



**Ofcom – Review of the Premium Rate Services Condition
Response from the Low Incomes Tax Reform Group (LITRG)**

1 Executive Summary

- 1.1 As a tax charity concerned about vulnerable people being caught out by high Information, Connection and/or Signposting Services (ICSS) charges when trying to get through to HM Revenue & Customs (HMRC), we welcome the opportunity to respond to this consultation.
- 1.2 While we think it is somewhat disappointing that this issue has not been addressed before now, we agree with Ofcom’s assessment of harm and proposals for reform, and would like to commend Ofcom for looking behind the lack of ‘evidence’ (in the form of customer complaints) around 084 ICSS numbers.
- 1.3 There are many logical explanations behind the lack of customer complaints but the bottom line is that we can see no reason why anyone would knowingly use such a service to make a call to HMRC. Therefore, it is our view that these services are solely designed to extract money from the unwary, particularly where no additional ‘value’ to the caller is offered.
- 1.4 A lot seems to be being done by HMRC and the search engines to clamp down on such enterprises; however a web search of ‘contact HMRC’ still returns multiple organic entries for 084 ICSS providers on the first page. The risk of harm therefore still exists and can be significant, in the context of HMRC customers, given the length of time often spent waiting to talk to HMRC.
- 1.5 To further strengthen protection for consumers, we agree that all ICSS numbers including 084 numbers, should be subject to Phone-paid Services Authority (PSA) regulation. We understand that this would see a number of strict requirements being imposed, including

the need to provide a link to where the official number for the organisation being called can be found, and the need for an announcement of the premium call charges at the start of the call (although this usually starts *after* the commencement of charging for the service).

- 1.6 However, given the research carried out in 2017 for the PSA by the University of Nottingham, which shows that when searching for a telephone number online, the vast majority of people do not read, or simply fail to notice, any warnings or disclaimers; we echo the Fair Telecoms Campaign's call¹ that there should be a pre-call announcement that is *free-to-caller*. This would give those who decide to not use the service adequate time to hang up without being charged.

2 About Us

- 2.1 The LITRG is an initiative of the Chartered Institute of Taxation (CIOT) to give a voice to the unrepresented. Since 1998 LITRG has been working to improve the policy and processes of the tax, tax credits and associated welfare systems for the benefit of those on low incomes. Everything we do is aimed at improving the tax and benefits experience of low income workers, pensioners, migrants, students, disabled people and carers.
- 2.2 LITRG works extensively with HMRC and other government departments, commenting on proposals and putting forward our own ideas for improving the system. Too often the tax and related welfare laws and administrative systems are not designed with the low-income user in mind and this often makes life difficult for those we try to help.
- 2.3 The CIOT is a charity and the leading professional body in the United Kingdom concerned solely with taxation. The CIOT's primary purpose is to promote education and study of the administration and practice of taxation. One of the key aims is to achieve a better, more efficient, tax system for all affected by it – taxpayers, advisers and the authorities.
- 2.4 We are happy to discuss any of the points raised in this paper in more detail.

3 Introductory comments

- 3.1 For a long time we have been concerned about vulnerable people being caught out by high ICSS or call connection services charges when trying to get through to HMRC.
- 3.2 Nearly everybody is a HMRC customer at some time or another – whether through employment, self-employment, pensions, other income or tax credits. HMRC customers therefore include those that are elderly, or disabled, who are migrant workers, or who have lower levels of education – they may not be all that IT savvy, or familiar with what to look

¹ <http://www.fairtelecoms.org.uk/icss.html>

out for when searching for information about HMRC online. As such it could be very easy to for them to confuse ICSS phone numbers with the official ones.

- 3.3 We have been actively researching and monitoring ICSS services involving HMRC (not least because of the recent trend of HMRC leaving phone numbers off letters which only feeds into the ICSS problem¹), and have tried to warn people on numerous occasions about what to look out for when searching for numbers online.
- 3.4 In one of our ‘news’ items ‘Don’t get caught out by fake HMRC phone numbers’², we highlighted a boxed advert for a 084 ‘HMRC helpline’. This was a particularly misleading advert, because the link embedded in it took you to the genuine GOV.UK site and it was not possible to actually click on anything to arrive at more information about terms and conditions/call charges (clicking on the phone number itself only copied the number to your phone-dialing screen).
- 3.5 Boxed adverts in general, are highly concerning to us as these are often the first things seen in search results – above any official government links. Equally concerning, keeping in mind the numbers of people who access the internet through their smartphones,³ is the fact that unless you scroll down the page on the smartphone view, the ONLY results you see are non-official results.
- 3.6 Thankfully, we have noticed a decrease in such boxed adverts, presumably as a result of work between HMRC and the search engines,⁴ however a web search of ‘contact HMRC’ sees ICSS results still being returned in organic results – some of which cleverly contain an eye catching phone number in the headline link.
- 3.7 While these are perhaps slightly less ‘dangerous’ than boxed adverts, we can see no reason why anyone would knowingly use such a service to make a call to HMRC rather than use the cheap or free direct dial number.⁵ (While we appreciate that sometimes additional services are offered as part of an ICSS service, e.g. the ability to record your call, which the providers say may justifies any higher costs, we still think it is arguable whether most people would derive a benefit from these additional services. For example, with regards to paid recording

¹ We discuss this in our response to the All Party Parliamentary Group Inquiry into public confidence in HMRC capability to collect tax fairly and effectively (<http://www.litrg.org.uk/latest-news/submissions/161025-all-party-parliamentary-group-inquiry-public-confidence-hmrc>)

² <https://www.litrg.org.uk/latest-news/news/160210-don't-get-caught-out-fake-hmrc-phone-numbers>

³ <https://www.statista.com/statistics/387447/consumer-electronic-devices-by-internet-access-in-the-uk/>

⁴ <https://hmrcdigital.blog.gov.uk/2018/06/12/combating-scamming-the-latest-threat-to-hmrc-customers/>

⁵ Some phone price plans specifically include 03 numbers as ‘free’ minutes.

services, if there is a dispute over what was said in a call with HMRC or indeed, whether there was ever a call at all, HMRC should already record all calls made to them and it is possible to get hold of a recording if you need it for free¹.)

- 3.8 Therefore it is our view that these services are designed to mislead and catch people out. Despite our warnings and the warnings of other consumer protection bodies,² there is clearly still the potential for ICSS enterprises to generate high levels of revenue, otherwise the services would not continue to operate. So more definitely needs to be done.

4 Specific Questions

4.1 ***Q1 – Do you agree with our assessment of harm? Please give reasons.***

- 4.1.1 Yes – while we appreciate that 084 numbers are not as unreasonably priced as, say, 09 numbers; with potentially long call waiting/handling times to HMRC, people could still find themselves very much out of pocket.
- 4.1.2 We would like to take the opportunity to commend Ofcom on looking behind the lack of evidence, in the form of customer complaints, around the harm caused by 084 numbers. We totally agree that not much can be drawn from the lack of complaints – a person may not even realise they have used a call connection service and/or may simply accept that HMRC's call costs are actually that high. For those that realise they have been 'had', the confusing and fragmented regulatory framework means they probably would not know where to turn for help anyway (even if they could articulate their problem).
- 4.1.3 Such factors only encourage opportunistic behaviour from the ICSS providers. This therefore makes the case for stronger regulation all the clearer.

4.2 ***Q2 – Do you agree with the proposals for reform? Please give reasons.***

- 4.2.1 Yes – it is our understanding that the PSA have undertaken significant work to address the harm arising from these services in recent years and are very effective in enforcing the rules – including against HMRC connection services.³
- 4.2.2 We understand that PSA regulation would see a number of strict requirements being imposed, including the need to provide a link to where the official number for the organisation being called can be found, and the need for an announcement of the premium

¹ We explain how to do this in our news piece: <https://www.litrg.org.uk/latest-news/news/161017-calling-hmrc---do-you-really-need-use-paid-recording-service>

² <https://psauthority.org.uk/blogs/2018/april/call-connection-services-what-are-they-and-how-to-spot-them>

³ <https://www.litrg.org.uk/latest-news/news/170426-misleading-hmrc-phone-number---are-you-due-refund>

call charges at the start of the call (although this usually starts *after* the commencement of charging for the service).

4.2.3 However, it seems to us that many consumers have no real opportunity to see call cost information (see our comments in para 3.4). Moreover, some recent research¹ on call connection services says that even where it is provided/accessible, customers do not read disclaimers or other small-print type information that disclosed crucial details like call tariff rates or notes confirming that a site was for a third-party service.

4.2.4 As such, for an extra layer of protection, we suggest (in line with the Fair Telecoms Campaign²), that ICSS operators be required to broadcast a message – that is free to the caller – explaining the call charges. (The current PSA "Special Conditions for ICSS providers" require an announcement of call charges at the start of the call but usually starts *after* the commencement of charging for the service.) This would give those who decide to not use the service adequate time to hang up without being charged.

4.3 ***Q3 – Do you agree with our proposal of a four week implementation period?***

4.3.1 This seems reasonable.

LITRG

17 September 2018

¹ <https://psauthority.org.uk/-/media/Files/PSA/For-Businesses/Resources/Consumer-behaviour-and-ICSS-Exploring-how-consumers-respond-to-ICSS>

² <http://www.fairtelecoms.org.uk/icss.html>