

Cameron Bailey
Senior Associate
Ofcom,
Riverside House,
2A Southwark Bridge Road
London SE1 9HA

13 February 2024

Dear Cameron,

To cover the main points of the consultation cover sheet:

Consultation title: Consultation on inflation-linked in-contract price rises

To: Cameron Bailey

Name of respondent: Richard Winstone

Representing: Over50smoney & 131,000 petitioners

This is a non-confidential response.

I started a petition last year calling for a ban on mid-contract price rises in the telecoms industry all together. This petition has now reached over 131,000 signatures and my answers to the consultation questions below are on behalf of all these signatures. You can find the petition here:

<https://chnng.it/B6btfgvsCh>.

It is our opinion that a fixed term contract should be a fixed price contract. Other industries offer similar pricing methods, for example in the energy industry a 3-year fixed tariff offers customers security of fixed daily standing charges and unit rates for 3 years, with no mid-contract variation on those rates.

In the current economic climate, it is of paramount importance for consumers to know where every penny of their paycheck is going. Having unpredictable price increases every April has been problematic and the proposed measures within this consultation do not go far enough to address this issue.

Furthermore, if a customer does want to cancel their contract they are forced to pay large exit fees, yet suppliers are able to impose annual increases to consumer bills without any such fine. If the supplier does provide the option for the customer to leave the contract without incurring an exit fee after the April increases, they do not advertise it very well, as this is something I have only just become aware of as an option. Additionally, any exit fee that is payable is often complex and difficult to calculate or actually impossible to find the information online. For example, Figure 1 is a screenshot from Virgin Media's early cancellation page. When looking for how to calculate the cancellation fee, it is easy to miss the 3 words "Please see here" which is the entire description for calculation.

Figure 2 shows the document that opens when clicking the link in Figure 1, which provides two complicated examples with no written explanation of the maths that is happening, and then a vague sentence at the bottom that tells customers to call an agent to find out how they work out the cancellation fee. This is ludicrous, absolutely obfuscating the information to make it more complex and frustrating for a customer trying to leave. Not to mention that the total exit fee can be as high as

£288! For simply leaving a contract early, this is a disgusting fee. So, we are also calling for a cap on exit fees at £100 for Broadband.

Figure 1. – Screenshot from Virgin Media website, address:

<https://www.virginmedia.com/legal/fibre-optic-services-terms-conditions/early-disconnection-fees>

*Offer pricing on Triple Play Bundles can in very few cases result in lower Early Disconnection Fees; please ensure you check with our agents for the exact figure that would apply to your Bundle.

All Early Disconnection Fees apply after the standard 30-day notice period. So, if you wish to cancel and have 5 months remaining in your minimum period, you will need to provide 30 days' notice, during which you will retain (and continue to pay for) your services and be charged an Early Disconnection Fee for the remaining 4 months.

If your current contract with us started prior to 4th April 2023, any Early Disconnection Fee will be capped at £288 (includes VAT). If you are a new or recontracting customer on or after 4 April 2023, this cap does not apply.

How Do I Calculate my Early Disconnection Fee?

Please see [here](#).

FAQ

Moving House?

The Virgin Media network does not cover all of the UK – please use our post code checker by clicking here to check availability. If you move outside our network area during your minimum period, you might have to pay an early disconnection fee for ending your contract early. If you move to another address and we have agreed with you to continue providing you with the same Virgin Media services at your new address, an Early Disconnection Fee will not be applied and the remainder of your minimum period will continue at your new address.

If you're moving outside our network area but still within the UK and give us some valid evidence of your new address, we'll credit you back the early disconnection fee. When submitting your disconnection request, our team will explain the next steps and you'll get a request for valid proof of your new UK address. If we get this back within 30 days and it's validated, we'll apply a credit to the value of your early disconnection fee to your account. If you've already been billed for your early disconnection fee before we apply the credit, we'll still apply the credit to your account. As per paragraph N.11 of our Terms and Conditions, if there's any credit remaining on your account after we've made the deduction, we'll reach out with you to refund you the remaining credit unless our costs to administer that refund outweigh the actual account balance. If that's the case, we'll donate the account balance to charity. If, at the point of sale, you think you might move outside the Virgin Media network area before the end of your minimum period, one of our 30-day rolling contracts might be better for you.

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Figure 2. – Content of the “How Do I Calculate my Early Disconnection Fee” link on VM website

Remaining Early Disconnection Fee (3 months):	(£44.46)*3 = £133.38	(£52.44)*3 = £157.32
Total charge (4 months):	£57 + £133.38 = £190.38	£57 + £157.32 = £214.32
Range for total charge (4 months):	£190.38	£214.32

Example 2: A customer who has our Broadband only package (M500) with 4 months remaining for their minimum period, the current calculation of the Early Disconnection Fee (EDF) would be as follows:

Broadband M500 monthly cost:	Standard pricing	
	£62.00	
	Lowest charge	Highest charge
Early Disconnection Fee range of monthly cost:	93% (£57.66)	96% (£59.52)

Guidance for total charge for remaining 4 months:

Standard 30-day notice charge:	£62.00	
Remaining Early Disconnection Fee (3 months):	(£57.66)*3 = £172.98	(£59.52)*3 = £178.56
Total charge (4 months):	£62 + £172.98 = £234.98	£62 + £178.56 = £240.56
Range for total charge	£234.98	£240.56

Broadband M500 monthly cost:	Offer pricing	
	£44.50	
	Lowest charge	Highest charge
Early Disconnection Fee range of monthly cost:	90% (£40.05)	95% (£42.28)

Guidance for total charge for remaining 4 months:

Standard 30-day notice charge:	£44.50	
Remaining Early Disconnection Fee (3 months):	(£40.05)*3 = £120.15	(£42.28)*3 = £126.83
Total charge (4 months):	£44.50 + £120.15 = £182.15	£44.50 + £126.83 = £188.83
Range for total charge (4 months):	£182.15	£188.83

To get the exact figure, just contact one of our Agents and they can provide the exact amount for that day.

Overall, it is our opinion that telecoms companies have had too much power over our finances for too long, we'd like some of that power back. We are calling for you to put a permanent ban on mid-contract price rises for mobile phone and broadband contracts and for all exit fees to be clearly displayed and capped to a reasonable level.

I am in constant communication with the members of our petition, to update us on the consultation or if you have any questions on the responses given below, please contact me directly on Richard@over50smoney.com.

Kind regards,



Richard Winstone
Director
Over50smoney

Question 1: Do you agree with the conclusion in our Equality Act impact assessment?

Yes.

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?

Yes I agree with the assessment, no I don't have any suggestions for revising the proposal.

Question 3: Do you agree with our assessment of the consumer harm arising from inflation-linked price variation terms?

Yes, I agree with the assessment of consumer harm from inflation-linked price variation.

Question 4: Do you agree with the conclusion in our impact assessment?

Not entirely. I agree that the £/p requirement is a good stepping stone, and certainly a move in the right direction from where we currently are, but I do not believe this goes far enough to addressing seriousness of the current situation.

As stated in 3.77, "mobile and broadband are both considered to be essential services for consumers". When it comes to essential services and goods, strict regulation needs to be in place to ensure consumers are protected from normal market forces that would allow providers to charge extortionate prices for goods that are essential to everyday life for consumers.

No other essential service offers a contract where prices can change in the middle of the contract term. As an example, a consumer's gas and electricity standing charges and unit rates, in a fixed term contract, do not change for the term of that contract, only when consumers move to a default tariff do they see regular changes to their prices (based on the price cap).

We believe Ofcom should be implementing regulations that ensure that all fixed-term contracts are also fixed-price contracts. This would provide the best protection for consumers, knowing that they monthly-rate that they agree to at the start of a contract will be the same price they pay until the end of the contract.

In addition to this, we believe that providers are not clear enough with the cancellation fees. Again, looking at the energy market, "exit fees" have to be clearly displayed for all consumers to be aware of the penalty for leaving a contract early, yet when entering a new broadband contract most consumers are not informed of the complex formula used to calculate an exit fee, based on how much time is remaining on their fixed-term contract at the point of cancellation. On this point, we call for fixed-rate cancellation fees on all broadband and mobile phone contracts, with a capped limit and for regulations to ensure providers give that information as clearly as you are proposing they give the new mid-contract price rise information.

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 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?

Our preference for the outcome of this consultation is stated in our response to Question 4, however if Ofcom go ahead with the proposals set out in this consultation document then yes, we agree with the points (i), (ii) and (iii).

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?

Our preference for the outcome of this consultation is stated in our response to Question 4, however if Ofcom go ahead with the proposals set out in this consultation document then yes, we agree with the points (i), (ii) and (iii).

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 Subscription Price during the Commitment Period shall have effect?

Our preference for the outcome of this consultation is stated in our response to Question 4, however if Ofcom go ahead with the proposals set out in this consultation document then yes, we agree with the points (i) and (ii).

Question 8: Do you agree with our proposed additions and amendments to GC C1 (see detailed amendments in annex 5)?

Our preference for the outcome of this consultation is stated in our response to Question 4, however if Ofcom go ahead with the proposals set out in this consultation document then yes, we agree with the amendments in annex 5.

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)?

Our preference for the outcome of this consultation is stated in our response to Question 4, however if Ofcom go ahead with the proposals set out in this consultation document then yes, we agree with the amendments in annex 6.

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?

Yes, we agree a four-month implementation period is reasonable, with providers beginning the roll out of new requirements as early as possible.

Kind regards,

Richard Winstone
Director
Over50smoney