



Tuesday 3 October

Ombudsman concerned at capped phone plans

The Telecommunications Industry Ombudsman has expressed his concern at the continued use of the term "capped" to describe certain phone plans.

"Rather than being a cap, these plans often have no spending limit and people can be charged for amounts far in excess of any cap," said Ombudsman John Pinnock.

Mr Pinnock said he was also concerned about the use of terms such as "unlimited" and "free" when they were used to sell telephone and internet products and services.

"Products should only be sold as capped, unlimited or free if these meanings are used in their every day sense.

"Most people rely on advertising material and what they are told at the point of sale when they buy something. They seldom pay much attention to written terms and conditions.

"An ordinary person might understand the term 'capped' when applied to a phone plan to mean that there is a limit on spending," Mr Pinnock said.

"Companies may confuse consumers if they use these terms in another sense, either directly or indirectly such as through qualifying contractual terms and condition."

Mr Pinnock noted that callers to his office were in fact confused by the term "capped". Some believed that the term meant an upper limit on spending, while others understood it to apply to all types of services available under the plans, including voice, SMS and data.

When considering complaints about products or services that have been described as capped, unlimited or free, the TIO office would assess whether it was fair and reasonable for a consumer to have assumed that the every day meaning of the term applied.

If the TIO finds that a provider gave a customer inadequate or misleading information about the terms and conditions of a product marketed as capped, unlimited or free, the TIO may direct the provider to:

- waive excess charges
- release the customer from their contract
- take appropriate action to ensure the customer is no worse off financially.

The TIO is a free and independent dispute resolution service for consumers who have been unable to resolve a complaint with their telephone or internet service provider.

For further information please call 03 8600 8738 or 0403 601 532.

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