

7th Ofcom Consumer Panel meeting, 21 September 2004

Note of the Seventh Meeting of the Ofcom Consumer Panel, held at Ofcom, London, 21 September 2004

Introduction

1. The Chairman welcomed members to the seventh formal meeting of the Ofcom Consumer Panel. Apologies were sent by Julie Myers (Adviser to the Panel). David Edwards (Secretary) and Flora Demetriou (Consumer Panel Executive Support) were present throughout the meeting. The following Ofcom colleagues attended for part of the meeting: Jonathan Blackburn, Gareth Davies and Jim Egan. Matt Ashworth of Human Capital attended for item 5 on Digital Switchover (DSO).

Previous minutes and matters arising

2. The minutes of the last meeting were agreed. There was discussion of development of the Panel website. An email notification facility was about to go live and consumers would be able to register for site updates. Recent postings included the register of member's interests and the half-year report. Members had ideas for site development and Flora Demetriou would work on implementation. The designation 'Ofcom Consumer Panel' would be maintained. 'Consumer Panel' gave no clue to the Panel's purpose. Red was a strong element of Ofcom branding; that colour would be avoided.

3. Arrangements for handling consumer complaints would be on the agenda in November 2004. Members discussed the Panel's public profile, media coverage and meetings with politicians. The Chairman talked to the press but there had not been a big story to report. Panel research and/or the report to the Department of Culture, Media and Sport on DSO could be a story. There could be a danger in raising the Panel's profile; the Panel could lose control of its own agenda.

4. The Chairman had met Lord Puttnam, he had an interest in citizen issues. Members were encouraged to meet political contacts, including all-party parliamentary groups, for networking and contact building. The Secretary was asked to provide a list of political spokesmen on communications, all-party groups and MPs and peers interested in communications. It was reported that the Draft Communications Bill had referred to customers and users. Lobbying resulted in Ofcom duties in relation to citizens and consumers. The Chairman commented that the Panel focus was 'people', eg those who were older, on a low income or had difficulty accessing services. The Panel's interest would not be confined to economics but would include wider citizen interests.

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Consumer related initiatives

5. The Deputy Chairman reported on discussions about Panel support with members of the Consumer Forum on Communications. The Panel would host three Forum meetings a year, without formal minutes. Participants could contribute to agenda planning. The first meeting would be on 8 November. It would be important for Panel members to attend. Periodic meetings with consumer organisations would continue.

6. On 29 November 2004 the Panel planned to host a seminar on low income and communications. Academics would take part, with Ofcom colleagues, consumer representatives and the Panel. The event would highlight research and its potential to affect regulatory decision making, particularly work on DSO, the telecoms review and universal service.

Panel research

7. Qualitative research was almost complete. Thirty-two people had been recruited for in-depth interviews, representing agreed demographics. Interviewees were given tasks, eg to find out how to change supplier. They were asked to discuss similar issues with their friends and acquaintances. Interviewers then talked to those groups. Preliminary findings indicated that consumers tended to rely on advice from friends; they appeared to choose a mobile operator because their friends were on the same network. A number of people wanted less information and there were more service features than they wanted to use. There could be findings relevant to the Panel's work on DSO.

Other Panel initiatives to be reported

8. Members reported on activities since the Panel meeting in July 2004. These included attendance at Ofcom advisory committee meetings. The Scottish committee had discussed DSO; the borders and the north of England were expected to be the first region to experience switchover. Members in Northern Ireland and Wales had met the CEO of the Northern Ireland Consumer Council and local authority leaders respectively. The Chairman requested a list of issues that the Panel could discuss with Andrew Davies, Wales' Minister for Economic Development, prior to the October 2004 Panel meeting in Cardiff. There had been meetings with Ofcom and the ICSTIS (the Independent Committee for the Supervision of Standards of Telephone Information Services) to discuss the review of regulation of Premium Rate Services (PRS) and with the Greater London Authority, as part of the urban brief. There had been difficulties in making contact with small business organisations. Ofcom would be holding a small business event; a Panel member would attend. There had been meetings with Ofcom on universal service and to discuss the Ofcom website and its accessibility.

Digital switchover

9. Following the July 2004 meeting the Culture Secretary asked the Panel to consider measures necessary to ensure the interests of the most vulnerable consumers were protected during digital switchover. The Panel would report in November 2004. Third parties were recruited to help with the work. Literature research had been completed on who would be vulnerable. Ofcom had produced a report on lessons from similar experiences, eg switchover in Berlin.

10. Matt Ashworth gave a presentation on who could be vulnerable during switchover; the nature of their vulnerability; assistance required and how it could be delivered; and what it would cost to protect them. He explained the timeline for the final report and the report's working hypotheses. Four categories of vulnerable people had been identified, including people who were financially disadvantaged, and there were four stages of adoption and use of digital TV: awareness, availability, affordability and competence to get, set up and use. Human Capital would conduct interviews with a number of stakeholders.

11. There was discussion of the focus of the report and the costs of switching. Vulnerable people would not include those who insisted that they did not want digital services. The report would not include a cost-benefit analysis, a study had been carried out by the Treasury. DSO would bring important benefits to consumers; the report would emphasize this. The Government was planning an information campaign but the Panel had not been asked to advise on that. Switchover would need to be affordable and not result in consumers incurring debt. There were facilities available on analogue services that were essential to some disabled people, it would be important to ensure that they could continue to enjoy those facilities with digital services. Matt Ashworth would brief the Panel on progress at the October 2004 meeting.

Review of the regulation of Premium Rate Services

12. Members had received a briefing paper on PRS regulation and the progress of Ofcom's review. The Panel was encouraged by the close working of ICSTIS and Ofcom and willingness to consider Panel concerns. Gareth Davies and Jonathan Blackburn spoke about the background to the review and issues surrounding enforcement of the ICSTIS code of practice, redress and consumer information.

13. There was agreement that steps were required to prevent abuse and to improve redress and consumer information. There was discussion of 'light touch' regulation. The Chairman felt strongly that it was not a virtue in itself. Regulation could raise barriers to entry and increase costs but if PRS customers were not protected there could be a case for 'heavy touch' regulation.

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14. It was suggested that PRS calls could be limited to a minute to prevent abuse but that would have a negative impact on helplines. Due to the nature of some PRS calls, eg to 'sex lines', consumers could be too embarrassed to complain. Concern was expressed about consumers' lack of understanding of complaints procedures, eg whether they should pay the undisputed part of a bill. It could take up to six months to implement changes to the PRS regime, including a public consultation. Members felt more could be done in the meantime, by 'tightening up' current procedures. The Panel would: submit views to the review team, continue to take an interest in PRS; be prepared to see how Ofcom's proposals worked out; and include PRS as an agenda item in six months' time.

Voice over Broadband

15. The meeting would immediately be followed by a Panel seminar on Voice over Broadband. Three members would make presentations covering innovative services, cost and consumer protection issues, followed by discussion. Representatives of consumer groups would attend. An outcome would be a submission to Ofcom's consultation on New voice services.

Date of the next meeting

16. The next meeting would be held on 19 October 2004 at Ofcom in Cardiff.