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5 October 2018

Dear Carmen,

**Re: Consultation on end-of-contract and out-of-contract notifications**

Which? is pleased that Ofcom is taking action to encourage consumer engagement across the communications sector. We welcome the proposed introduction of end-of-contract and out-of-contract notifications in the sector as a step to encourage consumer engagement. However, Ofcom should be mindful of the experiences and evidence from other sectors in the design of these notifications, such as insurance and energy, to ensure that these notifications have the greatest impact on consumer engagement..

We believe Ofcom should undertake field trials to test the extent to which there is potential for end-of-contract and out-of-contract notifications to encourage consumers to switch or negotiate their contract when it ends and, as part of this, ensure that the most relevant information is included in these notifications. This will help ensure that they have the effect that Ofcom intends.

The FCA previously highlighted the ‘importance of testing disclosures, where possible, before rolling them out across the market’<sup>1</sup> as part of its work on renewal notices in the general insurance market. The FCA’s research included a randomised control trial - and found that the inclusion of last year’s premium on renewal notices caused between 11% and 18% more consumers to switch or negotiate a lower premium on their home insurance. The FCA is still undertaking work on renewal notices, particularly for those who are disengaged and have been with the same provider for a long time.

Ofcom should consider the lessons from the FCA’s work in this area to ensure that its proposals have the greatest impact for consumers. It should also monitor and evaluate the success of these type of interventions over time to ensure that they are successfully helping consumers make informed choices and encouraging engagement in the market.

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<sup>1</sup> <https://www.fca.org.uk/publication/occasional-papers/occasional-paper-12.pdf>

Finally, the FCA's experience of implementing renewal notices suggests that there were issues with firms not fully complying with the rules.<sup>2</sup> Therefore, Ofcom should also consider how it will review compliance if it decides to implement these proposals, and the action it will take if companies are not adhering to them.

Yours sincerely,

Colum McGuire  
External Affairs Manager

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<sup>2</sup> <https://www.fca.org.uk/publications/multi-firm-reviews/firms-falling-short-renewal-expectations>