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# Annual Activity Report for Ombudsman Services: Communications

July 2015 – June 2016

## Introduction

In June 2015 Ombudsman Services: Communications (OS: Communications) was approved by Ofcom to provide alternative dispute resolution under the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 (the Regulations). Services/products that fall within the jurisdiction of OS: Communications include those provided to domestic and/or small business customers which fall within the scope of “electronic communications services” as defined under Section 32(2) of the Communications Act 2003.

As part of Ofcom’s approval, under Schedule 5 of the Regulations, OS: Communications is required to produce an annual activity report which contains the information below:

- a) The number of domestic disputes and cross-border disputes the ADR entity has received.**

OS: Communications received 96,453 disputes during the reporting period. A dispute is defined as a request from a complainant notifying OS: Communications of an unresolved complaint for investigation. Of these cases 36,827 fell within scope of what OS: Communications can deal with. 305 of the total cases received were Cross Border disputes. Of these cases 93 fell within scope of what OS: Communications can deal with.

- b) The types of complaints to which the domestic disputes and cross-border disputes relate.**

The following tables set out the types of domestic and cross-border disputes that were referred to OS: Communications within the reporting period which came within the scope of what OS: Communications can deal with.

| Non Cross Border Complaints |                 | Cross Border Complaints |                 |
|-----------------------------|-----------------|-------------------------|-----------------|
| Complaint Types             | Number of Cases | Complaint Types         | Number of Cases |
| Billing                     | 11625           | Billing                 | 29              |
| Customer Service            | 4148            | Customer Service        | 7               |
| Disputed Charges            | 3617            | Disputed Charges        | 11              |
| Non-recorded                | 1188            | Non-recorded            | 3               |
| Quality of Customer Service | 1               | Service                 | 13              |
| Sales                       | 1               | Contract Issues         | 20              |
| Service                     | 6667            | Equipment               | 4               |
| Contract Cancellation       | 2               | Mis-sell                | 3               |
| Contract Issues             | 6217            | Service quality         | 3               |
| Equipment                   | 1356            | <b>Grand Total</b>      | <b>93</b>       |
| Mis-sell                    | 120             |                         |                 |
| Other                       | 97              |                         |                 |
| Security                    | 465             |                         |                 |
| Service quality             | 1230            |                         |                 |
| <b>Grand Total</b>          | <b>36734</b>    |                         |                 |

- c) A description of any systematic or significant problems that occur frequently and lead to disputes between consumers and traders of which the ADR entity has become aware due to its operations as an ADR entity.

Some of the larger traders have encountered difficulties with their billing systems. These systems have, in certain circumstances, proven unreliable in producing bills, in addition to inaccuracies with bill calculation. This has resulted in consumer disputes regarding failure to provide billing information in a timely fashion as well as disputes over the accuracy of the charges raised.

The information provided by traders with respect to service agreements is not always clear to consumers. Disputes arise as a result of consumer ignorance or flawed understanding of the terms that apply. This lack of clarity and understanding can be compounded where services are agreed over the telephone or by other distance selling methods.

The distinction between a communication provider (under the communications act 2003) and the provider of the landline network is not readily understood by consumers. This leads to disputes that cannot satisfactorily be resolved due to the separation between the communication provider and the network provider. This is further compounded by the jurisdictional limitations of the ADR body.

The application of contract cancellation charges is not readily understood by consumers. This leads to disputes regarding the validity and quantum of these charges. In addition, the application of cancellation charges can often compound and complicate existing disputes that relate to other issues.

- d) Any recommendations the ADR entity may have as to how the problems referred to in paragraph (c) could be avoided or resolved in future, in order to raise traders' standards and to facilitate the exchange of information and best practices.**

The impact on consumers where a trader is unable to provide accurate billing is significant and impacts heavily on the number of disputes raised. The importance of ensuring that the systems in place, or those being considered for use, are robust and capable should not be underestimated.

Traders should ensure that the terms of its agreements are communicated effectively at the time the services are entered into. The information on trader's websites should be clear and specifically emphasise those terms that are likely to be particularly impactful on the consumer.

- e) The number of disputes which the ADR entity has refused to deal with and upon what grounds.**

The number of disputes which OS has refused to deal with during the reporting period was 28,424. The percentage breakdown of the reasons for refusal is given below.

| Reason for Refusal  |       |
|---|-------|
| (a) Prior to submitting the complaint to you, the consumer has not attempted to contact the trader concerned in order to discuss the consumer's complaint and sought, as a first step, to resolve the matter directly with the trader   | 90.3% |
| (b) The dispute is frivolous or vexatious.  | 0.2%  |
| (c) The dispute is being, or has been previously, considered by another certified ADR provider or by a court;   | 0.0%  |
| (d) The value of the claim falls below or above the monetary thresholds you have set.   | 0.0%  |
| (e) The consumer has not submitted a complaint to you within the time period specified by you for dealing with complaints, provided that such time period is not less than 12 Months from the date upon which the trader has given notice to the consumer that the trader is unable to resolve the complaint with the consumer. | 9.1%  |
| (f) <i>Dealing with such a type of dispute would seriously impair the effective operation of your ADR operation.</i>  | 0.3%  |

- f) The percentage of alternative dispute resolution procedures which were discontinued for operational reasons and, if known, the reasons for the discontinuation.

The number of complaints that were discontinued by OS: Communications during the reporting period for operational reasons was 31,202. This represents 32% of the total amount of disputes received. The table below is the percentage breakdown of the reasons for the discontinuation:

| Reason for Discontinuation  |       |
|---|-------|
| The subject matter of the dispute did not fall within the scope of what OS: Communications can consider under its scheme rules. | 18.3% |
| The consumer submitted incomplete information to OS preventing the dispute from being taken forward.                            | 80.9% |
| The trader that the consumer is complaining about was not registered with OS: Communications as its ADR entity.                 | 0.4%  |
| The consumer did not fall within the OS: Communications definition of a customer.   | 0.4%  |

- g) The average time taken to resolve domestic disputes and cross-border disputes.

The average time taken to resolve a domestic dispute is 35 days and for a cross-border dispute is 38 days.

**h) The rate of compliance, if known, with the outcomes of the alternative dispute resolution procedures.**

In the reporting period there have been 16,089 remedies confirmed, of which 12,961 or 80.6% were implemented within 28 days and 2,773 or 17.2% implemented outside of 28 days. Of the total confirmed remedies, 355 or 2.2% remain unimplemented after 28 days.

OS: Communications follows a process to pursue traders who fail to implement a binding decision within the required timeframe. OS: Communications will report a trader to the regulator for sustained failure to implement binding decision within the required timeframes. OS: Communications will also consider the membership status of participating companies who fail to comply with binding decisions, with a view to terminating that membership.

**i) The co-operation if any, of the ADR entity within any network of ADR entities which facilitates the resolution of cross-border disputes.**

OS: Communications investigates very few cross border disputes as a proportion of the overall cases handled by the service. OS: Communications is not affiliated with an ADR network as described in this section.