



## Variations to fixed-term telecommunications contracts

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### Statutory Notice

## Modification of the licences of JT (Guernsey) Limited, Y Tel Limited, Sure (Guernsey) Limited and Guernsey Airtel Limited

Channel Islands Competition  
and Regulatory Authorities

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**July 2014**

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## **Modification of the fixed licences and mobile licences issued to JT (Guernsey) Limited, Y Tel Limited, Sure (Guernsey) Limited and Guernsey Airtel Limited under Part 1 of The Telecommunications (Bailiwick of Guernsey) Law, 2001 (the Telecoms Law).**

In accordance with:

- Section 8 of the Telecoms Law; and
- Condition 6 of the fixed licences and mobile licences issued to JT (Guernsey) Limited, Y Tel Limited, Sure (Guernsey) Limited and Guernsey Airtel Limited under Part 1 of the Telecoms Law.

the Guernsey Competition and Regulatory Authority (**GCRA**) hereby modifies the fixed licences and mobile licences issued to JT (Guernsey) Limited, Y Tel Limited, Sure (Guernsey) Limited and Guernsey Airtel Limited.

### **Modification**

As a result of JT (Jersey) Limited's decision to vary a product offering during a fixed-term contract, the Jersey Competition Regulatory Authority (**JCRA**) received several complaints. JT's decision, coupled with regulatory action taken by Ofcom in the UK on the matter of variations to fixed term contracts, led the JCRA to consider that customers needed to be afforded a level of protection from unexpected price increases during a fixed term contract. Moreover, as each of the operators in Jersey also operate in Guernsey, the GCRA considered that Guernsey customers should be afforded the same level of protection as customers in Jersey.

The GCRA considered that there is a benefit to consumers and small businesses (as the GCRA is defining that term) and the industry from ensuring consistency as it relates to the right of operators to seek variations to fixed-term contracts, and in the manner in which variations should be notified to customers. The GCRA required a modification to the fixed licences and mobile licences of JT (Guernsey) Limited, Y Tel Limited, Sure (Guernsey) Limited and Guernsey Airtel Limited through the inclusion of a new additional licence condition.

The new licence condition relates to:

- the ability of the licensee to vary the product or increase the unit price of a telecommunication service supplied under a contract for a fixed term;
- the notice period that must be given to customers;
- the manner in which customers must be notified; and
- the ability of a customer to terminate its contract for that telecommunication service without penalty.

The new licence condition shall also provide that in exceptional circumstances when they could not have anticipated the increased cost/s imposed by Sure for wholesale services, operators can apply to the GCRA for an exemption, in order to pass on such costs to customers.

The text of the new additional licence condition is published at the end of this Notice.

### **Reason for modification**

In May 2013, the JCRA and GCRA issued a joint consultation (CICRA 13/27) on two options to address concerns about product and price changes being introduced during fixed-term telecommunications contracts, which would be implemented on a pan-Channel Island, industry-wide basis for fixed-line telephony, mobile and broadband services. A Draft Decision (CICRA 14/14) and Final Decision (CICRA 14/R27) were issued in respect of the proposed additional licence condition. The GCRA considered that the need to protect customers from unexpected price increases during a fixed term

contract was a particularly important principle and the new licence condition is intended to safeguard customers from price changes during a fixed term contract and provide them with i) adequate notice of the change and ii) the right to terminate their contract, as well as provide transparency to operators about what product and price changes they can and cannot make during a fixed term contract.

### **Representations or Objections**

In accordance with section 8(2)(c) of the Telecoms Law, interested parties are invited to submit written representations or objections to the proposed new licence modification by 5pm Wednesday 30 July 2014. If no representations or objections are made, the additional licence condition will take effect on 1 October 2014. The GCRA considers that two calendar months is sufficient for licensees to make any adjustments they identify as necessary in light of the licence modification.

Representations or objections in relation to the proposed licence modification should be received by the GCRA before **5pm Wednesday 30 July 2014**. All submissions should be sent in writing or by email, clearly marked "Variations to fixed-term telecommunications contracts – Statutory Notice" and sent to the address below.

Suites B1 and B2  
Hirzel Court  
St Peter Port  
Guernsey  
GY1 2NH  
Email: [info@cicra.gg](mailto:info@cicra.gg)

### **Additional Licence Condition**

Under Licence Condition 17 of JT Guernsey's fixed licence, which relates to consumer protection, a new condition will be added to the operator's licence, namely LC 17.14;

Under Licence Condition 15 of JT Guernsey's mobile licence, which relates to consumer protection, a new condition will be added to the operator's licence, namely LC 15.13;

Under Licence Condition 17 of Sure Guernsey's fixed licence, which relates to consumer protection, a new condition will be added to the operator's licence, namely LC 17.14;

Under Licence Condition 15 of Sure Guernsey's mobile licence, which relates to consumer protection, a new condition will be added to the operator's licence, namely LC 15.13;

Under Licence Condition 17 of GAL's fixed licence, which relates to consumer protection, a new condition will be added to the operator's licence, namely LC 17.14; and

Under Licence Condition 15 of GAL's mobile licence, which relates to consumer protection, a new condition will be added to the operator's licence, namely LC 15.13; and

Under Licence Condition 16 of Y Tel's fixed licence, which relates to consumer protection, a new condition will be added to the operator's licence, namely LC 16.10, as follows:

- a) The Licensee shall give a Relevant Subscriber not less than two calendar months' notice in writing of any increase to the unit price of a telecommunication service supplied under a Fixed-Term Contract.
- b) If the Licensee wishes to increase the unit price of a telecommunication service supplied under a Fixed-Term Contract, it shall allow a Relevant Subscriber to terminate its contract for that telecommunication service without penalty, provided that: (i) notice is given in writing by the Relevant Subscriber to the Licensee at any time during the notice period referred to in sub-condition a); and (ii) the Relevant Subscriber pays to the Licensee any outstanding subsidy in respect of telecommunications equipment supplied at no charge or at a discount by the Licensee under the contract.
- c) As part of any notice referred to in sub-condition a), the Licensee shall inform the Relevant Subscriber of (i) its ability to terminate its contract for that telecommunication service without penalty; and (ii) the amount of the outstanding telecommunications equipment subsidy referred to in sub-condition b).
- d) This condition shall not apply to an increase in the unit price of a telecommunication service supplied under a Fixed-Term Contract, provided that:
  - a. the increase is directly referable to the introduction of, or increase in, direct taxes or other government duties or levies, and the relevant contract clearly permits the Licensee to make that increase; or
  - b. the quantum of the increase in unit price and the timing of the increase are set out clearly in the relevant contract (whether as an actual amount, or by reference to a price index),

and, in each case, the provision allowing the operator to make the increase is prominently displayed in the contract.

- e) For the purposes of this Condition, a “Relevant Subscriber” shall be a residential or domestic subscriber, or a business with fewer than 10 employees located in the Channel Islands.
- f) For the purposes of this Condition, a “Fixed-Term Contract” shall be defined as a contract involving the supply of telecommunication services by the Licensee with a term of more than 2 months.
- g) For the avoidance of doubt, any reduction in call and/or text and/or data allowances provided to a Subscriber under a Fixed-Term Contract for a telecommunication service will constitute an increase in the unit price charged to the Subscriber and thus a circumstance to which sub-conditions a), b) and c) would apply. However, for mobile telephone contracts only, increases in charges for calls, texts and data not provided within an inclusive bundle shall be deemed not to be an increase in the unit price.
- h) Where costs incurred by the Licensee in the provision of a telecommunication service increase significantly, and such an increase was not reasonably foreseeable, then the Licensee may apply to the GCRA for, and the GCRA may grant, a waiver of the requirements of this Condition in respect of Fixed-Term Contracts for that telecommunication service.