

Mobile phone contracts (guidance for consumers)

Trading Standards Information

www.southwark.gov.uk

1. Introduction

Trading Standards are concerned about the problems with mis-selling of mobile phone services.

The term 'mis-selling' covers a range of misleading or aggressive sales and marketing activities including 'slamming', where customers are simply switched from one company to another without them knowing or agreeing to it.

This has been prepared to help you avoid the common problem areas and covers;

- pre-purchase advice
- sales incentives
- entering into contracts
- what to do when things go wrong

We recommend you read it before entering into any mobile phone contract.

2. Before you buy a mobile phone

- Shop around! There is a vast amount of choice in terms of different phones, tariffs and other incentives such as laptops or computer games consoles etc. Don't be tempted by these offers but look at the phones, their different features and the tariff.
- Find out what the tariff rate is. Many companies offer free minutes, but there may be restrictions as to the time of day you can use them. Estimate how often you will be using the phone and work out the best tariff rate for you. Take care that there are no hidden charges.
- Don't be persuaded by 'free' or 'half-price' rental offers - work out the cost of the deal over the life of the contract to get a fair comparison.
- Make sure you understand, under the terms of any 'half-price line rental' or similar offer, that your line rental could increase part-way through the contract or that you may have to claim 'cashback' subject to rigid and rigorous terms and conditions to get the advertised rates. Some suppliers make the cashback scheme so difficult that most consumers will fail to reclaim at least some of it.
- Ask how long the contract is for and how much notice you have to give if you want to end it.

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- Insurance may be included 'free' for the first month or so - but a payment then starts to be deducted by direct debit. Compare alternative mobile phone insurance rates and cover. Consider:
 - how much it would cost to replace the handset paying full retail price (not subsidised by the rental) and offset that against how much the insurance premiums will add up to,
 - how much 'excess' you will have to pay if you make a claim,
 - whether you get a "like-for-like", new or used replacement and what exclusions there may be in the small print.
- The cost of the handset and any 'free gift' or cashback is subsidised by the network monthly rental charges. If you cancel your contract or miss or stop payments you may be charged for the full retail cost of the handset (which can be hundreds) as well as for any 'free gift' and the remaining contract rental.
- Don't get bamboozled into signing a contract you don't understand. Ask for a copy of the contract and read it before you sign it. Some people receive 'cold calls' over the phone; before agreeing, check how much you will have to pay and be aware that what is offered verbally during the call can be difficult to prove later.
- Unsolicited or 'cold' calls; If you are called from a telephone company that sell mobile phones you have certain rights under the Distance Selling Regulations 2000. It allows you to return certain goods within seven days of receiving them, for whatever reason.

3. Entering into a contract

When you enter into a mobile phone contract you **must** be given the following information:

- A clear statement that a contract is being entered into and the key features of that contract including; any minimum period of contract, minimum contract charges, and any early termination charges.
- The name of the company or companies with which you are contracting and its contact details (generally the reseller for the handset and the operator for the airtime). Sales incentives can come from both parties. The details of each must be made clear to you, if applicable.
- Details of the cancellation rights that apply to the product and/or services you are purchasing, including the period in which any cancellation rights can be exercised and confirmation that you have the right to change your mind without cost during the cancellation period.

4. Sales incentives

If any part of the offer to you contains a sales incentive, you must be provided with a clear written statement as to which legal entity (i.e. dealer or mobile operator) is making the offer and is undertaking to meet that obligation. The terms of the offer must be clearly and prominently stated in writing, be made in good faith and not be unduly restrictive.

For example, in relation to a cash back offer, the following terms should be regarded as unreasonable:

- a requirement that you submit your original statements – copies should be acceptable proof;
- making a charge for processing a cash back claim;
- a requirement that cash back claims are submitted within an unreasonably short period (e.g. anything less than 60 days);

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- terms stating that a cash back payment will not be made if you have an outstanding balance on your account.

5. If things go wrong

- If the phone itself goes wrong, complain to the shop. They may want to send the faulty phone back to the manufacturer or network provider which is acceptable as long as it is repaired or replaced within a reasonable time. If you are without your phone, make sure you are compensated for any air time period you haven't been able to use.
- If the problems are with the service, reception or billing: Contact your network provider.
- Contact the company's helpline and register your complaint. Again, ask for compensation or a refund of all or part of your subscription.
- If the reception changes: Unfortunately, no mobile phone company will guarantee reception quality, unless you are unable to use your phone anywhere, it becomes difficult to argue it is faulty.
- Check all your bills carefully. The main companies offer many different schemes and it is easy for the billing to be incorrect. If you find a discrepancy, be prepared to be persistent if initially you don't get a satisfactory response. It is also worthwhile putting your complaint in writing.
- OFCOM is the regulator or 'watchdog' for the UK telecommunications industry. If you have a complaint against your network provider which you are unable to resolve to your satisfaction, contact OFCOM. Details of the services OFCOM can offer and how to complain can be found at www.ofcom.org.uk.
- Otelo are the office of the Telecommunications Ombudsman and were set up to sort out disagreements between public communications providers and their customers. Details of the services Otelo offer and how to complain can be found at www.otelo.org.uk

6. Further Information

If you have a complaint regarding a mobile phone contact Consumer Direct on 08454 04 05 06 or you can complain online at <http://www.consumerdirect.gov.uk/>

PLEASE NOTE that only the Courts can interpret statutory legislation with authority and this leaflet is subject to revision or amendment without notice. (Ref:MPC 1.0 09/2009)