

## The Great British Broadband Rip-Off

The way UK Internet Service Providers (ISPs) advertise their speeds and prices is a national scandal. UK consumers will be all too familiar with the false promises of their ISP about the speed of their internet and the opaque details of the price when signing up. Consumers have very few rights and protections they can turn to if they are poorly treated by their ISP. This isn't the case with other industries, like finance or flights. This is a mis-selling scandal potentially bigger than the PPI and VW cases because nearly everyone needs broadband. The British Infrastructure Group of MPs (BIG) therefore today announces its campaign to bring an end to the broadband rip-off.

### The Facts

- The Advertising Standards Authority (ASA) and Committee of Advertising Practice (CAP) guidelines on speed advertising only require ISPs to demonstrate that 10% of the relevant customer base can achieve the advertised speed.<sup>1</sup>
- Ofcom's code of practice on broadband speeds is only voluntary.<sup>2</sup>
- Ofcom and ASA research found 81% of participants in a study could not correctly calculate the total cost of a typically advertised broadband contract.<sup>3</sup>
- ISPs throttle speeds at peak times for some users.
- Fair usage policies may mean that unlimited broadband deals are anything but.
- There are no statutory or minimum compensation standards for poor service in the telecoms sector.<sup>4</sup>

The Advertising Standards Authority (ASA) and the Committee of Advertising Practice (CAP) enforce the guidelines on how broadband providers can advertise the speeds and prices of their broadband services. These are the 'headline' speeds that ISPs will use to say how fast their speeds and are also often known as 'up to' speeds, as they are often seen in adverts. Where ISPs make a claim about their speeds, for example up to 24Mbits/s, they only have to demonstrate that this speed is achievable for 10% of the relevant customer base. This

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<sup>1</sup>Use of Speed Claims in Broadband Advertising, Committee of Advertising Practice (CAP), <https://www.cap.org.uk/~media/Files/CAP/Help%20notes%20new/speed%20claims.ashx>, accessed 10 March 2016.

<sup>2</sup>Ofcom 2015 Voluntary Code of Practice: Broadband Speeds, [http://www.stakeholders.ofcom.org.uk/binaries/telecoms/cop/Broadband\\_Speeds\\_Code\\_June\\_2015.pdf](http://www.stakeholders.ofcom.org.uk/binaries/telecoms/cop/Broadband_Speeds_Code_June_2015.pdf), accessed 10 March 2016

<sup>3</sup>ASA Report, <https://www.asa.org.uk/News-resources/Media-Centre/2016/ASA-signals-need-for-change-in-advertising-of-broadband-prices.aspx#.VuF5VX2LTcs2>, accessed 10 March 2016;

Use of Speed Claims in Broadband Advertising Report, Committee of Advertising Practice (CAP), <https://www.cap.org.uk/~media/Files/CAP/Help%20notes%20new/speed%20claims.ashx>,

<sup>4</sup>Which? Report, <https://www.press.which.co.uk/whichpressreleases/whichcallsforbettercompensationfortelecomscustomers/>, accessed 10 March 2016.

means that 90% of the relevant customer base could never see anything close to the speeds they have been told they could achieve. BIG completely fail to see how this is a reasonable way to advertise speeds and believes this method is more than misleading, it is dishonest. Only 1 in 10 connections need to achieve an advertised speed for an ISP to make bold claims about how fast your internet could be. Even then these speeds don't need to be achievable all the time.

Ofcom has a code of practice on broadband speeds. Unfortunately it is only voluntary. It was first published in 2010 and it clearly was not taken seriously by ISPs. It has principles that state things like consumers must be able to make informed choices when entering ISP contracts.<sup>1</sup> The misleading adverts and unachievable speeds that the majority are signed up for clearly show the inadequate nature of these 'protections'.

The ASA and Ofcom have announced they will start to work to crack down on the misleading prices advertised by ISPs.<sup>2</sup> This is welcome news but is only one part of a huge problem. It also leaves questions about how those already impacted will be helped, if at all. BIG is also concerned that the protections will not be adequate. For example, what happens if someone signs a contract following seeing an advert that is then later found to be misleading under these new rules, what recourse will they have? The recent research carried out by Ofcom and the ASA found that the vast majority of participants could not accurately calculate the cost of a broadband contract from a typical advert. In fact 81% of the sample could not calculate the total cost of a broadband contract correctly when asked to do so.<sup>3</sup> Consumers must have the ability to leave contracts like this early if they have been misled.

Many consumers may also be shocked to find that their 'unlimited' broadband contract might not be as generous as they think. Many ISPs make use of 'fair usage' policies that actually place a limit on unlimited download contracts. It might be a monthly limit or it could be a limit that kicks in after cumulative monthly use, something most consumers would not be tracking or even aware of. These terms will usually be well hidden in the small print away from the eye grabbing misleading price deal and headline speed. Then there is also the issue of throttling, the process by which ISPs will deliberately slow down speeds. Some do it for all traffic on occasions whilst others will be selective or not use it at all. ISPs refer to it as 'traffic management' and use it mostly at peak times, further lowering the misleading advertised speeds.

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<sup>1</sup>Ofcom 2015 Voluntary Code of Practice: Broadband Speeds, [http://www.stakeholders.ofcom.org.uk/binaries/telecoms/cop/Broadband\\_Speeds\\_Code\\_June\\_2015.pdf](http://www.stakeholders.ofcom.org.uk/binaries/telecoms/cop/Broadband_Speeds_Code_June_2015.pdf), p. 8, accessed 10 March 2016

<sup>2</sup>ASA Press Release, <https://www.asa.org.uk/News-resources/Media-Centre/2016/ASA-signals-need-for-change-in-advertising-of-broadband-prices.aspx#.VuK8Z32LRdg>, accessed 10 March 2016

<sup>3</sup> ASA Press Release, <https://www.asa.org.uk/News-resources/Media-Centre/2016/ASA-signals-need-for-change-in-advertising-of-broadband-prices.aspx#.VuK8Z32LRdg>, accessed 10 March 2016.

BIG therefore believes that all of the above concerns are clearly serious and amount to wide-scale mis-selling of broadband contracts by UK ISPs. However, there are no statutory or minimum compensation standards consumers can turn to when they are let down and misled by their ISP. This is a scandalous state of affairs and this must change.

### **BIG Campaign Pledge - Compensate Mis-sold Broadband**

BIG doesn't want to tie businesses up in red tape with ever more regulation but if ISPs refuse to treat their customers with respect and honesty then the regulators will need to act. Consumers must be given the power to hold their ISP to account when they let them down or outright mislead them into signing a contract that makes promises that bear no resemblance to the later reality. We have already seen scandals similar to this in the PPI and VW cases. Millions of people were misled into making a decision for something that later did not live up to the earlier promises. Other industries, such as airlines and banks, are forced to compensate customers for errors, delays and poor practice, so why not broadband? A complaint to Ofcom currently doesn't get you far at all.

BIG will therefore be campaigning for mandatory refunds for anyone who has been mis-sold a broadband contract. Consumers also need the power to leave contracts if they are found to have been misled. BIG will also be calling for greater powers for the regulators to step in and take real robust action against ISPs found to be misleading customers. It is time to end the UK broadband rip-off.