



18 October 2013

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Dear Eddie,

Billing Practices for Fixed Telecommunications Services

I am writing this open letter following an unprecedented amount of correspondence received by CICRA from fixed line telecoms customers in Guernsey and Alderney dissatisfied with Sure's processes for billing and collecting payments for its services. As you will be aware, CICRA initiated a review of this aspect of the telecoms market in a consultation document (CICRA 12/47) following changes made by Sure to payment terms in 2012. Subsequent changes introduced by Sure earlier this year – in particular, the imposition of a £1 monthly charge for receiving paper bills – have only heightened customers' concerns.

CICRA received a large number of written responses to its first consultation (CICRA 12/47). In addition, we have taken dozens of phone calls from residential customers giving their views on the same issues raised in the consultation. Several of Sure's customers have gone further and requested meetings with CICRA to discuss their concerns, aggrieved by the behaviour of Sure in this area.

To assess these concerns, CICRA commissioned Island Analysis to undertake a benchmarking exercise, identifying the extent to which practices in the area of billing adopted by Sure and JT are consistent with those adopted by other utility companies, both in the Channel Islands and elsewhere. This exercise has also informed our views on general good practice. This open letter is intended to provide

you with details of the benchmarking assessment of the billing practices of Sure and JT, as the dominant telecommunication companies in the Channel Islands (and to that end, I will also be writing to JT on these issues).

A public version of the Island Analysis report will be placed on the CICRA website alongside this open letter today, together with the non-confidential responses to our earlier consultation.

To be clear, these benchmarks do not show Sure and JT to be the worst performers when it comes to billing practices. Nevertheless, they do indicate that significant changes to the practices of both companies are required in order to meet best practice. Given that there are likely to be trade-offs between different aspects of customer billing, it is CICRA's hope that Sure will, of its own accord, alter its current approach materially to improve its performance without the need for regulatory prescription. In CICRA's view, the extent of customer dissatisfaction cannot continue and measures are required urgently and materially to address the current level of customer concern.

This benchmarking report by Island Analysis identifies a number of best practice principles that CICRA believes should guide a dominant telecommunication operator such as Sure in conducting its billing and payment collection activities so as to treat customers in a fair and reasonable way. A brief description of the study and a comparator table is set out in the Annex to this open letter.

In addition to providing you with the results of the benchmarking study by Island Analysis, I believe there are several other issues that appear to warrant particular consideration by Sure.

Firstly, it has come to CICRA's attention that certain Sure customers in Guernsey continue to pay for a second exchange line when it is no longer required. This appears to be a legacy of the internet dial-up service where customers took a second exchange line from Sure to allow calls and internet services to be received at the same time. There is a view from certain of these customers that they should have been informed of the redundancy of the second exchange line rental when they moved away from internet dial-up to ADSL broadband. In our view, Sure should address this through appropriate communication with its customers as a matter of some urgency.

Secondly, numerous customers of Sure are unconvinced by the environmental justification for the £1 charge for paper bills, citing the fact that it was a previous decision by Sure, and not customers, to increase the frequency of bills dispatched from quarterly to monthly. At that time, Sure did not appear to have regard to

environmental costs when it chose to triple the number of paper bills issued. Certain customers are concerned that the £1 charge, indirectly, is in fact motivated by a desire to move as many customers as possible to direct debit; a payment option that many of them do not want to use. Certainly, CICRA has considerable sympathy for the view that there are alternatives Sure might have considered prior to levying this £1 charge, including discounts to promote online billing or a reassessment of the actual billing format. It is not apparent to customers or CICRA that these options were fully considered. I am therefore writing to urge Sure to reconsider the imposition of the monthly £1 charge for paper billing and undertake a review of alternatives to address the environmental concerns that Sure cited in support of the charge. An inclusive and transparent process with Sure's stakeholders would seem to provide an appropriate way forward.

Thirdly, payment by BACS or internet banking is widely used by other suppliers, yet Sure does not make this available to its customers. If Sure wishes to draw on electronic technology to provide more online billing options to customers, it is not unreasonable for its customers to expect Sure to lead by example and provide a payment option through BACS. I am therefore also requesting that Sure implement this change at the earliest opportunity and inform customers of its availability.

Fourthly, there is a concern about whether Sure's tariff changes are publicised sufficiently widely. While Sure did publish the last change to tariffs in the Gazette Officielle, it appears that many of its customers do not necessarily see such notices. Given modern technology and the billing cycle available to Sure, there is a case for wider publicity in this area to inform its customers, and CICRA would ask Sure to address this. This situation was made worse by the fact that Sure only published notice of its most recent change in prices after they came into effect; a situation I have been assured by members of your team will not be repeated.

Sure will be aware of CICRA's powers in respect of the terms and conditions that accompany the provision of its regulated services and Sure's customer code of practice. To be clear, CICRA does not favour defining specific commercial practices in this area, nor do we wish to prescribe the level of charges related to billing. We would instead seek that Sure undertake a thorough review of existing practices in this area with appropriate stakeholder engagement and then sets out for CICRA a plan of action to address the concerns and assessment outlined in this letter, by the end of November.

I am confident that Sure is committed to best practice in its provision of telecommunications services to customers in the Bailiwick of Guernsey. Our analysis

together with the concerns expressed by many customers, strongly suggests that changes are required to Sure's current billing practices in order to meet that commitment.

I look forward to your response.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Riseley". The signature is written in a cursive style with a prominent initial "A".

Andrew Riseley

Chief Executive

ANNEX

Work by Island Analysis

CICRA has sought to collect benchmarking information to obtain objective evidence of billing practices elsewhere. To this end, we commissioned Island Analysis with the primary objective of assessing the terms and conditions of a range of companies. A detailed analysis of relevant aspects of these terms and conditions has been provided to CICRA.

Of the nearly 30 organisations worldwide that Island Analysis surveyed, 11¹ were reviewed in detail (primarily those demonstrating good practice), plus JT and Sure. Island Analysis also drew on relevant standards such as ISO 14452:2012, conditions and guidelines published by Ofcom (the telecommunications regulator in the UK) and the industry code published in Australia by the Communications Alliance, the main telecommunications industry body. Around 15 aspects of billing and payment collection were reviewed (7 shown below), including security deposits, the levying of charges for various purposes (itemised bills, failed direct debit....) and billing dispute procedures

In addition to the clarity of policies described on utilities' websites, and how accessible information was to customers, Island Analysis noted actual practices by the 11 companies that it believed demonstrated good practice. A summary table is provided in this communication to illustrate the performance of Sure and JT relative to other organisations.

Based on these results, it is evident that Sure and JT practices are considered 'good' or 'very good' in less than half of the practices that Island Analysis assessed.

The table below shows which operators, in the opinion of Island Analysis, display best practice in selected aspects of their billing and payment procedures. Best practice, in this instance, is a combination of clarity of policy and deemed equity to the customer. Information has been sourced from terms and conditions, bills and operators' websites.

¹ Bell Aliant, Prince Edward Island; BT, UK; Eircom, Ireland; Melita, Malta; Optus, Australia; Telecom New Zealand; Telstra, Australia; UK-Telecom, France; Guernsey Electricity; Guernsey Water; Jersey Electricity.

	Very Good		Good		Adequate		Not Stated
Different charges for different billing options	Bell Aliant	no charges for any billing options	Melita, Optus	If operator requested that customer move to online billing but customer chooses to retain paper billing, a charge is made	Telstra	Paper bills for certain plans incur billing charges	Eircom, Telecom New Zealand, JT
	Jersey Electricity	Discount for online billing			UK-Telecom, Sure, BT	Paper bills incur a charge (Sure: from 01/09/13)	
			Guernsey Water, Guernsey Electricity	Paper billing is the only option			
Different charges for different payment options	JT	No charges for any payment options	Optus, Telecom New Zealand, Telstra, Guernsey Water	Charges for credit card payment	UK-Telecom	Direct debit is the only option	Eircom
	Bell Aliant	Operator imposes no charges but there may be charges from financial companies			Jersey Electricity	Credit cards are not accepted	
	Guernsey Electricity	Discount for paying directly into operator's bank			BT, Melita, Optus, Sure	Charges for anything other than direct debit payment	
Charges for requesting past paper bills					BT, Optus, Telecom New Zealand, JT	All charge approximately the same (£4.80, A\$5.50, NZ\$5.11, £5.00)	Bell Aliant, Eircom, Melita, Telstra, UK-Telecom, Jersey Electricity, Guernsey Water, Guernsey Electricity, Sure

	Very Good		Good		Adequate		Not Stated
Length of time given for payment	Bell Aliant	30 days after billing date	Eircom, UK-Telecom	14 days from issue of account	Melita, Optus, Telecom New Zealand, Telstra, Sure	As stated on invoice	
	JT	21 days after posting	Guernsey Water	Within 14 days	BT, Jersey Electricity	Immediately unless otherwise agreed	
	Guernsey Electricity	21 days after billing date					
Penalties for direct debit refusal			BT	£10	Optus	A\$ 22 plus bank charges	Bell Aliant, Eircom, Jersey Electricity, Guernsey Water, Guernsey Electricity, Sure, JT
			Melita	€12	UK-Telecom	€20	
			Telstra	A\$ 10			
Charges for itemised billing	Telecom New Zealand	Bills are itemised	Optus, Sure	Free of charge if requested prior to bill being produced [Sure: £5 for one-off request]	JT	Free of charge online or £1.50 per month on paper bills	Bell Aliant, BT, Eircom, Melita, UK-Telecom
			Telstra	Charges may be made for some itemisation up to A\$5.50 for one-off request			

		Very Good	Good	Adequate	Not Stated	
Penalties for late payment	Guernsey Electricity	long period of notice before possible termination or installation of meter	Bell Aliant	3% interest per month plus possible termination	Melita Interest charged at maximum allowed plus late fee plus possible disconnection fee	Guernsey Water
	Eircom	Possibility of account suspension or termination	BT, Sure	£7.50 late fee, possible suspension or termination, possible debt collection fees	Optus Late fee plus interest, possible suspension fee, third party debt collection fees	
			UK-Telecom	1.5% interest per month plus possible suspension or termination	Telecom New Zealand Late fee plus interest, possible suspension, third party debt collection fees	
			Jersey Electricity	Possible termination with termination fee		
			JT	Interest of 3% above UK base rate plus possible termination		