

Restricting or disconnecting a service for credit management reasons

Complaints we receive about restricting or disconnecting a service for credit management reasons include claims that a provider restricted, suspended or disconnected a service because of overdue charges:

- without reasonable notice
- while the consumer was disputing the restriction, suspension, or disconnection
- while the restriction, suspension, or disconnection was under review.

In this position statement **credit management** means the process by which a provider:

- helps its customers to manage their spend on telecommunications services
- manages any credit risk to the provider, and
- collects overdue charges from its customers and former customers.

Laws and codes of practice

The following laws and codes of practice are relevant to restricting or disconnecting a service for credit management reasons.

- [Telecommunications \(Customer Service Guarantee\) Standard 2011](#)
- [Telecommunications Consumer Protections \(TCP\) Code 2015](#)

Our approach

When we deal with complaints about restricting or disconnecting a service for credit management reasons we consider the law, good industry practice, and fairness in all the circumstances.

The law

The [Customer Service Guarantee Standard](#) sets out performance standards for the supply of **CSG services**. Most residential and small business landline services are CSG services. Usually mobile and satellite services are not CSG services.

A provider is exempt from the performance standards in the Customer Service Guarantee Standard if it disconnected a CSG service because of overdue charges after giving the consumer 21 days written notice that:

- the charges were overdue
- the consumer could ask the provider to reconsider its decision to disconnect the service
- the consumer could complain to the TIO if they were not satisfied with the provider's response

and one of the following occurred:

- the consumer did not pay the charges or contact the provider to ask for reconsideration of the disconnection within 21 days
- the consumer did not contact the TIO within 7 days if the provider still intended to disconnect the service after reconsideration, or
- the consumer contacted the TIO within 7 days of the provider's response, and the TIO gave a

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POSITION STATEMENT

Restricting or disconnecting a service for credit management reasons

direction that supported the provider's decision to disconnect the service.

In some circumstances, a consumer can be asked and may agree to waive their rights under the Customer Service Guarantee Standard. If the consumer waives their rights the provider is exempt from the performance standards in the Customer Service Guarantee Standard.

Good industry practice

Rules in the Telecommunications Consumer Protections Code include:

At the time of, or before the issue of the first bill for a service, the provider must advise the consumer:

- how much time they have to pay for the service
- they have an obligation to pay by the due date
- any processes the provider has for interim billing, following up overdue bills, and helping consumers who are having trouble paying their bills, including where to find the provider's financial hardship policy
- the effect of part payment of a bill
- that non-payment or repeated late payment may impact on their service.

A provider must have information available about its processes to help consumers who are having trouble paying their bills.

A provider must give the account holder of the service, or their authorised representative, written notice at least five business days before restricting, suspending, or disconnecting a service for credit management reasons. The notice must include an indication of the earliest date the restriction, suspension, or disconnection could occur. The provider must:

- make sure the primary method of notification used is a format reasonably acceptable to the consumer based on their usage history
- make reasonable attempts to ascertain whether the consumer has understood any oral advice given

- tell the consumer about:
 - the provider's financial hardship policy
 - any impacts the restriction, suspension or disconnection may have on any other services provided by the provider
 - any on-going or additional charges that will still apply.

Before disconnecting a service for credit management reasons a provider must send a separate disconnection notice, telling the consumer that after the disconnection:

- the consumer's service, product or telephone number may no longer be available
- information about the consequences of non-payment, including that a default may be reported to a credit reporting body
- the debt may be passed to a collection agency or debt buyer
- legal action may be taken
- how the consumer can access the provider's financial hardship policy.

A provider can restrict, suspend, or disconnect a service without notice only if:

- the account status presents an unacceptably high credit risk to the provider
- the provider reasonably suspects fraud or attempted fraud, or
- the consumer's account has reached a nominated restriction point.

At the consumer's request, the provider must review any decision to restrict, suspend or disconnect a service. If the consumer remains dissatisfied with the outcome of the review the provider must tell the consumer how they can make a complaint.

A provider should not impose a reconnection charge following suspension or disconnection if it resulted from the provider's mistake.

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POSITION STATEMENT

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TIO view

A provider must not restrict, suspend or disconnect a service because of overdue charges if any of the overdue charges are in dispute. This includes disputes that are being investigated by the provider, the TIO or a relevant recognised third party.

The [TIO Terms of Reference](#) state that we can make a temporary ruling about a provider's credit management action while we are handling a complaint. The provider must comply with this temporary ruling. For example, we can make a temporary ruling telling the provider to reconnect a service, remove a default listing of the consumer or not pursue a debt.

A provider should not restrict, suspend or disconnect a service solely because the consumer has made a complaint. This includes complaints about any service, not just the service the provider plans to disconnect.

A provider should not restrict, suspend or disconnect a service when charges for another service are overdue unless the consumer previously agreed that this could happen, and it is a reasonable thing to do in the circumstances.

Dealing with a dispute

To assess a complaint about restricting, suspending, or disconnecting a service for credit management reasons, we may ask for information or documents from the consumer and provider. This may include:

- copies of bills
- receipts for payments made
- restriction, suspension or disconnection notices
- collections and contact notes.

Outcomes

When, in our view, a service should not remain restricted, suspended or disconnected, we expect the provider to reactivate the service and address any impact the restriction, suspension or disconnection had on the consumer. For a CSG service, when the provider did not meet a legislated performance standard, including compliance with the notice requirements prior to disconnection of the service, compensation under the [Customer Service Guarantee Standard](#) may be payable to the consumer.

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