

# Sales Practices Driving Consumer Debt

## Our role in providing systemic insights

The Telecommunications Industry Ombudsman's systemic investigation power allows us to identify telecommunications industry practices and issues, particularly those that are widespread, that may cause detriment to residential consumers and small businesses. By raising awareness of issues and recommending changes, the Telecommunications Industry Ombudsman drives improvements in the delivery of telecommunications services and better outcomes for consumers and the telecommunications industry.

Last year, the Telecommunications Industry Ombudsman received more than 167,000 contacts from residential consumers and small businesses. As a result of the high volume of contact we receive, the Telecommunications Industry Ombudsman is well placed to identify and report on systemic issues residential consumers and small businesses face with their phone and internet services.

The Telecommunications Industry Ombudsman is committed to providing systemic insights to improve industry practices and reduce consumer complaints. These Systemic Insight reports are intended to raise awareness of industry-wide issues and publish recommendations for actions.

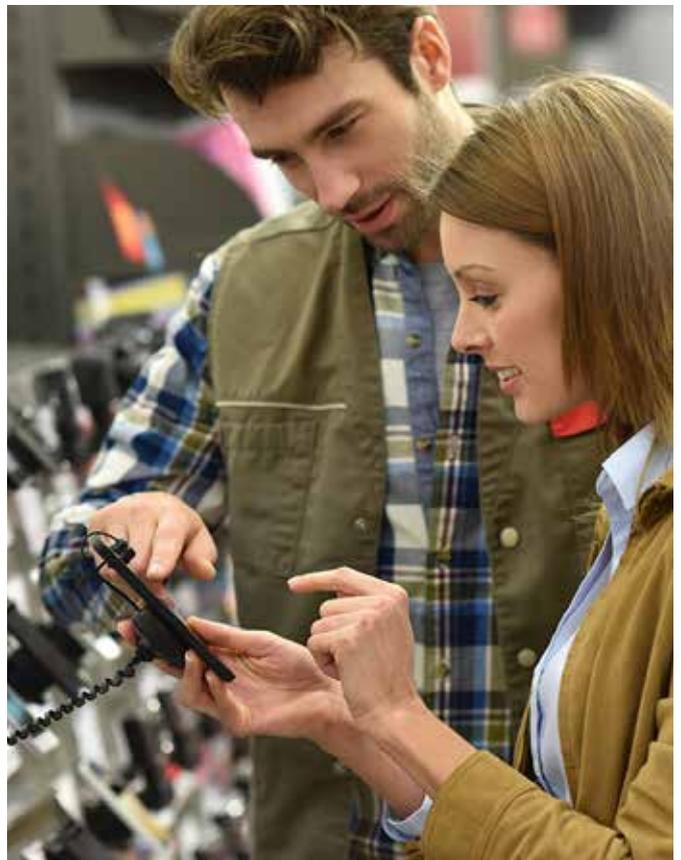
Aboriginal and Torres Strait Islander readers should be aware that this report may contain images of deceased persons which may cause sadness or distress.

## Purpose

This report shares the Telecommunications Industry Ombudsman's findings and recommendations on how providers could improve selling practices for the post-paid plans they offer to reduce financial over-commitment for consumers.

Financial over-commitment can lead to significant indebtedness and detriment to both the consumer and provider.

We anticipate some of the recommendations in this report will be supported by upcoming revisions of industry codes, while other recommendations go further.

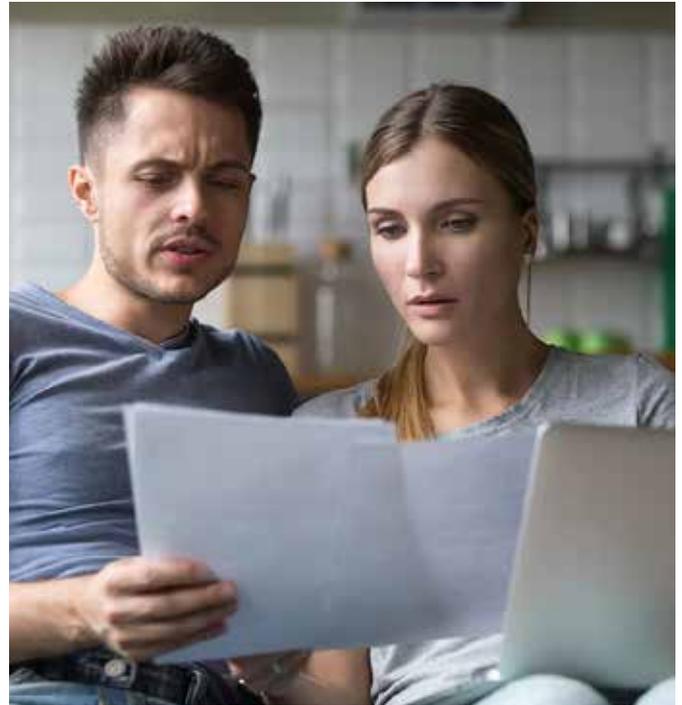


# Findings: common selling practices driving financial over-commitment

Financial over-commitment is a problem that can cause considerable consumer detriment. Based on our complaint handling and systemic investigations work, the Telecommunications Industry Ombudsman has identified four common selling practices by providers that drive financial over-commitment by consumers:

1. Conducting credit assessment checks primarily focused on the provider's commercial risk appetite, and not the customer's ability to pay over the term of the post-paid plan. This results in insufficient enquiries being made about the customer's financial situation.
2. Not giving sales staff an adequate role in responsibly selling post-paid plans. Commission-based income and rewards based on sales figures can lead to high-pressure sale environments or a lack of care in assessing the circumstances of vulnerable and financially disadvantaged customers.
3. Allowing customers to obtain multiple or additional post-paid plans with relatively low barriers, when these transactions carry higher risks of financial over-commitment.

4. Allowing representatives appointed on an account to sign up for additional post-paid plans and purchase equipment without the account holder's knowledge.



## Recommendations

It is good practice for all providers to consider how they can improve selling and credit assessment practices for post-paid plans. To reduce the incidence of financial over-commitment, the Telecommunications Industry Ombudsman recommends four practical changes for providers selling post-paid plans:

1. Before agreeing to sell a post-paid plan, make reasonable enquiries about a customer's financial situation to assess the customer's ability to meet minimum charges over the plan's contractual term.
2. Deliver regular staff training in recognising and supporting vulnerable and disadvantaged customers, as well as ensuring sales training includes a focus on ethical selling.
3. Implement extra safeguards where customers are purchasing multiple or additional post-paid plans. At a minimum, safeguards should include:
  - a) removing or reducing automatic credit pre-approvals solely based on a customer's past payment history, and
  - b) asking whether the customer will be the principal end user for each post-paid plan. If someone else will be the principal end user, explaining they remain liable for all of the costs of the plan.
4. Prevent account representatives from signing up for post-paid plans without the account holder's knowledge.

# Background

## Post-paid plans and extending credit

Smartphone devices and internet data services are no longer seen as luxuries, but an important part of daily life for most Australians. A post-paid service or device is one that can be used fully or in part before being paid for by the consumer. This means the provider of the service or device is effectively extending credit to the consumer. In 2017, post-paid services accounted for around 82% of mobile services in Australia.<sup>1</sup> Consumers can sign up for a long term plan (for example, 12 or 24 months) to obtain a post-paid service or device.

When handling complaints about debts from post-paid plans, the Telecommunications Industry Ombudsman has seen cases where consumers were sold plans they plainly could not afford.

While our primary role is to handle these individual complaints, we have also contributed to industry improvement in this area by:

- Making a submission to the [review](#) of the industry code of conduct *Telecommunications Consumer Protections Code* and
- Conducting a number of systemic investigations (focused on larger providers).

In September 2018, the Telecommunications Industry Ombudsman wrote to two large providers as part of ongoing systemic investigations. We shared our views and invited their comments on the four common selling practices which we believe drive consumer financial over-commitment.

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## Consequences of financial over-commitment

### Telecommunications Industry Ombudsman complaints show a recurring problem

In January – June 2018, the Telecommunications Industry Ombudsman received 7,411 complaints about residential consumers experiencing problems managing their telecommunications debt. This represents 10.2% of total complaints from residential consumers. Complaints about managing debt included 2,221 complaints about financial hardship or repayment arrangements and 2,371 complaints about the barring, suspension and disconnection of services.

Inadequate credit assessments are a relatively low but consistently recurring complaint issue identified when a complaint is initially made to the Telecommunications Industry Ombudsman. In July – December 2017, this was an issue in 77 complaints. In the following six month, January – June 2018, this was an issue in 80 complaints.

Consumers themselves rarely complain about inadequate credit assessments; rather this is the language of representatives such as legal centres and financial counsellors. Consumers usually

complain about not being able to repay their telecommunications debt and only when we examine the complaint in detail might it become evident the underlying cause was an inadequate credit assessment. This differs from a consumer falling into financial hardship from an intervening event such as illness or unemployment.

Our [research](#) indicates not all consumers complain to the Telecommunications Industry Ombudsman about their problem<sup>2</sup>, so our complaint numbers are likely to represent only a small proportion of impacted consumers.

### Potential for significant indebtedness on post-paid plans is well-known

In August 2017, financial counsellors surveyed by the Financial and Consumer Rights Council identified post-paid 24 month contracts for mobile phone handsets and services as the biggest contributor to their clients' telecommunications debts.<sup>3</sup>

To obtain a post-paid plan with the latest model handset and a medium level of data allowance,

1. Australian Competition & Consumer Commission, *Competition and price changes in telecommunications services in Australia 2016-2017*, February 2018, p 29.

2. Telecommunications Industry Ombudsman, *Understanding Phone and Internet Issues in Australia*, p 6.

3. Financial and Consumer Rights Council, *Rank the Telco*, April 2017, p 13.

a consumer can expect to pay a minimum of around \$85 per month on a 24-month plan.<sup>4</sup>

### **Telecommunications debts cause considerable consumer detriment**

Where consumers default on their plan commitments due to significant indebtedness, they may be charged fees for late payment, early termination of the contract, and the costs of debt collection. Consumers who complain about debt management problems may have thousands of dollars worth of unpaid debts on their post-paid plans.<sup>5</sup>

Consumers can also face suspension or disconnection of vital telecommunications services, debt collector stress<sup>6</sup> and default listings on their credit report.<sup>7</sup>

As the case studies in this report show, detriment arising from defaults and inadequate credit assessments are disproportionately felt by the most vulnerable and financially disadvantaged consumers in our community.

When consumers are financially over-committed, providers also incur costs to collect the debt and, in some cases, end up waiving the debt.

#### **Case study 1**

##### **Betty\* is default listed on post-paid plans she couldn't afford**

Betty visited a PinkTel\* store and was sold two post-paid phone plans with handsets. At the time, Betty had been retired for around five years and her sole source of income was a disability pension. Betty spoke minimal English and she was living in an indigenous hostel that provided care for her health condition.

Betty's account fell into arrears almost immediately after the first bill was issued. This resulted in her services being disconnected for non-payment. PinkTel then sent Betty a final invoice for \$4,500 and started debt collection action.

Betty's financial counsellor complained to the

Telecommunications Industry Ombudsman on her behalf. The counsellor told our office Betty did not understand what she was agreeing to and felt pressured by the PinkTel salesperson. At the time of the sale, Betty also had an outstanding balance on a different PinkTel account of \$3,500.

During conciliation, it emerged Betty had also been default listed by PinkTel.

As part of the resolution to Betty's complaint, PinkTel agreed to waive the \$4,500 debt and remove the default listing from Betty's credit file.

\*Name of individuals, organisations and companies have been changed.



4. Based on review of mobile phone plans offered by the three largest post-paid mobile providers as at August 2018.

5. For example in Oct - Dec 2018, the median amount of disputed debt specified by consumers lodging a credit default report complaint to the Telecommunications Industry Ombudsman was \$1,000

6. In July - Dec 2017, the Telecommunications Industry Ombudsman received 445 complaints about debtor harassment.

7. In July - Dec 2017, the Telecommunications Industry Ombudsman received 1,443 about credit default reports.

# Recommendation 1: Assessing customers' actual capacity to pay

## Recommendation 1:

Before agreeing to sell a post-paid plan, providers should make reasonable enquiries about a customer's financial situation to assess the customer's ability to meet minimum charges over the plan's contractual term.

Our past systemics work has revealed credit assessment checks can be conducted primarily around providers' own commercial risk appetites, and not their customer's ability to pay their plan commitments. This results in insufficient enquiries being made about the customer's financial situation.

### The limitations of credit assessments

The *Telecommunications Consumer Protections Code (TCP Code)* is a code of conduct designed to ensure good service and fair outcomes for all consumers of telecommunications products in Australia. All carriage service providers who supply telecommunications products to customers in Australia must observe and comply with the TCP Code.

We anticipate the upcoming revision of the TCP Code will introduce stricter requirements for credit assessments.

The current registered TCP Code<sup>8</sup> requires telecommunications providers to undertake a credit assessment before providing a post-paid product to a customer. This requirement is titled "Responsible provision of Telecommunications Products" (clause 6.2). Credit assessment is a crucial part of the sale process because it can prevent customers from signing up for an ongoing financial obligation they cannot afford.

In 2017, a major provider told us the TCP Code definition of credit assessment did not include an obligation to assess whether a customer can afford an individual post-paid service and should not be construed to do so. This provider told us the credit assessment is not supposed to look at the creditworthiness of the customer or their ability to pay; it is only to assess the risk to the provider.

This view does not reflect a focus on consumer protection and can mean providers don't make adequate enquiries about the customer's financial situation. For instance, a new post-paid plan may be approved for an existing customer because they were able to pay for a current service of lower cost, without further enquiries being made about whether the customer can meet additional future payments for the new plan.

### Reasonable enquiries aligned with capacity to pay

In October 2017, the peak industry body Communications Alliance, released a [Guidance Note](#)<sup>9</sup> offering examples of best practice processes used by providers in their sales and credit assessment.

By adopting better credit assessment checks, providers could ensure they are making reasonable enquiries about their customers' financial situations. For instance, Communications Alliance's Guidance Note suggests checks such as income, occupation, duration of current employment, external credit checks and payment history or debt with the provider.

The Telecommunications Industry Ombudsman welcomes Communications Alliance's suggestion that providers take a risk-based approach by using credit assessment results aligned to an applicant's *capacity to pay* (as opposed to the provider's commercial appetite for risk). The results of credit assessment can mean some customers are only offered SIM only low value plans or pre-paid services.<sup>10</sup> We also anticipate a lifting of the minimum requirements for credit assessments in the upcoming revision of the TCP Code.

8. C628:2015, incorporating Variation 1/2018.

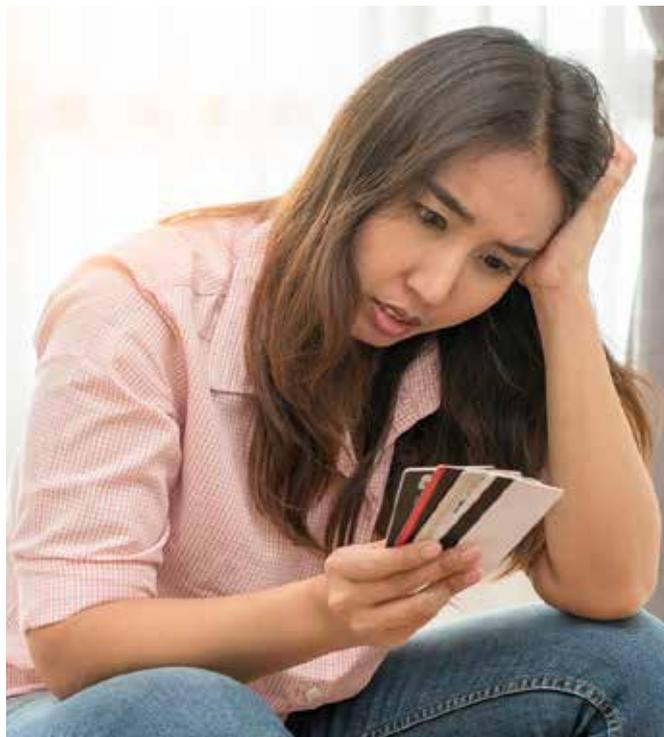
9. Guidance Note Industry IGN 013: Sales Practices and Credit and Debt Management, Communications Alliance Ltd, October 2017 ([Industry Guidance Note](#)), p. 4.

10. Industry Guidance Note, p 4.

Some providers have previously told us they do not seek customers' full income and expenses information and such a detailed assessment should not be required of them. One major provider said it did not ask for details of a customer's income as this alone may not be determinative of a person's credit worthiness. While this may be true, at the least inquiries about income and employment can be key indicators of whether the post-paid plans sought will be plainly unaffordable.

In October 2018, this same provider told us it recognises there has been a shift in the expectations of customers and the community in general with regards to sales conduct. It said its credit assessments involve consideration of a number of objective criteria, including occupation and employment status.

We encourage all providers to take timely action to strengthen their credit assessment approach.



## Case study 2

### Silver Comm\* upgrades Perry's\* mobile plan

Perry, a 75-year-old pensioner, approached Silver Comm to purchase a new plan for a mobile SIM only plan. He said he had limited experience with technology and his only source of income was his pension.

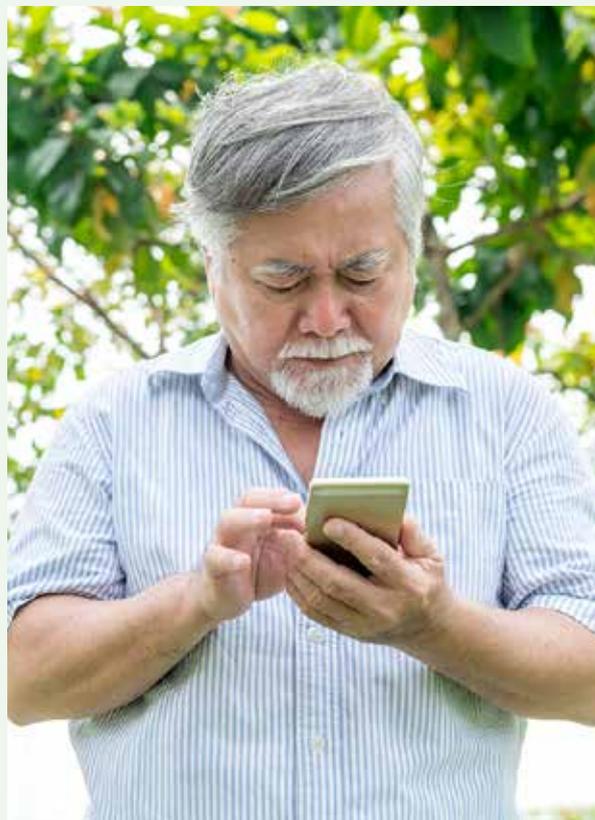
Perry told the salesperson that his old plan cost \$36 per month and he wanted the new plan to be around the same price. However, he was ultimately sold a post-paid plan that included the latest model handset. The plan also included a tablet, which Perry says he did not want or ask for.

When Perry received his first bill, instead of paying around \$36 per month as he wanted, he found he was now paying \$161. Perry said the salesperson did not fully explain the costs to him. If the costs had been properly explained he said he would not have agreed to them because he could not afford them.

Perry complained to the Telecommunications Industry Ombudsman. At conciliation, Silver Comm agreed to allow Perry to return the unwanted tablet and waived all the associated charges. Silver Comm also agreed to accept the return of the mobile phone and removed

the outstanding mobile plan charges because it agreed Perry was not put on an appropriate plan for his financial needs.

\*Name of individuals, organisations and companies have been changed.



# Recommendation 2: Training sales staff to recognise vulnerability

## Recommendation 2:

Providers should deliver regular staff training in recognising and supporting vulnerable and disadvantaged customers, as well as ensuring sales training includes a focus on ethical selling.

Telecommunications providers do not always give their sales staff an adequate role in responsibly selling post-paid plans. Commission-based income and rewards based on sales figures can lead to high-pressure sale environments or a lack of care in assessing the circumstances of vulnerable and financially disadvantaged customers.

One major provider told us decisions on whether a customer passes a credit check are not taken by sales staff, but based on pass/fail rules implemented by its credit risk team. This may mean the provider does not take vulnerability

or disadvantage factors apparent to sales staff dealing with a customer into account, as long as the customer passes the credit check.

In extreme cases, sales staff using unfair tactics or knowingly taking advantage of a customer's vulnerability or disadvantage may be behaving unconscionably. The *Australian Consumer Law* prohibits providers from engaging in unconscionable conduct in the supply of goods or services (section 21).

### Systemic investigation case study 1 Sales practices towards asylum seekers without working visas

In November 2016, the Telecommunications Industry Ombudsman finalised a systemic investigation into the sales and credit assessment practices of major provider Blue Phones\*. We found many complaints where Blue Phones had sold post-paid products to asylum seekers without working visas and was chasing these customers for outstanding debts of up to \$6,000. In the course of our community outreach, similar issues were also raised by financial counsellors and migrant support workers.

We notified Blue Phones of the possible systemic issue, Blue Phones engaged constructively with our investigation. As part of the systemic outcome, Blue Phones implemented a number of actions, including:

- Using learnings from the systemic investigation, it refreshed auditing standards for sales dealerships. Where

audited contracts were found to be non-compliant (including links to vulnerability or disadvantage), Blue Phones could take back any commission paid to staff.

- Introduced training and communications to sales staff on credit and contract compliance requirements, reiterating adherence to Blue Phones' credit policy and the impacts if it is not followed.
- Updated sales training through induction and refresher training, including a focus on ethical selling. Core components were managing recognition of and sales to customers who may have the characteristics of vulnerability and disadvantage.

After the closure of the systemic investigation there was a decline in complaints about Blue Phones providing post-paid plans to disadvantaged individuals who could not afford them.

\*Name of individuals, organisations and companies have been changed.

## **Systemic investigation case study 2**

### **Sales practices towards vulnerable indigenous customers**

In October 2018, the Telecommunications Industry Ombudsman commenced a systemic investigation into the selling practices of a particular Navy Telco\* store. We had identified at least 15 similar complaints about the same store. The complaints were about Navy Telco staff selling multiple post-paid plans and devices to indigenous consumers who all presented with certain vulnerabilities, such as low language and literacy skills. The financial counsellors representing these consumers told us their clients disclosed to Navy Telco their only source of income was a Centrelink pension. The consumers were sold additional devices when they already had a debt on their account, and it was clear they were not going to be the end user.

Navy Telco has acknowledged employees at this store were engaging in “unusual behaviours” not in line with its standard processes. These behavior included employees attempting to connect services where the credit assessments had been declined and attempting to bypass credit assessments by manipulating customers’ details. Navy Telco said it had issued a formal breach notice to the store licensee, took back sales remuneration and terminated some employees. Navy Telco also introduced a number of measures “to ensure the store is engaging in fair sales practices and providing telecommunications products responsibly”. We are still working with Navy Telco on this matter, including about customer remediation steps.

More broadly for all of its stores, Navy Telco told us it has started to employ new control mechanisms, such as sales interaction audits and being able to take back remuneration. Sales consultants are also trained to ensure they are appropriately skilled and sales behaviours are scrutinised regularly.

\*Name of individuals, organisations and companies have been changed.



# Recommendation 3: Increasing safeguards for additional or multiple post-paid plans

## Recommendation 3:

Providers should implement extra safeguards where customers are purchasing multiple or additional post-paid plans. At a minimum, safeguards should include:

- a) removing or reducing automatic credit pre-approvals solely based on a customer's past payment history, and
- b) asking whether the customer will be the principal end user for each post-paid plan. If someone else will be the principal end user, explaining they remain liable for all of the costs of the plan.

Based on complaints received by the Telecommunications Industry Ombudsman, the risk of irresponsible provision of credit and financial over-commitment increases when a customer is seeking additional or multiple post-paid plans.

### Balancing the need for accessibility with the risk of over-commitment

Access to telecommunication services is essential to most Australians. The Financial and Consumer Rights Council says losing access to these services has an enormously detrimental impact on people reliant on income support payments and people in financial difficulty.<sup>11</sup>

While the barriers to accessibility should not be onerous for a residential consumer's first mobile service and device, taking on additional or multiple post-paid plans should be considered higher risk transactions. These transactions may indicate other underlying drivers such as upselling, financial difficulty, fraud, or consumer vulnerability. The extra financial obligations also put residential consumers at a much greater risk of financial over-commitment.

### Implementing practical consumer safeguards

The Telecommunications Industry Ombudsman considers practical consumer safeguards could be implemented when consumers seek additional or multiple post-paid plans.

In October 2018, a major provider told us it was working towards enabling more robust discussions with new customers who wish to obtain multiple or additional post-paid plans, especially plans that include devices. If the customer decides to have more than one additional service or device, additional steps will be performed to assess the customer's ability to repay the service or device's ongoing costs.

Providers generally have much lower approval barriers for existing customers, compared to new customers. Giving existing customers pre-approval for a certain number of post-paid plans based on their previous payment history alone may not be responsible selling. For instance, a customer's ability to meet the monthly payments for one post-paid product does not mean the customer can do the same for up to nine more post-paid products. Some providers may pre-approve existing customers for up to \$20,000 or ten post-paid products.

Sometimes, customers sign up for multiple or additional post-paid plans even though the equipment and services will be used by someone else. By specifically asking questions about who will be the principal end user, providers are prompted to inform customers they remain liable for the costs of use.<sup>12</sup> It is also an opportunity for the customer to reconsider whether they should be taking on the plan at all.

11. Rank the Telco report, Financial and Consumer Rights Council, April 2017, p 8.

12. Where the provider is made aware by the customer that the customer is not going to be the principal end user of the telecommunications service, the TCP Code requires the provider to inform the customer at the time it becomes aware (or as soon as practicable thereafter), that the customer remains liable for the use of the telecommunications service.



### Case study 3

#### **Barry's\* history of payment plans and automatic pre-approval**

Over the course of a few months, Barry signed up for multiple high value post-paid mobile phone plans with Yellow Tel\*. Barry's only source of income was a disability pension.

Barry could not afford these services and was constantly applying for new handsets to then sell them to pay off the bills he was receiving. At one stage, his Yellow Tel debts were over \$10,000. When his representative logged a complaint with the Telecommunications Industry Ombudsman, he had completely lost track of the services he had with Yellow Tel.

During the conciliation of the complaint, Yellow Tel told us Barry was signed up for seven post-paid and two pre-paid mobile accounts. It is unclear how many services were attached to these accounts, but there may have been as many as 14 phone plans and associated devices in total. Yellow Tel conceded that although Barry had a history of requesting payment plans and sometimes not complying with them, its credit assessments permitted the provision of the additional services. This assessment process was

automatic once he became an existing customer. No 'credit risk flag' was ever put on his account.

The complaint was resolved when Yellow Tel agreed to disconnect all of the disputed services and kept two remaining mobile services active. Yellow Tel waived nearly all the outstanding debt except for some valid charges on one of the accounts.

\*Name of individuals, organisations and companies have been changed.



# Recommendation 4: Restricting how plans are sold to customers' authorised representatives

## Recommendation 4:

Providers should prevent account representatives from signing up for post-paid plans without knowledge of the account holder.

Telecommunications providers must allow customers to appoint an "authorised representative", who is able act on the customer's behalf to discuss or make changes to the account.<sup>13</sup>

However, the Telecommunications Industry Ombudsman receives complaints where the authorised representative signs up for post-paid plans without the account holder's authority, and for their own benefit.

When a representative is able to sign up for additional post-paid products, the risk of unauthorised sales increases. Account holders may not realise an authority they gave in the past could allow their representative to fraudulently obtain additional products on their account.

In October 2018, one major provider told us it was planning a number of improvements to its account representative procedure in the next 12 – 18 months. These improvements include sending the account holder a summary about what a representative can do and independently notifying them about activities undertaken by their representative.

Another major provider told us it has strict rules about what activities can be undertaken by an authorised representative. This provider, for example, does not permit the addition of new services. In our view, this is the best practice way to balance the risk of fraud, privacy and security of customers with facilitating the appointment of authorised representatives.

## Case study 4

### Jose's\* daughter signs up for 9 post-paid plans as his authorised representative

Jose had an internet and landline service with GreenComms\*. He added one of his daughters as an authorised representative on his GreenComms account because he was hard of hearing. He was elderly and on a pension.

About four years later, Jose was suddenly contacted by GreenComms and told his daughter had added nine post-paid mobile phone plans to his account over the course of 10 days. He found out nine iPhone plans had been taken out and GreenComms told him he was liable for over \$15,000 if he cancelled the plans. His daughter could not be reached.

During the Telecommunications Industry Ombudsman's handling of the complaint, GreenComms told us Jose was classified as an existing customer at the time each new post-paid service was obtained. As there was no credit risk flag on his file, Jose passed the credit assessments each time. He was only contacted because these nine plans had caused his account to hit a ten device limit so when his daughter tried to add an eleventh service it triggered the contact to Jose. It was only when the ten device limit was reached that GreenComms stopped approving new services.

\*Name of individuals, organisations and companies have been changed.

13. Clause 3.4 of the TCP Code.

# The Telecommunications Industry Ombudsman

The Telecommunications Industry Ombudsman provides a free and independent dispute resolution service for residential consumers and small businesses who have an unresolved complaint about their phone or internet service in Australia.

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## About

The Telecommunications Industry Ombudsman Ltd was established in 1993, and is a company limited by guarantee. *The Telecommunications (Consumer Protection and Service Standards) Act 1999* requires telecommunications providers to be members of the Telecommunications Industry Ombudsman and to comply with the decisions of the Ombudsman.

## Telecommunications service providers

Telecommunications service providers are businesses or individuals who are carriers or provide carriage services.

Carriers – persons who own a telecommunications network unit to supply carriage services to the public. The carrier must be licensed through the Australian Communications and Media Authority.

Carriage service providers (CSP) – those who supply standard telephone services, public mobile telecommunications services, or carriage services that enable end-users to access the internet, including carriage service intermediaries who arrange for the supply of such services.

## Scope of service

Dispute resolution services include:

- Dealing with individual and systemic complaints
- Promoting fair and effective resolution of complaints.
- Providing information and analysis to community, government and members.

## The telecommunications industry sector

The telecommunications industry regulators are the Australian Communications and Media Authority (ACMA) [www.acma.gov.au](http://www.acma.gov.au) and the Australian Competition and Consumer Commission (ACCC) [www.accc.gov.au](http://www.accc.gov.au).

Government and the regulators set policy and regulations for the telecommunications sector.

Communications Alliance is the peak body for the Australian communications industry [www.commsalliance.com.au](http://www.commsalliance.com.au).

The Australian Communications Consumer Action Network (ACCAN) is Australia's peak communications consumer organisation representing individuals, small businesses and not-for-profit groups as consumers of communications products and services [www.accan.org.au](http://www.accan.org.au).

# Systemic Issues

The Telecommunications Industry Ombudsman's systemic investigation power allows the organisation to identify issues with the telecommunications industry's regular systems, processes or practices and issues that may cause detriment to residential consumers and small businesses. By investigating issues, raising awareness and working with telecommunications providers to make recommended changes, the Telecommunications Industry Ombudsman drives improvements in the delivery of telecommunications services and better outcomes for consumers and the telecommunications industry.

In financial year 2017/18 the Telecommunications Industry Ombudsman dealt with 212,786 enquiries and complaints from residential consumers and small businesses. As a high volume complaint resolution service, the Telecommunications Industry Ombudsman is well placed to identify and report on systemic issues residential consumers and small businesses face with their phone and internet services.

The Telecommunications Industry Ombudsman is committed to providing reporting on systemic insights to improve industry practices and reduce consumer complaints. Systemic reports are intended to raise awareness of industry-wide issues and promote ways to improve services.

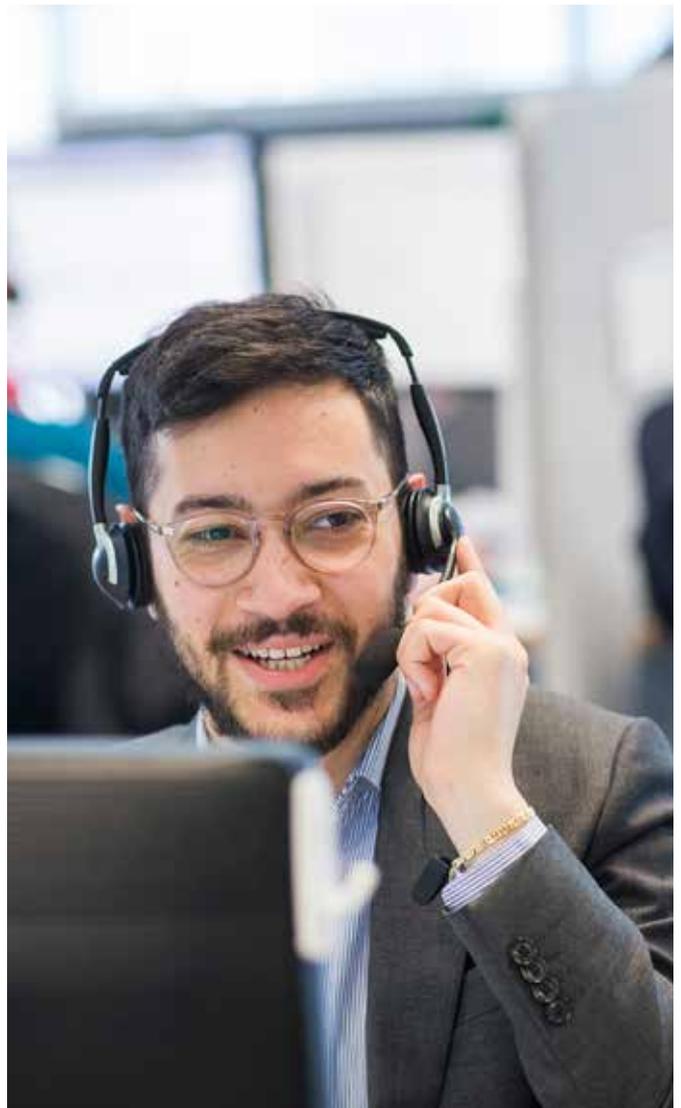
The Telecommunications Industry Ombudsman considered and investigated 80 possible systemic issues. It notified providers about 52 possible systemic issues, and 30 systemic matters resulted in the provider agreeing to or making changes to its system, process or practice.

19 different providers implemented changes to address the systemic issue raised by the Telecommunications Industry Ombudsman. The types of changes implemented by providers included:

- Improving procedures in the areas of network coverage troubleshooting, credit management and account holder verification
- Correcting a customer service hotline error which had potential privacy consequences
- Monitoring and providing staff training on misleading sales conduct, and

- Updating standard form consumer contracts to make terms fairer.

This example illustrates how the Telecommunications Industry Ombudsman undertakes industry-wide systemic issues investigations. After noticing a pattern of telephone number loss during National Broadband Network migration, we wrote to 23 retail NBN service providers to better understand the circumstances behind the complaints and what providers believe to be the underlying causes. The results of this survey allowed the Telecommunications Industry Ombudsman to prepare a systemic insights paper with recommendations for retail service providers to reduce the incidence of number loss. The paper was published in July 2018.



# How to make a complaint

1

Residential consumers and small businesses should first try to resolve their complaint with their phone or internet provider.

2

If the complaint remains unresolved, the residential consumer or small business can contact the Telecommunications Industry Ombudsman by visiting [www.tio.com.au](http://www.tio.com.au) or calling 1800 062 058.

3

The Telecommunications Industry Ombudsman determines whether it can deal with the complaint.

4

The Telecommunications Industry Ombudsman works with the parties to resolve the complaint.

5

The Ombudsman has the power to decide the resolution of the complaint.

# Contact us

By Phone      1800 062 058\*  
Online        [www.tio.com.au](http://www.tio.com.au)  
By fax        1800 630 614  
By post      PO Box 276 Collins St West VIC 8007

If you need an interpreter, please contact us through the Translator and Interpreter Service (TIS): 131 450

The Telecommunications Industry Ombudsman's Privacy Policy explains how we collect, use and handle your personal information. Ask us for a copy or find it at [www.tio.com.au/privacy](http://www.tio.com.au/privacy)

\*Free from landlines. If you are calling from a mobile, you can ask us to call you back.

