

## **PPP announce proposals to further regulate premium mobile content services**

Yesterday the regulator of premium rate telephony, Phonepay Plus launched proposals to tighten the regulation concerning the marketing and pricing transparency of premium rate mobile content services.

WIN attended the launch event in London yesterday.

PPP stated that with immediate effect, any subscription service that does not allow customers to stop a service easily and quickly will be barred from operation.

PPP will use emergency powers to suspend services where there is prima facie evidence of problems with the STOP command. Such suspension will take immediate effect pending a full investigation and resolution of the concern. Such issues may include the omission of STOP in relevant messages, STOP proving ineffective or STOP being charged. Clearly where such cases are substantiated WIN expects fines to be considerable.

Additional proposals – which could come into force by the Winter - are designed to ensure that consumers:

- receive fewer and more targeted promotional text messages;
- are able to make informed purchase decisions; and
- find it as easy to leave a subscription service as it was to join.

PhonepayPlus' recognised that the mobile premium content market has grown significantly in the last twelve months and estimate its value to be more than £460 million. However, complaints to PPP in respect of these services have also risen significantly (108%).

WIN recognises that industry members are not seeing the same rise in complaints and that network operators are routinely referring consumers directly to PPP. However the level of complaints is not acceptable, nor is it helpful to the industry. A lack of consumer confidence in the market place, whether perceived or actual is harmful to all aspects of the value change and will not facilitate the continued growth of the industry.

The following is an extract from the PPP press release that sets out more specifically their concerns and proposals.

### **Subscription services**

There are three areas which are of particular concern. The first is the rise in complaints related to subscription services such as ringtones, songs and other mobile personalisation products. In particular:

- Consumers claim to have been signed up to subscription services with neither their knowledge nor consent;

- Some services are mis-using the word 'free' or other similar words;
- Consumers continue to receive chargeable messages after they send the

'STOP' command and some have been re-subscribed without their permission.

PhonepayPlus is proposing the introduction of new rules mandating:

- Once a consumer has selected a subscription service, they must be told the full cost and then actively confirm they wish to subscribe.
- No use of the word 'free' or similar words to be in promotional material;
- Where there is evidence of the failure of the STOP command, PhonepayPlus will look to place an immediate bar on the service while it investigates complaints.

### **Promotional text messages**

Another concern for PhonepayPlus is around promotional text messages that are sent to consumers advertising premium rate products and services. The complaints we have received can be broken down as follows:

- Consumers are receiving promotional messages – and are sometimes charged for them - with no recollection of having asked them to be sent.
- Upon opening the text message, the user is immediately 'pushed' to a mobile internet website and charged for access; and
- It is not made obvious how users can opt-out of receiving messages in the future.

PhonepayPlus will continue to work with the Information Commissioner, responsible for the use of personal data collected in marketing lists.

PhonepayPlus proposes that providers should provide clear information on how to opt-out of receiving marketing messages in the future. It also proposes that phone-paid service promoters should be able to provide evidence of each recipient's opt-in, and show that the promotion is relevant to the consumer's original purchase or reason to opt-in.

### **Pricing**

Finally, the lack of clarity and transparency of the pricing of some phone-paid services. Many consumers have no idea, or a misperception, of the true cost, often due to misleading promotions. For example,

- When consumers buy or view content from a website they are often not provided with the price information necessary to make an informed decision; and
- Consumers have received texts from what appears to be another mobile number inviting them to chat. In fact, the texts are from a phone-paid service and replying to them subscribes the user to a chargeable service.

In this area, PhonepayPlus proposes to require that:

- The price of phone-paid services, including mobile internet pages, must be

clearly signaled before the user is charged; and

- Promotional messages must not mislead consumers into thinking that they are engaging with another individual.'

The proposals are subject to consultation and will be posted on [www.phonepayplus.org.uk](http://www.phonepayplus.org.uk) on 17 July. The closing date for responses is 11

September 2008. Clients are encouraged to respond to this consultation directly.

Many of the proposals are already legal requirements imposed upon content providers by the network operators and contractual relationships.

It is imperative that all WIN clients ensure their marketing, promotion and service operation is fully compliant in all respects. WIN is obliged to take mitigating action in the event that services are found non-compliant and such action may include the suspension or termination of services.

The industry is committed to working together to improve consumer confidence and the perception of premium mobile content services. Over the next few months WIN will be working pro-actively with the regulator, network operators and clients to ensure that regulatory changes are proportionate, fair and necessary to balance the interests of our consumers and the industry. Only by achieving this balance will the market be able to mature and grow to its full potential.