

Your response

Question	Your response
<p>Question 1: Do you agree with the conclusion in our Equality Act impact assessment</p>	<p>Confidential? – N No Comment</p>
<p>Question 2: Do you agree with our assessment of the potential impact of our proposal on the Welsh language? Do you think our proposal could be formulated or revised to ensure, or increase, positive effects, or reduce / eliminate any negative effects, on opportunities to use the Welsh language and treating the Welsh language no less favourably than English?</p>	<p>Confidential? – N No Comment</p>
<p>Question 3: Do you agree with our assessment of the consumer harm arising from inflation-linked price variation terms?</p> <p>We invite evidence from respondents on the matters addressed in section three.</p>	<p>Confidential? –N</p> <p>In June 2022 Ofcom implemented changes to the General Conditions to mandate worked examples of price rises in Contract Summary documentation. Due to customers having contract terms of 24 months some customers will not receive a new Contract Summary and Contract Information until they sign a new contract after May 2024.</p> <p>This means that a proportion of customers surveyed by Ofcom during 2023, or indeed complaining to Ofcom between 2021-2023, would not yet have seen the new worked examples the General Conditions now require.</p> <p>In para 3.14 of the consultation document Ofcom states that slide 17 of their quantitative research findings shows that 67% of broadband customers were unable to identify correctly how their provider would increase their price. In fact slide 17 shows where consumers would look to find information about whether their provider will be increasing their price. We were unable to find a slide in Ofcom’s summary pack that supported the 67% figure stated in para 3.14.</p> <p>What Ofcom’s quantitative research summary does show is that there has been a significant increase in the proportion of customers that know how their provider</p>

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	<p>will calculate the price increase when comparing the January 2023 results with the October 2023 results (slides 14 and 15). This could be an indication that the changes to the General Conditions in June 2022 are bringing the clarity that Ofcom and consumers want.</p> <p>We conclude from the research presented that awareness of inflation-linked price variation terms among consumers is rising and the June 2022 changes to the General Conditions need time to bed in.</p> <p>In para 3.17 Ofcom concludes that consumers misunderstand the difference between CPI and RPI inflation because they were not aware that RPI inflation was higher than CPI inflation. RPI inflation can and has been lower than CPI inflation and so the basis of the question is flawed. The consultation document also refers to a figure 2 that does not appear in that document.</p> <p>The reason that operators use inflation measures to increase their prices is that these official national statistics are the best proxy for the likely increase in their cost base. In many cases operators supply contracts will often have a price rise incorporated that is linked to inflation measures, including Ofcom's regulated prices and employees expect higher salary increases when inflation is high.</p> <p>It is largely irrelevant whether consumers understand the inflation measure or can carry out the calculation as Operators are now obliged to provide consumers with a worked example when they enter a contract. Ofcom's qualitative research in Jan 2023 showed that over 80% of consumers found it easy to understand the worked example provided by their operator. These high percentages of understanding were consistent across the different categories of disabled people.</p> <p>Although none of the participants in Ofcom's qualitative survey said they had seen a worked example it is wrong for Ofcom to suggest that this representative of the wider population as Community Research make clear in their presentation of the results. Ofcom's qualitative research in Jan 2023 indicates that 38% of customers remember receiving a worked example and the October 2023 research indicates that this proportion is growing.</p>

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	<p>This is unsurprising for a new General condition which has not yet been in place for 24 months.</p> <p>In conclusion we do not agree with Ofcom's assessment of consumer harm as Ofcom's own research indicates growing consumer awareness and understanding of the worked examples of price rises that Operators are now obliged to provide. Ofcom should fully understand the impact of its previous interventions in this area, as well as the recent changed guidance from CAP / BCAP before imposing further regulatory burden and cost on industry.</p>
<p>Question 4: Do you agree with the conclusion in our impact assessment?</p>	<p>Confidential? – N</p> <p>Ofcom's impact assessment fails to consider what impact their proposals might have on the price for broadband services charged to consumers. Ofcom's proposal forbids operators, and their investors, from mitigating the risk of increased supply side costs by passing these onto consumers through increased prices linked to inflation (ie inflation risk is left with the operator). The intervention means that it is now up to the operator to guess what inflation might be in the future rather than the consumer. It is likely that operators will seek to minimise their inflation risk by assuming an inflation rate at the higher end of forecasts which they will incorporate into their £/p price increases. As such consumers are likely to end up paying more for their mobile and broadband services because of this intervention.</p> <p>As such the proposed intervention risks increasing customer harm rather than reducing it. This point has not been properly considered by Ofcom in its consultation.</p>
<p>Question 5: Do you agree with our proposal to require providers to ensure that the following information is drawn prominently to the customer's attention in a clear and comprehensible manner before a customer is bound by a contract: i) the Core Subscription Price; ii) if the Core Subscription Price is to change during the Commitment Period, that changed Core Subscription Price, in pounds and pence; and iii) the date from</p>	<p>Confidential? – N</p> <p>If Ofcom does proceed with its proposal then we are increasingly concerned about the quantity of regulated information that operators are required to provide to consumers at the point of sale.</p> <p>Ofcom already makes use of the risks of salience bias to help justify its need for this intervention. Attention bias can also occur when too much information is presented to the consumer, and this can have an enhancing impact on salience bias with consumers only focusing on the information they find most salient and ignoring the rest.</p>

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<p>which any changed Core Subscription Price shall have effect?</p>	<p>This is perhaps why none of the consumers in Ofcom’s qualitative research remembered receiving a worked example of their contract pricing at the point of sale. In this proposal Ofcom should consider how it can reduce the quantity of information presented to consumers at the point of sale. In the proposed £/p solution this could be achieved by stipulating that operators should make the total contract cost (the total cost the consumer will pay during the contract period including connection fees, total of monthly payments and any other charges). Providing this £/p figure as the prominent information at the point of sale would enable consumers to make informed comparisons and choices and find the right deal for their needs. Presenting this total contract cost figure removes any consumer cognitive burden of calculating different monthly prices across different months of the commitment period.</p> <p>Our conclusion is that salience would be increased if Ofcom required operators to present a single figure, Total Cost of Contract, to consumers at the point of sale, rather than the three pieces of information proposed by Ofcom.</p>
<p>Question 6: Do you agree with our proposal to require providers to include in the Contract Summary: i) the Core Subscription Price; ii) if the Core Subscription Price is to change during the Commitment Period, that changed Core Subscription Price in pounds and pence; and iii) the date from which any changed Core Subscription Price during the Commitment Period shall have effect?</p>	<p>Confidential? – N</p> <p>If Ofcom does proceed with its proposal then we agree that the three elements of pricing proposal should be included in the Contract Summary so that consumers can easily see what they will be paying and when. We propose this would be the place the customer would find these details having been presented with the headline Total Cost of Contract price at the point of sale.</p>
<p>Question 7: Do you agree with our proposal to require providers to include in the Contract Information: i) if the Core Subscription Price is to change during the Commitment Period, that changed Core Subscription Price in pounds and pence, and ii) the date from which any changed Core</p>	<p>Confidential? – N</p> <p>If Ofcom does proceed with its proposal then we agree that the three elements of pricing proposal should be included in the Contract Information so that consumers can easily see what they will be paying and when. We propose this would be the place the customer would find these details having been presented with the headline Total Cost of Contract price at the point of sale.</p>

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<p>Subscription Price during the Commitment Period shall have effect?</p>	
<p>Question 8: Do you agree with our proposed additions and amendments to GC C1 (see detailed amendments in annex 5)?</p>	<p>Confidential? –N</p> <p>As per our proposal above we would recommend changing the amendments so that providers are required to show the Total Cost of Contract at the point of Sale as this would be more comparable by customers without any consumer cognitive burden.</p>
<p>Question 9: Do you agree with our proposed additions and amendments to existing GC C1 guidance to clarify our expectations on how providers could comply with the new requirements (see detailed amendments in annex 6)?</p>	<p>Confidential? – N</p> <p>As per our proposal above we would recommend changing the amendments so that providers are required to show the Total Cost of Contract at the point of Sale as this would be more comparable by customers without any consumer cognitive burden.</p>
<p>Question 10: Do you agree with the proposed implementation period of four months from publication of the statement and the changes to GC C1 and guidance?</p>	<p>Confidential? – N</p> <p>Change capacity across the industry is currently limited due to other regulatory burdens placed upon industry including current uncertainty surrounding One Touch Switching Go Live and changes required by the Telecommunications (Security) Act. As such industry should be given as much time as possible to make the proposed changes. Ofcom’s objective would be to have the new regime in place before planned price rises on 1st April 2025. As such we would propose a deadline of 31st December 2024 to implement the required changes.</p>

Please complete this form in full and return to cameron.bailey@ofcom.org.uk.