Notice on Specified Charges and Durations of Calls

BT's response to PSA's Consultation on amendments to Notice of Specified Charges and Duration of Calls

Date 12 July 2018

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Executive summary

We support the £40 cap	The proposal to align the Special Conditions caps with those within the PSDII[1] is sensible and removes potential customer confusion were there to continue to be a variety of different caps under different regulators.
All Premium Rate Services should be capped	Consumer protection, transparency and price confidence could be improved significantly if PSA widened the remit of the £40 to apply to all Premium Rate services using NGCS[2] telephone numbers including 118 services.
We support the £240 Service Provider consolidated cap on calling but are concerned about the challenges of implementation	We support the proposed £240 consolidated cap but note the PSDII cap sets a maximum spend of £240 per end user for all in-scope services used each month. The implementation of a consolidated cap per Service Provider is likely to require technical development so the PSA should allow Service Providers a transitional period in which to make these developments.

[1] Payment Services Directive II
[2] Non Geographic Call Services

1. General Comments in response to PSA's consultation document

There is a need for a set of agreed principles to apply to all parties in the industry

1.2. A set of agreed principles is needed for the industry to function properly due to the interconnected nature of telephone calls. These principles need to apply to all parties in the industry.

1.3. Where services are delivered and paid for via a telephone call, several suppliers may exist within a single transaction chain. While each supplier has a commercial relationship with those parties on either side of it, it will not have visibility of all steps in the transaction chain. The Communications Provider whose customer originates the call [the OCP] may have no direct commercial relationship with the Service Provider raising the transaction fee for that call. However it is the OCP who will raise an invoice for their customer who makes the call.

1.4. This lack of direct commercial relationship between the Service Provider and OCP means that a clear set of rules is needed to ensure the value chain can work effectively.

- The customer originating the call needs to know the type of service they are calling and the price payable (which PSA and Ofcom require is promoted with the telephone number).
- The Service Provider knows the type of service they are providing and the price payable and any relevant cap to that charge. It does not know the identity of the customer making the call.
- The OCP has no awareness of what service their customer is calling. The tariff for the call is based on a pence per minute (and/or per call) appropriate to the telephone number dialled. The call duration determines the total charge payable.

1.5. This means that the non-geographic call services (NGCS) market needs all parties to be governed by the same rules to work effectively. All must understand and agree how those rules apply and at which point in the value chain and by whom they are implemented.

The Payment Services Directive II (PSDII) and Regulations

1.6. Many transactions can now be paid for using a device connected to a communications network. We agree and support the objective of the Payment Services Regulations to protect consumers making such purchases.

1.7. However, we consider that services delivered via a telephone call that are already regulated by the Phone-paid Services Authority do not require additional consumer protections or enforcement by other regulatory bodies.

1.8. BT has a firm view that qualifying NGCS third party services delivered by a telephone call, paid for by an OCP's customer via their telephone bill, and with the monies collected by the OCP and paid on to the Service Provider, are subject to the Payment Services Regulations. However it is not clear that this view is shared by all parties in the value chain for NGCS calls and we believe there must be a unified position if we are to operate effectively and consistently as a communications industry.

We support the PSA's £40 transaction cap and suggest an extension to all Premium Rate Services, including 118 services

1.9. The PSA should consider extending their proposed Special Conditions call cap of £40 across *all* Premium Rate Services if the Financial Conduct Authority considers third party Premium Rate calls using NGCS numbers require additional protections for consumers. This would have a number of benefits:

- Individual call costs could be capped at £40 without costly or complex changes to billing systems by others within the value chain such as OCPs or transit operators;
- it ensures a consistent and simpler approach is applied to the industry as a whole;
- 118 calls are frequently the cause of "bill shock" when callers are onward connected. The application of a £40 cap per call will substantially reduce the extent of bill shock for onward connected directory enquiries call.

We support a £240 consolidated monthly cap per Service Provider but are concerned about the challenges of implementation

1.10. As explained above, Premium Rate Service Providers are remunerated via the Service Charge applied to telephone calls but they do not have a direct relationship with either the customers making the calls to their services or the OCPs

1.11. The PSDII proposes a cap £240 for all consolidated transaction charges within any single monthly billing period. The implementation of a consolidated cap per Service Provider is likely to require technical development so the PSA should allow Service Providers a transitional period in which to make these developments.

2. Responses to PSA's Questions

Question 1: *If you are providing a service falling within any of the four service types listed above, do you anticipate any problems with the implementation on the new maximum spend cap?*

BT does not directly provide these services. Implementing the reduced cap may create some administration and resource overhead but does not raise concerns for BT.

Question 2: *Do you agree with the proposal to remove the spend limit for remote gambling services of £30 in any 24-hour period per consumer?*

No Comment

Question 3: *Do you agree with the impact assessment? Do you have any additional information on the costs and benefits of the proposals?*

Disconnecting a call when it reaches a specified duration or a specified maximum price is something that can only be controlled by the Service Provider and will not require significant development to change the level of the cap. We agree that the impact to the value chain of reducing the £45 cap with a £40 cap per transaction is low.

We support raised SP awareness of the £240 consolidated cap required by the PSDII.

However, we disagree that that the impact of implementing a controlled cap of £240 per monthly billing cycle is low and implementation would benefit from PSA allowing an extended transition to help TCPs and SPs make the changes and system developments necessary for compliance.

The Service Provider has no direct relationship with the caller or with the caller's CP nor are they responsible for billing the caller.

Implementing a consolidated transaction cap requires Service Providers to maintain and store call records from all customers accessing their services and to compute a record of cumulative total spend per customer. Unless they are also Communications Providers, SPs should only ever receive Presentation Calling Line Identity (CLI) information for their callers rather than the Network CLI that is used by CPs to route and bill the call. This means that SPs will not receive CLI information from callers choosing to withhold their number.

Two types of development may be necessary for implementation;

- Network CLI encryption by Terminating CPs to enable SPs to identify individual callers for the purpose of processing the consolidated cap and,
- Development to terminate calls or prevent connection to the service once the consolidated limit is reached.

It is likely that both these changes will require some additional administrative cost or initial investment in addition to any SP development to enable collection and storing of call cost information at an individual customer level. This is a significant departure from the current approach which simply limits the value of each transaction and so requires no customer specific information to be stored or processed.