

PROPOSAL TO MAKE THE TELECOMMUNICATIONS (FINANCIAL HARDSHIP) INDUSTRY STANDARD 2024

I support the concept of creating the industry standard for financial hardship in the telecommunications arena.

BUSINESS DAY SHOULD REFER TO AUSTRALIAN PRINCIPAL PLACE OF BUSINESS

Page 5 of the draft.

business day means a day that is not a Saturday, Sunday or gazetted public holiday in the location of the provider's principal place of business.

The definition should, as a minimum, refer to the providers principal place of business in Australia.

It should refer to the address of the customer, as this would be consistent with other documents which refer to repair timeframes, installation timeframes and responses in the state/territory of the customer rather than the provider.

The provider sells the product in that state/territory so it must expect to be able to service the customer in that state/territory.

OPTIONS TO KEEP THE CUSTOMER CONNECTED

Page 7 of the Draft.

options to keep the customer connected include:

- (a) controls on how a customer can incur charges with the provider, including spend controls;
- (b) restrictions;
- (c) removing non-essential features of a telecommunications product at no cost;
- (d) transferring the customer to a different telecommunications product that better suits their circumstances, including to a pre-paid service or a cheaper plan; or
- (e) adjusting internal threshold limits so that the customer is not disconnected

Clause (d). I agree with the intent of the definition of transferring customers to a different telecommunication product that better suits their circumstances.

However, I object to the including of the wording "...including to a pre-paid service..."

The prepaid service does not provide any protection for the customer, as there are no financial hardship provisions or protections under this standard or elsewhere, as this

standard only applies to credit accounts where the customer owes money to the provider, and the intent is to allow access to the essential service whilst minimising the financial exposure and risk to the customer and the provider.

If a customer is forced onto a pre-paid service, they are highly likely to incur greater risk and harm, as there is.

- a) No ability or requirement for the provider to place controls on how a customer incurs charges (option (a))
- b) No ability or requirement for the provider to place restrictions on customer use of the pre-paid service (option (b))
- c) No ability of the customer to place restrictions on their pre-paid service, i.e. limit calls, call duration, roaming, international calls,
- d) No ability or requirement for the provider to remove or limit non-essential features of a product (option (c)),
- e) No ability of the customer to remove non-essential features of a telecommunications product (access to international calls)

Most importantly, pre-paid voice and data plans are likely to be dearer than post-paid plans.

PRE-PAID PLANS OFFER NO PROTECTION AS THERE IS NO CONTROL OVER SPENDING AND USAGE

The proposed standard only applies to post-paid or account services.

The proposal will allow extension of time to pay, variations of contracts, changes to cheaper post-paid services or restriction and removal of access.

This is not possible with pre-paid, as the customer had already “bought” the time, talk period, data period and text volume.

The option of transferral to pre-paid should not be an option under the standard, as it reduces the protection of the consumer and solves the problem for the provider.

PRE-PAID PLANS WILL BE DEARER

A significant percentage of pre-paid plans have higher access costs (monthly charge), limited calls, calls charged at higher rates or inflated rates, limited data, limited texts and limited international and roaming access.

I agree that the options should included cheaper plans, but only cheaper post-paid plans.

CONSUMERS FACING FINANCIAL HARDSHIP WILL PAY MORE ON PRE-PAID ON SHORTER TERM RECHARGES.

With pre-paid the access fee (for want of a better term) is less the longer the term.

Comparing Telstra pre-paid mobile plans

12 months	\$320	165gb		\$26.66pm	13.75gb pm
6m	\$160	70gb		\$26.66pm	11.67gb pm
28 days	\$45	25gb	data rollover	\$48.89pm	27.15gb pm
28 days	\$35	15gb	data rollover	\$36.45pm	19.55gb pm
7 days	\$12	3gb	data rollover	\$52.14pm	13.04gb pm

Notes based on prices Telstra website 24/11/23 may include black Friday reduced prices, supply own handset, all use 2nd recharge data amount, not initial data amount, and gb per month calculated is for my comparison purposes and is not the limited amounts that can be used by the customer.

This shows that if a customer moves to prepaid, they may get a reduced “monthly charge” if they pay for 12 months.

However, they must find \$320 to do this.

They are seeking relief from financial hardship, and they must find \$320 in one hit, to reduce their overall costs, to get them out of a plan that may be costing \$50 per month, which they cannot afford to pay.

Those suffering financial hardship are unlikely to be able to find the \$320 in addition to a payment plan for their post-paid service, so the outcome is that they will go to a shorter duration plan, due to not having the money to outlay \$320.

They are likely to go to the 28-day plan, as they can find \$45 but this means that they are paying \$48.89 or 83.38% higher than if they could afford to go onto the 12-month plan.

If they do not have the \$45 when they first approach their provider and go onto the 7-day plan (until their next wage payment, benefit payment) they will be paying \$52.14 per month or 95.5% more than they should be.

I don't believe that the intent of the standard is to force consumers who are facing financial hardship onto dearer phone plans.

The situation is multiplied if they have multiple phone accounts for themselves, their spouse, and children.

PRE-PAID COST EXACERBATED BY PRACTICE OF TELSTRA OF REQUIRING PEOPLE IN CREDIT TO RECHARGE TO USE THEIR PHONES.

Since 2022 I have raised with Telstra, ACCAN, ACMA and ACCC that Telstra is sending text messages to prepaid customers who have time/talk/data/text credits, advising them they must recharge to be able to make calls, send text, use data as they have no credit left.

If they do not have access to the website and call as they believe they are in credit, they are told that they have no credit and must recharge. Only if the customer argues and shows that they recharged with evidence of a voucher or text, will Telstra tell them that they do not have to recharge.

Telstra has also been displaying this on its website, when customers log in (Recharge now to make calls and text) when customers, as the website claims they have no credit. However different screens show that the customer is in credit in all parameters (time, talk, text, data).

Prepaid customers who recharge because Telstra has sent these false and misleading texts and displayed false balances on its website, are recharging when they do not have to.

Until such time as Telstra discontinues this practise (raised recently at the Telstra 2023 agm at which the Chairman did not give an answer about the problem), consumers will continue to pay unnecessarily and place further financial burden on them.

Again, if a person is, by virtue of the financial hardship industry standard, onto a pre-paid service, which will be dearer and in addition to paying for shorter terms due to financial constraints, but then by the deliberate and ongoing deceit of the provider, are recharging unnecessarily, the situation will be greatly exacerbated.

CONSUMERS WHO GO ONTO PRE-PAID UNDER THE STANDARD MAY NOT BE ABLE TO GET POST-PAID DUE TO THEIR CREDIT RATING

If the consumer, because of the options in the standard, is put onto pre-paid, then they are unlikely to be able to go back onto post paid due to having encountered financial hardship, may have outstanding debts with another provider or have a poor credit report due to being in financial hardship.

If a provider puts someone onto pre-paid, as it is the best solution for the provider by de-risking their debt and reducing the ability to increase debt, the customer is unlikely to be accepted back as a post-paid customer without restrictions.

This will only make the long-term situation worse if they must continue pre-paid, rather than the provider having to exhaust all options to remain on the cheaper long-term option of post-paid.

OPTIONS SHOULD INCLUDE CHANGE OF HANDSET

In the mobile arena, the cost of the handset is often part of the cost.

There is no mention in the options of swapping the handset to a cheaper one, as this is often a significant part of the ongoing debt.

SHORT TERM AND LONG-TERM DEFINITIONS

long term assistance means financial hardship assistance sought by a financial hardship customer for a period of more than 2 billing cycles to help with ongoing financial difficulties.

short term assistance means financial hardship assistance sought by a financial hardship customer for a period of no more than 2 billing cycles to help with a financial difficulty.

Taking into account the timeframes under the proposal, including

- a) Time for provider to get information on financial hardship to the customer.
- b) Time for customer to obtain all the required information (for long term only) (16(5),
- c) Up to 5 business days to assess once a completed application is received.
- d) Up to 2 business days to communicate the outcome of the assessment.
- e) Time for consumer to raise objection to the assessment.

The process is going to take at least 8 business days of a 20-business day cycle (for 28-day bill periods) and 21-23 for a calendar month cycle.

For some consumers their only communication method will be by post, as not everyone has access to computers and email.

Two billing cycles could be as short as 8 weeks, but commonly 2 months or less than 9 weeks, and yet the process of obtaining the information, application form, returning the application form and assessment may take over a month.

The 2-billing cycle should be reviewed to allow for the process (for example up to 3 billing cycles) or should be increased to 3 billing cycles where the method of communication is by mail rather than online or by email.

NO ACTION IF MATTER REFERRED TO TIO

12B is the only reference to referral to the TIO.

There should be an automatic non action period and no credit management stipulation, as it the case during the application and assessment period, if the matter is referred to the TIO within a specified timeframe of notification of the outcome to the consumer (based on receipt by customer not by despatch when post is used).

IDENTIFYING FINANCIAL HARDSHIP CUSTOMERS

14 (b) outlines criteria for providers to identify financial hardship customers.

- (b) making reasonable efforts to communicate in writing with a customer with more than 2 consecutive overdue bills or a total of 3 overdue bills in the previous 6 month period to advise on options for financial hardship assistance.

If a customer has more than 2 consecutive overdue bills, that is 3 overdue bills, then isn't this the same as having a total of 3 overdue bills in the previous six months?

Clause (b) should be changed to “...with 2 consecutive overdue bills or a total of 3 overdue bills in the previous 6-month period...”

COMPLETE APPLICATION ONUS APPEARS TO BE ON CUSTOMER NOT PROVIDER

(b) complete the assessment as soon as practicable, but in any event, within 5 business days of receiving a complete application

17(b) refers to the assessment timeframe once a complete application is received.

There is no reference to the provider being required to check the application and advise if it is incomplete.

The standard should require the provider to ensure the application is complete upon receipt rather than risk any failure of assessment due to the lack of information, time constraint of 5 business days or causing any delay and further distress to the consumer.

MINIMUM REQUIREMENTS FOR COMMUNICATING ARRANGEMENTS

Clause 20 has the wording “within 2 business days after the customer and the provider agreed to the arrangement” at the end of the clause.

Wouldn't it be better to have clause 20 state-

“Where a customer has agreed to an arrangement for financial hardship assistance with a provider, the provider must, give the customer a notice in writing within 2 business days...”, followed by the six points.

NO LATE FEES TO BE APPLIED TO BILLS ONCE CUSTOMERS SEEKS FINANCIAL HARDSHIP ASSISTANCE

Many providers of accounts apply late fees, most of which can not be justified in the automated computerised systems which link bank and credit card receipts and payments automatically to the clients account.

Some providers will continue to charge new late fees even when a customer has sought financial hardship relief.

In WA the energy sector used to be able to change billing cycles to suit financial hardship requests, so that the 60 days cycle could be reduced to monthly, fortnightly, or weekly. However, the provider was still able to charge a late fee for every invoice not for every standard billing cycle.

I was able to get this changed in the electricity code of conduct for WA.

The industry standard should prohibit the charging of additional late fees, when a consumer has approached the provider for relief, including prior to assessment and during the period of any arrangement provided the minimum requirements of the arrangement are met.

CONTRADICTORY CLAUSES ABOUT WHEN CREDIT MANAGEMENT ACTION CAN AND CAN NOT OCCUR

When credit management action must not be taken

- (1) A provider must not take credit management action against a customer:
 - (a) while the customer is discussing options, or has made an application, for financial hardship assistance with the provider; or
 - (b) if the provider has an arrangement for financial hardship assistance on foot with the customer

When credit management action can be taken

- (2) Subsection (1) does not apply if:
 - (a) the customer has not met their obligations under the arrangement for financial hardship assistance; and
 - (b) the provider has taken steps to review the arrangement under section 22; and
 - (c) the provider has taken reasonable steps to contact the customer, or the customer has contacted the provider, to discuss options for payment before taking credit management action; or
 - (d) the provider has a genuine reason to believe that the customer is unable or unwilling to pay their debts, to prevent a further increase in the debt owed by the customer; or
 - (e) the customer agrees that the financial hardship arrangement is unable to be completed; or
 - (f) the provider has been unable to contact the customer, despite taking reasonable steps to do so

The proposal says that credit management must not be taken if the provider has an agreement for financial hardship on foot with the customer.

It then describes when it can, including when the provider has an agreement for financial hardship in place.

Under when credit management can be taken, there are “and/or” requirements.

Under the wording action can only be taken when an agreement is in place and the customer has not met their obligation and the provider has taken steps to review the arrangement and the provider has taken reasonable steps to contact the customer, or the customer has contacted the provider, to discuss the options for payment...”

The wording in (c) says that if the customer has contacted the provider regarding options after not meeting their obligations, the provider can commence action, contrary to (1)(a).

The entire basis of credit management for decades has been to encourage consumers to contact the provider if there is a problem and this clause says that if they do, they are still liable for action.

Subclause (c) should not allow action to be taken if the consumer has contacted the provider, as is outlined in (1)(a).

2(d) should be a stand-alone clause, rather than subject to failure to meet obligations, as the provider should be able to act if they have a genuine reason to believe the customer is unwilling to pay their debts. It should not require the failure to meet to occur first.

2(e) allows for the customer to agree that the financial hardship agreement is unable to be completed, and therefore allow the provider to take credit management. But the wording using and/or means that this can only apply if the customer has not met their obligations and the provider had done a review.

There should be a provision that, without failing to meet the obligation, the customer can contact the provider and agree that they cannot complete the arrangement before it gets to that point.

RECORD RETENTION- ABILITY OF TIO TO REQUEST

30 (c) refers to records being kept and made available to ACMA upon written request from ACMA.

The TIO is not permitted to make a written request for the records.

However, under 31 (a) under privacy, it refers to the disclosure of personal information to TIO or ACMA to manage a complaint.

The only way the TIO can access the records would be through a request to ACMA.

The including of "...or TIO". To 30 (c) would allow TIO to access records, which it can only do if there is a complaint.

Submission lodged by

B Bebbington

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]