



Tuesday, November 09, 2004

## **Ombudsman releases annual report card on telecommunications, internet industries**

Billing, mobile phone contracts and credit management were some of the key concerns expressed by people who complained to the Telecommunications Industry Ombudsman in the year to June 2004.

The Ombudsman, Mr John Pinnock, said that complaints about landline, mobile phone and internet service increased by almost eight per cent, to 59,850, over the 2003 financial year.

Established in 1993, the TIO is a free and independent dispute-resolution service for residential and small business consumers who have been unable to resolve a complaint with their landline, mobile phone or internet service provider.

Mr Pinnock said one factor behind the rise in complaints was increased competition over the past year in the telecommunications industry.

“Generally, complaints reflected industry trends with a move away from landlines and towards mobile phone and internet use,” Mr Pinnock said.

### **LANDLINE COMPLAINTS**

#### **Credit Management**

Increased pressure across the industry to recover debt more quickly led to a 28.1 per cent surge in complaints about credit management, to 5,528.

“Some of the reasons for this increase included increased selling, or factoring, of debts, and quicker action by companies in disconnecting and defaulting late-paying customers, and also a lack of flexibility in assisting those in financial hardship with payment plans,” Mr Pinnock said.

“Another issue contributing to the rise is the sometimes hefty fees imposed by debt collectors, occasionally up to 27.5% of outstanding bills.”

#### **Faults**

After several years of a steady decline, faults complaints rose by 21.6 per cent to 3,676. The figure is disappointing and the cause uncertain.

*"providing independent, just, informal, speedy resolution of complaints."*

Telecommunications Industry Ombudsman Ltd ABN 46 057 634 787

Website [www.tio.com.au](http://www.tio.com.au)  
Email [tio@tio.com.au](mailto:tio@tio.com.au)  
National Headquarters  
Level 15/114 William Street Melbourne Victoria 3000

PO Box 276  
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## Customer Service

The number of customer service complaints dropped from 5,381 last year to 4,451 this year. Common complaints included:

- Failure to action a customer's request.
- Inadequate or incorrect advice.
- Dissatisfaction with the length of time spent in queues.
- Failure to escalate customer complaints.

## MOBILE PHONE COMPLAINTS

### Credit Management

The trend to increased credit management in landline services was more than mirrored by mobile services, with complaints rising by 50 per cent to 3,566.

The issues were similar and included:

- Increasing referral to debt collecting agencies;
- The inability of consumers to negotiate reasonable payment arrangements;

### Contracts

Although complaints about contracts rose by 37.3 per cent to 5,719, much of the increase was due to a surge of complaints alleging misleading practices by the telemarketing agents of a particular company.

Many complaints about mobile phone contracts were about point of sale advice. These cases can be difficult to establish as they generally involve one person's word against another.

Complaints about mobile phone contract early termination fees rose, which was disappointing given the TIO's view that these fees should not be a fixed charge or penalty but a genuine pre-estimate of loss to the provider.

## INTERNET COMPLAINTS

### Broadband

Complaints about the connection of internet services surged by 158 per cent to 1,340, with broadband accounting for 82 per cent of these.

Following talks with ISP retailers and wholesalers, the TIO has concluded that the complexity of the wholesale and retail relationship in ADSL services is at the core of these broadband complaints.

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The TIO has asked the ACA to consider directing broadband providers to develop an industry code to deal with this problem.

### COMPLAINT STATISTICS

As one complaint can raise more than one issue, the 59,850 complaints lodged with the TIO during 2003/04 resulted in 68,020 issues being raised. These statistics report on issues raised.

<b>Landline service complaint issues</b>				
	<b>2002/03</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2003/04</b>
	<b>Number</b>	<b>% of total</b>	<b>Number</b>	<b>% of total</b>
Billing	14,519	39.0%	12,998	35.9%
Customer Transfer	3,287	8.8%	3,043	8.4%
Contracts	602	1.6%	563	1.6%
Credit Control	4,317	11.6%	5,528	15.3%
Customer Service	5,381	14.5%	4,451	12.2%
Directories	853	2.3%	790	2.2%
Disability Services	25	0.1%	23	0.1%
Disconnection	700	1.9%	522	1.4%
Faults	3,022	8.1%	3,676	10.2%
Land Access	546	1.5%	469	1.3%
Pay-Phones	42	0.1%	36	0.1%
Phone Card/Smart Card	133	0.4%	393	1.1%
Porting	72	0.2%	70	0.2%
Privacy	1,003	2.7%	908	2.5%
Provision	2,704	7.3%	2,697	7.5%

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<b>Mobile service complaint issues</b>				
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	<b>Number</b>	<b>% of total</b>	<b>Number</b>	<b>% of total</b>
Billing	4,797	28.6%	4,756	22.2%
Contracts	4,164	24.8%	5,719	26.6%
Credit control	2,374	14.2%	3,566	16.6%
Customer service	2,607	15.5%	2,710	12.6%
Directories	40	0.2%	20	0.1%
Disability services	3	0.0%	1	0.0%
Disconnection	210	1.3%	318	1.5%
Faults	2,051	12.2%	3,692	17.2%
Land access	4	0.0%	2	0.0%
Porting	180	1.1%	290	1.4%
Privacy	244	1.5%	268	1.2%
Provision	99	0.6%	123	0.6%

<b>Internet service complaint issues</b>				
	<b>2002/03</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2003/04</b>
	<b>Number</b>	<b>% of total</b>	<b>Number</b>	<b>% of total</b>
Billing	3,347	38.5%	3,233	31.1%
Churn	Introduced Mar 2004		16	0.2%
Contracts	746	8.6%	786	7.6%
Credit control	232	2.7%	406	3.9%
Customer service	1,744	20.1%	1,901	18.3%
Disconnection	266	3.1%	337	3.2%
Faults	1,775	20.4%	2,274	21.9%
Privacy	60	0.7%	95	0.9%
Provision	519	6.0%	1,340	12.9%

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## Telecommunication Industry Ombudsman Case Studies

### Payment plans

A woman said her phone had been disconnected because the provider claimed she had not adhered to a payment arrangement. She said she had been making regular repayments and that her sole income was a disability pension, she had a chronic illness and lived in a remote location. The TIO asked that her service be reconnected while the complaint was investigated. The provider initially refused to reconnect the service, maintaining that it was entitled to disconnect it because prior payment arrangements had not been met. The TIO acknowledged there was evidence indicating that previous payment arrangements had not been met, but that nonetheless it was clear that the complainant had made regular payments towards the account. The TIO formed the view that previous payment arrangements may not have been reasonable, given the complainant's minimal income. Ultimately, the TIO negotiated the reconnection of the complainant's service to local call access, and assisted the complainant and Member work out a reasonable payment plan commensurate with her income.

### Long Duration Calls

A woman complained to the TIO about a mobile bill for a call that went for 2 hours and 50 minutes, which she disputed. The matter remained unresolved until the carrier proposed that as it was apparent that the call had been made in error only wholesale costs be charged. The complainant did not feel this was satisfactory and the TIO requested technical data to substantiate how the call was initiated and terminated. The carrier made a business decision that due to the time invested in attempting to resolve this complaint, it would waive the charges. The TIO has a position statement about long duration calls which states that where all parties agree that the most likely cause of the call was an error (that is, both parties failed to hang up the phone correctly) the Member should negotiate a fair and reasonable outcome with the consumer. This would usually include some sort of reduction in the bill.

### Misleading Advice at the Point of Sale

A man said he was approached by a telemarketer who said he was 'calling on behalf of Company A's network'. The telemarketer told the complainant that he could terminate his mobile contract with Company A and enter into a new contract without penalty. The complainant agreed, believing that the new contract was also with Company A. The complainant was subsequently charged \$612 in early termination fees by Company A. When he queried the charges, he was advised that his new contract was with Company B, a different service provider which uses Company A's network. The TIO raised a complaint with Company B, citing a possible breach of clause 6.5.1 of the ACIF Customer Transfer Code. This clause provides that a supplier must ensure that it presents the supplier's services in a clear, truthful and honest manner and does not mislead or misrepresent the supplier's affiliation with any other suppliers. Company B released the complainant from the new contract and Company A agreed to waive the early termination fee and reactivate his previous account. Company B also agreed to change its outbound telemarketing scripting, so that its telemarketers no longer introduced themselves as 'calling on behalf of Company A's network'.

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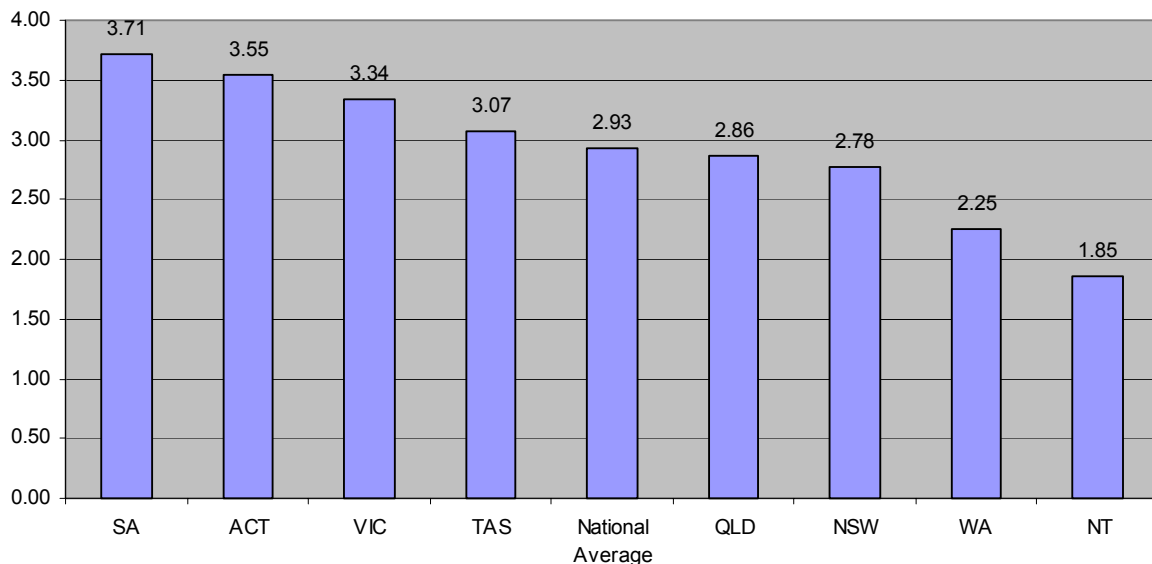


### ADSL Provisioning Delay

When seeking to have an ADSL service connected, a complainant was told by the ISP that its wholesaler had said that his line was not ADSL compatible. He then approached the wholesaler in its retail capacity, who told him that his telephone line was ADSL compatible and that it would provide him with an ADSL service. After contacting the TIO, the complainant was referred to the TIO contact person at his ISP. This officer then contacted the TIO to advise that he could not take any further action in relation to the complaint. The TIO contacted the wholesaler (in its retail capacity) to clarify the status of the service. Initially, the wholesaler would not confirm whether the complainant was eligible for ADSL. It later confirmed that he was eligible and claimed it had never received a wholesale order for the provision of an ADSL service to his residence. The complainant's preferred ISP placed another order for the service, which was rejected by the wholesaler. After further queries from the TIO, the wholesaler confirmed that the service was connected. It came to light that the ISP's wholesaler did not keep records of unsuccessful ADSL provisioning requests.

### State Distribution of Complaints Per Thousand Population.

State Distribution of Complaints (Per Thousand Population)



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The complete report is available at [www.tio.com.au](http://www.tio.com.au). For further media information, please contact Phillip Money on 0403 601 532.

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