



Sprint Ltd Response to Ofcom's Automatic Compensation Consultation

Introduction

Sprint Ltd T/A SCS are a national provider of a broad range of telecom products and services designed specifically to provide benefits for business customers. We have a range of varied business customers across the UK including public sector, SMEs, small businesses and larger private enterprises.

Overview

- **Sprint understands the spirit of this consultation is to ensure that residential consumers get appropriate compensation without having to go through the difficulty of claiming for it.**
- **Ofcom state that around 30% of SMEs run their businesses on residential contracts, clarity is required on whether these businesses could be entitled to the proposed auto compensation.**
- **We only provide business products to businesses, as such we require clarity on what constitutes a business contract and the definition of a business product versus a residential product.**
- **A clear definition will allow this to be governed consistently and upheld.**
- **Without definition it will be impossible to govern and add to the end user's confusion.**
- **The principal of the CP awarding the compensation, without the amount being mirrored by the wholesaler, must be reviewed where delays are not something they have direct control over, or can influence. Openreach own the network, the network records and control the engineering workforce.**

Looking specifically at the WLR market, we can summarise the issues as follows;

- Openreach own the network and are legally the only company allowed to maintain and make reparations on the copper network. Therefore we are intrinsically linked, with our service levels wholly reliant on theirs in the instance of network faults.
- A Communication Provider cannot have any influence over Openreach once diagnosing the fault and providing the correct information, we are entirely in Openreach's hands.
- We are unable to chase resolution until an SLA fails and if we chase Openreach SMC before we are turned away.
- Openreach also no longer have suitable escalation paths for provide or repair.



- Our ultimate concern is the costs associated with the award of this compensation, which the proposal is for the CP to cover despite having no control, will lead to less Communication Providers - as the smaller CPs could go out of business, decreasing competition. Alternatively they could decrease staff levels greatly impacting the quality of customer service, or increase costs to end users.

Please note:- the majority of our faults and many other CPs are raised through to Openreach. These tend to be the only ones lasting in excess of 2 days. The fault is usually raised at the time of the End User making contact – so there are not any delays the CP end.

Answers to consultation questions

Q1: Do you agree with our framework for assessment?

We agree that the scope in principle is correct, but that the responsibility should lie with the Wholesaler responsible for the service to provide the compensation, i.e. the party that owns the control of the length of time the service takes to be provided or is repaired.

Q2: Do you agree that in landline and broadband markets consumers are insufficiently protected from poor quality of service and that intervention is required?

Yes, the figures appear to show this is the case.

Q3: Do you agree that it is appropriate for automatic compensation to be introduced for landline and broadband consumers?

We agree but think it should be payable by the party causing the delay otherwise there is no incentive to provide better service. All it will do is drive CPs costs up which will affect the service they provide or the prices they offer to consumers.

Q4: Do you agree with our proposal to provide automatic compensation when a loss of service takes more than two full working days to be restored?

We agree with the time frame but only if Openreach are able to mirror that specific SLA. Currently their care level 1 (a residential care level) SLA is clear by end of next working day +1, Monday to Friday, excluding public and bank holidays.

E.g Fault reported at any time between 00.01 – 23.59 on Tuesday would have a commitment time of 23.59.59 on Thursday.

It seems disjointed and unfair that the network owners are not mandated to provide service within the proposed timeframe for compensation to apply when this timeframe has been thought out and deemed appropriate. They need to be aligned.



Furthermore, it is very concerning that Openreach only has a target performance of 77% against SML1, so this would potentially leave CPs immediately liable for 23% of failures that are out of their hands from day one.

We would like to know if it is Ofcom's intention is that the GC should match SML1, and would ask that this is clarified and, if possible, examples used with named days of the week.

Q5: Do you agree with our proposal to provide automatic compensation when there are delays in provisioning a landline or fixed broadband service?

We agree with the principle of compensation by the party at fault, but that we believe this is very rarely the CP who has no direct control over most delays and is mostly dependent on Openreach.

As previously mentioned Openreach own the network and look after the network records (which are often wrong and therefore cause delays – in the circumstance of no line plant) and they control the engineering work force. Thus how can the CP be accountable for any delays caused by them .

Further examples of delay in provision include lack of engineering resource, incorrectly skilled engineers (not flat roof trained for example) or lack of Openreach line plant.

All strengthen the case that the CP cannot be held accountable for these failures. The CP is also already having to pay staff to chase and push Openreach to get the service installed as soon as possible (who have little escalation paths these days) and bring service forward where there has been an issue.

CPs are also the ones who have to deal with the unhappy customer and already suffer financial loss for the rental/call revenue for all the time service is not provided.

Q6: Do you agree with our proposal to provide automatic compensation when missed appointments take place with less than 24 hours of prior notice?

We recognise that missed appointments can cause stress to customers and financial loss for customers.

If it is Openreach who have missed the appointment, Openreach are not mandated to pay as much as Ofcom proposes the CP community to pay, an inconsistency which needs to be addressed.

Additionally if there is a dispute between Openreach and the End User as to who missed the appointment, Openreach will charge the CP, so the CP could be in a situation of making payments up and down the chain at no fault of theirs.

We would also like clarity on how we can prove who missed the appointment as the current process is not fit for purpose.



We would also like the compensation mirrored by the wholesaler in the instance that they had missed the appointment. There are many scenarios this can cover and some granularity around this would be useful.

Q7: Do you agree with our proposals on transparency?

We agree with the overall principles of transparency proposed.

Q8: Do you agree with our proposals on the method and timing of payment?

If payments are to be made to end-customers within 30 calendar days then there needs to be back to back reciprocal agreements up the chain allowing CPs to claim the money back with the party that caused the payment to be triggered within the same period.

Although it is Ofcom's view that industry needs to arrange this with Openreach and other wholesalers, the reality is that without Ofcom's intervention this simply will not happen.

Q9: Do you agree with our proposal not to have a payment cap (and our assessment of the reasons for and against it)? - If you consider there should be a payment cap, what should it be and why?

We think that the cap should be mirrored with Openreach's in the situation of an Openreach fault or missed appointment.

Q10: Do you agree with our proposed exceptions?

We agree with the exceptions identified.

Q11: Do you agree we should not allow for a blanket exception for force majeure type events?

We understand the spirit of the decision. However, when Openreach declares MOBRC, it is absolved from paying SLGs, yet under Ofcom's proposals the CPs would still be required to pay compensation to their customers, this further discrepancy needs addressing.

If the owners of the network cannot provide service within the timeframe due to areas outside of its control, how can a Communication Provider still be expected to pay?

The same process should be mirrored up and down the chain.

We understand that Ofcom expects the industry to negotiate new SLGs as appropriate following the outcome of this consultation, however, past events show this to be impossible without Ofcom's intervention.



Q12: Do you agree with our proposal on complaints and disputes?

We agree with the principle of Ofcom’s proposal, however, as noted above regarding timing of payments we are concerned about the ability of the retailer and others in the chain to be able to negotiate back to back arrangements that means that compensation will flow from the party that causes the harm.

Q13: Do you agree with the impacts we describe? Please wherever possible give your reasoning and provide evidence for your views.

We are concerned that overall costs will rise. This could be because of pass through of compensation costs or from the increased levels of reporting/admin that will be required.

The concern is also that if similar expectations are put on B2B CPs, higher costs (paying out larger sums than they are receiving) could lead to smaller CPs going out of business. Therefore less competition etc.

Q14: Do you agree with our provisional conclusions on residential landline and broadband services?

We believe the proposals are correct but leave the volume providers to answer the specifics of this question.

Q15: Do you agree with our proposal of 12 months to implement automatic compensation?

If the issues highlighted here can be addressed so that there is alignment, consistency and fairness, this appears a reasonable timeframe but it is ultimately dependant on the wholesalers agreeing to the changes.

Q16: Do you agree with our proposal to monitor the impact of automatic compensation?

In principle, yes.

Q17: Do you agree with our proposals for greater transparency regarding service quality and compensation for products targeted at SMEs?

Much of s11 makes generalisations about all SMEs without distinguishing between the 30% on residential type contracts and the 70% on Business contracts. We have assumed that Ofcom is generally referring to those in the latter category.

We agree with the high-level proposals in this section. However, we think Ofcom should be clear in its expectations: there are references to “a business contract” (11.12) as well as “business products” and enhanced service levels. Will a CP easily be able to prove to Ofcom that it is providing a business service and therefore does not fall under the automatic compensation requirements? Is there an appropriate form of words that should be used?



Q18: Do you agree with our provisional conclusions not to introduce automatic compensation for delayed repair of mobile loss of service?

We have no comments on this section.

Q19: Do you have any comments on the draft condition set out in Annex 14 to this document

As stated previously, we would like absolute clarity on the timeframes suggested in the condition. In its wording for SML1, Openreach refers to “clear by 23.59 day after next” whilst Ofcom uses “at midnight on the second working day”.

We appreciate the formality of the GCs but a “worked example” would be beneficial.