

Response to the Committee of Advertising Practice (CAP) and Broadcast Committee of Advertising Practice (BCAP) consultation on new guidance on how to present information about mid-contract price rises in ads for broadband and mobile services

By email to: AdPolicy@cap.org.uk

About Us

1. Consumer Scotland is the statutory body for consumers in Scotland. Established on 1st April 2022 under the Consumer Scotland Act 2020, we are independent of government and accountable to the Scottish Parliament.
2. Consumer Scotland uses data, research and analysis to inform our work on the key issues facing consumers in Scotland. As the statutory body for consumers we work with business, the public sector and consumer champions to put consumer rights, needs and interests at the heart of markets, services and policy.

Summary

3. Many contracts for broadband and mobile phone services are subject to mid-term increases in the monthly price of the contract. We note that the aim of this consultation is to ensure that ads for telecoms services, which include, or have the potential to include, mid-contract price increases, comply with CAP and BCAP rules preventing misleading advertising, including by not omitting material information.
4. We further note the view of CAP and BCAP that telecoms contracts can involve complex product combinations that can make them more difficult for consumers to understand, compared to other types of utilities contracts. The perceived complexity of such contracts can act as a barrier to consumer engagement with the market in order to access the best options for their needs.¹ We agree that entering into broadband and mobile phone contracts, especially where these are bundled, can require complex information to be considered meaning that additional caution is required. For consumers in vulnerable circumstances this need is even more acute.
5. The changes proposed in this consultation aim to reduce harm to consumers and increase consumer confidence in dealing with businesses that supply goods and services. These are two of Consumer Scotland's key areas of focus and we would generally support measures such as this.

¹ Gigabit Take-up Advisory Group - Which? Consumer Insight, Broadband Engagement (which.co.uk)

6. The current economic climate has emphasised the importance of helping consumers make effective transactional decisions based on affordability. This highlights the importance of ensuring that consumers have the information required to make financial decisions that are sustainable going forward and which avoid the potential for build-up of telecoms debts.
7. Simple, clear and concise messaging using standardised language helps consumers take the potential mid- to long-term impact of their transactional decisions into account and Consumer Scotland welcomes the new guidance proposals in principle. We make a few additional comments as set out below.

Background

8. The prices of consumer goods are rising rapidly, the rate of inflation has increased significantly reaching 11.1% in October.² Real incomes are predicted to fall in 2023-2024 by 2%, this coming on top of a 4% fall predicted for 2022-2023 (non-pensioners only). Because low income households tend to spend more of their budgets on essential goods that have risen in price, the inflation rates they are experiencing are accelerating even faster than those faced by other households. The IFS predicted in August that the poorest fifth will face an 18% inflation rate in October 2022, compared to 11% for the richest fifth.³
9. The COVID-19 pandemic caused homeworking in the UK to increase from 4.7 million to 9.9 million people between December 2019 and March 2022. The largest percentage increase in homeworking was in Scotland (203.5%, up 544,000).⁴ In many cases, employers do not pay for broadband contracts at home, nor for telephone contracts of those who use their own mobiles to take or make business phone calls. As such, the importance of affordable broadband and mobile phone contracts has increased significantly for many.
10. In this response, we have concentrated our comments on those aspects of the review most relevant to our remit and where we have access to evidence that allows us to contribute an informed view.

Does Consumer Scotland agree with the guidance principles set out above?

11. We welcome CAP and BCAP's view that ads that omit information regarding mid-term increases or present information in an unclear, unintelligible, ambiguous or untimely manner are likely to mislead consumers. We agree that monthly cost is likely to be one of the key considerations for consumers when choosing a telecoms package. It is therefore important that information which makes it clear that the price will, or may, not remain the same throughout the contract should be as up-front as possible, to enable consumers to make properly-informed decisions between

² [Consumer price inflation, UK - Office for National Statistics](#)

³ [The long squeeze: rising inflation and the current government support package | Institute for Fiscal Studies \(ifs.org.uk\)](#)

⁴ [Homeworking in the UK – regional patterns - Office for National Statistics](#)

packages. Introducing an obligation for advertisers to emphasise incremental increases in pricing structures should help consumers make better informed decisions on affordability looking ahead.

12. We welcome the fact that the new guidance will apply across a variety of media, and cover both tiered and variable contract types. Our view is that the proposed guidance will significantly increase compliance with the relevant CAP Code and BCAP Code principles as mentioned on pages 5 – 7 of the new guidance.

Does Consumer Scotland 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?

13. We are satisfied that the additional risk presented by potential monthly price increases in a variable contract is offset by the opportunity for affected consumers to terminate at short notice without penalty. As a result, we agree that the proposed guidance should suffice across the board.
14. In case of variable contracts, providers could be encouraged to succinctly provide any available details in addition to the phrase “(price may rise during contract)” in the small print. For instance, if the contract specifies a minimum or maximum percentage increase per change or a contributing factor, this could be included in the advertisement.

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)?

15. Ensuring both the full name and the acronyms are included “*Consumer Price Index (CPI)*” and “*Retail Price Index (RPI)*” will help consumers undertake further investigation if they wish to explore the meaning of the full terminology. Many consumers may have only a limited understanding of these terms, so consideration should be given to whether consumers should be signposted towards sources of independent consumer advice if they wish to seek further help. As CPI is likely to be the term consumers are most likely to encounter, for example in news items, we suggest exploring if it is worth only using CPI, to further reduce the potential for confusion.
16. Page 17 of the new guidance states that advertisements are likely to be compliant if “initialisms like RPI are written out in full the first time they are used in an ad, and appended with ‘rate of inflation’ to aid understanding,”. We believe that this should be included as a solid requirement.

Does Consumer Scotland 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?

17. Drawing additional attention to pricing by preceding it with suggestive terms or embellishments such as “only” - as suggested on page 17 of the guidance proposal - seems counterintuitive and would defeat the purpose of promoting careful consideration.

Does Consumer Scotland 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?

18. Yes, as long as it is clearly visible and it clearly states that it applies to each and every product, service and contract advertised.

Does Consumer Scotland have any other comments or suggestions in relation to the proposals

19. In Scotland, small businesses (0 - 49 employees) alone accounted for 98.2% of all private sector businesses in Scotland; 42.4% of private sector employment and 26.7% of private sector turnover as of March 2021⁵.

20. Consumer Scotland would welcome extension of these guidelines to include business-to-business advertising, as suggested on page 9 of the new guidance.

ENDS

⁵ [Businesses in Scotland: 2021](#)