

It's said that talk is cheap, but for a growing number of CAB clients, talk is costing a lot more than they had bargained for.

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Telecommunications problems



Competition between communications providers is high with retail revenues totalling over £30 billion in 2009¹. With more providers in the communications market, consumers should benefit from the broad range of services. Yet bureaux across Scotland report telecommunications issues as a growing area of enquiry:

- **Mobile phones** – mis-selling, unclear terms and conditions and irresponsible selling techniques are generating debt for clients
- **Landlines** – “slamming” and unfit billing systems are leaving vulnerable clients without their only means of communication
- **Internet services** – clients are paying for services they did not sign up for and, in some cases, do not have the facilities to use.

Mobile phones

19% of Scots households rely solely on mobiles for telecommunications². Research suggests that households choose mobiles because they can appear to be more affordable³. However evidence from bureaux shows that contracts can be confusing, and can end up costing clients a lot more than expected:

- Clients are being mis-sold contracts, and important details such as contract length and additional costs are not being made clear. Clients are then tied to a contract which they cannot afford for up to 24 months
- In addition to this, clients are not being made aware of early termination costs. These can be higher than the actual cost of the full-term contract, and clients are receiving final demands, months after contact, for monies that they did know they were liable for.

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Landlines

Landlines are favoured by older consumers with at least 94% of all over-65 year olds using this service, and for 40% of over-75 year olds it is their only means of telecommunication⁴. Bureaux evidence shows how irresponsible practices and incorrect billing can impact on this client group:

- There are increasing reports of telephone “slamming” where suppliers switch clients from their current provider without their knowledge and consent. Despite strict regulations to dispel this unacceptable practice it continues to be an issue for CAB clients, causing unnecessary confusion, additional costs, and leaving some without their main method of contact
- A significant number of clients sought advice on how to stop telecommunications companies billing them for services they are not liable for, or have already paid for. Incorrect bills cause anxiety and confusion, and clients report being harassed by debt collection agencies for monies they do not owe.

Internet services

The internet is fast becoming an essential service with the increase in online information, banking, bill payments, mail and purchasing. In order to afford this service, consumers are opting for “bundled” telecommunications packages, or buying “smart” phones rather than laptops and PCs⁵.

Contract terms and conditions for these services can be complex and clients report being misled by suppliers:

- Clients report signing up for contracts including special offers and deals, only to find that additional charges and hidden costs counteract any savings they believed they were making
- More and more clients are buying “bundled” packages of up to 4 services, but bureaux report clients being charged for services not discussed at point of sale, and for equipment they did not ask for or have a need for.

CAS proposals for change:

- Telecommunications providers to ensure that contract terms and conditions are transparent, and prominent at point of sale. Consumers should be made aware of the level of any early termination charges by the supplier before they proceed with the cancellation
- Regulatory bodies to enforce stricter penalties on telecommunication providers in order to eradicate telephone “slamming” and incorrect billing. These practises cause clients a great deal of stress, and can leave them without their only means of communication
- Providers to act responsibly when selling and offer more alternatives to consumers who are not able to commit to long term contracts. Research shows that lower income households rely on mobile phones for voice calls as well as internet services, and shorter contracts would decrease the risk of arrears and incurring high cancellation fees.

A South of Scotland CAB reports of a client who was mis-sold a mobile phone contract. The client entered into the contract by phone and the terms and conditions were sent to him. The client assumed it was a one year contract because he had to pay one year in advance, but later discovered it was a five year contract. This was not mentioned during the phone call or in the terms and conditions.

A North of Scotland CAB reports of an 80 year old client who was cold-called by a telephone company recommending that she switch provider. The client said no over the phone and sent a written reply refusing the offer. The company still switched her connection and started sending bills. The client advised the company that she had not consented to this and returned the bills; however her outgoing calls were cut off. The client relies on her phone for communication.

^{1, 3-5} Ofcom, 2010, Communications Market Report [online]. Available: http://stakeholders.ofcom.org.uk/binaries/research/cmr/753567/CMR_2010_FINAL.pdf

² Ofcom, 2010, Communications Market Report: Scotland [online]. Available: http://stakeholders.ofcom.org.uk/binaries/research/cmr/753567/CMR_Scotland_2010.pdf