



Pan-Channel Islands Consultation on Telecommunications Customer Service Standards

Consultation Document

Channel Islands Competition & Regulatory Authorities

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Jersey Competition Regulatory Authority
2nd Floor Salisbury House,
1-9 Union Street,
St Helier, Jersey, JE2 3RF
Tel: +44 (0)1534 514990
Web: www.cicra.je

Guernsey Competition and Regulatory Authority
Suite 4, 1st Floor, Plaiderie Chambers
La Plaiderie, St Peter Port
Guernsey, GY1 1WG
Tel: +44 (0)1481 711120
Web: www.cicra.gg

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1. Overview

1.1 Consumer purchasing decisions may be driven by both price and quality considerations, however, information about service quality can be difficult to obtain. The purpose of this project is to consider whether further regulatory action should be taken with respect to consumer protection and quality issues for providers of licensed telecoms services in the Channel Islands.

1.2 The nature of the telecoms industry is such that the products and services being provided to customers are evolving rapidly and it should be expected that service standards change to match this. The 2016 CICRA Customer Satisfaction Survey¹ revealed that consumers value factors such as service reliability, customer services, and speed/ease of change when considering their choice of service provider. Service reliability rated slightly higher than price when selecting a telecoms provider in the Channel Islands:

Factor	Jersey	Guernsey
Service reliability	20%	20%
Price	19%	18%
Customer services	14%	13%
Speed / ease of change	13%	14%
Poor experience with current provider	9%	8%
Reputation of new provider	9%	8%
Special offer from another provider	6%	7%
Advertising / marketing	3%	4%
n/a – not planning to review provider	7%	8%

1.3 Consumers are increasingly reliant on communications services to connect with family and friends, for work and to access essential services. As this reliance increases, the consequences when services go wrong become more serious, and it is not generally until a consumer encounters a problem with their service that they begin to consider service quality.

1.4 A UK study by Ofcom² has reported that two-thirds of households say they would struggle to function without access to broadband or mobile services. If these services fail they can effect day-to-day family life, disrupt work or education, or cause people to feel isolated. Some said that disruption and inconvenience caused can feel on a par with a power cut or loss of water supply. The research indicated that, like electricity and water, consumers expect their landline, broadband and mobile services to be 'always on'. There is no reason to consider that the situation in the Channel Islands would be any different.

1.5 In markets such as this, the role of the regulator can include:

- Enabling and empowering consumers to make effective and informed choices – by promoting competition and ensuring consumers are able to access information, assess their options, and are able to act (e.g. switch to their preferred provider)

¹ 2016 CICRA Customer Satisfaction Survey, pages 7 & 9

² Ofcom Report 2017, p12

- Improving the customer experience and protecting consumers from harm, ensuring all consumers are treated fairly and consumers in vulnerable circumstances receive sufficient support.

1.6 In order to promote better service, CICRA³ is considering increasing transparency for consumers by:

- i) Publishing regular service quality performance data for all service providers
- ii) Reviewing the publication of codes of practice on customer complaints
- iii) Introducing and enforcing minimum standards for certain operators
- iv) Considering the introduction of automatic compensation for consumers and small businesses when things go wrong

1.7 The purpose of this consultation is to consider whether CICRA should take regulatory action in this area.

2. Structure and Timetable for Consultation

2.1 This consultation document is structured as follows:

Section 3	Legal and Licensing Framework	This section outlines the legal bases for the JCRA and GCRA's role in the consumer protection for telecommunications purposes. It also records the set of objectives that guide CICRA's processes
Section 4	Publication of Information	Discusses the proposals CICRA is making to improve the availability of customer service information, and seeks responses from interested parties on the proposals made
Section 5	Code of Practice	Discusses proposals from CICRA in relation to the publication and guidance on the content of codes of practice for the resolution of consumer complaints
Section 6	Minimum Service Standards	Discusses proposals from CICRA relating to minimum service standards to be achieved by telecoms operators with significant market power
Section 7	Automatic Compensation	Discusses proposals from CICRA relating to the payment of automatic compensation where operators fail to meet minimum service levels
Section 8	Next Steps	Concludes the consultation

³ The Jersey Competition Regulatory Authority (**JCRA**) and Guernsey Competition and Regulatory Authority (**GCRA**) are together referred to as CICRA and unless otherwise stated, all references to CICRA in this Consultation are to each of the JCRA and GCRA

2.2 Interested parties are invited to submit comments to CICRA in writing or by email on the matters set out in this paper to the following addresses:

2nd Floor, Salisbury House 1-9 Union Street St Helier Jersey JE2 3RF Email: info@cicra.je	Suite 4, 1st Floor Plaiderie Chambers La Plaiderie St Peter Port Guernsey GY1 1WG Email: info@cicra.gg
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2.3 All comments should be clearly marked 'Pan-Channel Island Consultation on Telecommunications Service Standards' and should arrive by 5pm on 27 October 2017.

2.4 In line with its consultation policy, CICRA intends to make responses to the consultation available on the CICRA website. Any material that is confidential should be put in a separate annex and clearly marked as such so that it may be kept confidential. CICRA regrets that it is not in a position to respond individually to the responses to this consultation.

3. Legal and Licensing Framework

3.1 The Telecommunications (Jersey) Law 2002 (**Jersey Law**) and the Telecommunications (Bailiwick of Guernsey) Law 2001 (**Guernsey Law**) prohibit a person from operating a telecommunications system in Jersey or in Guernsey respectively unless that person has a telecommunications licence.

3.2 All licences except the General Class Licence in Jersey contain conditions relating to Consumer Protection which are discussed in more detail below.

CICRA Objectives

Promoting fair competition in Channel Island markets where this advances consumer interests

3.3 Markets are generally better at meeting consumer demands where competition is effective. A key CICRA priority is therefore the protection of the competitive process in the Channel Islands through effective use of its competition law powers. CICRA also has specific regulatory powers that place a duty on it to promote competition in particular sectors of the economy

3.4 In the telecoms, port operations and postal sectors, monitoring of markets through timely and relevant information supports CICRA's aim of promoting competition as these markets change and competition develops where this advances consumer interests.

Protection of consumer interests where competition is less effective in meeting that aim

3.5 In the three regulated sectors (telecoms, port operations and postal services), CICRA places obligations on service providers through licences that set in place specific protection for

consumers. These include minimum levels of service, obligation to provide consumer codes of practices, dispute resolution procedures, as well as providing for measures such as price control.

3.6 In looking forward, CICRA will be seeking to rely more on proposals from licensees that are driven by their customers in the area of service quality and related key performance indicators. To the extent that licensees can demonstrate that they are taking account of the views of their customers, are transparent in how they are accountable and how they perform against those, CICRA will adopt a lighter touch regulatory approach.

4. Publication of Information

4.1 Any improvement in service standards will not come from just the provision of such information alone, however CICRA believes that there is value in drawing attention to differences in provider performance. The publication of timely and relevant information supports CICRA's aim of promoting competition as markets change and competition develops.

4.2 At present for the Channel Islands, limited information is available for consumers to consider service quality of different providers. Some operators have well-established programmes for interacting with their retail customers, including focus groups and complaint analysis, and already collect a lot of this data for their own internal management purposes. However, a limited amount is published, and it is not currently available in a manner which would allow a customer to make comparisons when considering switching operator.

4.3 All licensed operators are also required to publish a Code of Practice (**Code of Practice**) laying out their procedures for dispute resolution. Some, but not all, also use these as a way to present Service Standard targets, for example, including the time to provision a new service or to repair a fault.

4.4 CICRA has recently carried out a survey of both residential and small business customers in the Channel Islands. The results of this survey can be found on the CICRA website.

4.5 In the UK, Ofcom has also recently reported on the following service standards in relation to broadband and landline services. The most recent data is attached at Annex A:

- Complaints per 100,000 subscribers
- Customer Satisfaction
- Satisfaction – reliability
- Satisfaction – complaints handling
- Average Call Waiting Time
- Customer hanging up before speaking

CICRA PROVISIONAL VIEW

4.6 CICRA considers that, in some areas, the development of service standards may not have kept pace with other developments in the telecoms market. Furthermore, consumers do not have

adequate access to information to enable them to include this as criteria on which to make purchasing decisions.

4.7 The proposed metrics below are based on those reported in the UK on the basis that this can also form an external standard against which service providers can be measured, providing a benchmark for where local operators either exceed or fall short of standards reached in another jurisdiction.

4.8 The following standards are proposed for comment, and would be published by CICRA on an annual basis. These would be benchmarked to UK operators, where possible:

	Data	Source
1	Complaints per 100,000 subscribers	CICRA
2	Customer Satisfaction	CICRA
3	Satisfaction – reliability	CICRA
4	Satisfaction – complaints handling	CICRA
5	Satisfaction – value for money	CICRA
6	Average Call Waiting Time	Operator
7	Customer hanging up before speaking	Operator
8	Orders for new service completed (7, 14, 21, 28 days)	Operator

Q1: *Respondents are asked to consider whether CICRA should continue to publish regular information on service provision by licensed operators, benchmarked to those produced for the UK?*

If so, respondents are asked to comment on the proposed standards or whether alternatives should be considered. If alternative standards are proposed, respondents are asked to suggest appropriate benchmarks and how the data could be provided.

5. Code of Practice

5.1 All operators are required to publish an appropriate code of practice for the resolution of disputes, including but not limited to the non-payment of bills and disconnection of service (**Code of Practice**). There is some inconsistency between existing operators on the content and availability of their Code of Practice.

CICRA PROVISIONAL VIEW

5.2 CICRA believes that the Codes of Practice are an important aspect of consumer protection for all telecoms licence holders which should be transparent, accessible, and effective to all users. To ensure that this information is readily available, CICRA will be carrying out a review of existing licence holders compliance with this licence condition in the near future.

5.3 In the UK, Ofcom has published guidance for operators handling of complaints⁴. CICRA is considering whether Channel Island operators should be required to ensure that their Codes of Practice meet the same standard.

Q2:	<i>Respondents are asked to consider whether Channel Island operators should be required to meet UK standards for published Codes of Practice on Dispute Handling or whether another standard should be used. If respondents disagree, please provide an alternative standard.</i>
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6. Minimum Service Standards

6.1 Service Standards are the minimum service levels prescribed in some of the current Channel Island telecoms licences. Certain licensees are required to publish minimum service levels for services offered, any exceptions to these, and the compensation or refunds it will offer where service levels are not met (**Service Standards**)⁵.

6.2 Questions relating to Service Standards may include:

- i) Reliability and Performance: Does my service do what it should, consistently?
 - How does the service perform against expectation/promises?
 - How often do problems occur, and for how long?
- ii) Customer Service: Does my provider give me the assistance I need?
 - How quickly and effectively are new services provided?
 - How quickly are problems resolved?
 - How helpful are customer services are when contacted, including resolving complaints

6.3 Where operators have some measure of market power in the provision of wholesale services, they are required by their licence to offer services on a wholesale basis to other operators so that competition can take place at the retail level, or used as the building blocks for alternative networks and services.

6.4 Furthermore, as these wholesale customers cannot generally change the technical specification of the services they provide, customer service is one way that they can differentiate the retail offering. It is understood that service standards for wholesale customers are agreed between operators, however are not published. Operators with significant market power generally have less commercial incentive to improve their service standards.

CICRA PROVISIONAL VIEW

6.5 CICRA is considering whether and how best to impose on licensed operators with market power the requirement to reach certain minimum service standards. For the avoidance of doubt, these may be in addition to other standards published by that operator allowing them to differentiate their services by committing to a higher level.

⁴ https://www.ofcom.org.uk/_data/assets/pdf_file/0035/85967/complaints-handling-code.pdf

⁵ See, for example, JT's Jersey Licence Condition 18.9, and Sure's Guernsey Fixed Licence Condition 17.9

6.6 CICRA proposes that these standards should be:

- i) Repairs following loss of service – 2 working days
- ii) Delay in provisioning a new service – no delay to the date the commitment made by the new service provider
- iii) Appointments to take place on the date agreed with the customer

6.7 The consequences for missing these targets are discussed in the next section.

Q3:	<i>Respondents are asked to consider whether CICRA should introduce mandatory minimum standards for services where licensed operators have market power.</i> <i>If so, respondents are asked to comment on the proposed standards or whether alternatives should be considered.</i>
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7. Automatic Compensation

7.1 Levels of compensation for failure to meet minimum service standards and how to make a claim are not clear. There is some evidence in the Channel Islands that compensation payments have moved away from objective standards to softer alternatives such as gifts of flowers with customer service staff being given more flexibility on what is provided. This may be appropriate for certain types of complaint, however may not be for the minimum standards set.

7.2 CICRA believes that customers may currently be experiencing harm and not receiving appropriate redress, and that automatic compensation for certain types of service failure would help protect consumer interests where competition is less effective in meeting that aim. Obligations may therefore be required to set in place specific protection for consumers in certain circumstances.

7.3 Ofcom has made the following proposals for such compensation in the UK⁶. These are based on service problems considered to be those most important to consumers and that lend themselves to being defined and measured:

	When is compensation available?	Level of compensation?
Delayed repair following loss of service	A loss of service that is not fully restored after two full working days have elapsed	£10 for each calendar day, after two working days, that the relevant service is not repaired
Delayed provisions	A delay in the commencement of service beyond the date the provider has committed to	£8 for each calendar day of delay beyond the promised start date
Missed appointments	An appointment is missed, or cancelled with less than 24 hours' notice	£30 per missed appointment

⁶ Ofcom, Automatic Compensation – Protecting Consumers from quality of service problems, Consultation July 2017

7.4 Ofcom have proposed that automatic compensation should apply to all residential consumers as well as small businesses who buy residential services.

CICRA PROVISIONAL VIEW

7.5 Compensation for failure to meet service standards in these circumstances should be obligatory and objective, and expressed in financial terms. Further, compensation levels should be set not only to compensate the consumer for harm, but also be high enough that they can be expected to influence the behaviour of the service provider.

7.6 CICRA also considers that compensation should be payable automatically, without the need for the customer to make a claim.

7.7 Any compensation made by a wholesale service provider should be made for the benefit of the end consumer. So, for example, where the delay to provisioning a new service is caused by the wholesale supplier, the compensation payment should be made for the benefit of the retail customer rather than retailer.

Q4:	<i>Respondents are asked to consider what form and level of compensation should be made to retail and wholesale customers for failure to meet any defined service standards.</i>
Q5:	<i>In addition to the form and level of compensation, respondents are asked to consider whether other forms of penalty should be imposed if performance in a particular area does not meet targets set, or improvements agreed over time.</i>
Q6:	<i>Respondents are asked to consider whether compensation should be payable automatically, or whether customers should be expected to make a formal claim, and whether numbers of compensation payments made by each operator should be published</i>

8. Next Steps

8.1 Following an assessment of responses to this consultation and other relevant evidence, CICRA will publish its conclusions and, if necessary, consider regulatory intervention.

Annex A: Consumer Protection Licence Condition

The following licence condition is included in certain licences in both Jersey and Guernsey:

1. The Licensee shall within three months of the Licence Commencement Date publish an appropriate code of practice (“Consumer Code”) for the resolution of Subscriber or User disputes, including, but not limited to, the non-payment of bills and disconnection of service. The JCRA may from time to time issue directions to the Licensee specifying any modifications or additions that it considers should be made to the Consumer Code.
2. The Consumer Code shall identify a transparent, simple, inexpensive procedure in order to address, inter alia, the following:
 - a. the appointment of a representative of the Licensee to be the first point of contact for members of the public;
 - b. a means of recording complaints against and disagreements with the Licensee;
 - c. the procedure and time frame in which the Licensee will respond to complaints and disagreements;
 - d. the method and duration of retention of records of complaints and disagreements; and
 - e. the level of any compensation that the Licensee may offer where complaints have been upheld or not satisfactorily resolved. If a complaint or disagreement remains unresolved for 3 months, either party may refer it to the JCRA for determination.
3. The Consumer Code may be amended by the Licensee from time to time, provided that the Licensee shall notify the JCRA and publish the proposed changes 28 days in advance of their coming into effect. The JCRA may issue directions to the Licensee as to the changes, including but not limited to directions not to make the changes, directions to amend the changes further or directions as to the timing of the changes.
4. The Licensee shall participate in good faith in any dispute resolution procedure established by the JCRA for the resolution of disputes.
5. The Licensee shall publish within three months of the Commencement Date a statement setting out the minimum service levels for Users and Subscribers in respect of each category of Telecommunication Services it offers, any exceptions to these, and the compensation or refunds it will offer to Subscribers or prospective Subscribers where service levels are not met. The Licensee shall also submit the statement to the JCRA.
6. The JCRA may consult publicly on the statement provided in accordance with Condition XX and issue directions to the Licensee specifying any modifications or additions that it considers should be made to the statement. The Licensee shall then re-publish the statement in the agreed form, in accordance with any directions as to publication made by the JCRA, and shall forthwith implement the same. The JCRA may from time to time issue further directions requiring modifications or additions to the statement and as to its re publication and implementation.

7. The Licensee shall submit at the end of every six month period or at such intervals as the JCRA directs, a written report to the JCRA setting out:
 - a. the extent to which the Licensee has succeeded in meeting the targets described in Condition XX;
 - b. the compensation that has been paid in relation to complaints or disagreements where the Subscribers complaints were upheld and why complaints were dismissed; and
 - c. such other matters that the JCRA directs should be included in the report.

Annex B: Ofcom Metrics 2017

BROADBAND

	Source	Overall Avg	BT	EE	Plusnet	Sky	Talk Talk	Virgin Media
Complaints per 100,000 subscribers	Ofcom	75	127	108	113	26	98	40
Satisfaction	Consumer Research	87%	84%			88%	83%	91%
Satisfaction - reliability	Consumer Research	86%	83%			88%	83%	90%
Customers with reason to complain	Consumer Research	13%	13%	12%	8%	12%	16%	16%
Satisfaction - complaints handling	Consumer Research	56%	56%	53%		61%	51%	54%
Avg Call Waiting (mm:ss)	Industry	02:51	03:59	00:52	07:27	01:42	00:47	01:39
Customer hanging up before speaking	Industry	10%	13%	4%	21%	7%	4%	7%

LANDLINE

	Source	Overall Avg	BT	EE	Plusnet	Post Office	Sky	Talk Talk	Virgin Media
Complaints per 100,000 subscribers	Ofcom	56	71	76	89	89	25	85	36
Satisfaction	Consumer Research	89%	92%				90%	83%	85%
Satisfaction - reliability	Consumer Research	91%	93%				91%	88%	91%
Customers with reason to complain	Consumer Research	5%	6%	4%	5%	3%	4%	6%	4%
Satisfaction - complaints handling	Consumer Research	62%	62%				65%	61%	58%
Avg Call Waiting (mm:ss)	Industry	02:51	03:59	00:52	07:27	01:29	01:42	00:47	01:39
Customer hanging up before speaking	Industry	10%	13%	4%	21%	9%	7%	4%	7%

MOBILE

	<i>Source</i>	Overall Average	EE	O2	Tesco Mobile	Three	Virgin Mobile	Vodafone
Complaints per 100,000 subscribers	<i>Ofcom</i>	35	18	12	3	14	24	92
Satisfaction	<i>Consumer Research</i>	92%	92%	93%	96%	89%	94%	89%
Satisfaction – reception	<i>Consumer Research</i>	86%	85%	86%	91%	80%	87%	86%
Customers with reason to complain	<i>Consumer Research</i>	4%	4%	3%	2%	5%	5%	7%
Satisfaction - complaints handling	<i>Consumer Research</i>	57%	57%	60%	74%	60%	60%	46%
Avg Call Waiting (mm:ss)	<i>Industry</i>	01:00	00:35	02:03	00:30	01:10	00:38	01:04
Customer hanging up before speaking	<i>Industry</i>	6%	3%	8%		6%	7%	5%