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Which? Response to Ofcom's 'Helping consumers to get better deals in communications markets: mobile handsets' consultation

Which? welcomes the opportunity to respond to Ofcom's consultation on mobile handsets. Since 2014, Which? has been calling for transparent mobile handset charges on customer bills and for these charges to be dropped automatically when the handset is paid off. We therefore consider that the best approach is a combination of Ofcom's two proposed options i.e. further transparency measures and the automatic drop of handset charges once it has been paid off.

We support Ofcom's proposal for 'mandating **further transparency measures**' to help consumers easily understand how much they are paying for their handset, airtime and other cost elements of their mobile package. To improve transparency further, consumers should receive this clear breakdown of cost elements as part of their monthly bill, not just at the beginning and end of their contract.

Yet, this measure in isolation is insufficient to fully address the issue that has been identified here. We think the current practice of continuing to charge for the handset after it has been paid off must come to an end. Therefore, we believe that in addition to the transparency measures, **handset charges must be automatically dropped when the handset is paid off**, thereby reducing the monthly amount payable by the customer at the end of their fixed term. We agree with Ofcom that this 'handset discount' approach has less risk of unintended consequences. The other options identified as part of the fairer default tariffs would mean consumers having tariffs switched on their behalf, and risk them not receiving the package of minutes, texts and data that they require which is not an optimal solution for consumers.

We consider that these interventions, alongside Ofcom's proposals for end-of-contract notifications¹ will help consumers understand their current contract and the cost savings available to them if they switch, therefore making it easier for consumers to engage. We support Ofcom's plans to further explore what information would be useful to consumers to receive at the end of the minimum contract period.

¹ Ofcom, July 2018. "Helping consumers engage in communications markets: Consultation on end-of-contract and out-of-contract notifications". Available at: https://www.ofcom.org.uk/_data/assets/pdf_file/0019/117163/Consultation-end-of-contract-notifications.pdf

Ofcom must act to address the issue of consumers overpaying for their mobile handsets as swiftly as possible by implementing the remedies above as soon as practicable. In time, any remedies implemented should be reviewed to ensure that they are working effectively and delivering the desired outcomes.

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