

New rules to combat mobile mis-selling come into force

Under measures that came into force at midnight 16|09|09, mobile service providers will now have to adhere to new Ofcom rules designed to prevent mobile mis-selling.

The new rules prohibit mobile service providers and those selling their products and services from engaging in dishonest, misleading or deceptive conduct.

If providers breach the rules they could be fined up to 10 per cent of relevant turnover.

Following a significant increase in the number of complaints about cashback schemes and other forms of mis-selling in the mobile market, the mobile network operators introduced a voluntary Code of Practice in July 2007 to tackle mis-selling and cashback issues. This voluntary Code did not lead to a significant reduction in complaints so in March 2008, Ofcom proposed new mandatory rules called a General Condition.

Since Ofcom proposed to introduce new rules complaints have fallen from over 600 to fewer than 200 per month.

The new rules include, but are not limited to, requirements for mobile network operators to:

- not mis-sell mobile phone services;
- make sure the customer intends and is authorised to enter into a contract;
- make sure consumers get the information they need at the point of sale;
- make sure that the terms and conditions of cash back deals offered by their retailers are not unduly restrictive; and
- carry out certain due diligence checks in respect of their retailers.

Mis-selling complaints

Examples of mis-selling complaints from consumers include:

- finding themselves signed up to a more expensive tariff than agreed at point of sale;

- upgrading their 12 month contract believing they are signing up to another 12 month contract and then finding themselves entering into a new 18 month contract; and
- signing up to a service after being told coverage in their area is good but then finding that they have little or no reception.

Ofcom will now monitor communications providers' adherence to the rules.

NOTES FOR EDITORS

Case studies

1. A consumer had been in a contract with Provider A for around 16 months. The signal on the phone was very poor and he rang up to complain 2 months ago. Provider A persuaded him to pay for a new handset on the proviso that the handset would solve the signal problem. It didn't. Because of the ongoing signal problem the consumer enquired about leaving his contract only to be informed that he had signed up to a new 18 month contract when he purchased the new handset and he would have to pay the remainder of contract if he wanted to leave.
2. A consumer took out an 18 month contract with Provider B and was told the price was £17 per month but was charged £35 per month. The consumer refused to pay this and Provider B failed to help the consumer. The consumer's debt was passed to the debt collectors as he did not pay and he has now a black mark on his credit history.
3. A consumer called on behalf of his 16 year old daughter. The consumer was on holiday and when he came back he had a letter to say that his contract had been upgraded and extended. His daughter explained that she was forced to accept the contract. He has called Provider C and was advised that the contract was sold through an agent. The consumer wanted Provider C to take action and cancel the contract but he was advised they could not do it as it was taken through an agent. The consumer feels this is not right as the contract was in his name, he pays for the bills and his daughter is under 18.
4. [Advice for consumers on mobile mis-selling can be found here.](#)
5. A General Condition is a legally enforceable rule that a communications provider must adhere to under the Communications Act 2003.