

Citizens Advice Scotland – Consultation Response: Guidance on the presentation of mid-contract price rises in telecoms ads

Citizens Advice Scotland (CAS), our 59-member Citizen Advice Bureaux (CAB) and the Extra Help Unit, form Scotland's largest independent advice network. Scotland's Citizens Advice Network is an essential community service that empowers people through our local bureaux and national services by providing free, confidential, and independent advice. We use people's real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help and we change lives for the better.

Background

The cost-of-living crisis is squeezing household budgets to breaking point across the country. People are faced with a perfect storm of soaring prices and flat or falling incomes, and that perfect storm risks sweeping tens of thousands of people across Scotland into poverty, debt, and destitution. It's important to understand that people were already really struggling before this crisis. The pandemic left 1.8 million people in Scotland financially worse off, and even before the most recent increase in the energy price cap 1 in 3 people found bills unaffordable.

In polling of consumers in Scotland in 2022 by YouGov, on behalf of Citizens Advice Scotland, it was found that¹:

- More than 1 in 5 people regularly run out of money before pay day, which is a 5% increase on 2021 figures. 9 per cent of people always run out of money before pay day and a further 11 percent say they run out most of the time.
- More than 1 in 7 people who run out of money before pay day go without internet access as a result and almost 1 in 5 go without mobile phone access. It should be noted that the field work for this survey was conducted prior to the formal announcements of annual price rises by telecoms providers.

Citizens Advice Scotland believe that in order to effectively support consumers throughout the cost of living crisis, telecoms providers must provide consumers with clear information that plainly states how much they would expect to pay for a service throughout a contract. We believe such information should include details of mid-contract price rises, including notice that they may be subject to such rises and an estimation of how much prices would be expected to rise. We believe that this information should be provided up front, in both situations in which a provider has multiple products displayed on a webpage and within each individual product listing. Furthermore, all information should be written in accessible language to ensure that consumers can make a fully informed choice with providers detailing what inflation related terms mean.

¹ All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1504 adults. Fieldwork was undertaken between 14th February - 4th March 2022. The survey was carried out online. The figures have been weighted and are representative of all Scottish adults (aged 16+).

Response:

Question 1: Do you agree with the guidance principles set out above?

Citizens Advice Scotland agrees with the guiding principles as set out by the consultation paper. In particular, we agree with the principles relating to the Committee of Advertising Practice's code in section 3.3 and the Broadcast Committee of Advertising Practice's code in section 3.2. Citizens Advice Scotland would consider that by omitting information relating to a mid-contract price rise telecoms providers are inadvertently misleading consumers. We also strongly agree with both committee's principles outlined in section 3.18 respectively, in that price statements must not mislead by omission.

Question 2: Do you agree with taking the same approach to ads for both tiered and variable contracts, in terms of the level of prominence expected for information about mid-contract price increases?

Citizens Advice Scotland agrees that the same approach to information relating to mid-contract price increases should apply to both tiered and variable contracts.

Question 3: Do you have any comments on the use of terms used to describe rates of inflation such as CPI and RPI, and the level of understanding consumers have of these terms (including when they are referred to using an initialism only)?

Citizens Advice Scotland believes that when providers use inflation related terms in their advertisements and communications to consumers, they should explain what such terms mean in a clear and accessible manner.

Question 4: Do you agree with the mitigating factors listed as having the potential to cause an advertiser to take additional action in order to ensure material information relating to in-contract price increases is sufficiently clear?

Citizens Advice Scotland will not be responding to this question.

Question 5: Do you agree that in instances where multiple offers/products appear on one page (for example, on a telecoms provider's own website), it may be sufficient for prices to link or refer to a suitably-prominent single piece of information about mid-contract price increases, rather than including this information within each individual product listing?

Citizens Advice Scotland believes that telecoms providers should provide information relating to mid-contract price rises throughout all their product listings, including individual product listings as well as instances in which multiple products/offers appear on the one page. Giving consumers this level of information prior to making any purchases, would give them greater consideration on spending choices. Furthermore, it should be stated that when a consumer views an individual offer/product listing they are given information that will not be shown in a page that shows multiple products/offers. This can include information related to technical specifications, dimensions, connectivity, and price plans. CAS believes that it would be of no detriment to telecoms providers to display information relating to mid-contract price rises in both instances, thus maximising the amount of information given to consumers.