. Three's view is that there are adequate methods at the outset of a consumer's engagement with Three by which the best package for that consumer is identified. The consumer is then free to actively engage with Three's customer care team during the term of their contract to discuss options.

Three notes that Article 105(3) of Directive (EU) 2018/1972 provides that, in the context of the automatic prolongation of a customer's fixed term contract, "[*b]efore the contract is automatically prolonged, providers shall inform end-users, in a prominent and timely manner and on a durable medium, of the end of the contractual commitment and of the means by which to terminate the contract. In addition, and at the same time, providers shall give end-users best tariff advice relating to their services. Providers shall provide end-users with best tariff information at least annually*."

It would appear sensible for ComReg to see how the above provision is transposed into Irish law (due by December 2020) before taking any action which requires proactive contact with customers about the "best" price plan for them.

Yours sincerely,

Sent by email

Eoin Kealy
Senior Competition and Regulatory Affairs Manager

6: Tico Mail Networks

Tico Mail Works

Submissions to ComReg 19/83

Bill Shock Review – ComReg Document 19/83

Response to Consultation from Tico Mail Works

By Email: retailconsult@comreg.ie

Introduction

Tico Mail Works supports ComReg's initiative in addressing the need for measures to reduce bill shock for consumers using electronic communications services.

One tool to help reduce bill shock is the use of postal communications. As regards billing, there is clear evidence that a majority of consumers prefer to obtain paper bills, as shown in surveys undertaken on behalf of ComReg.

ComReg Surveys

ComReg commissioned three surveys of postal users during 2013, including one of consumers, ComReg document 13/67b section on bills and statements refers. file:///C:/Users/admin/Downloads/ComReg1367b.pdf

That survey shows that consumer preference for receiving bills and statements by post is very strong. A total of 68% of consumers said they would prefer to receive their communications in paper form. This figure rose to 86% amongst those over 65.

Paper communications help consumers manage finances

There is also evidence that consumers examine more closely communications, including bills, received in paper format. The UK branch of the European wide campaign "Keep Me Posted", which advocates for the rights of consumers in the matter of communications and billing formats, reports as follows:

"Independent figures show that for many, paper based communications help them manage their finances" https://www.keepmeposteduk.com/get-the-facts

This finding clearly has implications for meeting the needs customers who may be vulnerable to bill shock.

Some specific proposals for new measures

1. Consumer Choice

At page 22, fourth bullet point of section 56 ComReg says

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

The question arises as to why this choice is not available to **post-paid** customers, whom ComReg identifies as being most likely to experience bill shock. Accordingly, mandatory **consumer choice to receive paper communications** should be incorporated in any new measures designed to reduce the incidence of bill shock.

2. Information and contracts in paper format

At page 26, sections 78, 79 and 80, ComReg emphasises the importance of *"….clear, comprehensible and transparent information……"*

ComReg goes on to say: *"…that requiring service providers to make more **effective measures** available would likely be desirable so that consumers are protected."*

One very effective measure would be to require service providers to issue **paper contracts by post**, as is done by service providers in so many other areas, such as insurance, energy and banking.

3. Providing meaningful alerts

At page 31, fifth bullet point of section 94, ComReg reports that an alarming 77% of respondents to a survey did not receive alerts *"…. that they are close to or have already exceeded the usage limit for any service they use."*

A requirement that service providers should issue usage notifications in a medium of their customers' choice, which **should include postage,** would be timely.

Furthermore, where **serious levels of excessive usage** are identified, **postal communications should be mandatory** on service providers.

Conclusion

A certain group think has arisen that the use of paper communications by post is ineffective and costly.

As can be seen from the ComReg surveys and the "Keep me Posted" website (both referred to above), communications through the post are very effective in meeting the objective of providing *"clear comprehensible and transparent information"*, especially for older and for vulnerable consumers.

As regards cost, experience shows that the use of a renewable resource – paper, – delivered by a very reliable and trusted service provider – An Post – is a good value and *environmentally sound way to communicate effectively with customers.

**Paper is known to sequester significant amounts of carbon dioxide, since it is derived from trees, which sequester carbon dioxide by photosynthesis. Therefore, paper is an important carbon sink.*

END

Who are Tico Mail Works?

Tico Mail Works is a an ISO 9001 and ISO 27001 certified bulk mail producer and ComReg authorised postal service provider, producing and posting over 250,000 pieces of personalised mail every week for government, semi state, financial, utility and retail customers.

We describe ourselves as world class, customer focused, problem solvers, delivering a quality service at a fair price, honestly and transparently.

We aim to produce and post every piece of mail on time and without error. Our motto is *'We give our customers peace of mind'*.

Sustainability and Corporate Social Responsibility are particularly important to our business which is based on four pillars (1) Customers and Suppliers, (2) Staff, (3) The Environment, (4) The Community and underpinned by the 17 United Nations Sustainable Development Goals.

For further information please see our Sustainability Report available on our website www.ticomailworks.ie.

7: Virgin Media

Virgin Media response to:

Call for Inputs: Bill Shock Review – Control of Expenditure

ComReg 19/83

11th October 2019

Summary

Virgin Media Ireland Limited ('Virgin Media') welcomes the opportunity to respond to ComReg's Call for Inputs ('Call for Input') on the Bill Shock Review – Control of Expenditure ('ComReg 19/83').

Electronic communications service (ECS) providers are operating in an intensely competitive market place. It is in our commercial interest to ensure that end-users are happy with our service and part of this is ensuring that the consumer is informed of their contractual terms and that we operate in a transparent manner. Virgin Media takes pride in its customer service and has one of the lowest rates of complaints in the market. For example, ComReg's own quarterly data indicates that it receives a higher number of complaints per 1,000 subscribers from other fixed line providers (Virgin Media had 0.08 complaints per 1,000 subscribers in comparison to an industry average of 0.388 in Q2 2019). This level of complaints suggests that Virgin Media is keeping our customers happy and informed. If we fail to keep our consumers happy, this will have a commercial impact (e.g. customer churn and reduced revenue) as well as a reputational impact. If a consumer has cause to complain it is important that an operator looks into the reasons for this and, if there are recurrent complaints of a similar nature, introduce ways to reduce the number of complaints. This could be by introducing alerts or creating more information to ensure consumers are well informed. In this context, we believe operators are likely to already have methods to help limit the potential for consumer bill shock.

In this document we have responded to ComReg's questions. The main themes of this response are as follows:

1. **It is currently in ECS provider's commercial interest to ensure that consumers are happy and informed**. As the market is competitive, it is important that ECS providers seek ways to create a competitive advantage, including by keeping our consumers happy and limiting complaints. Ensuring consumers are well informed can help limit the number of complaints and Virgin Media has the lowest number of ComReg complaints of all fixed operators suggesting the methods we have in place for providing information to consumers work.

2. **The information presented by ComReg does not indicate that a regulated solution is warranted**. ComReg has found that a significant minority of consumers reported having received unexpectedly high bills across all services. This does not mean that consumers have not experienced out of bundle charges but demonstrates that they are likely aware of the out of bundle rates that they could be charged and also because they may have received usage/credit alerts from their operator. The introduction of new requirements should only be done where there is clear evidence of consumer harm. However if consumers are not reporting any issue then ComReg cannot find that there is a consumer harm issue just because there is evidence of overages. Out of bundle charges are a normal part of the retail offerings and these charges are set out in contractual information. Furthermore just because operators may have different methods of alerting consumers to the fact they may be reaching/at their usage limit, this does not mean that these methods are not working for consumers. In line with this, we suggest that ComReg identifies and defines what consumer harm is.

3. **There is a need to undertake a cost benefit assessment before considering whether or not to consult on any proposed regulations.** Introducing new measures will mean that some operators will have to change existing processes that might have been developed to address bill shock issues. As operators may have developed solutions independently to ensure consumers are informed and to limit bill shock potential, the introduction of standardised

regulated measures will result in a change to consumer's contractual conditions and a large associated implementation cost on operators. Any implementation cost will be passed onto consumers and ComReg needs to consider if there is enough evidence that demonstrates that a regulated solution is needed and that the benefits of this will outweigh the costs. Given the presented evidence, Virgin Media does not believe that this would be the case.

4. **Any new regulations should only be developed using an evidence based approach and any new measures must be tested to ensure effectiveness**. If the research / data indicates that there is a consistent and clear issue, then the existing approaches of operators should be assessed to determine effectiveness. Any new requirement should be tested prior to introduction and ComReg should be satisfied that it will be effective in addressing any identified issue. Operators have likely adapted the solutions that they already have in place to ensure effectiveness.

Response to Consultation Questions

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.

ComReg has assessed data submitted by operators to determine the level of bill shock. While the data provided by operators may provide context as to the numbers of consumers receiving bills that are higher than their contracted monthly amount, Virgin Media does not believe that this information serves as evidence of any issue related to 'bill shock'. This is because the consumer will have received information from their operator at the point of sale, and/ or in some instances in various interactions and/or alerts that would have been issued to the customer prior to receiving their bill. In such cases, the consumer therefore knowingly exceeds their usage allowance.

ComReg states under paragraph 106 that '*The current overage rates for mobile calls and data are high (see Figure 8 and Figure 9)*'. These figures set out the call and data out of bundle charges for each operator. Virgin Media is not in agreement with ComReg's comment for multiple reasons. ComReg makes this sweeping statement when the data shows differing charges across operators. The data clearly shows that Virgin Media has the lowest rates of all operators, and furthermore, we cannot see how ComReg has benchmarked this data.

Paragraph 111 states that '*…there is a risk of consumer harm in terms of bill shock because consumers; 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*'. Virgin Media does not understand how this survey analysis indicates a risk of harm. Just because a consumer does not monitor their usage this does not mean that they do not know how to do this if they wanted to do so or that this is because there is no facility available for them to do so. There are many options open to consumers if they choose to use them.

Virgin Media does not believe the information presented by ComReg indicates any propensity for bill shock. Virgin Media's view is that bill shock can only be measured using data on issues being raised by consumers. With the data and information presented it appears as though there is no issue with regard to bill shock in the market as a minority of consumers reported to receiving higher bills than expected. In the event ComReg is of the view that the scale of 'bill shock' is to a level that merits the introduction of new regulatory measures, Virgin Media would like to see an evidence based approach including detailed data providing grounds for such proposals.

Virgin Media also notes that in its paper ComReg references the fact that there may be consumer 'harm' due to overages. We suggest that ComReg defines exactly what consumer harm is because in this particular situation we do not believe that there is harm just because overages have been charged.

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.

Virgin Media agrees that the focus of the Call for Inputs is on domestic bill shock for the reasons identified by ComReg.

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.

The developments identified should help further limit any potential for bill shock. In particular the increasing prevalence of affordable unlimited plans, declining use of fixed lines, EU rules and increased use of over-the-top (OTT) applications help mitigate the risk. We would also note that while there is an increasing movement towards Bill-Pay in this market, it can be assumed that this is driven by an increasing perception of good value and transparency in the Bill-Pay market in comparison with Pre-Paid (which can be accompanied by arguably unclear charging rules such as a requirement to top-up at a given frequency, charging for calls to care, charging for calls to voicemail, etc).

While ComReg's general assessment of market trends and developments appears valid, Virgin Media believes that regardless of the developments that will likely reduce the future potential for bill shock, there doesn't appear to be an existing issue. We have outlined the reasons for this in our responses to other questions.

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.

Virgin Media, and indeed many other operators, already have in place a range of facilities to ensure that consumers are informed and to limit the potential of bill shock (and associated complaints). The data presented by ComReg indicates that a significant minority of consumers reported having received unexpectedly high bills across all services. This suggests that the methods in place by operators are effective. While other data presented by ComReg suggests that consumers experience out of bundle costs, as discussed earlier this is not indicative of an issue because consumers have reported that they do not receive unexpectedly high bills. So while the consumer might have had out of bundle charges applied to their bill, most expected the bill value that they received.

Virgin Media already provides a range of information and facilities to consumers in relation to usage and charges. We send alerts to mobile consumers at 80% and 100% of usage for data, SMS and voice, and we believe that these are useful in helping consumers to manage their spend and mitigate bill shock potential. Consumers are made aware in their terms and conditions that charges will apply for usage outside of a bundle. Consumers are also provided with the Price List on sign up which sets out all the rates that apply for usage outside of a plan. This information is also available on our website for consumers to check at any time. Virgin Media consumers can also check their usage on MyVM anytime.

The application of out of bundle charges is a normal part of how the telecommunications retail market operates and these charges are set out in contractual information. Operators compete on the differences in the level and number of charges that are included in and out of bundle. Just because operators may have different methods of alerting consumers to the fact they may be reaching/at their usage limit, this does not mean that these methods are not working for consumers.

As ComReg has presented all available data and has already surveyed customers on this matter, Virgin Media does not believe there are further factors to consider. Rather than introducing a requirement for an issue that doesn't appear to exist, we believe that ComReg could continue to monitor the situation through the completion of consumer surveys and consult on potential requirements if an issue presents itself.

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.

As outlined earlier, Virgin Media does not believe that there is enough evidence suggesting consumers have difficulty monitoring their usage or that there is a bill shock issue that would warrant the introduction of requirements in this area. The high level suggestions made by ComReg to improve consumers' ability to monitor their usage and thereby control the risk of bill shock appear excessive as no issue has been identified. There is a wealth of information already available to consumers and it is their responsibility to ensure that they are informed.

Virgin Media strives to take the utmost care to discharge its responsibility to customers by ensuring they have relevant information and are afforded the relevant cooling off period should they wish to change or cancel their subscription. As an operator in a highly competitive environment, it is in our commercial interest to ensure our customers are fully informed of the terms and conditions of their chosen product. Failure to do so will create confusion for our consumers and from an operational standpoint, will increase the number of interactions with our consumer base (i.e. calls in our contact centre, emails). Commercially speaking, a lack of information or ambiguity around particular price plans or usage allowances could result in customer churn. Given this, Virgin Media has measures in place to prevent bill shock, and therefore limit the potential for any confusion or complaints on this issue.

Virgin Media offers attractive packages for fixed and mobile customers. A significant number of our mobile consumers are on unlimited plans[1]. These unlimited plans have a Fair Usage Policy (FUP) and outside of this charges will apply for voice and SMS, but for data use there are no additional charges[2]. An insignificant number of consumers have domestic data usage outside of their unlimited plan[3] but where they do, the consumers do not incur any additional charges so there is no potential for bill shock. Almost no unlimited consumer breaches their domestic voice or SMS allowance and so bill shock is not an issue in this situation either. Furthermore we believe that very few of this insignificant number of consumers experience bill shock because they are also provided with information on potential out of bundle usage charges as part of the sign-up process. In our Terms and Conditions provided to customers on sign up and on our website we provide information on what might happen if a customer goes over their limit and potential out of bundle charges are set out in the price list. Under point 135, ComReg uses the term '*excess charges*'. Any out of bundle charges applied to a customer's account that are not part of their package are not '*excess charges*' but are valid charges for usage outside of a customer's package and are set out in contractual information.

Our data indicates that there are few unlimited plan consumers with domestic usage outside of their bundle allowance. This, combined with the alerts we have in place for mobile consumers and the information we provide all consumers on sign-up and in the terms and conditions, we do not believe there are grounds for Virgin Media fixed or mobile consumers to suffer from bill shock. ComReg's published complaints figures show that in Q2 2019 as few as 0.08 complaints were made to ComReg for every 1,000 of Virgin Media's fixed customers.[4] Over the last two years Virgin Media has consistently had a lower volume of complaints in comparison to other operators. This suggests that our customers are informed. Furthermore estimated data shows that a relatively small proportion of

[1] [✂ [redacted]].
[2] Speed may be slowed down but there are no additional charges.
[3] [✂ [redacted]].
[4] ComReg Consumer Line Statistics Q2 2019.

our customers exceed their limits indicating they understand their allowances and are able to monitor their usage to ensure they do not exceed their limit.

If an issue is identified, raising consumer awareness could be a suitable approach and Virgin Media believes that any awareness exercise should be undertaken by ComReg. Operators already provide consumers with a wealth of information and it is not a good customer experience to overburden them with information which could in itself result in complaints. While it could be an approach to consider, we do not see a consumer awareness issue in this area so Virgin Media would be very reluctant to start issuing information to consumers about an issue that we do not believe exists.

ComReg also suggests that standardised alert facilities could be considered for introduction across service providers. Virgin Media is of the view that there is insufficient evidence to suggest that such an approach is warranted. Introducing new measures will mean that some operators may have to change existing processes that might have been developed with the specific purpose of addressing bill shock issues. Lengthy and costly IT projects would be required in order to implement any new measure. As operators may have developed solutions independently to ensure consumers are informed and to limit bill shock potential, the introduction of standardised regulated measures will result in a change to consumer's contractual conditions and a large associated implementation cost on operators. Any implementation cost will be passed onto consumers and ComReg needs to consider if there is enough evidence that demonstrates the need for a regulated solution is needed and that the benefits of this will outweigh the costs. However if ComReg identifies an issue, we suggest that ComReg looks at the usage alerts that Virgin Media has implemented for our mobile consumers as a guide for the introduction of standardised alerts.

Another potential approach suggested by ComReg is that service providers could proactively contact their consumers to discuss the reason for overages. This suggestion is excessive considering that no evidence has been presented demonstrating that consumers receive *unexpected* bills or that there is consumer harm. Such a requirement would result in a very significant change to operators customer service practices and would also require IT development. Even if this measure was set at a certain threshold (e.g. a certain percentage over the consumer's monthly bill value), there would be difficulties developing a technical solution to establish this. In the rare situation where a consumer is not happy with their bill and overages are involved, the consumer will contact their operator. In such instances Virgin Media will work with the consumer to explain the charges on their bill and work with the consumer to see if there are ways the consumer can limit situations like this in the future. Virgin Media does not see the need for operators to proactively contact consumers to discuss the reason for overages especially as indicated by ComReg the vast majority of consumer's state that they do not receive unexpected bills.

There would be a big risk of an increase in complaints associated with the introduction of a measure like this. Certain consumers may be particularly sensitive if an operator contacted them about their itemised call/SMS information (e.g. they may be using certain PRS services). Consumers may not like the fact that an operator believes that they are not aware of the calls they have made or that their operator is making an assumption that they might potentially have difficulty paying a bill. The possibility for complaints would be exacerbated in the situation where an operator may have already sent the particular consumers one or two texts informing them that they are approaching their usage limits.

The introduction of new alerts, the changing of existing alerts or the introduction of proactive contact measures would be complex for Virgin Media to implement and we would need a lead in time of at least 12 months to make any change. Our fixed and mobile functions operate from completely different systems and would require separate implementation projects. Virgin Media would also note that operators will need to introduce a range of other changes over the next year or two to meet the new requirements of the European Electronic Communications Code (EECC). We suggest that ComReg bears this in mind and the overall potential negative impact all these changes will have on consumer prices. Furthermore we suggest that ComReg assesses the practicalities of introducing any of these requirements and the costs versus benefits of doing so.

We would again stress that consumers already have a wealth of information available that they can access anytime on operator websites, and any consumer who contacts us expressing their concern around their bill or requesting information on alternative plans will be provided with relevant information by our experienced customer care team.

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?

Virgin Media is of the view that operators already proactively provide tariff advice to consumers. We provide tariff information to consumers when they sign up and this information is also readily available on our website. We believe that it is not the role of operators to proactively provide tariff advice to consumers on an individual basis or engage with them about tariff plans or to determine if the consumer is on the right plan. We believe that this should only be done where a consumer makes direct contact with an operator and therefore is willing to permit an operator to profile their account in detail. Across our sign-up channels there are two simple options for new consumers to choose from, for mobile consumers there is only an unlimited plan or a limited plan. Information on these plans is available to consumers online and consumers generally go online to find information on the plans that are available before calling Virgin Media with any questions. Where a consumer requests information on a plan, we will go through all relevant information with the consumer (including information on price, allowances etc. as relevant). If an existing consumer calls us for information we will also provide them with information on the plans that are available to them. The consumer can then decide for themselves which plan is best suited for their usage or price needs.

Additionally Virgin Media offers an online usage tool, MyVM, so the consumer can check their usage and credit limit. Consumers can get information on MyVM in many different locations. For example, through our mobile consumer onboarding journey. Another example is on the alert that is sent to customers in relation to their bill, customers are informed to go to MyVM to check the details of their bill.

With regard to engaging with consumers about tariff plans to establish if the consumer is on the right plan or package that best suits their particular needs, Virgin Media does not know how an operator would know what the 'right plan or package' is for a particular customer. We also would not know when to engage with consumers, i.e. it would be unrealistic to engage with consumers on an individual basis every month they experience overages. There could be very valid reasons, known and understood by the consumer, as to why they experience overages. If a measure was introduced for operators to proactively contact consumers, Virgin Media would need to initiate a very large IT and process change project. As outlined earlier, our fixed and mobile functions operate from different systems and would require separate implementation projects. Furthermore, in reference to potential tariff information and advice, the implementation of a process to accurately determine the 'most suitable' alternative package for a specific consumer would create enormous practical difficulties. Virgin Media does not have the capacity to proactively monitor every account and to contact consumers. Furthermore Virgin Media and other operators should not make an assumption on what plan is most suitable for a consumer or that a certain consumer can afford a more expensive plan overall. We also cannot assume that a consumer will continuously exceed their limit. It would not be possible on a cost basis to determine what plan would be most suitable for a customer because it is not possible to predict usage patterns. Past usage is not always an accurate reflection of future usage and therefore there would be potential for an operator to missell if we were to proactively contact a consumer about a plan that we believe would suit their needs. This could have serious consequences for an operator and it would not be our general policy to contact consumers on a personal basis in order to sell them a potentially more expensive plan. Furthermore, in a situation where a consumer is in contract an operator would be attempting to sell them an alternative plan yet they may not be able to switch to this plan because they will be in contract and some operators may apply contract cancellation fees in this situation. This would inevitably lead to consumer discontent and complaints that will likely end up being raised to ComReg.

If this measure was introduced Virgin Media and other operators would also need to review their Privacy Policies and Terms and Conditions and introduce changes if necessary to ensure consumers fully understand how their data is being used and the fact that their operator will be using their data to undertake profiling exercises. We would need to review data protection provisions around profiling, the right to be forgotten and marketing opt/in and out. ComReg would also need to clarify with the Data Protection Commission if this type of activity would be regarded as marketing and if a consumer should be provided with the right to opt-out.

Virgin Media does not believe that this approach is merited as consumers, by their nature, will contact a service provider if they are not happy. We will assist any consumer who contacts our experienced customer care team. The introduction of such an approach would most certainly lead to consumer complaints because we would be clearly making assumptions around a consumer’s future usage and also their current and future willingness/ability to pay, a role that we do not feel is appropriate for telecommunications operators to undertake.

Under Paragraph 124, ComReg states: ‘*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*’. Virgin Media does not understand how this would work in practice. This information is readily available to consumers so we are unclear what more can be done, especially as there doesn’t appear to be an issue. ComReg is talking about in-contract consumers that may be subject to cancelation fees if they terminate a contract, depending on the new bundle they want to sign up to. This would lead to serious consumer confusion if the consumer was to be again presented with information on out of bundle charges and given the option to decide to continue using the service but at the same time they may be informed about contract termination fees.

If ComReg was minded to introduce a measure, clear guidelines and detail would need to be provided to all operators.

8: Vodafone

Bill Shock Review: Control of Expenditure

Response to Consultation

11 October 2019

Executive Summary

I. Vodafone welcomes the opportunity to respond to the ComReg call for input on Bill Shock Review - Control of Expenditure. We support the approach taken to seek input - in order to assist ComReg in establishing a better understanding of stakeholder views and experiences. Our response to ComReg's questions are set out in detail below and it is worth first, in this section, to summarise our general view.

II. A number of regulatory measures are already in place or are under development that the ensure customers can monitor and control their use of their services. These include

a) **The information that operators must provide** at point of sale and follow up welcome information including contractual details price plan information and information on important services the customer can avail of. This detail will become more standardised under the new European Electronic Communications Code

b) **The requirements on billing**, the requirement to provide itemisation in order to assist consumer control

c) **The barring services offered** to consumer to control use of high cost services in particular premium rate services all of which have been notified directly to consumers.

d) **The roaming requirements**, which ensure customers travelling in the EU, (which accounts for the vast majority of consumer roaming usage), can use their domestic allowances and receive global alerts and capping in the event of excess data usage.

e) **The measures on International calls** within the EU, which set price limits for calls from Ireland other EU countries.

f) **The impending changes on Non-Geographic numbers**, which will take effect in December 2019, and which will allow customers to consume their allowances first when using non-geographic services.

III. *[Confidential text removed]*. Vodafone has implemented other controls where we have identified customer need. These include

i. Domestic alerts for data services.

ii. Real-time usage trackers within the MyVodafone App

iii. Higher allowance and unlimited allowance plans.

IV. The ability of consumers to monitor their own usage is an important tool in enabling consumers to understand and make informed decisions about future usage, in this way helping to mitigate against bill shock. It should be noted that a consumer who incurs additional usage charges outside their allowance does not necessarily experience bill shock, as the consumer may have been aware that they were incurring charges outside of their plan allowance and made an informed decision to continue to do so. We agree that facilitating customer control is important. To this end, we are continuing to invest in our online tools, and drive awareness.

We have observed that an increased proportion of our consumer base are using online tools, and we expect this trend to continue. The My Vodafone App, which is available to all mobile customers, provides real time information on allowance consumption. In our view, the more customers are encouraged to use the online tools the better, and now that most customers are using smartphones, it is timely to encourage more customers to move from paper based to digital billing. This will ensure greater access to information in advance of the bill issue date. ComReg may consider further review of the requirements on billing mediums to encourage more customers, in particular smartphone customers, to avail of digital tools to ensure they can better manage their usage.

V. The measures developed in recent years, all of which involve complex and high investment IT projects are more than sufficient at this time to help protect consumers from unexpectedly high charges. There are further controls offered by the operators and, in our experience, the collective regulatory and voluntary measures are more than sufficient at this time. It would be more appropriate to allow time for imposed changes to have an impact, than to add in further additional requirements, which in our experience, are extremely costly, complex and resource intensive. There will also be a number of challenging issues arising in implementation of real-time notifications/capping and in the ongoing management of customer experience issues arising from capping. A high cost initiative, which for Vodafone would be limited to voice and SMS as we already offer data notifications is, in our view, not warranted at this time. The regulatory measures already established, added to further ones in the pipeline (such as nongeographic calls changes and the introduction of standards for provision of information to customers) - combined with operators have already put in place, support this view.

VI. The ability of consumers to monitor their own usage is an important tool in enabling consumers to understand their usage, and make informed decisions about future usage, in this way helping to mitigate against bill shock. It should be noted that a consumer who incurs additional usage charges outside their allowance does not necessarily experience bill shock, as the consumer may have been aware that they were incurring charges outside of their plan allowance, and made an informed decision to continue to do so. We agree that facilitating customer control is important. To this end, we are continuing to invest in our online tools, and drive awareness. We have observed that an increased proportion of our consumer base are using online tools, and we expect this trend to continue. The My Vodafone App, which is available to all mobile customers, provides real time information on allowance consumption.

In our view the more customers we can encourage to use the online tools the better, and now that most customers are using smartphones, it is timely to encourage more customers to move from paper based to digital billing. This will ensure customers have greater access to information in advance of their bill issue date and can optimise their usage to suit their requirements.

Consultation Questions

Question 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.

<u>Fixed Consumers</u>

In Vodafone's view, bill shock is not an issue for fixed broadband consumers. All our current plans offer unlimited downloads, subject to fair usage policies, which effectively remove the risk of bill shock for fixed broadband plans.

For voice services, there is the option to avail of unlimited landline and mobile allowances, which facilitate greater customer control. As with broadband, a fair use policy applies however, these are designed in such a way so as to ensure no bill shock issues arise. Customers can make calls that are not included as part of their allowance such as international calls, calls to 18XX, calls to directory enquiries etc. However regulatory measures have been established setting prices for calls to EU countries from Ireland (which took effect in May 2019) and requiring 18XX calls to be consumed as part of the customers allowance (from December 2019).

The existing measures in relation to transparency at the various points of sale, together with the ability to monitor usage online / in the My Vodafone app, help consumers to understand their usage and related charges, and to limit their usage if necessary.

<u>Mobile Consumers</u>

We agree that pre-pay consumers have a large degree of control given the nature of the services (i.e. when their credit runs out, their ability to incur unexpectedly high charges is reduced). In our view, the measures already in place for pre-pay consumers, in particular the data usage alerts and the ability for consumers to monitor their usage through online tools, further mitigates against potential bill shock.

In Vodafone's view, the issue of bill shock has most potential to be relevant to mobile post-pay consumers. However, we continue to see a reducing propensity for bill shock in the area of mobile post-pay. This is largely due to the design of our propositions and our service model that reflect Vodafone's way of business, which is to put the "customer at the core".

We have already put a number of measures in place, specifically to facilitate enhanced control in the area of mobile post-pay. Some of the ongoing enhancements include:

- In March 2019, we doubled the data in our post-pay plans to ensure consumers now and in the future have enhanced data allowances, and to avoid the risk of out of bundle charges and potential bill shock which may arise.
- Four of Vodafone's five post-pay plans have unlimited calls and texts to any network, and all have unlimited Vodafone to Vodafone calls.

Structuring our plans in this way helps to reduce the potential for bill shock for our consumers. *[Confidential text removed*]. There is also a trend across the market towards higher and unlimited allowance plans and as a result, the consumer can assess their usage and select the plan and the price point that best suits their needs.

We agree that a consumer who experiences out of bundle charges does not necessarily experience bill shock, as the consumer is aware that they were incurring charges outside of their plan allowance, and made an informed decision to continue to do so. The proportion of consumers who actually experience bill shock is likely to be significantly lower than the proportion of consumers who incur out of bundle charges.

There have been a range of measures put in place relatively recently, which are focused on mitigating the risk of bill shock. These include the EU rules on mobile roaming (since June 2017), price capping for intra-EU communications (since May 2019), and requirements in relation to barring facilities (2018). In addition, there are changes in train to address the cost of using NGNs (due to be implemented in December 2019). The forthcoming European Electronic Communications Code, due for transposition by the end of 2020, also contains a number of measures to ensure more standardised information for customers when contracting.

Given the range of requirements recently implemented and those due to be implemented in the future, it would, in our view, be more appropriate to allow time for these changes to have an impact, rather than set out imposing additional requirements. We do not believe additional regulation is required at this time.

Question 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.

We agree that there are a number of measures already in place to address bill shock arising whilst roaming. The measures in place include:

- the ability to "Roam like at home" while in the European Union, Norway, Iceland and Lichtenstein
- alerts for data while travelling worldwide

In Vodafone's view, these measures, together with the recently implemented price capping for calls made and SMS sent from Ireland to other EU member states, are sufficient to address the risk of bill shock arising for consumers while roaming or for intra-EU communications.

We agree that there is already a range of measures in place to address domestic bill shock. In Vodafone's view, the measures already in place (both voluntary and regulatory / statutory) are sufficient to address domestic bill shock and further regulatory measures are not required.

Question 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.

We agree that a number of measures are already in place that mitigate the risk of bill shock, some of which are as a result of regulatory or statutory interventions and others provided voluntarily by service providers.

Aside from the development of plans emphasising unlimited allowances (as set out elsewhere in this response), Vodafone has a range of other measures in place to target bill shock, including use of alerts and notifications, the provision of clear tariff advice and the facility for consumers to monitor their usage and allowances on "My Vodafone" (accessible through our website / app).

Question 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.

In Vodafone's experience, in relation to mobile services, bill shock has in the past tended to arise more from data usage rather than voice usage. In our view, with voice services, consumers tend to be more aware of the associated charges for going over plan allowances, and better able to control their usage, due to the nature of the service and charging (a per minute charge), compared to data services. To reduce the propensity for bill shock arising from data usage, Vodafone have already taken a number of measures, such as larger data allowances, and the provision of usage alerts and notifications. In our view, the measures already taken help to mitigate the risk of bill shock for these services and further measures are not required.

Question 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.

The ability of consumers to monitor their own usage is an important tool in enabling consumers to understand their usage, and make informed decisions about future usage, in this way helping to mitigate against bill shock. We are continuing to invest in "My Vodafone", which consumers can easily access through our website and/or our app. We automatically provision all Vodafone consumers with access to "My Vodafone", which enables them to access plan details, view current and previous bills, proactively monitor their allowances and adjust their usage, should they wish to avoid charges outside of their plan allowances. We have observed that an increased proportion of our consumer base are using "My Vodafone", and we expect this trend to continue. This will continue to reduce the potential for bill shock. We continue to drive awareness of the app through relevant communications and agent training.

As set out by ComReg, a number of measures are already in place that mitigate the risk of bill shock, some of which are as a result of regulatory or statutory interventions and others provided voluntarily by service providers. Given the range of measures already in place, *[confidential text removed]*; we do not believe any further measures are required.

In our view we should be encouraging customers to use digital solutions that enhance control and most operators already have online tools that facilitate greater cost control. *[Confidential text removed]*.

To move customers towards these Apps it would help if more customers switch to digital billing solutions, which are also delivered via the App. One consideration for ComReg is that they could extend the definition of broadband services in their 2013 billing mediums decision to include mobile services as higher speed data services and apps are more widely available since the original decision was published. This would facilitate responsible switching of customers from paper-based billing to digital billing subject to notice.

Question 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?

Vodafone proactively provide details when the customer is connecting and we already has a broad range of measures in place to mitigate the risk of bill shock, in which we have invested significantly. Our analysis of the proportion of consumers that incur out of bundle charges shows that these measures are working and in our view, the existing regulatory controls and the additional measures already implemented by operators are sufficient to mitigate against the risk of bill shock for consumers.