

**Consumer Council**

**Submission to Panel on Information Technology and Broadcasting  
Complaints Received by Consumer Council  
on Broadband Internet Services**

**Introduction**

1. The Consumer Council is pleased to provide information to the Panel on the number and nature of complaints received by the Consumer Council on the provision of Broadband Internet services and the action taken by the Consumer Council.

**Council complaints received**

2. Complaints on Telecommunications services are around 25% of the total number of complaints received by the Consumer Council. Amongst the telecommunications complaints, half of them related Internet access.

3. The Consumer Council received 2562 telecommunications complaints against Internet access, in relation to dial-up and broadband services in the first ten months of 2003, compared with 2851 complaints in 2002, and 2042 complaints in 2001. Over 98% of the complaints on Internet access are related to Broadband Internet services.

Nature of Complaints on Telecommunications Services

4. Internet access complaints can be classified into six broad categories: sales practices, installation, delay or non-delivery of services, price and charges disputes, quality of service, free gifts and discounted goods and others.

	2001	2002	1-10/2003
Sales Practices	127	391	355
Installation	42	20	20
Delay/Non delivery/Loss of Services	42	20	57
Price/Charge Dispute	673	880	857
Quality of Services	1053	1378	1115
Free Gifts/Discounted Goods	27	70	42
Other	78	92	116
<b>Total</b>	<b>2042</b>	<b>2851</b>	<b>2562</b>

*Sales practices:*

5. In their eagerness to attract business, sales personnel have been approaching potential customers, by door to door tactics, late at night. This has irritated consumers. In addition, it has been said that sales personnel are not able to properly explain important matters regarding the service provider's obligations, such as the duration of special offers, and other contract conditions affecting the customer's interests such as penalty clauses for early termination.

6. Operators also frequently introduce their services over the phone, through cold calling. These calls not only cause interruption to whatever consumers are doing, but as with door to door sales, consumers claim they are misled into taking up some

promotional services packages without full explanation on applicable fees and contract terms. It has been alleged that one Internet service provider promotes its services via the telephone but refuses to provide information on the service in writing.

7. The recent public censure of a number of companies by the Office of the Telecommunications Authority (OFTA) well illustrates the detriment that is arising from trade malpractices of some companies operating in the marketplace. One of the most common and unacceptable practices is for companies to try and avoid liability by putting the blame on frontline sales force, be they directly or indirectly employed by the service provider. The Council has taken the position that these sales force personnel are agents of the companies and that the companies should therefore be responsible for their misconduct and misrepresentations.

#### *Price/Charge Disputes*

8. A lack of transparency and clarity in the services offered and in billing is of particular concern and is at the root of many complaints. For example:

- Charging the email account after cancellation. Even though a subscriber has cancelled the broadband service account the email account can still receive emails. In these circumstances customers are being subjected to charges once the email account has exceeded its free memory. In cases where there is no pre-set limit for the amount of payment and no automatic mechanism to inform the customer, they can be unwittingly presented with a bill up to several thousand dollars.
- Duration of a contract. Upon request for renewal of a contract, consumers are not told whether the unfinished service period is included within the new contract period and provided with certainty of when the contract period terminates.
- Automatic renewal of contract for Internet services but at a higher price. When consumers renew their service contracts, they are sometimes offered a discount for a fixed period. Consumers are not aware that upon automatic renewal of the contract it will convert back to the original higher price after expiry date, without notice. This is unfair to consumers as they should be informed of any change in service conditions, and their consent sought before the change becomes effective.

9. The above examples indicate that service providers are deliberately not being transparent and clear in their presentations to consumers with regard to what are often complicated service packages. By not being transparent and clear in their presentations they are taking advantage of the asymmetry of information between the service provider and consumers, which works to the disadvantage of the consumer.

#### *Quality of service*

10. Quality of service complaints as a percentage of telecommunications complaints for each reporting period (2001 – 2003) were 52%, 48% and 44% respectively: an average of 48%. The complaints on quality of services included such matters as slower than expected network speed, insufficient bandwidth for high quality data communication services, frequent line drop out, unstable connection, and induced noisy telephone connections. Other examples have been:

- The quality of the hotline or email services. In these cases there has either been an unacceptably long waiting time, or the hotline services are not answered. In particular, where consumers make enquiries related to terminating the services of the service provider, consumers are often not able to confirm the status of their application for cancellation.
- Prescribed form. Consumers have been required to use a prescribed form within a specific time period to apply for service cancellations. Customers have to get the form from the operator and send it back to the operator within the specified period or the application is invalid. In addition, the form cannot be downloaded and a written application is not permitted. Sometimes the operator claims not to have received the application form even if the consumer insists he/she has faxed it.

### **Council's Action**

11. For each of the complaints, the Consumer Council attempts to resolve it with the service provider and the complainant on case-by-case base. If some common trade practices are observed from the complaint data, the Council will discuss the matter with OFTA and the Industry to decide whether mandatory or voluntary requirements, such as issuing Guidelines or a Code of Practice should be used in dealing with the matter.

12. The Consumer Council can also exercise a function of publicly naming those companies using trade malpractices that are detrimental to consumers. The Council has been working with OFTA in taking action, through public censure, against companies engaging in misrepresentations.

13. In the past, the Council has fulfilled its function in disseminating information on choices available to consumers by publishing reports on the price and quality of Internet access services in its Feb 2001, March 2001 and April 2002 issues of "CHOICE" magazine.

14. The Council has also published an opinion survey in "CHOICE" in March 2003 in which it compared the quality of service between different broadband ISPs based on users' opinion and experience. An updated survey is being conducted and the report will be published in 'CHOICE' magazine next year. In addition to comparing the quality of services of different ISPs, it will include some complaint cases to educate consumers on the pitfalls of dealing in the market.

Consumer Council  
December 2003