



# PSA

Phone-paid Services Authority

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**Annual Report**

2022/23

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# PSA overview

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## Who we are

We are the UK regulator for content, goods and services charged to a phone bill. We act in the interests of consumers.

Phone-paid services are the goods and services that can be bought by charging the cost to a phone bill or pre-pay account. They include charity donations by text, music streaming, broadcast competitions, directory enquiries, voting on TV talent shows and in-app purchases. In law, phone-paid services are referred to as premium rate services (PRS).

We are a non-profit making company limited by guarantee. We carry out the day-to-day regulation of phone-paid services in the UK, primarily through our Code of Practice approved under the Communications Act 2003. Ofcom defines the scope of our regulatory remit and also approves our annual Business Plan and Budget to ensure we are sufficiently resourced to carry out our functions.

We are a designated public body and, as such, an arms-length body of the Department for Science, Innovation and Technology having previously (until February 2023) been an arms-length body of the Department for Digital, Culture, Media and Sport (DCMS). We are audited by the National Audit Office.

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## Our strategic purpose

We build consumer trust in phone-paid services and ensure they are well-served through supporting a healthy market that is innovative and competitive. We do this by:

- establishing standards for the phone-paid services industry
- verifying and supervising organisations and services operating in the market
- gathering intelligence about the market and individual services
- engaging closely with all stakeholders
- enforcing our Code of Practice
- delivering organisational excellence.



## Chairman's message

David Edmonds CBE

I joined the PSA Board in 2015. Back then, directory enquiries was still by far the largest service and voice-based services made up a third of the market. Operator billing was a nascent payment mechanism – app stores and streaming services were only just starting to consider it as a robust payment option. The industry we now regulate is very different.

As the market has changed, so have we. At the start of the year, we introduced a new Code of Practice (Code 15) that marked a strategic shift in our regulatory approach from being enforcement-led to one that is proactive and preventative.

We then announced in May the decision for regulation of phone-paid services to transfer to Ofcom. The decision was based on a number of considerations. Firstly, consumer harm has greatly reduced in the last decade; I am delighted to report that the number of consumer complaints fell yet again this year to the lowest level recorded. While revenues are increasing, we see a smaller and smaller number of services harming consumers. This is no longer a market plagued by rip-off merchants, low value content and services designed to confuse.

Secondly, over the years the market has become more and more compliant, with the main players being larger companies with reputable brands and services; it makes sense for a regulator with Ofcom's breath and capacity to regulate a market dominated by large players rather than a free-standing body like the PSA.

Thirdly, our regulatory intervention (including a new Code, the introduction of multi-factor authentication, strengthened regulation of ICSS among others) has worked, driving out the service providers harming the market and supporting the compliant providers. In addition, the service providers themselves became increasingly compliant and consequently strengthening the health of the market.

And lastly, there have been clear market trends over time showing a transition to a more mature market: more and more revenue is generated by mobile phone users, traditional voice-based services operating on premium rate numbers have declined, while revenue generated by operating billing reached its highest level ever.

In many ways, the decision to both introduce a new Code and transfer regulation is confirmation that we, as the PSA, have been extremely effective in delivering our strategic purpose – to build consumer trust in phone-paid services and ensure consumers are well-served through supporting a market that is healthy and competitive.

Of course, we continue to regulate the market up until the point of transfer. Our new Code of Practice, which has enabled us to regulate the market in a different way, has embedded seamlessly and is already paying dividends. Standards are rising, compliance is improving and our enforcement activity is now swifter and more effective.

We fully intend to pass on a market that is even more compliant and mature than it is currently. In the coming financial year, we are introducing minor changes to the Code to address the detriment that our ICSS thematic review so clearly exposed. We will continue to enforce against poor practice and raise standards across the board.

The transition to a market characterized by low complaint levels, high levels of compliance, effective regulation and a mature industry is testament to the work of many people. I would like to take this opportunity to thank the PSA Board, Code Adjudicatory Panel, Consumer Panel and Executive for all their contributions this year.



## CEO report

Jo Prowse, Chief Executive, PSA

2022/23 has been another busy and successful year at PSA. We have had two priorities this year. First to launch and embed our 15<sup>th</sup> Code of Practice and, second, to support the transition of regulation to Ofcom.

I am pleased to report that we have delivered against both of these. Code 15 has landed successfully, meeting all of its objectives: to raise standards, to prevent harm, to be simpler to comply with and to enable swifter and smarter enforcement. The new Code has enabled us to transform regulation of the phone-paid services market both in terms of our approach and the powers and tools available to us.

Therefore, we – and ultimately consumers – have benefited from Code 15 coming into force. This year, we launched supervision, allowing us to take a more active oversight role of the market, and we introduced our engagement approach to enforcement, which supports swifter resolution of market issues, where it is appropriate.

Under Code 15, we conducted our first thematic review into ICSS, which has exposed a market that simply isn't working for consumers. Complaints and enforcement activity already told us that ICSS confused consumers and were the cause of detriment, but the data gathered through the review demonstrated the sheer extent of this. For example, the majority of callers hung up before reaching the end organisation and some of the total call costs were frankly eye-watering. We found that more than half of consumer spend on ICSS could be considered detriment – a shade under £10 million per year.

We are taking action by further strengthening already strict rules. We expedited a consultation on changes to our Code of Practice to address this detriment, publishing in March. Following consultation, changes came into force in September 2023. Calls to ICSS will no longer be able to cost more than £40 and consumers will need to positively opt-in to continue a call or receive a supplementary chargeable SMS. We are confident that these changes will improve consumer awareness and limit detriment.

Enforcement, too, remained a critical element of our approach to addressing detriment caused by ICSS and other services. In March and April of this year, we banned two ICSS providers from the market and fined them a total of £1.9 million. We have also been able to address harm far quicker under Code 15 using our new engagement powers. The message is clear: we will continue to pursue those that don't follow the rules.

Our intention is to pass on a highly compliant and effectively regulated market to Ofcom. We have been working closely with Ofcom to support them to incorporate phone-paid services into their remit. They have now published a consultation on a statutory instrument to bring regulation across, with the intention of keeping regulatory change to a minimum. In November, we moved into Ofcom's offices, thereby smoothing the transition of regulation and people as well as enabling cost savings.

Alongside our two priorities, we continued to effectively regulate the market in the consumer interest in this financial year. We rolled out new approaches to regulation, logged nearly 2,000 consumer complaints, continued to give over 500 pieces of compliance advice, monitored the market, opened 27 new enforcement cases and sanctioned where it was appropriate to do so.

And we will continue to regulate in the consumer interest in FY2023/24. Our priorities for the coming year are to address residual consumer detriment, maintain compliance and continue to support the smooth transition of regulation to Ofcom. As we look towards the transfer of regulation, I would like to thank all the Executive and our office holders for all their work this year and next in regulating the market so effectively.

# Delivering our strategic purpose

## 1

### Establishing standards for the phone-paid services industry



We set standards to ensure consumers use phone-paid services knowingly, willingly and receive good customer service. Our regulatory standards are set out in our Code of Practice and are aligned with consumer expectations, including from using other payment mechanisms. We adapt the standards in response to industry best practice, advances in technology, risk and consumer behaviour and expectations.

## In 2022/23, we:

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### Implemented a new Code and assessed its impact

Implementing our new Code of Practice has been a top priority for the PSA this year. Code 15 came into force on 5 April 2022, following an 18-month development process. Code 15 facilitated the transformation in the PSA's regulatory approach from outcomes-based to regulatory standards.

The new Code had four objectives: to raise standards, to prevent harm, to be simpler to comply with and to enable swifter and smarter enforcement. Following 12 months of operation, the Code has delivered against these objectives.

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### Raising standards

Market standards have been maintained if not improved since the new Code came into force. Consumer complaints to the PSA dropped by 9.4% from 2,120 (2021/22) to 1,921 (2022/23) and industry have had a similar experience; three of the four mobile network operators have reported very low level of complaints and few market issues.

Industry has responded positively to changing regulatory requirements. A number of industry providers updated their policies (often seeking our support in doing so), particularly in relation to vulnerable consumers and due diligence, risk assessment and control issues have improved. Code 15 has also demonstrated its inbuilt adaptability. As outlined below, we have been able to amend the Code in relation to two market issues, over the course of its operation.



In 2022/23 ICSS and alert services alone were responsible for approximately **80%** of the total consumer complaints we received, despite accounting for an estimated **3%** of total market revenues.

Consistent with both falling complaints figures and improved practice, the number of market issues and poor practice requiring investigation has dropped. Consent to charge and DDRAC issues have improved, with ICSS and alert services remaining our most prominent market issues. ICSS and alert services alone were responsible for approximately 80% of the total consumer complaints we received, despite accounting for an estimated 3% of total market revenues.

In short, Code 15 has supported the market in continuing to mature, raised standards and allowed industry to offer good consumer services.

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### Preventing harm

Code 15 enabled the PSA to make the strategic shift from primarily reactive and enforcement-led regulation to a more proactive and preventative regulation. The introduction of supervision was critical to this shift. In April, we rolled out structured supervisory engagement with industry networks and intermediaries. Regular engagement is underpinned by periodic data provided to the PSA by supervised parties. This includes revenue, complaint and operational data, market compliance and issues indicators and onboarding information relating to new clients. This data has enabled far greater oversight of the market, improved risk management and the opportunity to work with supervised parties to improve policies and procedures, without having to open formal engagement or enforcement cases.

Code 15 has also provided the PSA with a range of supervisory tools, including the ability to conduct thematic reviews. We launched our first thematic review into Information, Connection and Sign-posting Services (ICSS) in July 2022 to better understand the consumer experience of ICSS and assess levels of compliance by providers in the market. The review enabled far greater market insight and understanding than previously possible and demonstrated that consumer detriment was widespread. We published summary findings of the review on 2 February 2023.

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### Simpler compliance

Code 15 was designed to be simpler for industry to comply with – outcomes-based regulation had become increasingly complex under the previous Code of Practice. Code 15 has reduced regulatory burden by integrating overlapping pieces of regulation into the Code, notably Special conditions, and reducing and simplifying guidance.

Compliance requests to the PSA also suggest that Code 15 is clearer and easier for industry to navigate and implement. Since Code 15 has been implemented, we received far fewer clarificatory compliance advice requests, which were commonplace under the previous Code. Compliance advice requests have tended to be from providers looking to ensure their policies and procedures comply with our expectations.

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### Smarter enforcement

Code 15 and associated Procedures have streamlined and simplified our engagement and enforcement processes and activity, enabling more efficient and effective enforcement. Code 15 introduced the engagement approach to enforcement, which replaced the Track 1 procedure under Code 14. Engagement is a marked improvement on the previous Code 14 Track 1 process because severity is not the only limiting consideration determining our approach to enforcement and activities such as action plans and publication are clearly set out in Code 15. Industry has responded positively to the engagement process when there is a genuine desire to resolve issues of non-compliance cooperatively. In the financial year, we opened 13 engagement cases and completed three using our full engagement process; and resolved four cases informally.

The new processes and procedures underpinning enforcement cases are also clearer and more efficient with Enforcement cases taking less time to complete. Code 15 has also supported more effective sanctioning. Code 15 has clarified the tests for oral hearing and introduced clearer settlement parameters, with a number of providers subject to enforcement action either having settled cases with PSA or in discussions with us to do so.

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### **Impact of Code 15 on the phone-paid services market**

The market in 2022/23 outperformed the previous year's Annual Market Review forecast. Analysys Mason had predicted a 2% fall in revenues, whereas the market grew by 0.9% in 2022/23, with non-charity revenue growing by 3.5%. Overall growth in the market was primarily driven by growth in operator billing which grew by 12.8%, more than offsetting the other long-term trend which has been the decline in revenue in voice-based services (consistent with the same trend in the wider telecoms market).

Given the challenging macroeconomic environment, we see this as evidence that the new Code provides the right regulatory framework for the market. This view is supported by industry; feedback suggests the new Code is operating effectively and not a hindrance to growth. Indeed, according to Analysys Mason, industry have generally felt that Code 15 has had a positive impact on the market.

In summary, Code 15 has been successful in its first 12 months of operation. The Code has embedded well, has largely met its four objectives, and has had significant regulatory and operational benefits. Code 15 has enabled the PSA to transform regulation of the phone-paid services market both in terms of general approach but also in the powers and regulatory tools available.

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### **Consulted on a general permission for SMS virtual chat services**

Code 15 has also proved to be flexible in its first twelve months of operation. Providers of virtual chat services contacted the PSA to ask how Requirement 3.2.12, which requires receipts after every transaction, was to be applied under Code 15 for their service type. Virtual chat services can send multiple replies to a consumer message. Receipting after every message had the potential to affect the flow of the service and the consumer experience (the consumer could be flooded with receipt messages and confused by charges information).

In order to ensure the consumer experience was not unduly affected, we held an informal workshop with stakeholders to discuss potential solutions to the issue. On 18 August 2022 we opened a consultation to grant general permission to services providers to run these services without strictly adhering to the Code Requirement. After carefully considering all options and with Ofcom approval, on 22 November 2022 we published a general permission where receipts are sent to consumers for each £10 spent; and after 24 hours of consumer inaction, service users must receive a final receipt detailing the total accrued spend.

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### Consulted on Code changes to address detriment caused by ICSS

ICSS remained a priority issue for the PSA over the course of the year. Despite accounting for less than 3% of the phone-paid services market by revenue, it was the most complained about service type in the 2022/23 financial year.

The thematic review we launched in July demonstrated that consumer detriment in this market was widespread and, in particular, detriment related to three factors. First, the thematic review found that a high proportion of callers to ICSS were ending their calls after hearing the Interactive Voice Response (IVR). Consumers did not choose to connect to the end organisation they were seeking, which strongly suggests that consumers were unaware they were using an ICSS prior to hearing the IVR. Second, the review found that a small proportion of callers had their call ended at a cap, and therefore only received a partial service. Finally, the review found that a number of consumers were paying very large sums for individual calls to be connected to organisations that, more often than not, would be free to contact.

On 1 March 2023 we launched a consultation on changes to Code 15 to reduce the detriment from consumer misunderstanding, high call costs, and the risk of forced cut-offs. Given the scope of the changes and the level of ongoing detriment, stakeholders were given seven weeks to respond. We received 17 responses to the consultation.

#### Key findings of the ICSS thematic review

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Calls made to ICSS in a 12-month period

**2.2m**

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Average call cost

**£8.58**

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Total calls hung up within 30 seconds

**56%**

(with a further 8% hanging up before 60 seconds elapsed)

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Calls costing more than £40

**63,910**

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Calls costing more than £100

**18,003**

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Calls charged at the maximum price points available

**99%**

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Following Ofcom approval, we announced minor amendments to Requirement 3.2.10 and Annex 1 of Code 15 on 24 July 2023. These changes in summary were: clearly stating at the beginning of the call that consumers can contact directly the organisation they're after for no/lower cost, plus the cost of the call; getting consumer's clear opt-in to continue with onward connection; capping the service charge per call at £40 maximum, after which the consumer would be disconnected. Providers were required to comply with the changes by 18 September 2023.

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#### Prepared for the future transfer of PSA into Ofcom

The long-term future of regulation has been a key priority. In May 2022 we announced that the PSA would transfer the regulation of phone-paid services to Ofcom in response to a changing market with different needs. This would mean the PSA would cease to operate as an independent body.

Future regulation of an industry increasingly dominated by larger players would be better served by an organisation with the capacity and breadth of Ofcom rather than a free-standing body.

– David Edmonds CBE, Chairman, PSA

Throughout 2022/23 we supported Ofcom in planning the transition of regulation, the transfer of people to ensure Ofcom retains the skill in regulating phone-paid services and the interim transfer of the PSA staff into Ofcom's Riverside House offices. We also assisted Ofcom in developing the statutory instrument which is needed to transfer regulation from PSA to Ofcom, their aim being to incorporate as much of Code 15 as possible into legislation. The consultation on the Statutory Instrument is expected to start in November 2023 which will effect the transfer of regulation to Ofcom. The transfer is expected to take place in the second half of 2024.

PSA regulation and Code 15 will remain in place until the transfer. We are continuing to enforce where required and are aiming to complete as much of our current caseload as possible prior to transfer.

## Outcomes

- raised market standards by embedding a new Code
- transformed our regulatory approach from reactive to proactive, mitigating consumer harm before it happens
- responded quickly to emerging market issues, including putting in place a general permission for virtual chat services
- addressed sources of consumer detriment including ICSS
- ensured the market will continue to be effectively regulated once PSA ceases to exist.

# 2

## Verifying and supervising organisations and services operating in the market



We want consumers to trust providers and have easy access to all the information they need about a service they used. We require all providers to register these details with us and do their due diligence, risk assessment and control before working with others. Where issues arise they will be dealt with quickly, minimizing consumer harm.

## In 2022/23, we:

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### Carried out our new supervision role, introduced by Code 15

Changes in the market and the introduction of Code 15 have enabled the PSA to be a more proactive regulator. We now place far greater emphasis on maintaining compliance and mitigating consumer harm rather than enforcing against poor practice after the fact. In April 2022, we formally launched supervision through Code 15.

During 2022/23 we established regular meetings with key stakeholders at the mobile network, fixed line network and intermediary levels. These meetings have been used to identify emerging risks and issues, prospects and regulatory priorities. We also asked stakeholders to provide periodic data reporting. This data included complaint figures, internal policies and procedures, client data and revenue information which we used to add to our existing intelligence gathering function and which has helped us monitor compliance, identify any consumer risks early and trends in the market. Industry have, in general, reacted positively to supervision, with providers appreciating the opportunity to have an open dialogue with the regulator on current and emerging issues.

Supervision has also enabled us to proactively review providers' policies and procedures. Prior to Code 15, we had a number of enforcement cases against providers for failings in relation to their due diligence, risk assessment and control (DDRAC). The supervision team have been able to work collaboratively with industry to monitor and assess DDRAC within the market and raise standards and encourage best practice where necessary. The team also reviewed providers' customer care and vulnerable consumer policies. This too was positively received by industry which we took as evidence that the new powers and approaches Code 15 gives us are working well in practice.

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### Assisted providers to stay compliant with the Code by giving providers over 500 pieces of free compliance advice

We offer industry bespoke non-binding compliance advice to ensure their services comply with the PSA Code of Practice. During 2022/23 we gave 536 pieces of compliance advice, broadly similar to 2021/22 when we issued 608 pieces of advice. The 12% reduction in compliance advice may suggest Code 15 has made compliance easier for providers at all levels. Over 95% of the compliance advice requests were answered within our target of five days.

During April and May 2022 we saw a spike in requests for compliance advice as the new Code of Practice came into force. Many service providers requested advice on their new and updated DDRAC, customer care and vulnerability policies as Code 15 introduced clearer and more thorough requirements regarding these.

## Outcomes

- worked closely with industry to monitor compliance, assess and mitigate risk
- strengthened collaboration with industry through supervision and supported best practice
- provided assistance and clarity to industry through over 500 pieces of compliance advice.

# 3

## Gathering intelligence about the market and individual services



We constantly monitor the phone-paid services market to accurately identify market trends, consumer behaviour, experience and expectations and adjust our regulatory standards accordingly. We also actively monitor the phone-paid services market to identify potential consumer harm, engage with harmed consumers directly and address issues early.

**In 2022/23, we:**

**Commissioned the Annual Market Review to have an accurate understanding of the phone-paid services market**

The Annual Market Review (AMR) is a critical piece of research that provides the PSA with an independent, in-depth understanding of the phone-paid services market, including size, key trends and consumers' experiences. We commissioned Analysys Mason again to conduct the 2022/23 iteration.

The AMR's findings were more positive than the forecast in the previous year's report. Despite the tough economic climate, consumer spend in 2022/23 increased by 0.9% from the previous year to £593.7m, outperforming Analysys Mason's forecast of a 2% fall in revenues. This increase is driven by strong operator billing growth (12.8% increase from the previous year) and in particular games and entertainment services. On the other hand, charity donations fell in 2022/23, in response to fewer telethons, changing viewing habits and tough economic conditions.

Analysys Mason have also upgraded their medium term market forecast. The market is now predicted to grow by 2.8% per year over the next three years to £644.5m. Much of this growth is predicated on operator billing growth.

**Consumer usage of services has remained consistent, with a slight rise in user numbers:**



**Reshaped our intelligence function to gain deeper insights into the market**

Over the last few years we have broadened our market monitoring activities, relying less on consumer complaints alone, to ensure we can effectively identify consumer risk. We again invested in our marketing monitoring tools and methodologies. We developed new automated tools to scan and segment the market. This year, we restructured our intelligence team to support the implementation of Code 15. This has brought together our intelligence sources, allowing for a more comprehensive and coordinated view of the market. It has also enabled us to strengthen the capabilities of PSA's intelligence team and improve our reporting and case escalation procedures.

## Outcomes

- gathered accurate and in-depth market information
- coordinated our intelligence to ensure we have a comprehensive view of the market.

# 4

## Engaging closely with all stakeholders



We engage with all stakeholders - consumers, industry, government and other regulators - to inform our regulation of phone-paid services. Our aim is for consumers to be able to access services they want, in a market where there is competition on price, product innovation, quality and customer service. We encourage consumer choice by fostering a market environment where it's easy for credible organisations to enter, innovate safely and invest with confidence. We constantly communicate with consumers so that they are aware of and understand what phone-paid services are, how they work and how to get help if they need it.

## In 2022/23, we:

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### Engaged with industry to support Code compliance

In addition to providing free compliance advice, we also supported industry comply with Code 15 through regular meetings with the Industry Liaison Panel (ILP). The panel provides a forum for communication between us, the regulator, and industry representatives so that together we support a healthy, compliant, innovative and competitive market in the interests of consumers. Throughout the five meetings we had with the ILP in 2022/23, we addressed status and emerging trends in the market, upcoming policy changes and proposals, regulatory and market issues in the market, other ways for the PSA to support Code compliance, promotion of consumer education content and updates on transfer of regulation.

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### Continued working with the Consumer Panel to ensure consumers' interests are protected

The Consumer Panel was established in 2018 to ensure consumers' interests are fully represented in phone-paid services regulation. The Consumer Panel has been a valuable source of insight and challenge in our policy development bringing a wide range of knowledge and experience of consumer issues and advocacy to our work. In 2022/23, the Consumer Panel focused its activities and work in the following areas:

- considering consumer communications in the light of transfer into Ofcom to ensure a seamless transition so consumers can continue to get the assistance they may need during and after transfer
- preparing to work with Ofcom's Communications Consumer Panel to ensure Ofcom continues their work, advocating for consumers, particularly on matters related to ICSS and Alternative Dispute Resolution
- inputting on PSA's work to address detriment in the ICSS market
- considering what further work the PSA can do to protect vulnerable consumers in a difficult economic climate.

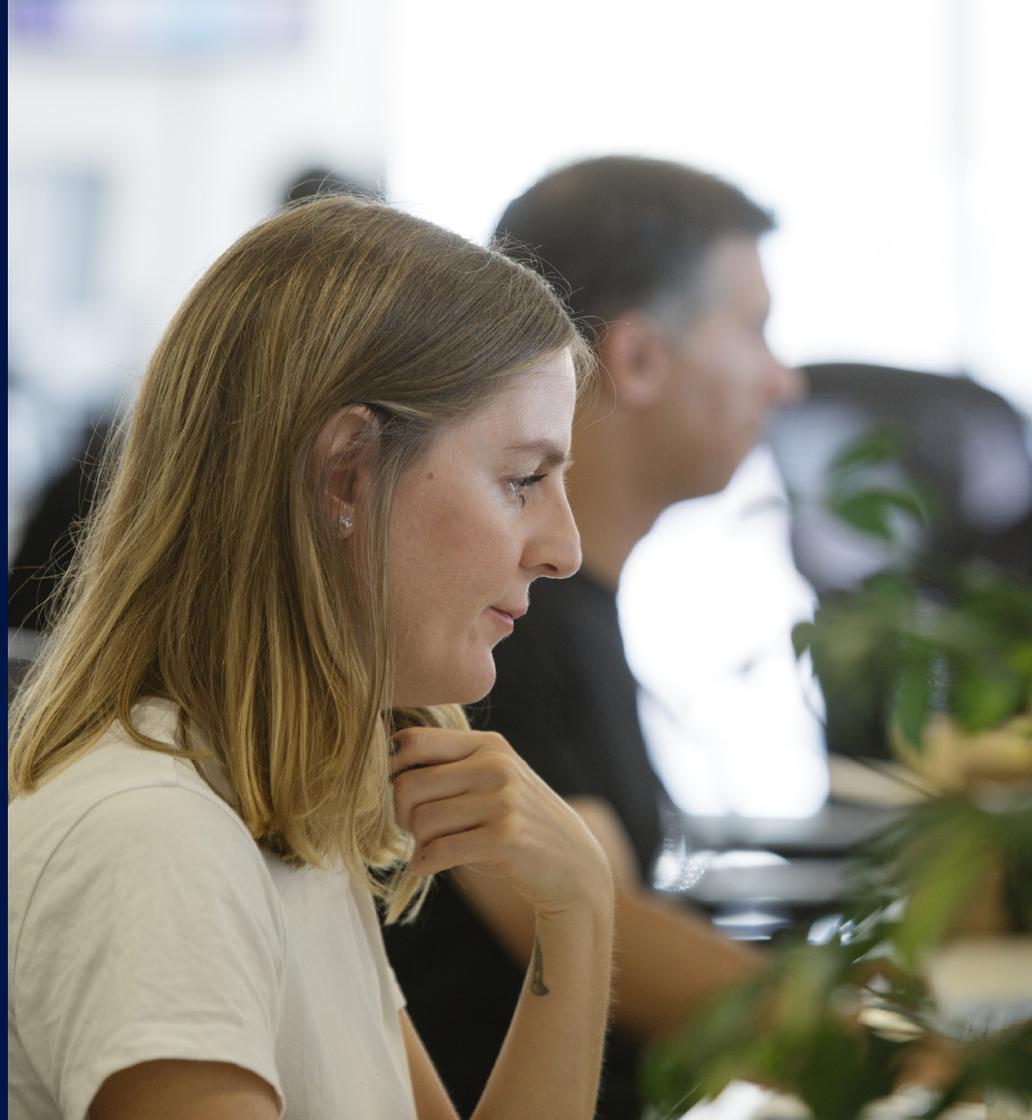
The PSA Consumer Panel will continue to operate up to the point the PSA transfers into Ofcom.

## Outcomes

- supported industry to comply with Code 15
- ensured consumer interest continues to underpin our regulation.

# 5

## Enforcing our Code of Practice



We aim to eliminate sharp practices, negligent behaviour and the deliberate use of phone-paid services to exploit consumers. Where providers breach the Code of Practice we investigate and enforce in the most efficient and effective way possible. When enforcing, we do it in a fair, proportionate and transparent manner, where our approach to investigations and sanctioning is clearly detailed in the Procedures that support the Code of Practice.

## In 2022/23, we:

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### Took effective and efficient enforcement action to protect consumers from harm

Under Code 15 and consistent with the increasingly compliant market, we have shifted formal investigation and enforcement activity more towards formal engagement, removing harm and providing redress for consumers, while retaining the ability to take the most serious enforcement cases to our Code Adjudication Tribunal. In 2022/23 we worked on 92 cases, of which 46 were formal investigations – 19 under Code 14, and 27 new cases investigated under Code 15. Following investigations, five out of the 46 cases went to Tribunal of which one was concerned with the prohibition of a director with the remaining four cases being brought against PRS providers including merchants, intermediaries and network operators. One of these cases resulted in an agreed settlement. The Tribunal ordered a total of £1.9m in fines against providers breaching the Code of Practice. Both the total level of fines ordered and the number of cases reaching Tribunal is lower than in 2021/22.

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### Case studies

#### Dynamic Mobile Billing fined £250,000

We investigated intermediary provider Dynamic Mobile Billing Limited after we received 3,047 complaints across several merchant providers offering subscription services through Dynamic Mobile Billing and another intermediary.

Improved DDRAC has been a regulatory priority in recent years. We found that Dynamic Mobile Billing risk assessment and control processes were inadequate.

Dynamic Mobile Billing had insufficient risk assessment and control in place in respect of an intermediary it contracted with. Dynamic Mobile Billing have agreed a settlement with the PSA, including to pay a fine of £250,000 and administrative costs, and submit to a compliance audit.

### **£400,000 fine and three-year prohibition for Numbers Plus Ltd for breaching its risk assessment and risk control obligations**

In November 2022 we fined and banned Numbers Plus Ltd after investigating it as a network operator and its due diligence, risk assessment and control (DDRAC) measures in place between 2015 and 2022.

The PSA received consumer complaints on Numbers Plus Ltd's merchants saying the service was misleading - in particular that the merchants were cold calling consumers about PPI refunds, reclaiming bank charges, and offering loans.

The Tribunal fined Numbers Plus Ltd £400,000 and banned it from operating in the market for three years.

### **ICSS provider fined £1,150,000 and banned from the market for one year**

In March 2023 the PSA Tribunal fined and banned merchant Heidi Corkhill trading as Call Support for running an Information, Connection and Signposting Service (ICSS) that connected consumers to various organisations, such as DVLA, Department for Work and Pensions and Scottish Power.

The PSA received 161 complaints about the service, with consumers claiming they were misled into using the service and not being made aware of its cost and that it was a premium rate service. They said the merchant also provided inadequate customer service by refusing refunds and not responding to consumer enquiries.

Our regulatory standards are in place to ensure consumers use phone-paid services knowingly, willingly and receive uniformly good customer service.

Our regulatory standards are in place to ensure consumers use phone-paid services knowingly, willingly and receive uniformly good customer service. ICSS is a priority area because we know consumers can often use services unknowingly – as confirmed by consistently high level of complaints we received on ICSS over the years and the level of detriment found by the thematic review. Heidi Corkhill t/a Call Support's behaviour misled consumers while providing little or no value through its service.

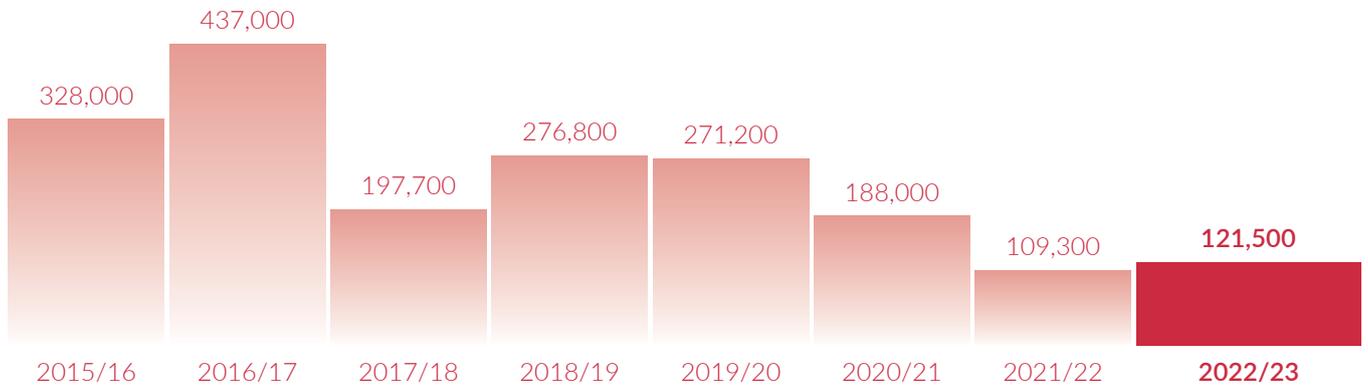
The service and provider were found to be in breach of five Code provisions, including rules relating to fairness, pricing, providing a misleading service and complaint handling. The Tribunal also ordered the merchant to refund all consumers claiming refunds.

## Outcomes

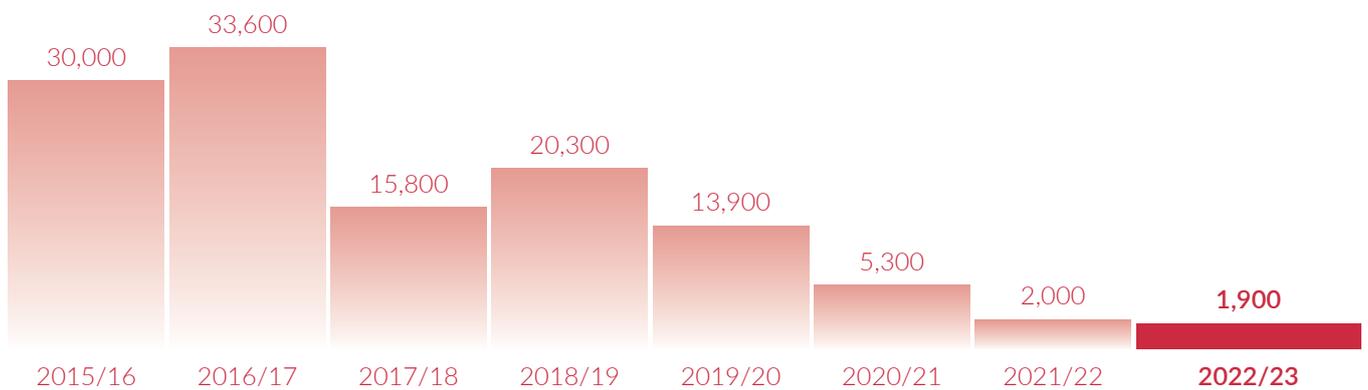
- protected consumers through swift enforcement action enabled by Code 15.

# Our activity in numbers

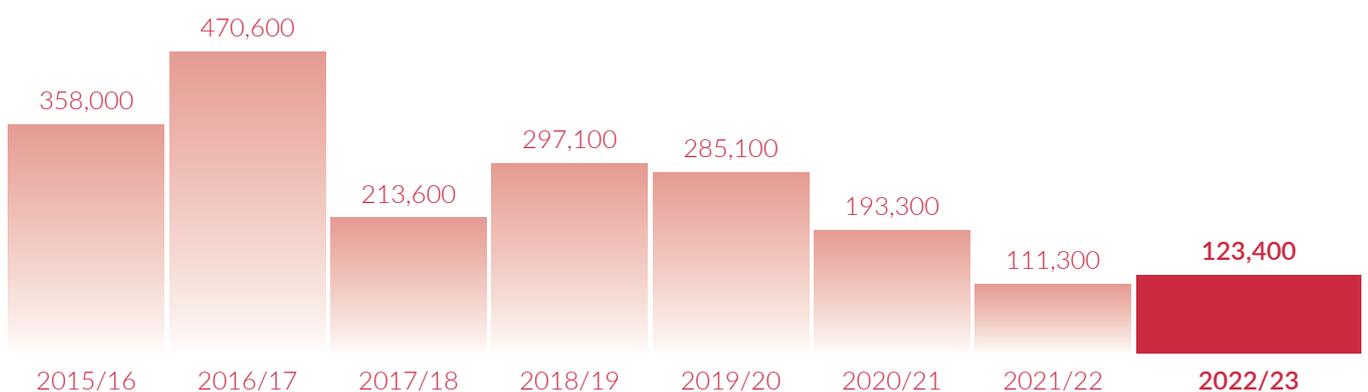
## Enquiries



## Complaints



## Contacts



# 6

## Delivering organisational excellence



As a regulator, we are committed to acting in a transparent, accountable, proportionate, consistent and targeted manner in everything we do. We uphold high standards in our governance, legal, finance, human resources, information systems, and customer service functions.

## In 2022/23, we:

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### Continued to adapt to new ways of working brought by Code 15

The implementation of Code 15 led to significant changes to our organisational structure. In 2022/23 we reviewed and updated our ways of working and team structures, upskilled staff in new and key areas (supervision, engagement and policy) through development programs for managers. We also enabled project management training for engagement and enforcement teams; and stakeholder management training for the supervision team to support the successful implementation of Code 15.

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### Supported the transfer of our people into Ofcom

After the announcement in May 2022 that regulation of phone-paid services would transfer to Ofcom, the PSA looked into ways to make the transition easier and efficient. In November 2022, we moved from Canary Wharf to Ofcom's Riverside House. This has enabled us to make significant cost savings and has supported the transfer and integration of staff into Ofcom. We have continued to use hybrid working in an agile way to maximise productivity.

#### Throughout 2022/23 we:

- communicated the planned transfer to PSA staff and created opportunities for engagement with Ofcom colleagues
- worked closely with Ofcom to put in place a structure for the transfer process, to support PSA staff and to ensure effective continuity of regulation post transfer
- upskilled PSA staff in work we have been doing, with a focus on development to ensure the PSA staff can support the transfer of regulation
- focused on staff engagement and retention to be able to deliver regulatory effectiveness now and in the future.

We placed a strong emphasis on internal communication (regular staff newsletters and dedicated staff events) to build a greater understanding of Ofcom and the work they do, and conversely build Ofcom's understanding of PSA's work, to ensure a smooth transition in the next financial year.

## Outcomes

- demonstrated agility and flexibility by continuing to adapt to new ways of working
- supported the smooth transition of regulation and staff into Ofcom.

# Governance & accountability

## Our people



*David Edmonds CBE  
Chairman*



*Meg Munn  
Board Member*



*Winnie Palmer  
Board Member*



*Jo Prowse  
Chief Executive*



*Mark Thomson  
Board Member*

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### **Board**

The Board is accountable for the performance of the PSA and oversees the strategic direction of the organisation.

The Board consists of the Chair and three remunerated non-executive members and the Chief Executive of the PSA.

The Chairman is responsible for ensuring the Board holds the organisation to account including directing, supporting and managing the Chief Executive and the PSA Executive.

To assist the Board in carrying out its duties, it is supported by two sub-committees: the Resources Committee and the Audit, Risk and Corporate Governance Committee.



Jo Prowse  
Chief Executive



Peter Barker  
Director of Corporate Services  
& Operations



Ayo Omideyi  
General Counsel



Simon Towler  
Director of Policy  
& Supervision

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### Leadership Team

Responsible for the day-to-day executive function, the Leadership Team ensures that Board approved strategies, plans and policies are implemented efficiently.



Rhian Johns  
Chair



Louise Baxter MBE  
Member



Patrick Bligh-Cheesman  
Member



Paul Eaves  
Member



Fred Forbes  
Member



Nikki Wilson  
Member

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### Consumer Panel

The Consumer Panel provides advice and challenge on aspects of the PSA's work, to support and enhance the interests of consumers by:

- providing advice and comment from a consumer perspective on the extent to which PSA policies and regulation are aligned with its consumer-focused strategy
- bringing to the attention of the PSA issues that are or are likely to be of significance to or impact on consumers and providing advice and comment on these issues
- commenting on consultations and research undertaken by the PSA.



Mohammed Khamisa KC  
Chair



Desiree Artesi  
Legally Qualified



Andrew Ellam  
Lay



Simon Lewis  
Legally Qualified



Tony Moss  
Lay



Dame Elizabeth Neville  
DBE QPM DL, Lay



Alison Sansome  
Lay



Julian Weinberg  
Legally Qualified



Peter Wrench  
Lay



Martin Wrigley  
Lay

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### Code Adjudication Panel

The Code Adjudication Panel (CAP) is responsible for the Phone-paid Services Authority's adjudicatory function.

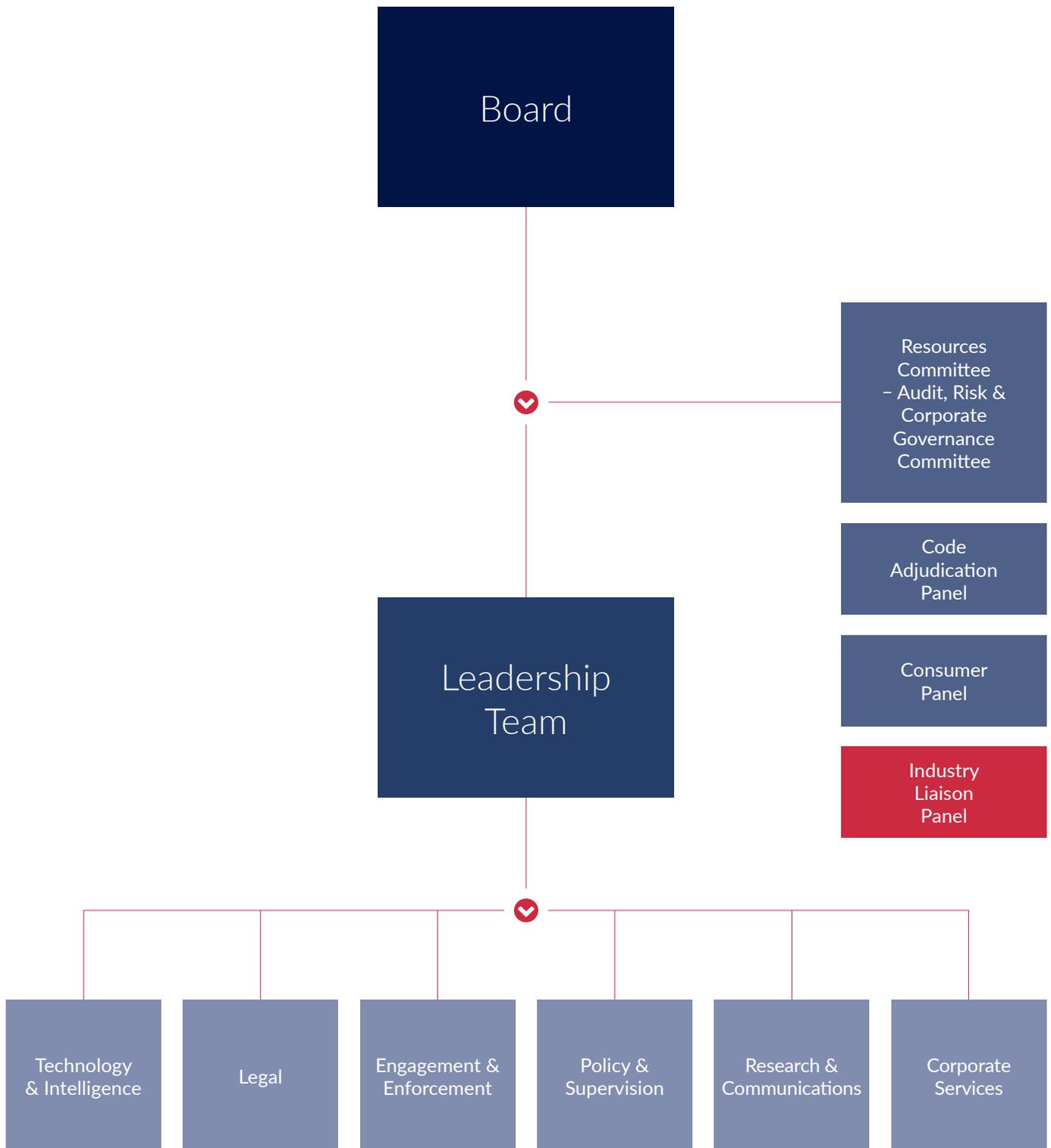
The CAP came into force when we introduced our 14th Code of Practice in July 2016 and ensures that our adjudicatory process is transparent, fair and independent.

The CAP is made up of ten people. Four of the members are appointed for their legal qualifications and experience and six lay people with relevant experience as set out in the Code.

Three members are drawn from the CAP to form the Phone-paid Services Authority's Code Adjudication Tribunals (CAT). Each CAT consists of three people; a legally qualified chair and two lay members. CATs hear and reach decisions on cases against companies suspected of serious breaches of the Code of Practice.

The CAP's decision-making function and process is independent of the PSA.

# PSA organisational structure



# Accounts

## Income & expenditure

<b>Income</b>	<b>Notes</b>	<b>2022/23 (£)</b>	<b>2021/22 (£)</b>
Levy on premium rate telephone services	1	3,726,621	3,877,290
Administrative charges	1	49,000	107,325
Fines	1	1,960,000	4,280,000
Registration fees		147,508	149,071
Other income		99	199
Total turnover		5,883,228	8,413,885
Interest receivable		21,946	1,149
<b>Total income</b>		<b>5,905,174</b>	<b>8,415,034</b>

### Notes

1. The company is non-profit making. A service provider levy is collected via the network operators based on their outpayments in order to cover the proposed expenditure in any year. Any difference between the amount collected and expenditure incurred is taken into account in setting the following years levy. The company also received fines and administration charges from services that are in breach of its code



# Phone-paid Services Authority

The UK regulator for content, goods and services charged to a phone bill

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020 7940 7474

[psauthority.org.uk](https://psauthority.org.uk)