

ICSTIS – FLEXIBLE REGULATION FOR A CHANGING INDUSTRY

A £1 BILLION INDUSTRY

Services based on premium rate charging in the UK are set to be worth a massive £1 billion this year. This makes the UK the largest market in the world for these services – and far-and-away the largest such market in Europe.

There are an estimated 30,000 services running at any one time, providing information and entertainment across all platforms – fixed-line phones, mobiles, fax, PC (e-mail, Internet and bulletin board) and interactive TV. Services range from sports or voting lines to competition, chat and business information services. It is a truly diverse and dynamic market.

What we offer the UK premium rate market, and the innovators in the market-place, is an effective, flexible and proportionate model of regulation. The Regulatory Chair of the Mobile Entertainment Forum (MEF), Andrew Bud, notes that:

“ICSTIS offers a rational, effective and transparent model of regulation for premium rate services. It meets the need for consumer protection whilst sustaining an environment in which businesses can invest to meet consumer demand for innovative mobile entertainment services. Its continued constructive dialogue with industry is key to maintaining this balance in a fast-changing market.”



ICSTIS is working with the Government and industry to protect consumers better

One of the key reasons for our success is our ability to regulate services in their entirety – their content, promotion and overall operation – combined with the power to stop those who cause consumer harm.

In a recent speech, Stephen Timms, the Minister of State for E-Commerce at the Department of Trade and Industry, noted that:

“ICSTIS does an excellent job, and is a good model of effective self-regulation without, until now, any legislative support. We recognise the success of ICSTIS, and want to support and strengthen its work.”



THE CO-REGULATORY MODEL

The ICSTIS model is ‘co-regulatory’ and offers the certainty of strong powers to tackle those who cause consumer harm – through fines, bars on services and naming individuals with whom we insist networks do not contract.

We are, however, independent of Government and work co-operatively with the industry we regulate. We listen to its concerns and act on them where appropriate. We do not seek to avoid risks by stopping innovative technology or business models, but have the flexibility to manage these risks to avoid consumer harm.

ABOUT ICSTIS

We consist of a Committee of nine individuals, who bring knowledge of media, the law, communications technology, consumer protection and many other skills.

All members are independent – they cannot be involved in the operation of premium rate services – thus ensuring impartiality.

The Committee is backed up by a full-time Secretariat of 37 people who carry out the day-to-day work of the organisation. They help consumers better understand premium rate services and act on complaints about those services that do not comply with our Code of Practice – the rules governing the UK premium rate industry.

AN EVER-CHANGING TECHNOLOGICAL LANDSCAPE



We see a huge number of new services being developed and promoted. Many are imaginative and innovative, and involve premium rate charging – for example, interactive services via television, and multi-media messaging (MMS) and 3G services.

We are committed to understanding these services – and regulating them effectively, transparently and proportionately – to ensure that consumers' rights are respected.

Premium rate interactive services via the return path on digital television are undoubtedly growing in range and value. We ensure that consumers understand how much these services cost and what they receive in return. The vast majority run without problems, but there is a low level of awareness among consumers about how these services are charged for.

We receive thousands of enquiries each month to our helpline from people who see the charges for these services on their phone bills but do not make the connection between voting or playing games on their televisions.

As part of our commitment to informing and educating consumers, we are working with broadcasters active in this area to see how we can improve this level of knowledge.

MMS and 3G services, while still in their infancy, have obvious applications when coupled with premium rate charging – video downloads, photo messaging, MMS texting and location data services will all be rolled out and charged for via premium rate. We will continue to work with our stakeholders to help ensure the healthy and responsible development of such services.



A CONSUMER-FACING ORGANISATION

Given the growing number of ways to access premium rate services, the thousands of services available and the millions of calls made each year, the number of complaints about services and their promotions remains relatively low.

Our helpline received almost 110,000 calls last year and we dealt with over 11,500 complaints. However, our day-to-day experience shows that a number of companies continue to advertise and operate services that cause consumer harm.

Our remit covers text message promotions (typical concerns include the unsolicited, inappropriate and misleading nature of promotions) and reverse-billed services on short code numbers on mobile phones (typical concerns include the lack of information about how many messages users will receive and be charged for, and inadequate details of how to unsubscribe from services).

We also regulate faxes promoting premium rate numbers, addressing issues such as their unsolicited nature, inappropriate content, inadequate call costs and unspecified call durations.

Internet-based services charged at premium rate are also regulated by us. Issues we have addressed include software that automatically activates a premium rate charge without users' knowledge or consent, and services that fail to give clear and prominent call costs before connection.



PROTECTING THE ELDERLY

We were recently approached by an elderly woman who had received a particularly high phone bill, the bulk of which was made up of charges for calls to a live premium rate one-to-one chat service.

The claimant, who was visually impaired,

asserted that she had not made the calls and asked if we could help her as she could not pay the bill.

She advised us that her 13-year-old grandson – whose mother had been unable to cope with his mental health problems – had been temporarily staying with her at the time the calls were made.

We acted to help her. A dedicated Claims Administrator investigated the claim and established that the woman was eligible for recompense under the ICSTIS Compensation Scheme. The Scheme, which all live premium rate entertainment service providers are required to join, enables us to secure redress if unauthorised calls, for example by a minor, have been made to such services.

The claimant received full redress for the premium rate calls made and was also advised to install premium rate call barring to prevent the problem re-occurring.



WORKING TO PROTECT CHILDREN BETTER

Our rules help to ensure that children are protected from inappropriate content, as well as controlling the spend limits of services targeted at children. Overall, we insist that services are legal, decent and honest.

For reasons of child protection, our rules forbid under-18s from engaging in live one-to-one chat services, as there is significant risk of potential harm. They also ensure that promotions for sexual entertainment services are not targeted at

persons under the age of 18. For live services, we insist that companies train their operators to cut off what they believe to be under-age callers. We enforce this by insisting that they keep a record of calls, by monitoring services and by unannounced inspections at their offices.

In addition, our rules control the amount children can spend on premium rate calls. We limit call costs to £3 – helping children to avoid running up large bills that their parents might not be able to afford.

A DIRECT LINE TO CONSUMERS



Our free helpline is usually the first point of call for consumers with complaints about services or questions about charges that appear on their phone bills. At current rates, we expect the helpline to receive around 250,000 calls this year.

The helpline team works hard to assist consumers, listening to individual cases and tailoring responses to provide the right level of advice. Consumers' knowledge of premium rate services

(and technologies such as interactive TV, SMS and diallers) varies hugely, and much of our helpline operators' time is spent explaining new technologies and how they work.

The role combines empathy as well as a high level of technical expertise, together with detailed knowledge of our powers and responsibilities – that being said, we help all callers with their problems and, if out of our remit, we will advise where they can get help.

ICSTIS – WORKING FOR THE UK CONSUMER IN EUROPE

GOLDEN JUBILEE

Premium rate lines were used to allow the public to register for last year's concerts at Buckingham Palace that formed the finale to the Queen's Golden Jubilee celebrations.

The lines were designed to cope with the high volume of calls expected, as well as to raise as much money as possible for charity from the £1 charge made for each call. Over 1,200,000 calls were received, illustrating how premium rate lines have become a vital and trusted tool for the bluest of blue chip organisations.

We were the first regulator to take action under the E-Commerce Directive against EU-based service providers, so protecting UK consumers from harmful and offensive content generated abroad.

We imposed heavy fines and lengthy access bars

against two European service providers following numerous complaints about references on their websites to sexual acts involving children and dialler software that downloaded automatically without users' knowledge.

We have since been working hard with the

Department of Trade and Industry, Ofcom and the European Commission (EC) to ensure that our regulatory model continues to protect consumers while encouraging the healthy development of the market through proportionate regulation.

We are also working with the EC to help ensure that it is aware of any problems with internal market regulation.

DELIVERING CONSUMER PROTECTION BY WORKING WITH OTHERS

The major focus of our work in 2003 continues to be consumer protection and we are committed to building on our work with our stakeholders to empower consumers to better protect themselves.

We are working on a number of initiatives with consumer protection bodies, for example getting information to consumers via Trading Standards and Citizens Advice Bureaux, and are liaising with the Trading Standards Institute to use National Consumer Week to highlight the potential dangers of the misuse of new technologies.

We are in discussions with networks to improve the provision of premium rate

information on phone bills, as well as with interactive TV broadcasters to improve their on-screen information. We continue to offer free and confidential copy advice to all companies wishing to run premium rate services to help avoid causing consumer harm from the outset.

We are also working with the media to improve children's understanding of premium rate services, and have contributed to programmes such as *Newsround* and *Short Change*.

In addition, we are firmly committed to ensuring a joined-up approach to child protection through collaboration with the Home Office, police and other relevant Government bodies.

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