



Implementation and Revision of the Industry Code of Practice for Telecommunications Service Contracts

Telecommunications Users and Consumers Advisory Committee

16 April 2015

Contractual disputes over telecommunications services

- There are more than 24 million telecommunications service contracts in Hong Kong
 - including fixed telephone services, fixed broadband services, mobile telephone services
- About one-fifth of the complaints on telecommunications services received by the Communications Authority (CA) involved contractual disputes



	2012	2013	2014
Total no. of complaints on telecommunications services received by the CA	5,262	4,303	3,427
No. of complaints involving contractual disputes on telecommunications services	1,116	894	588
% of complaints involving contractual disputes to the total no. of complaints received	21.2%	20.8%	17.2%
% of complaints involving contractual disputes to the total no. of contracts	0.0047%	0.0037%	0.0025%

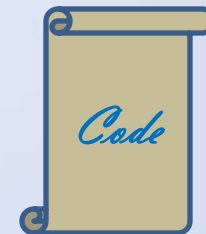
Handling of contractual disputes over telecommunications services






- The CA is **not conferred with any statutory power** under the existing Telecommunications Ordinance **to intervene or investigate contractual disputes over telecommunications services** between telecommunications service providers and their customers
- Industry players are encouraged to implement appropriate self-regulatory measures
 - The Office of the Communications Authority (OFCA) has been closely monitoring the operation of the telecommunications market
 - In response to the consumer's concerns on telecommunications service contracts, the telecommunications industry is encouraged to implement **self-regulatory measures**



Industry Code of Practice for Telecommunications Service Contracts (Industry Code)



- The Industry Code is drawn up by the Communications Association of Hong Kong (CAHK) and the telecommunications industry
- Since July 2011, all major fixed and mobile service providers have implemented the Industry Code 
- It aims at providing improvement measures to address major concerns of the consumers as reflected in their complaints on telecommunications service contracts, and is applicable to telecommunications service contracts signed or renewed by personal  and residential  users

Major provisions of the Industry Code

Service Contract Renewal and Termination

- No automatic renewal of contracts unless otherwise agreed by the customers
- Renewing or terminating telecommunications service contracts will be more transparent

Content of Service Contracts

- Enhanced clarity in service, charges and contractual provisions
- Customers have the choice whether to accept and use free-trial services, and the opt-out arrangement must not put the customers to inconvenience and involve their incurring any cost

Arrangement for Customers' Service Relocation Requests

- Customers have the right to terminate the contracts if the service providers cannot provide the services at the relocated premises. The amount of termination charge, if applicable, must NOT include any monthly service charges for the remaining contract period

Service Providers vary the Contract Terms and Conditions Unilaterally

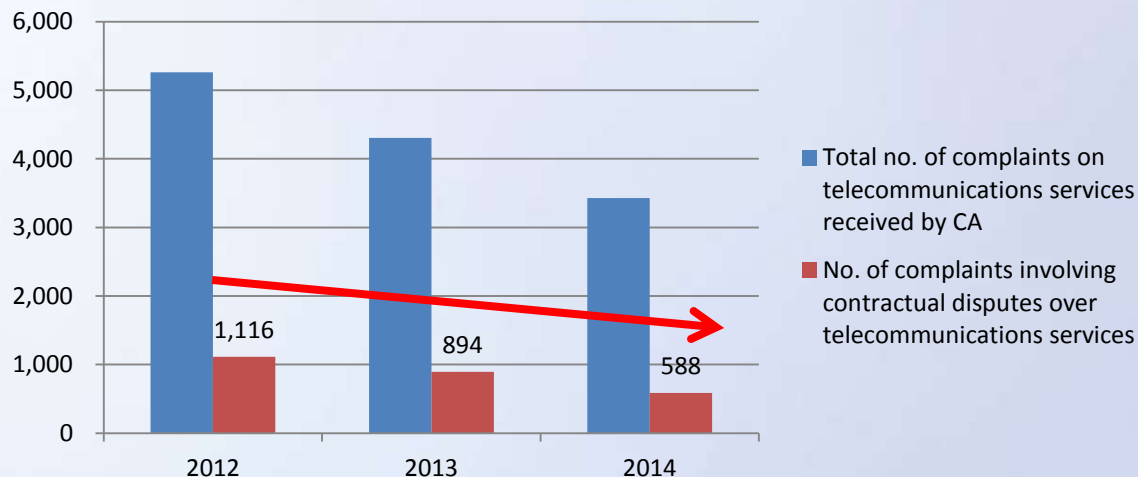
- Customers will be better protected in case the service providers vary the contract terms and conditions unilaterally

Contract Process

- Service providers are required to provide customers with the written confirmation for contracts concluded verbally over the phone (i.e. a copy of the contract)
- A cooling-off period is applicable if the concerned contracts are concluded during unsolicited visits to customers' homes

Effectiveness of the Industry Code

- Since the implementation of the Industry Code in July 2011, the number of complaints received by OFCA involving contractual disputes over telecommunications services have **decreased steadily**



- These figures reflect that the existing self-regulatory measure is **effective** in reducing contractual disputes between service providers and their customers



Review and revision of the Industry Code





- In order to further protect the interests of telecommunications service users, CAHK, after taking into account the improvement measures suggested by OFCA, worked with the industry to issue a revised version of the Industry Code in October 2014
- The participating service providers will **implement the revised Industry Code from May 2015 onwards**




The major enhancements in the revised Industry Code

1. Enhanced arrangement for termination of contracts
2. Enhanced arrangement for the confirmation of extension or renewal of terms or replacement of contracts
3. Enhanced clarity on calculation of termination charge for customers' service relocation requests
4. Enhanced clarity on calculation of fee or charge for contracts with fixed terms
5. Flexibility to implement better cooling-off period arrangement

1. Enhanced arrangement for termination of contracts

- Arrangement for termination of contracts **must not cause inconvenience to customers or involve unreasonable delay**
- E.g., the service provider is encouraged to, where appropriate:
 - make the service termination form available on website for download 
 - accept any written termination request 
 - acknowledge the receipt of any verbal, written or in person service termination request promptly 
 - handle the termination request promptly without unreasonable delay 

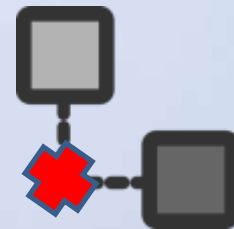
2. Enhanced arrangement for the confirmation of extension or renewal of terms or replacement of contracts

- Service providers will dispatch written confirmation for extension or renewal of terms or replacement of contracts to the customers:
 - by **post**  , or
 - by the other **reasonable means** offered by the service providers **as agreed by the customers**



3. Enhanced clarity on calculation of termination charge for customers' service relocation requests

- If it is not feasible for the service providers to provide the services at the relocated premises **due to the absence of network coverage**, the customers shall have the right to choose:
 - continue to use the services at the same location; or
 - terminate the contract
- The termination charge should be calculated by a formula or be a specific maximum amount
- This charge should be **communicated to the customers before they sign the contracts**



4. Enhanced clarity on calculation of fee or charge for contracts with fixed terms

- Where the target commencement date of a contract does not align with the first bill cycle date, then the contract must clearly state:
 - the first bill cycle date (or should be communicated to the customer as soon as practicable)
 - the contract must set out clearly how the customer will be charged for the services in the periods –
 - between the target commencement date and the first bill cycle date
 - between the expiry date of the contract and the last date of the final bill cycle



5. Flexibility to implement better cooling-off period arrangement

- A cooling-off period of not less than seven days is applicable if the telecommunications service contracts are concluded during unsolicited visits to customers' homes
- Service providers have the flexibility to implement better cooling-off period arrangement that provide additional protection to the customers, e.g. -
 - a cooling-off period which is more than seven days
 - for contracts concluded over other sales channels besides the unsolicited visits



Future work of OFCA

- Closely monitor the implementation and effectiveness of the revised Industry Code by the industry
- Promote the public awareness of the revised Industry Code through various publicity and consumer education activities



Thank You