

# Investigation Report

Summary	
Entity	Medion Australia Pty Ltd, [REDACTED]
ACN / ABN	ACN 106 611 330
Type of entity	Carriage service provider ( <b>CSP</b> )
Relevant Legislation	<i>Telecommunications Act 1997 (the Act)</i> Telecommunications Service Provider (Customer Identity Authentication) Determination 2022 ( <b>Customer ID Determination</b> )
Date	30 June 2023

## Findings

The Australian Communications and Media Authority (**ACMA**) finds that Medion Australia Pty Ltd (**Medion**) has, as set out at Table 1 below, contravened the Act and the Customer ID Determination.

**Table 1: Summary of contraventions**

Legislation	Provision	Number of contraventions	Relevant Period
Act	Subsection 101(1)	1,698	30 June 2022 to 11 January 2023
Customer ID Determination	Section 8		

## Reasons

1. The reasons for the ACMA's findings, including the key elements which establish the contraventions, is based on information obtained from:
  - a. Mobile Number Fraud (**MNF**) intelligence received by the ACMA between 1 July and 30 November 2022;
  - b. Medion on 22 February and 10 March 2023, in response to an ACMA request for information; and
  - c. Medion on 9 May 2023 in response to a compulsory notice given by the ACMA under section 521 of the Act (**Notice**).

## Relevant background

2. The purpose of the Customer ID Determination is to:
  - a. reduce the harm caused to customers when access to their personal information, business information or telecommunications service is targeted by unauthorised persons or entities; and
  - b. require carriage service providers to follow effective identity authentication processes to protect the security of high-risk customer interactions.
3. The Customer ID Determination is made under Part 4 of the Act. It commenced on 30 June 2022 and applies to:
  - a. CSPs involved in the supply of a telecommunications service; and
  - b. every high-risk customer interaction relating to a customer of a CSP, with the exceptions noted below.

4. The Customer ID Determination does not apply to a customer who is an account managed customer or an integrated customer.
5. The Customer ID Determination requires that the CSP, prior to undertaking the first high-risk customer transaction<sup>1</sup> during a high-risk customer interaction, use identity authentication processes to authenticate that the person requesting the transaction is the customer (or their authorised representative) for that service.

#### Compliance with the Customer ID Determination

6. The Customer ID Determination is a service provider determination made under section 99(1) of the Act.
7. Subsection 101(1) of the Act requires that service providers, including CSPs, comply with the service provider rules that apply to them. Subsection 101(3) states that subsection 101(1) is a civil penalty provision. Paragraph 98(1)(b) of Schedule 2 of the Act provides that service provider determinations in force under section 99 are service provider rules. Accordingly, CSPs must comply with the Customer ID Determination.
8. Section 8 of the Customer ID Determination requires that, prior to undertaking the first high-risk customer transaction during a high-risk customer interaction<sup>2</sup>, a CSP must confirm that the person requesting a high-risk transaction is the customer or the customer's authorised representative, using an applicable identity authentication process, specified under sections 9, 10 or 11 of the Customer ID Determination.
9. Section 8 is subject to section 12, which provides requirements where an unlisted authorised representative initiates a high-risk customer interaction.
10. The ACMA has considered whether Medion complied with section 8 of the Customer ID Determination at Table 2 below.

**Table 2: Assessing compliance with section 8**

Is Medion a CSP who provides telecommunications services to customers?	Yes. Medion is a CSP as defined at section 87 of the Act as it supplies carriage services to the public.  Accordingly, it must comply with the service provider rules that apply to it.
Are Medion's customers excluded from the rules because of being account managed and/or integrated customers?	No. Medion stated on 9 May 2023 that it does not have any 'account managed customers' or 'integrated customers', as defined under section 6 of the Customer ID Determination.  Accordingly, Medion must comply with the Customer ID Determination for all its customers.
Did Medion complete high-risk customer transactions during the period 30 June 2022 and 11 January 2023?	Yes. For the period 30 June 2022 to 11 January 2023, Medion completed 17,021 SIM swap requests including 12,885 via its online portal and 4,136 via its customer care call centre. Medion also completed at least 1 password reset request during this period.  Under the Customer ID Determination, SIM swap requests and password reset requests (being a change to a customer account security information) are high-risk customer transactions.

<sup>1</sup> 'High-risk customer transaction' is defined in section 6 of the [Customer ID Determination](#).

<sup>2</sup> An interaction between a CSP and a requesting person, in relation to a customer's telecommunications service, initiated by either the requesting person or by the CSP, during which one or more high-risk customer transactions are requested.

<p>Did Medion use two identity authentication processes, in accordance with either section 9, 10 or 11 of the Customer ID Determination, prior to undertaking the first high-risk customer transaction during each high-risk customer interaction?</p>	<p>No. Medion did not undertake two authentication processes on 1,698 occasions, as set out below.</p> <p><i>First identity authentication process</i></p> <p>Prior to undertaking the first high-risk customer transaction during a high-risk customer interaction, Medion requires customers to provide account information authenticators. As such this process satisfies the identity authentication process requirements under subsection 9(1) of the Customer ID Determination.</p> <p><i>Second identity authentication process</i></p> <p>Medion typically use an unique verification code (UVC) standard process which satisfies the identity authentication process requirements under subsection 9(3)(c) of the Customer ID Determination.</p> <p>However, on 10 March 2023, Medion stated that it detected a system bug in the online portal on 10 January 2023 that allowed a requesting person to complete a SIM swap request via one alternative pathway in the online portal, without receiving a UVC.</p> <p>Medion stated that the system bug:</p> <ol style="list-style-type: none"> <li>a. was caused by a code programming error completed by its platform service provider;</li> <li>b. was assumed to have commenced on 30 June 2022; and</li> <li>c. was fixed on 11 January 2023, with the system bug fully cured by 12 January 2023.</li> </ol> <p>Medion states that during the period 30 June 2022 to 11 January 2023, 1,697 SIM swaps were completed via this non-compliant path. Information obtained by the ACMA indicates at least 9 of these SIM swaps involved unauthorised fraudulent activity.</p> <p>Medion stated that no other high-risk customer transaction types could be completed via the non-compliant path.</p> <p>Medion also indicated that 1 of the SIM swaps completed via the noncompliant path, was preceded by an account password reset request, received via its customer care call centre channel.</p> <p>During that interaction, no identity authentication process was completed by the Medion call centre agent. Medion submitted that the call centre agent was deceived by the fraudulent party and acted in breach of instructions and training. As a result, Medion terminated their engagement with the call centre agent.</p> <p>Medion stated it remedied the unauthorised password reset and SIM swap in response to a complaint from the customer.</p>
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11. Accordingly, the ACMA finds that Medion has contravened section 8 of the Customer ID Determination on 1,698 occasions in the period between 30 June 2022 to 11 January 2023.
12. By contravening section 8 of the Customer ID Determination, the ACMA finds that Medion has contravened subsection 101(1) of the Act.