

## Your response

Question	Your response
<p><b>Question 1: Do you agree with the conclusion in our Equality Act impact assessment</b></p>	<p>Confidential? – No Yes</p>
<p><b>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?</b></p>	<p>Confidential? – No Yes</p>
<p><b>Question 3: Do you agree with our assessment of the consumer harm arising from inflation-linked price variation terms?</b></p> <p><b>We invite evidence from respondents on the matters addressed in section three.</b></p>	<p>Confidential? – No</p> <p>The FCS supports clear pricing for consumer and business customers and understands the potential consumer harm arising from inflation-linked price variation terms as set-out in the consultation.</p> <p>However, we believe that the current proposals, if not accompanied by appropriate regulation on wholesale providers, could have a detrimental impact on smaller communication providers (CPs), and, in particular, resellers, which might have unintended consequences in the market and ultimately lead to a reduction in competition and customer choice.</p> <p>The proposals apply not only to consumers but also to microenterprises, small businesses and not-for-profit customers, unless they expressly agree otherwise, and insufficient attention seems to have been given to their impact on this latter market segment. Indeed, it is not until page 57 that it becomes clear that the proposals apply to these customers. The FCS believes it would be helpful for the Executive Summary of any consultation to be explicit on this point, clearly specifying to whom the proposals apply.</p>

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	<p>Paragraphs 3.70-3.74 state that providers are better placed than consumers to manage financial risks from inflation. The FCS agrees that this is true, but it is also true that larger CPs are better placed to manage financial risks than smaller ones, and resellers are even less well placed to do so. Vertically integrated CPs are affected significantly less than those who are not integrated.</p> <p>The FCS has many reseller members and they have commented that wholesale prices are volatile and that recently they have seen wholesale price increases above the rate of inflation. Resellers purchase services from providers, and they have no control over wholesale prices, apart from possibly switching to a different supplier. However, switching wholesale provider is not always possible and can be expensive, with resellers incurring additional staffing and operating costs. To get the best deal, resellers might be in multi-year deals, often with inflation-linked increases. As they cannot predict inflation, or, indeed, what future wholesale prices might be, it is very difficult for them to be specific about their end-customer pricing without taking significant financial risk. Every time there is a price increase, the reseller needs to decide whether to pass on a charge or accept a cut in margin.</p> <p>The continuing trend for wholesale providers to increase prices, whether prewarned or not, is likely to reduce the number of resellers as the market becomes less attractive and that will, in turn, make the market less competitive for consumers and small business customers.</p> <p>The FCS would welcome the opportunity to discuss the implications of the proposals on the reseller market and the possibility of wholesale remedies, which might help to mitigate impact, with Ofcom. For example, wholesalers might be restricted in making above inflation increases, or be required to offer term contracts without increases.</p>
<p><b>Question 4: Do you agree with the conclusion in our impact assessment?</b></p>	<p>Confidential? – No</p> <p>As per our answer to Q3, the FCS believes that the wider impact on the reseller market and the microenterprise/small business market has not been adequately explored.</p>

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	<p>Specifically, 4.79 states that Ofcom has “not seen clear evidence of a direct link between providers’ costs and the inflation-linked price variation terms they have adopted”. The FCS would like to understand whether Ofcom has considered the reseller market when making this comment and would welcome a discussion on this area.</p>
<p><b>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 which any changed Core Subscription Price shall have effect?</b></p>	<p>Confidential? – No</p> <p>The FCS understands the benefit of the proposals but would like to discuss the impact of the changes on the reseller market and how this can be mitigated.</p>
<p><b>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?</b></p>	<p>Confidential? – No</p> <p>The FCS understands the benefit of the proposals but would like to discuss the impact of the changes on the reseller market and how this can be mitigated.</p>
<p><b>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</b></p>	<p>Confidential? – No</p> <p>The FCS understands the benefit of the proposals but would like to discuss the impact of the changes on the reseller market and how this can be mitigated.</p>

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<p><b>Subscription Price during the Commitment Period shall have effect?</b></p>	
<p><b>Question 8: Do you agree with our proposed additions and amendments to GC C1 (see detailed amendments in annex 5)?</b></p>	<p>Confidential? – No</p> <p>The proposed changes seem consistent with Ofcom’s intent.</p>
<p><b>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)?</b></p>	<p>Confidential? – No</p> <p>The proposed changes seem consistent with Ofcom’s intent.</p> <p>The guidance could be clearer about which customer groups are covered by the condition and, in the case of microenterprise/small business customers, it would be very helpful to provide guidance on what measures would be considered as complying with the phrase “unless they have expressly agreed otherwise”.</p>
<p><b>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?</b></p>	<p>Confidential? – No</p> <p>The FCS would like to see appropriate measures in place at the wholesale level before changes at the retail level are brought in.</p>

Please complete this form in full and return to [cameron.bailey@ofcom.org.uk](mailto:cameron.bailey@ofcom.org.uk).