

Review of the Customer Complaint Settlement Scheme for the Telecommunications Industry

Telecommunications Regulatory Affairs Advisory Committee
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1. Background

- **Complaints on billing disputes**
 - “Billing disputes” ranks one of the top three categories of consumer complaints on telecom services received by the Office of the Communications Authority (OFCA) in recent years ([Table 1](#))
 - The Telecommunications Ordinance (Cap. 106) does not confer statutory power on the Communications Authority (CA) to intervene in individual billing disputes
 - OFCA would refer the complaints to the relevant telecommunications service providers for direct resolution with the customers
 - For billing disputes in deadlock, the parties concerned might have to resort to the court for final resolution

1. Background

- **The Customer Complaint Settlement Scheme (CCSS)**
 - Provides an alternative channel for the resolution of billing disputes in deadlock by means of mediation
 - All major telecommunications service providers participated in the scheme
 - An independent mediation service centre (CCSS Centre) was set up to provide mediation service
 - Two-year trial period from November 2012 to October 2014
 - OFCA provided funding, and monitored the performance and governance of the scheme

1. Background

- **Major case acceptance criteria**
 - Billing dispute relates to **personal and/or residential use**
 - Amount in dispute **not less than HK\$300**
 - A **deadlock** is reached (e.g. complaint lodged with service provider for more than 6 weeks but remains unresolved)
- **Handling fee per accepted case**
 - Customer: HK\$100
 - CCSS member: HK\$200

2. Review of the Trial CCSS

- **Eligible cases**
 - OFCA received a total of **357** eligible cases (1st year: 106; 2nd year: 251)
- **Sources of knowledge about the CCSS**
 - Most customers learnt about the CCSS through the consumer complaint hotline and the website of OFCA (71%) and the websites of CCSS members (16%) ([Table 2](#))
- **Nature of disputes and dispute amounts**
 - Majority of cases related to mobile services (89%), remaining cases mainly related to fixed broadband and IDD services (11%)
 - Dispute amounts ranged from HK\$300 to HK\$150,000, or an average of HK\$4,100 per case

2. Review of the Trial CCSS

- **Cases referred to the CCSS Centre**

- Out of the 357 eligible cases, **159** cases were settled before referral to the CCSS Centre
- Of the remaining **198** cases referred to the CCSS Centre,
 - 71 cases were settled before mediation
 - 126 out of 127 cases went through mediation and satisfactorily settled
 - remaining 1 case classified as “not settled” (due to the absence of written settlement agreement as the customer was out of reach)
- In general, CCSS members and customers agreed to share out the amounts in disputes, reflecting that for the deadlock cases, both parties could be equally “at fault” in giving rise to the billing disputes

2. Review of the Trial CCSS

- **Three criteria to measure effectiveness of the CCSS**
 - (1) **Call-back rate**: reduced from 6% (2011), 4% (2012) to 3% during the two-year trial period
 - (2) **Settlement rate**: almost 100% of cases handled by the CCSS
 - (3) **User Satisfaction Survey**: high level of satisfaction towards the CCSS from customers (4.6) and CCSS members (4.7) ([Table 3](#))

➔ Overall, OFCA considers that

- the CCSS is highly effective in helping to resolve billing disputes in deadlock
- the CCSS provides a greater incentive for CCSS members to settle billing disputes more expeditiously with their customers

2. Review of the Trial CCSS

- **Operational performance of the CCSS Centre**
 - The CCSS Centre achieved 100% target of key performance indicators
 - The CCSS Centre's overall operational performance was smooth and efficient
- **Feedback from the industry on long term implementation of the CCSS**
 - The CCSS was an effective means in helping to resolve billing disputes in deadlock
 - CCSS members agreed to continue their participation in the CCSS on a voluntary and long term basis subject to OFCA's funding
 - Majority of CCSS members considered that the CCSS framework should remain unchanged

3. Way Forward

- Considering the encouraging outcome of the CCSS trial, the proven demand from customers and the positive feedback from CCSS members, OFCA decides to **support the long term implementation of the CCSS** on the basis of the framework adopted in the trial scheme
- **More publicity and promotional activities** will be launched for the CCSS to increase public awareness and bring benefits to more telecommunications users
- OFCA will continue to monitor closely the operation and effectiveness of the CCSS and conduct review as necessary

Table 1 : Consumer complaints received by OFCA

| | 2012 | 2013 | 2014 |
|---|--------------|--------------|--------------|
| Total no. of consumer complaints | 5,262 | 4,303 | 3,427 |
| • Billing disputes | 1,121 (21%) | 954 (22%) | 1,049 (31%) |
| • Contractual disputes | 1,116 (21%) | 894 (21%) | 588 (17%) |
| • Service quality | 1,812 (35%) | 1,447 (34%) | 1,127 (33%) |
| • Others* | 1,213 (23%) | 1,008 (23%) | 663 (19%) |

* This included consumer complaints on service suspension and application, call disturbance, sales and promotion tactic, delay in activation of service, refund matter, collection of overdue payment, wrong delivery of bills, collection of personal data, number porting matter, directory service etc.

Table 2 : Sources of knowledge about the CCSS

| Sources | Total |
|---------------------------------------|-------------------|
| OFCA's Consumer Affairs Division | 149 (42%) |
| OFCA's website | 105 (29%) |
| CCSS members' websites | 57 (16%) |
| Consumer Council | 19 (5%) |
| Media | 10 (3%) |
| Friends and relatives | 8 (2%) |
| Government's 1823 | 6 (2%) |
| District Councils | 3 (1%) |
| Total number of eligible cases | 357 (100%) |

Table 3 : Scores in user satisfaction survey

| Item | Score (5 as highest) | |
|---|----------------------|--------------|
| | Customers | CCSS members |
| The CCSS staff was helpful and responsive to my enquiries | 4.7 | 4.7 |
| The mediator was able to facilitate negotiation | 4.6 | 4.6 |
| The CCSS charge (\$100) was reasonable | 4.4 | N/A |
| The time taken for the CCSS was reasonable | 4.5 | 4.6 |
| The CCSS was effective in resolving the billing disputes | 4.5 | 4.6 |
| The overall arrangement of the CCSS was satisfactory | 4.5 | 4.7 |
| Average total score | 4.6 | 4.7 |

Thank you