

Systemic Spotlight:

Misleading telemarketing of NBN services

The Telecommunications Industry Ombudsman receives complaints from residential consumers and small businesses who are misled into signing up for NBN services. This Systemic Spotlight explores the issue and our investigations into the telemarketing practices of some retail providers of NBN services.

Telemarketing is selling goods or services over the phone. Telemarketing can be conducted by the provider's in-house staff or through an external call centre.

How are consumers misled during telemarketing calls?

Australians are generally aware of the National Broadband Network (NBN) and that their home or small business has been connected to the NBN, or will be soon. However, residential consumers and small businesses may not always know who they should be speaking with to get connected, or how moving to the NBN works.

Based on enquiries received by our office, a small number of retail service providers are increasing confusion for residential consumers and small businesses by using misleading telemarketing practices to sell their NBN plans.

In these cases, consumers have reported feeling pressured into signing up for NBN service plans because telemarketers are:

- being misleading about who they work for
- suggesting the consumer's current provider will not be able to supply services after the NBN arrives
- suggesting the consumer will lose their services and phone number if they don't sign up immediately
- telling small businesses the telemarketer's company "takes care of all registered businesses", or
- providing inaccurate or unclear information about the pricing of the NBN plan, the contract term, or the expected data speed.

Potential consequences for consumers

Sales made by telemarketing carry higher risk of detriment. This is because there is less opportunity for a consumer to do their own research about the NBN rollout, make comparisons of the NBN plans offered by different providers, or think about whether the NBN plan offered is right for them.

Consumers have told us the misleading telemarketing practices result in them being locked into contracts that do not meet their expectations, are more expensive than their previous phone and internet plan, or are not suitable for their circumstances.

Even when providers resolve complaints by releasing consumers from their contract, there can be other unforeseen consequences. For instance, the consumer may have had to pay an early termination fee to their previous provider or lose the benefit of discounts from their previous provider. For small businesses, signing up for services which do not meet their needs can mean disruption to the business and financial loss.

Based on the complaints we receive, the impact of misleading telemarketing practices appears to be particularly felt by older consumers, some of whom say they don't use the internet at home. This is consistent with research conducted by the Australian Communications and Media Authority¹ that found lower understanding about connecting to the NBN among decision makers aged 65 or older and phone-only households.

1. [NBN consumer experience: Households and businesses – the end-to-end journey](#), Australian Communications and Media Authority, August 2018, p 11, accessed on 24 July 2019.



Investigating telemarketing sales practices

Over the last year, our systemics team has investigated telemarketing sales practices of several retail providers of NBN services. Often, these providers come to our attention because we identify a cluster of similar complaints about misleading conduct by the same provider. More broadly in 2018, our office received a total of 1,729 complaints about misleading conduct in which the consumer mentioned the NBN. Complaints of this type have continued.

As part of our investigations, we reviewed sales call recordings and other customer contact records for relevant complaints. In some cases, we have worked with providers to make improvements to their systems, process or practices. Where we have significant concerns about the provider's non-compliance with laws and codes, we have referred these concerns to the relevant regulators for consideration and possible action.

Case study 1 – Leaf Telco*

In April 2018, we notified Leaf Telco about a trend of complaints to our office. Consumers had reported being misled during unsolicited telemarketing calls resulting in the transfer of their services. Leaf Telco told us it identified potential customers by matching NBN rollout maps with White Pages listings. After reviewing Leaf Telco's call recordings, we were concerned to hear Leaf Telco agents engaging in misleading sales practices on how the NBN would impact the consumer, as well as high pressure tactics to prevent the consumer from cancelling

the sale. In one case, Elizabeth*, a 76 year old pensioner, was pressured into signing up to Leaf Telco's two year \$80 NBN plan. During the conversation, Elizabeth told Leaf Telco's agent "I need to get a second opinion on this because I don't understand it at all". Elizabeth did not use the internet and had a phone-only plan with her current provider. Leaf Telco's agent emphasised he was calling from the "National Broadband Network team", but only identified Leaf Telco quickly. The agent told Elizabeth she had no choice about upgrading. When Elizabeth later tried to cancel, Leaf Telco's agent said if she did not sign up to the NBN now, she would lose her service and have to pay \$700 to be reconnected.

While Leaf Telco told us it had rolled out compliance refresher training and process changes to address the issue, we were concerned Leaf Telco did not appear to recognise the misleading conduct practices evident in the complaints. We also continued to receive similar complaints about Leaf Telco. As a result, we shared information about our investigation with the relevant regulators for their consideration.

Elizabeth's complaint was resolved by Leaf Telco cancelling her contract within the cooling off period.

*Names of individuals, organisations and companies have been changed.



Case study 2 – Silver Telco*

In November 2018, we notified Silver Telco about a trend of similar complaints to our office, in which consumers said Silver Telco misled them during sales calls offering its NBN plans.

While Silver Telco agents correctly identified themselves, there were a number of cases where the agent gave inaccurate information about the NBN plan (for instance, about the pricing, contract term, or expected data speed).

In addition, we found there was an opportunity to improve the way Silver Telco agents read out the terms and conditions which was often too fast and difficult to understand.

In response, Silver Telco completed a comprehensive review of its telemarketing sales system, process and practices and implemented a number of changes.

The changes included:

- a fully automated voice recording of the terms and conditions of its NBN plans
- requiring all sales agents to recap the key details of the consumer's proposed plan before the consumer agrees to sign up
- an updated sales quality assurance framework with a new call monitoring process and disciplinary structure, and
- new learning and development, and training processes.

We are still working with Silver Telco and continue to monitor to confirm the changes result in a reduction in complaints to our office.

*Names of individuals, organisations and companies have been changed.

Important facts about moving on to the NBN

The NBN is a government initiative to upgrade Australia's telecommunications and broadband network. Most Australians who want to keep their fixed phone or internet services will need to move to services delivered over the NBN.²

Moving to the NBN is not automatic. This means your existing phone and internet services could eventually be disconnected if you don't take any action, but you should check your disconnection date by contacting your current phone and internet provider. You should also check if you have received a letter from NBN Co or your current provider about a disconnection date.

NBN Co, the company building the new network, does not sell phone or internet services directly to consumers. This means you need to sign up with your preferred phone and internet provider when you're ready to move to the NBN. It is your choice whether you want to remain with your current provider or choose a new one³. You should take the time to shop around for an NBN plan that is suitable for you, but make sure you understand whether your current provider will charge you any costs for leaving them.

For more information, the Australian Communications Consumer Action Network has published this factsheet – [5 things you need to know about NBN](#).

Tips to manage unsolicited telemarketing calls about NBN services

Check who the telemarketer works for

A misleading telemarketer will not be clear about who they work for. They may suggest that you have an existing relationship. They may use phrases like "I'm calling to upgrade you to the NBN", or "as our loyal customer we're offering you a cheap plan". They may even suggest they're calling from NBN Co rather than the service provider they work for.

DO

Check what organisation the telemarketer is working for. Do this early in the call. Don't give away any information about yourself until you're sure who is asking!

Hang up if a telemarketer is not clear.

Check the disconnection date

A misleading telemarketer may create a sense of urgency so that you act quickly. They may tell you that you could be disconnected if you don't transfer your phone or internet services immediately. They may use phrases like "if you don't sign up with us now your phone or internet services may be disconnected". You may be misled to believe that they are your only choice of NBN service provider.

DO

Check the disconnection date for your existing phone and internet services by contacting your current provider. Check if you have received a letter from your current provider or NBN Co about your disconnection date.

2. [NBN consumer experience: Households and businesses – the end-to-end journey](#), Australian Communications and Media Authority, August 2018, p 5, accessed on 24 July 2019.
3. [About the National Broadband Network](#), Australian Competition and Consumer Commission, accessed on 24 July 2019.

Check if the service provider is transferring you too early

A misleading telemarketer may suggest that your current phone or internet service needs to be preconfigured for a smooth transition to NBN. They may be creating an unnecessary sense of urgency to make you sign up for services on the old network. If your area is not ready for the NBN there may be no need to transfer just yet.

DO

Check whether you are signing up for a new plan on the old network, or on the NBN.

Visit [NBN Co's website](https://www.nbnco.com.au/connect-home-or-business/check-your-address)⁴ to find out if your area is ready to connect to the NBN. If your area is ready, read [Tips for people in NBN switch-over areas](#) from the Australian Communications Consumer Action Network.

Research the plan that is best for you

A misleading telemarketer may tell you they are offering discounts to all NBN customers in your area. Some may refer to the discount as a "government initiative". They may ask for your personal details to confirm your eligibility.

DO

Take your time to consider the offer. Do your own research and compare plans to decide which plan suits you best.

Don't reveal any personal information before you're ready to sign up for a new plan.

Check the exact details of the plan being offered

A misleading telemarketer may be unclear about the key details of the NBN plan they are trying to sell you, such as pricing, contract terms, and plan inclusions. They may speak too quickly for you to understand everything they say.

DO

Take your time to thoroughly understand the details of the new phone or internet plan you are considering before agreeing to a new contract or plan. **Ask for a copy of the plan on offer**, including a Key Facts Sheet.

Hang up if the telemarketer refuses to send you information.

Know your rights about changing your mind

After signing up to a new plan, a misleading telemarketer may suggest you can't get out of the contract without being charged a fee.

DO

Cancel the contract within 10 business days if you decide you don't want to change from your existing plan and provider. For most NBN plans sold through unsolicited telemarketing, you can change your mind and cancel the contract for any reason without cost within 10 business days⁵.

To opt out of receiving most unsolicited telemarketing calls and faxes, you may wish to register your phone number with the [Do Not Call Register](#) managed by the Australian Media and Communications Authority.

If you make a complaint to a provider about misleading telemarketing and you're not happy with its response, you can contact the Telecommunications Industry Ombudsman online at tio.com.au or by phoning 1800 062 058*.

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

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

4. [www2.nbnco.com.au/connect-home-or-business/check-your-address](https://www.nbnco.com.au/connect-home-or-business/check-your-address). Accessed on 24 July 2019.

5. For more information on unsolicited consumer agreements, please visit the Australian Competition and Consumer Commission's website www.accc.gov.au/consumers/sales-delivery/telemarketing-door-to-door-sales. Accessed on 24 July 2019.