



# A time for change – Three years of systemic investigations in review

Systemic Investigation Report, June 2023



Telecommunications  
Industry  
Ombudsman

# Contents

Introduction from the Ombudsman .....	2
Helpful guide for phrases used in this report .....	4
Our systemic issues investigations process .....	6
Systemic issues and investigations at a glance.....	7
Four recommendations to reduce and prevent recurring complaint issues.....	9
Providers need to do more to reduce barriers for consumers seeking help.....	11
Direct regulation for billing, credit management, and contract information could reduce unexpected debt and prevent financial hardship .....	14
Direct regulation should play a primary role in protecting consumers that are vulnerable .....	18
A registration scheme with minimum entry requirements would help protect consumers.....	21
Contact us.....	24

# Introduction from the Ombudsman



Over the past three years the Telecommunications Industry Ombudsman (TIO) has worked hard to deliver its FY2021-23 strategic plan. An integral part of this plan has been using our data and insights to influence policy and shape public debate.

Our systemic investigations work has been critical to our successful realisation of this goal. Our role in identifying and investigating systemic issues helps reduce and prevent complaints.

It benefits consumers who seek our help, those who have not, and those who are not aware of our services.

It benefits our members, by helping them identify areas for improvement.

As the current strategic period reaches its end, the time is right to highlight the positive impacts our systemic investigations have made in the telecommunications sector and where the sector needs to change.

This report is a review of our systemic issues work for the period 1 July 2020 to 30 April 2023, and serves two purposes.

First, it sheds light on the prevalent issues we can now see when considering each systemic investigation as part of a greater whole.

Second, it makes recommendations where these themes show that the telecommunications framework and industry could evolve to help prevent and reduce the same complaints and themes occurring in the future.

What we found and what we recommend remains relevant and topical today:

- Providers need to do more to reduce barriers for consumers seeking help.
- Improved regulation would help reduce unexpected debt and financial hardship.
- Direct regulation should play a primary role in protecting consumers that are vulnerable.
- A provider registration scheme with minimum entry requirements would protect consumers.

The issues we have seen over the last three years that have led to these recommendations are concerning enough, but when considered against the backdrop of the current economic climate the need for these reforms takes on a new urgency.

The issues we identified are not simply words on a page, they are the harms experienced by vulnerable people.

**“The issues we identified are not simply words on a page, they are the harms experienced by vulnerable people.”**

They are a focal point for our efforts when considering the adequacy of consumer protections in a changing communications market. Comprehensive consumer protections are vital because telecommunications services are essential to participating in everyday life.

Alongside other recent public submissions and statements, this report makes it clear that the current telecommunications framework is no longer fit for purpose.

As an industry, it is upon us all to change. The current review of the *Telecommunications Consumer Protections Code*, an industry-made code, provides an opportunity to reconsider the operating environment for the delivery of essential communications services.

We recognise a well-functioning telecommunications market includes industry-made codes for all matters requiring industry-specific expertise and collaboration between members of the supply chain. However, direct regulation (rules set by government and regulators) are important for areas where consumers can experience significant detriment when things go wrong.

The features that make direct regulation appropriate in place of industry-made codes include that direct regulation can:

- be made by government and regulators, who have a clearer remit than industry to ensure regulation keeps pace with the needs of consumers and the changing telecommunications sector
- come from an independent perspective that is more appropriate for key consumer protections
- be more easily, directly, and quickly enforced by the regulator.

As the TIO's current strategic period comes to a close, I hope this report assists the telecommunications industry, regulators, government, and consumer representatives to better understand the role we can all play to meet change head on.

**Cynthia Gebert, Ombudsman**

# Helpful guide for phrases used in this report



## What is a systemic issue?

A systemic issue is one that has or is likely to have a negative effect on a number of consumers or a particular type of consumer, including about:

- a. providers' systems, policies, processes, or practices;
- b. repeated conduct by a provider that indicates potential non-compliance with the law, regulatory requirements, or good industry practice; and
- c. widespread issues driving complaints, which may arise from general industry practices, gaps in consumer awareness, or the broader regulatory and telecommunications operating landscape.<sup>1</sup>



## What is direct regulation?

We use the phrase direct regulation to describe laws or other regulatory instruments that are drafted and implemented by government or regulators.

This is different from self-regulation, which is when industry members like telecommunications providers develop their own rules. We refer to self-regulation in the telecommunications industry as industry-made codes. Industry-made codes are subject to consultation requirements if the code is to be registered with the regulator, the [Australian Communications and Media Authority \(ACMA\)](#).<sup>2</sup>

<sup>1</sup> [TIO Terms of Reference](#), cl 4.2.

<sup>2</sup> The telecommunications sector runs under a co-regulatory framework. This means that the framework includes both types of rules - direct regulation and industry-made codes.



## What are telecommunications products?

When we refer to products in this report, this includes:

- *services* – such as internet, home phone, and mobile services
- *equipment* – such as mobile handsets, modems, and routers
- *add-on features* – such as subscriptions for streaming services or insurance when a device is lost or needs repair
- *plans* – agreements to pay a regular amount for products (this may be for services by themselves, or it could be multiple services and equipment, and include add-on features).



## What is identity verification?

Identity verification is a process providers use to make sure only the account holder or an authorised representative can access the consumer's telecommunications account.

The *Customer Identity Authentication Determination 2022* (**Determination**) sets out how providers complete identity verification. Methods can involve:

- requesting information which only the account holder or authorised representative would know (for example, date of birth or home address)
- multi-factor authentication through one-time codes being sent to the consumer's phone or email address, or
- a PIN or password.



## What is a direct debit failure?

A direct debit is an automatic transaction that transfers money from your bank account to another.<sup>3</sup> We use the phrase to refer to when this automatic transaction cannot be completed. This usually happens when there are insufficient funds in the consumer's bank account.

<sup>3</sup> [Money Smart, Direct Debit](#) (accessed 19 June 2023).



# Our systemic issues investigations process

Our systemic investigations process is set out in [Part 4 of the TIO Terms of Reference](#) and detailed further in our [Systemic Issue Guidelines](#).

## How do we find systemic issues?

We become aware of potential systemic issues through a wide range of sources. This includes tips from our complaint handling people, our data and analytics team, [TIO Consumer Panel](#), and regulators. We call these tips **Alerts**.

## How do we decide what to investigate?

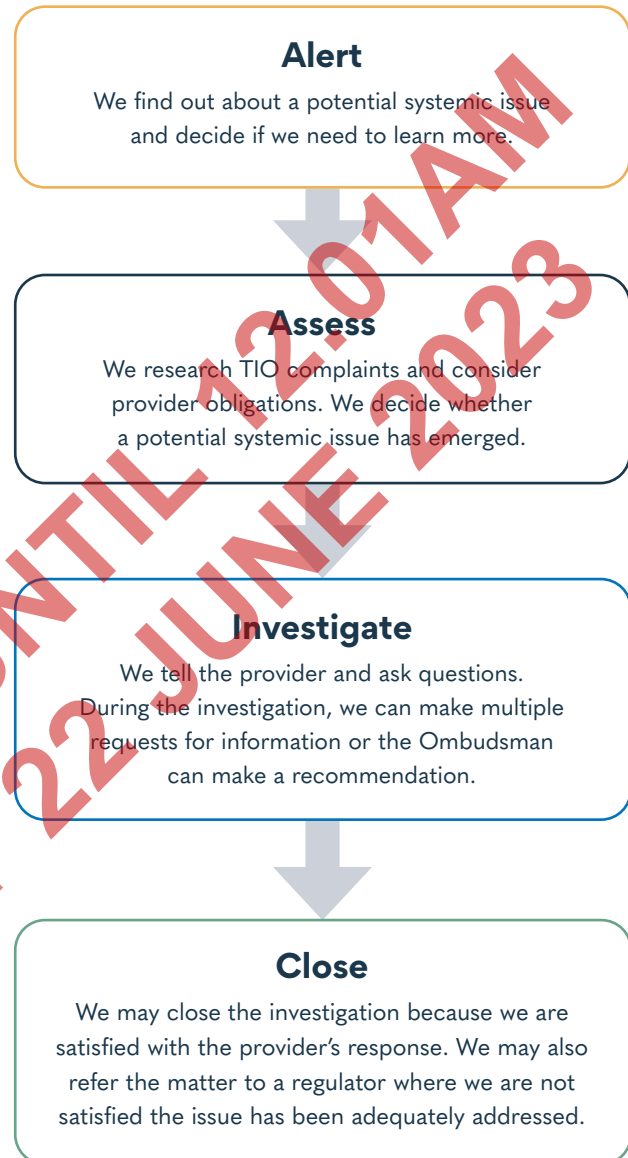
Sometimes it may be clear that we should not investigate. For example, the Alert is about an issue that is outside our complaint handling jurisdiction.

If it is not clear, we **Assess** the Alert. We conduct further research and consider several factors. These include what obligations a provider has, the harm consumers have experienced or may experience, and trends revealed by our complaint research. The number of complaints we receive is only one factor influencing our decision whether to investigate.

## What happens during a systemic investigation?

We start an **Investigation** by notifying the provider about the systemic issue and asking questions. We then consider the provider's response, taking into account the law, relevant industry codes, guidelines, good industry practice, and what is fair and reasonable in the circumstances.

We may make multiple requests for information depending on the response we receive from the provider. If we cannot resolve the matter by agreement, the Ombudsman may make a recommendation about what the provider should do to resolve the matter.



## What systemic investigation outcomes are possible?

We may be satisfied with the provider's response or the improvements they make, and take no further action. We may also refer the matter to the Australian Competition and Consumer Commission (ACCC) or the ACMA for regulatory consideration. In either case, we then **Close** the investigation.

# Systemic issues and investigations at a glance

1 July 2020 – 30 April 2023

## 274

individual  
improvements  
made by  
providers

## 80

investigations closed

## 67

resolved with improvements

## 11

referred to regulators

## 2

resolved by explanation

## 76

investigations  
raised

### Top 8 investigation categories

Sales practices

Billing, charges, or payment issues

Provider accessibility

Contract issue

Privacy and security

Complaint handling

Credit management

Technical issues or faults

1

18

### 794 alerts received



### 292 assessments conducted



### 76 investigations raised



0 100 200 300 400 500 600 700 800

● Linked\* to new or existing investigation ● Still open ● Linked\* to existing assessment or new assessment conducted  
● No further action ● Investigations raised

\*An alert received 1 July 2020 – 30 April 2023 or assessment conducted 1 July 2020 – 30 April 2023 may be attached to an assessment or investigation that was raised prior to 1 July 2020.



“

Communications Alliance acknowledges that systemic investigations can lead to improved industry practice and lasting, beneficial change.

Communications Alliance<sup>4</sup>

EMBARGOED UNTIL 12:01AM  
THURSDAY 22 JUNE 2023

---

<sup>4</sup> Communications Alliance is the peak industry advocacy body for telecommunications providers. [Communications Alliance submission to the 2022 Independent Review of the TIQ, p14.](#)

# Four recommendations to reduce and prevent recurring complaint issues

1

**Providers need to do more to reduce barriers for consumers seeking help.**

We see systemic issues involving inaccessible customer service, incorrect or unclear communications, and inflexible identity verification practices. These issues prevent consumers from getting help or accessing their account.

Direct regulation is already in place to prevent these issues. Providers need to implement these protections as they were intended and in a fair and reasonable way.

3

**Direct regulation should play a primary role in protecting consumers that are vulnerable.**

We see systemic issues involving one-size-fits all processes and poor sales practices that disproportionately impact consumers with vulnerabilities. The current rules that seek to address vulnerability are insufficient. Until this changes, providers may continue to fail to meet the needs of consumers experiencing vulnerability.

Protection for consumers that are vulnerable should be directly regulated.

2

**Direct regulation for billing, credit management, and contract information could reduce unexpected debt and prevent financial hardship.**

We see systemic issues involving direct debit, unclear and incomplete information about products, and charges continuing after cancellation. As a result, consumers can experience financial hardship and unexpected debt.

Direct regulation would bring uniformity to cancellation methods, make multiple payment methods the standard, and incentivise providers to ensure they give clear and complete information to consumers.

4

**A registration scheme with minimum entry requirements would help protect consumers.**

We see systemic issues involving providers who are unwilling or unable to devote sufficient resources to understanding and complying with their regulatory obligations. Based on our experience, we believe this is because there are no barriers for these providers to enter the telecommunications market.

A registration scheme with minimum entry requirements would protect consumers from these providers.

“

The TIO’s systemic issues function can provide solutions for individual disputes, and can also help solve bigger problems at their source...

Australian Consumer Communications Action Network, Consumer Action Law Centre, Financial Counselling Australia, and WEst Justice<sup>5</sup>

EMBARGOED UNTIL 12:01AM  
THURSDAY 22 JUNE 2023

---

5 [ACCAN, CALC, FCA, and WEst Justice joint submission to the 2022 Independent Review of the TIO](#), p23

1

# Providers need to do more to reduce barriers for consumers seeking help

We have seen systemic issues involving inaccessible customer service, unclear or inconsistent communications, and inflexible identity verification practices. These issues prevent consumers from getting help or accessing their account. Direct regulation is already in place to prevent these issues. Providers need to implement these protections as they were intended and in a fair and reasonable way.

## Unclear information and inaccessible communication channels limit consumers' ability to get help

Our systemic investigations found consumers are still struggling to get help from their providers.

Complaint handling rules<sup>6</sup> were introduced in 2018 to set clear expectations about providers having processes in place to address complaints.

Whatever problem a consumer is experiencing, it is critical that they can easily contact their provider for help and get an accurate picture of the problem and complaints process.

When consumers cannot get help, they can be left frustrated and can experience ongoing problems with their service or account.

We conducted investigations into inaccessible customer service and wrong or unclear communications from providers. Problems consumers experienced included:

- being unable to contact their provider due to long call wait times and being transferred between departments
- having to communicate with chatbots who were unable to resolve their concerns
- receiving contradictory or incorrect information about their complaint
- being unable to access their email account
- receiving unclear information about the TIO's role

- confusion from their provider about whether they had raised a TIO complaint
- being given unclear timeframes from their provider for resolving their complaint
- being given inaccurate information about network outages in their area.

### We published a systemic investigation report on the impacts of Covid-19 on phone and internet complaints

In July 2020, we identified three key complaint themes arising from the pandemic:

1. Consumers not being able to contact their provider.
2. Fault and connection problems being more disruptive to consumers.
3. Financial impacts on consumers starting to emerge.

As a result of our investigations, providers:

- updated their websites
- conducted staff training
- simplified their call centre queues
- explored new ways to communicate outage information
- amended email or SMS templates
- fixed system issues preventing email access.

<sup>6</sup> Telecommunications (Consumer Complaints Handling) Industry Standard 2018.

Several years after the introduction of the complaint handling rules, we are still seeing complaints that show some providers have not consistently implemented processes in line with the intention of the rules.

Providers must ensure their complaint handling processes and staff are equipped to meet accessibility, transparency, and other minimum requirements set by the rules.

### **Inflexible identity verification procedures can prevent consumers from accessing their accounts**

Our systemic investigations found consumers are experiencing problems accessing their accounts to view important information, request help, or make changes.

The recent rules about identity verification<sup>7</sup> have clarified how providers are to balance the risk of fraud against ensuring consumers can access their account. However, we see some providers choosing to be less flexible despite flexibility being built into the rules.

We investigated complaints where:

- some consumers could not verify their identity because of a vulnerability and their provider did not offer an alternative

- providers removed consumers' authorised representatives from their accounts without permission
- providers would not speak with authorised representatives
- consumers could not verify their identity at a store because they lived in a remote location and their provider would not offer an alternative.

During our investigations, providers made improvements to make account access easier. Improvements included:

- conducting staff training to reduce unnecessary authentication requests
- enabling more accessible self-service authentication options.

Providers need to comply with identity verification rules and utilise the flexible options built into the rules. Unless providers implement identity verification protections as intended, we will likely continue to receive complaints from consumers struggling to access their accounts.

<sup>7</sup> Telecommunications Service Provider (Customer Identity Authentication) Determination 2022.

# Systemic Investigation

## Consumers couldn't contact Pebble Telco because of long wait times and redirect loops

We received complaints from consumers who said they had difficulty making a customer service enquiry or a complaint to Pebble Telco.

Several of these consumers were in vulnerable circumstances. Some consumers were pensioners who needed to ask for help with a billing problem. Other consumers were experiencing financial hardship.

These consumers told us that:

- they had to wait for a long time in Pebble Telco's call centre queue
- Pebble Telco's chatbot could not resolve their issue and repeatedly redirected them through the same messages.

We notified Pebble Telco of these issues and drew its attention to its complaint handling obligations, which required Pebble Telco to:

- permit consumers to make complaints by telephone, letter, email and online
- ensure there is information on Pebble Telco's website about how consumers can contact it to make a complaint or enquiry.

Following our investigation, Pebble Telco made improvements so it was easier for consumers to contact it.

Pebble Telco:

- updated its call queue menu options so consumers had two more direct pathways to make a complaint
- updated the 'Contact Us' section of its website to include telephone information for consumers in a clear and visible format
- added a direct link to its Complaint Handling Policy on its website.

\*Names of all parties have been changed.

2

## Direct regulation for billing, credit management, and contract information could reduce unexpected debt and prevent financial hardship

We have seen systemic issues involving direct debit, unclear and incomplete information about products, and charges continuing after cancellation. As a result, consumers can experience unexpected debt and financial hardship. Direct regulation would bring uniformity to cancellation methods, make multiple payment methods the standard, and incentivise providers to ensure they give clear and complete information to consumers.

### Consumers can suffer hardship and incur debt when flexible payment methods are not available

Our systemic investigations found where consumers only had one payment method, their finances could be significantly impacted if things go wrong.

The current framework permits direct debit as the only payment method.<sup>8</sup> It is increasingly common for providers to do this.

We identified systemic issues involving direct debit payments, including where consumers were:

- not properly informed about direct debit being the only payment method
- debited twice for the same payment on an ongoing basis
- charged additional fees where direct debit failed because of a provider error
- left with a large debt due to their contract being cancelled after one failed direct debit.

Consumers affected by direct debit issues experienced a range of consequences, including in some cases being unable to afford food and rent.

### We published two systemic investigation reports on financial hardship

Financial hardship can be a product of unexpected charges and other factors.

In [September 2021](#), we found:

1. Consumers need accessible, proactive, and timely hardship assistance.
2. Effective hardship arrangements factor in consumers' circumstances.
3. Payment plans are not always recorded and applied accurately.
4. Regular engagement with consumers supports better outcomes.

In April 2023, we published a financial hardship thematic review.

<sup>8</sup> C628:2019 Telecommunications Consumer Protections Code, cl 5.3.1(h).



Providers made improvements to enhance quality assurance, consumer communications, and public facing information. Providers also conducted staff training, and implemented system changes.

These improvements aimed to ensure:

- consumers better understand when direct debit is the only available payment method
- consumers are informed of the consequences if a direct debit payment fails because there are insufficient funds in the consumer's account
- consumers find out quickly when a payment has failed
- staff know how to permanently remove old information (for example, bank details)
- the cancellation process is simplified to reduce the likelihood of more charges while a cancellation is processed.

Direct regulation could be part of the solution to problems consumers face when they are unable to control their finances. Providers could be required to offer a range of payment methods, as is the case in the energy sector.<sup>9</sup>

The rising cost of living means there is a pressing need to limit the financial pressure facing consumers. Greater flexibility in payment methods would help minimise this pressure.

## Consumers often experience confusion about charges that can lead to bill shock and reduced trust

Our systemic investigations found that consumers who do not understand the costs of the services they signed up for, or have difficulty cancelling services, are at greater risk of financial vulnerability.

Under the current framework, there are only broad obligations to explain and sell products fairly and to provide early termination fee information.

In our experience, systemic issues involving charges that consumers believe they are not responsible for can often be attributed to a breakdown in communication.

In some cases, consumers may no longer trust their provider can help, or is willing to help. This may stem from consumers feeling 'tricked', even where the charges were just a misunderstanding.

We have identified systemic issues including unexpected charges flowing from products:

- consumers understood to be 'free' but were not
- consumers have cancelled but have continued to be charged for
- being added to a consumer's plan without their knowledge or consent.

<sup>9</sup> National Energy Retail Rules Version 37 (as at 1 March 2023), r 32.

Sometimes consumers only learn about charges or product inclusions and exclusions when they try to fix a problem. These situations have occurred when:

- consumers asked for their device to be repaired without knowing the insurance inclusions had changed
- consumers were charged during the process of resolving a disagreement about the charges, despite being under the impression those charges were on hold
- after returning their device to resolve a complaint, consumers were charged for the device
- trying to connect or repair services, consumers agreed to technician appointments without agreeing to be charged for it.

As a result of our investigations, providers made improvements to prevent misunderstandings about charges, including:

- adapting sign-up processes to ensure consumers understand and can change products they agree to during the process
- ensuring staff are equipped to educate consumers on how to cancel product subscriptions
- updating public information to make products and charges clearer to consumers.

Providing clear information to consumers, so they understand the costs of their plan and avoid incurring debt, is a way the telecommunications framework can alleviate the cost of living pressures many consumers now face.

To be effective, any regulation must include clear prohibitions and consequences for non-compliance.

To ensure consistency across the sector, direct regulation could mandate a specific cancellation method (or methods) that, as a minimum, must be made available to the consumer. This could help to better protect consumers from incurring extra debt for failing to cancel the “right way”.

### **We published a systemic investigation report on helping consumers sign up to the right phone and internet products**

Misunderstandings about charges can happen at any stage of the customer journey.

In [May 2021](#), we made four key findings about what can go wrong during sign up:

1. Advertising and point-of-sale information does not always cover key terms.
2. Online information can be difficult to find and understand.
3. Products and services are not always responsibly promoted or sold.
4. Consumers sometimes unknowingly sign up for products or services they do not need.

# Systemic Investigation

## Consumers disconnected or charged lump sums after one failed payment

Propeller Net required consumers to pay for services through direct debit. Propeller Net set up a process for communicating with consumers about restricting and disconnecting services when a direct debit payment failed.

This process was published on Propeller Net's website. Under the process, a consumer will be notified if their scheduled direct debit payment fails. The consumer will also receive a reminder five days later, after the initial notification.

If 10 days after the failed direct debit, the consumer still has not paid, Propeller Net will restrict the consumer's services. Once 30 days have passed after the failed direct debit, the service is disconnected, and the consumer is billed for all remaining device repayments.

We identified complaints that suggested this process was not operating as intended.

We told Propeller Net we were concerned that consumers:

- did not realise their direct debit payment had failed
- did not receive warning prior to being disconnected
- were not aware that one direct debit failure would result in their contract being cancelled.

Some consumers said they were direct debited the entire lump sum owing after their service was cancelled. One customer told us Propeller Net debited \$1,300 from their bank account, leaving them without money during the Christmas period.

Through our investigation, Propeller Net made several improvements to address the issues identified, including:

- improving communication with consumers, including at the earliest point of direct debit failure
- improving the accuracy of its online information
- avoiding the disconnection of vulnerable consumers
- giving consumers the ability to pause payments
- confirming financial hardship options are available to consumers who pay by direct debit
- educating its staff on having proactive conversations with consumers about affordability.

We continue to monitor complaints about Propeller Net's direct debit procedures.

\*Names of all parties have been changed.

3

## Direct regulation should play a primary role in protecting consumers that are vulnerable

We see systemic issues involving one-size-fits all processes and poor sales practices that disproportionately impact consumers with vulnerabilities. The current rules that seek to address vulnerability are insufficient. Until this changes, providers may continue to fail to meet the needs of consumers experiencing vulnerability. Protection for consumers that are vulnerable should be directly regulated.

### One-size-fits-all approaches can leave consumers with vulnerabilities behind

Our systemic investigations found that some standard policies and processes can lead to unintended consequences for consumers with vulnerabilities, including financial pressure and significant distress.

In our experience, the current consumer protection framework in the telecommunications sector is not fit for purpose for consumers that are vulnerable. Industry guidelines and industry-made codes lack sufficiently clear and mandatory obligations.

We investigated systemic issues involving consumers that were:

- visually impaired and unable to get help because contact pathways were not accessible to them
- elderly, experiencing severe health problems, living remotely, or otherwise vulnerable in ways that prevented them from understanding or engaging with identity verification requests.

### We published a systemic report on meeting the needs of consumers impacted by family violence

Vulnerability includes being affected by family violence.

In [December 2020](#), we identified four key challenges providers face. These are:

1. Recognising and responding to consumers experiencing family violence.
2. Understanding what a consumer needs to stay connected and safe.
3. Ensuring appropriate account security processes.
4. Offering the right financial assistance.

Following these investigations, providers have worked with us to make improvements which include:

- making sure verbal and written communication channels are more accessible to consumers
- adapting identity verification and complaint handling processes
- updating training, quality assurance, and staff resources.

We have also published systemic investigation reports that show providers may not always know, understand, or be willing to help meet the challenges consumers experiencing family violence<sup>10</sup> or financial hardship<sup>11</sup> may face.

Telecommunications is an essential service, and all consumers should have equal access to essential services. Direct regulation needs to be put in place to protect consumers with vulnerabilities and promote equal access.

Direct regulation should set the minimum standards required from providers who engage with and try to assist consumers experiencing vulnerability. For example, in the energy sector, there are extensive protections for consumers affected by family violence that are mandatory.<sup>12</sup>

### **Poor sales practices disproportionately affect consumers with vulnerabilities**

Our systemic investigations found that providers mis-selling to consumers with vulnerabilities can lead to severe consequences.

The current framework does not provide appropriate protection to consumers with vulnerabilities from mis-selling. It is reasonable for consumers to expect their provider will sell them products suited to their needs and within the range of what they can afford.

Unfortunately, we see cases where providers sell consumers unsuitable products that they can not afford. When this happens, the financial and emotional detriment can quickly spiral out of control.

Consumers with a range of vulnerabilities can be subject to mis-selling, including those who:

- have a disability
- are elderly
- experience language barriers
- rely heavily on government support as an income
- have low digital literacy.

While we have seen complaints relating to sales made online or by phone, the most concerning conduct we have investigated has primarily occurred in person at retail outlets.

During our investigations, providers made improvements such as:

- taking steps to identify the responsible staff members and take appropriate actions
- reviewing and updating staff training and internal guidance
- identifying and remediating affected consumers.

Direct regulation should be front and centre to protect consumers with vulnerabilities who may otherwise fall through the cracks. For example, it could include more comprehensive requirements to assess a consumer's capacity to pay, including any vulnerabilities that may impact what the consumer needs and can use.

10 TIO, [Meeting the needs of consumers impacted by family violence](#) (December 2020).

11 TIO, [Responding to consumers in financial hardship](#) (September 2021).

12 National Energy Retail Rules Version 37 (as at 1 March 2023), Part 3A.





# Systemic Investigation

## BranchTel upsells products and services to consumers experiencing vulnerability

BranchTel sells phone and internet services and devices in its stores across Australia.

We identified complaints from consumers experiencing vulnerability about concerning conduct and sales practices in particular stores.

We told BranchTel that we received complaints from consumers or their representatives where they said consumers experiencing vulnerability:

- came into the store for help with a problem but were sold products or services they did not want or need
- asked for a basic service but were sold a high-end product or accessories they could not use and did not need
- wanted to keep their prepaid service and did not realise they were being changed to a post-paid service.

These consumers experienced vulnerabilities ranging from relying on Centrelink for income, mental and physical health issues, language barriers, being elderly, or were First Nations consumers living in remote communities.

The consequences for consumers were extreme in some cases. For example, one consumer on low income was sold two plans, four handsets, and four bundles – costing a total of around \$14,000.

During our investigation, BranchTel said it identified concerning conduct and sales practices that did not comply with its policies. It said it remediated customers, as well as terminating employment and agreements where appropriate.

However, BranchTel also told us the complaints were isolated incidents involving a small number of staff. BranchTel was confident that the actions it took to address our concerns were sufficient.

We acknowledged the improvements BranchTel had made but were not certain the complaints we saw represented all impacted consumers.

We referred the systemic issue and our findings to the ACCC and ACMA for further consideration.

\*Names of all parties have been changed.

## 4

## A registration scheme with minimum entry requirements would help protect consumers

We see systemic issues involving providers who are unwilling or unable to devote sufficient resources to understanding and complying with their regulatory obligations. Based on our experience, we believe this is because there are no barriers for these providers to enter the telecommunications market. A registration scheme with minimum entry requirements would protect consumers from these providers.

### Consumers struggle to get the information they need from providers that do not understand their obligations

Our systemic investigations found that consumers can suffer when they sign-up with providers who have a poor understanding of their obligations for selling essential telecommunications products and services.

Under the current framework, there is no requirement for providers to demonstrate key telecommunications regulatory knowledge or ability to follow the rules in the sector.

While we do encounter unprepared providers that strive to do better, consumers should not be subject to providers who cannot and do not deliver the fair minimum standard that is expected.

When a provider does not have the appropriate contact channels in place, consumers can experience harm. The lack of proper procedures can have a trickle-down effect on a consumer's debt, credit files, and connectivity. These issues are usually outside of the consumer's control.

We conducted investigations into providers who were not set up to engage with and advise consumers.

Some of the issues we investigated involved providers who:

- did not have a complaint handling process on their websites
- had an unclear or incomplete complaint handling process
- only had an international phone number for verbal support
- were completely uncontactable and unresponsive
- did not provide or keep copies of contracts.

During these investigations, some providers embraced the opportunity to learn more about how to improve their processes. Other providers were unresponsive and we referred the systemic issue to a regulator.

Improvements made included:

- creating and publishing a complaint handling process
- introducing a free contact phone number that also facilitates call back requests.



A registration scheme with minimum entry requirements such as demonstrating compliance, organisational, and technical capacity could protect consumers from providers who lack the knowledge and ability to deliver an essential service.

### **Consumers suffer when unprepared providers run out of resources**

Our systemic investigations have found that consumers suffer when providers are unable to operate effectively due to limited staff and financial resources.

Under the current telecommunications framework, there is no requirement for providers to have sufficient resources to operate. This can be incredibly frustrating for consumers who may be unable to get the services or help they need.

We conducted investigations where:

- there was confusion about whether the provider was still operating
- the provider continued to invoice or advertise services after saying it was no longer trading
- the provider explicitly told us they lacked the financial resources or staff to handle certain complaints or issues.

Where the provider was not able to make satisfactory improvements to its processes, we referred the investigation to the regulator for further enforcement action.

A registration scheme with minimum entry requirements, such as financial resource capacity and a suitable person criteria for leadership, would help protect consumers from providers that have insufficient resources to serve their customers.



# Systemic Investigation

## Consumers left without help or services when Mauve Connect's business was failing

We received complaints from consumers who told us that a smaller provider, Mauve Connect, was uncontactable most of the time. Some consumers said when they could reach Mauve Connect, they felt unfairly treated by complaint handling staff.

We contacted Mauve Connect about these issues. We also told Mauve Connect that our complaint handling teams had also experienced a lack of responsiveness while attempting to conciliate complaints.

Mauve Connect did not respond to our concerns and questions, but did email us to say the business would be closed soon.

Mauve Connect said it was no longer accepting customers and all staff had left the business.

We asked Mauve Connect about its existing customers and how it would be dealing with complaints. We did not receive a response. Mauve Connect's website continued to advertise the supply of voice and internet services.

Mauve Connect also stopped communication with our Member Services area, who had attempted to resolve outstanding TIO membership concerns.

Our concerns and findings were referred to the ACMA to consider regulatory action.

\*Names of all parties have been changed.

A photograph of a person's hands holding a white rectangular sign with the word "CLOSED" written in large, bold, black capital letters. The person is wearing a dark jacket and a watch on their left wrist. The background is dark and out of focus.

CLOSED

# Contact us

The Telecommunications Industry Ombudsman is a free and independent dispute resolution service for people and small businesses who have an unresolved complaint with their phone or internet service.

You can complain through our website at [www.tio.com.au](http://www.tio.com.au) or by calling **1800 062 058**.

You can post a letter to  
PO Box 276, Collins Street West, VIC 8007 or  
fax it to 1800 630 614.

If you need to use a language other than English, call the Translating and Interpreting Service on 134 450 and they will help you speak with us. They are a free service.

Calls to the above numbers on mobile phones may incur charges.

## Getting someone to help you

You can also ask someone else to complain for you or your business, such as a friend, family member, or financial counsellor. Ask for our authorisation forms over the phone or find them on our website.

## Additional resources for financial hardship

Financial Counselling Australia:

[www.financialcounsellingaustralia.org.au](http://www.financialcounsellingaustralia.org.au)

The National Debt Helpline: [www.ndh.org.au](http://www.ndh.org.au) | 1800 007 007

You can find helpful information from the Australian Communications and Media Authority here:

[www.acma.gov.au/help-if-you-cant-pay-your-phone-or-internet-bill](http://www.acma.gov.au/help-if-you-cant-pay-your-phone-or-internet-bill)



**Telecommunications  
Industry  
Ombudsman**