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[From the Editor]

Excessively aggressive telephone sales

We keep receiving complaints regarding telephone salespersons that are excessively persistent in selling new services to elderly consumers. The salespeople whose tactics have given rise to these complaints have not been slowed down at all by the fact that the customer on the line has clearly not understood what he/she is committing to or has repeatedly indicated that he/she only wants further information.

In order to prevent these cases from recurring, we have sought the Market Court's assessment of the telephone sales tactics of one operator.

As attractive as telephone sales may be to marketers, we hope enterprises carefully consider how they use it. Last year, we reminded the business sector that not all products and services are suitable for sales over the telephone and called on them to accept greater responsibility for the problems associated with telephone sales.

We are pleased to see that the Finnish Direct Marketing Association has recognised the importance of the matter and drafted guidelines on telemarketing to elderly consumers. The Association emphasises the seller's responsibility: telephone sales to an elderly customer always calls for added diligence and consideration.

However, operators seem to underestimate customers of all ages equally. Their actions largely fail to reflect the fact that good customer service became a statutory requirement two years ago with the entry into force of amendments to the marketing provisions of the Consumer Protection Act. For instance, one operator took several months to process the cancellation of a fixed-term contract and charged the customer subscription fees for the entire processing period despite the fact that the subscription was no longer active.

It appears that negotiation and persuasion have failed to produce adequate improvement on this front. We intend to be increasingly vigilant in intervening in cases where businesses engage in inappropriate or aggressive practices in customer relationships.

However, we also hope that more companies in the telecommunications industry will embrace the view held by TeliaSonera's CEO Lars Nyberg regarding complaints and problems reported through customer service. He has said that he sees them as a negative thing, not in the sense that TeliaSonera does not value its customers, but in the sense that the reports of problems could be minimised if the company acted as effectively and with as few mistakes as possible. Complaints regarding invoices are a typical example of this. When the invoicing system is effective and accurate, invoices are sent to customers in a timely manner without mistakes and thereby do not result in problems and complaints being directed at the company's customer service department.

Anja Peltonen
Director

Several ministries have recently published their future outlook reports. The Ministry of Transport and Communications has emphasised the importance of accessibility in future communications policy. Accessibility is a key consideration in a sparsely populated country such as Finland, particularly for the growing number of elderly consumers. Equality, protecting the position of the weak and ensuring that legislative projects comprise sufficiently extensive impact assessments are key elements in the foundation that the information society is built upon.

Serious problems in mobile phone subscription sales processes

The telecommunications industry has stood apart from other industries for quite some time. Unfortunately, it has primarily done so in a negative sense.

- A consumer concludes a contract for a mobile phone subscription in the telecommunications operator's shop. The consumer is not shown any contract terms and given no documentation whatsoever. Later the consumer receives a confirmation of the subscription by post, along with the contract terms that begin with the words "if you have placed an order for your subscription through distance selling..."
- The consumer navigates an online store. A banner on the website advertises a two-year bundled contract where the telephone costs one euro and the monthly fees are also less than one euro. The order is eventually confirmed by the customer on the website and the total costs still appear to be a couple of euros per month. The prices for calls and text messages are not mentioned at any stage of the sales process.
- An enthusiastic salesperson working at a stand in a shopping centre manages to convince a consumer to switch to a new operator. Later, the consumer changes his mind and wants to switch back to his original service provider. However, the salesperson at the stand had neglected to mention that the new contract was for a fixed term, which means that switching back is not possible.
- A consumer receives a call from a telephone salesperson and ends up concluding a non-fixed term contract with a six-month campaign price. The salesperson tells the prospective customer that the company offers free customer service. However, the first invoice received by the customer reveals that the contract is for a fixed term of 12 months, with no campaign price and a chargeable customer service number. When the consumer finally gets through to the customer service, the customer service representative promises to apply the campaign price to the subscription. However, they refuse to budge on the fixed-term nature of the contract. The next invoice eventually arrives in the mail and still there is no campaign price applied. The consumer calls the chargeable customer service number again.
- A consumer looking for a USB dongle for mobile broadband service agrees with the salesperson in the shop that he can try the dongle at home before concluding the agreement. Unfortunately, the dongle does not work satisfactorily and the consumer returns it to the shop. Despite this, he soon receives a contract in the mail and an invoice for a new subscription.

The land of a thousand one-off cases

The Consumer Agency has issued both oral and written instructions to telecommunications operators regarding the provisions of the Consumer Protection Act, organised seminars and even issued formal guidelines on the principles that apply to the distance selling of telephone subscriptions. The negotiations have often been fruitful and telecom operators have, for the most part, taken quick action to deal with the cases highlighted by the Consumer Agency. However, it seldom takes long for the next case to rear its ugly head.

The Consumer Agency has sent thick stacks of consumer complaints to telecom operators, requesting them to look into the problems mentioned. At the same time, the Agency has asked the operators to explain what kinds of changes they intend to make in their processes in response to the complaints. The typical response "Nothing, it's just a one-off case." If that is indeed true, how is it possible that these one-off cases now number in the thousands?

This year, the Consumer Agency has been working on a project titled "Effective processes for selling telephone subscriptions". We have compiled a list of things that consumers must be informed of in the distance selling of e.g. telephone subscriptions. The things on the list must also be confirmed to consumers after the initial sales call.

The Consumer Agency is still in discussions with operators concerning the list's adoption. We hope that the companies in the industry see effective and legally compliant processes as something that is in the interest of all concerned and adopt them without having to be forced by the authorities. After all,

this is a matter of complying with basic regulations concerning marketing and distance selling, not something that requires extensive interpretation of complicated legislative provisions. We are currently also in negotiations with the telecommunication industry's umbrella organisation FiCom to have a template for contract terms drafted. We believe this is an important project that can improve the consumer's position. However, even a template for contract terms falls short of improving the situation if they and other information and conditions concerning the contract are not given to the consumer before the contract is signed.

Self-service instead of customer service?

Operators have admitted that minimising customer service traffic is in their own best interest. So why are they still failing to take sufficient action?

In most cases, the customer service provided by telecom operators involves the customer paying for being on hold, waiting for service, despite the fact that they are actually trying to resolve problems caused by the company. This is particularly felt by those customer groups who are not completely comfortable with handling things online and therefore need to call expensive customer service numbers.

Of course, operators are allowed to develop different types of products for different customers. They can - under certain strict conditions - offer lower prices for those who agree to receive marketing messages on their telephone. They can also require customers who have chosen a particular type of subscription to use only web-based customer service channels and electronic invoices.

However, every Finnish citizen has the right to reasonably priced communication services and the kind of customer service that is suitable to their needs. We hope that some telecom operator will see the potential competitive advantage in providing a broader range of services and therefore continues to offer subscriptions for all types of customers.

Mobile content services continue to cause problems

Hundreds of thousands of Finns have a bad credit record. This significant proportion of the Mobile content services are still near the top on the chart of consumer complaints received by the authorities. The Consumer Agency and consumer advisors around the country received over 1,500 reports concerning mobile content services in the first half of the year alone. Only consumer reports concerning cars outnumber those related to mobile content services.

The Consumer Agency has long been calling for various actors in the field to take responsibility, striven to influence related legislative projects and negotiated with the various parties concerned a number of times in both its supervisory role and to promote better self-regulation in the industry.

Mobile content services are pushed on the market with intentionally misleading marketing designed to get consumers to unknowingly commit to expensive fixed term subscriptions. As consumers often don't realise the problem until later when they receive their mobile phone invoice, intervention by the authorities is inevitably delayed.

Service providers have begun to hire Finnish lawyers and are now easier to reach than before. This doesn't necessarily mean that any real change for the better is happening. Companies may refund consumers but, instead of changing their ways, simply start over under a new name.

In Finland, agreements with service providers are made by companies known as aggregators and invoicing terms are agreed with operators. These parties then receive a share of the revenue streams created by customers using the services. While the contracts probably state that service provision must comply with Finnish law and the industry's self-regulation guidelines, there is no one to accept responsibility when this does not happen. The consumer, however, is expected to co-operate and simply pay his/her invoice.

However, it is difficult to pay an invoice that fails to specify what service the fees are for. Consumers who want an itemised paper invoice have to pay a fee for it. Trying to find out what the company behind the service is usually requires a call to the telecom operator's chargeable customer service number. The industry is badly in need of new regulations concerning invoice itemisation.

Mobile phones becoming akin to credit cards

The Consumer Agency has for long emphasised the fact that the mobile phone is a payment instrument much like the credit card and, as such, it should be governed by regulations on liability similar to those that apply to credit cards. A consumer who has paid for a purchase by credit card can demand a refund from the credit card company if there is a defect or other problem involved with the purchase. It is essential to treat the mobile phone in a similar way as a payment instrument to secure the appropriate development of the information society. The Consumer Agency hopes that a legislative proposal can be drafted as soon as possible and the customer service representatives of telecom operators will no longer be able to say, "it's none of our concern, we just invoice for the service".

The national implementation of the Universal Service Directive is set to involve a proposed new provision to the Communications Market Act that would give the authorities the opportunity for effective intervention in the fraudulent provision of mobile content services. The designated authority, which the proposal suggests would be the Consumer Agency/Ombudsman, could order a telecommunications company to close an SMS number used to offer mobile content services of a fraudulent nature.

The legislative proposal is expected to reach the Parliament during this autumn. If approved, the amendment would give the authorities an effective means of intervention to quickly put a stop to a service that misleads consumers. However, the Consumer Agency still hopes that the industry bears its responsibility without the authorities having to apply extreme measures such as the one proposed. Consumers' low level of trust in new services continues to be a significant concern in Finland's development as an information society. We hope we can reach a higher level of trust in the telecommunications industry than in the used car markets.

Miina Ojajarvi

The Consumer Agency's lawyer responsible for the field of communications services

To the Market Court: Rules needed for telephone sales to the elderly

Mobile phone subscriptions to replace a landline telephone have been aggressively sold to elderly consumers and salespersons have failed to provide even the most basic information. In some cases, elderly consumers may even have lost their old telephone subscription as a result of an aggressive sales pitch.

Problems associated with telephone sales of phone subscriptions have kept the consumer authorities busy for quite some time. Despite successful discussions and negotiations with telecom operators concerning inappropriate campaigns, subsequent campaigns often fail to meet basic legal requirements.

The Consumer Ombudsman is now taking Saunalahti to the Market Court. The Consumer Ombudsman is requesting the Court for an injunction against providing misleading information, failing to provide essential information and exploiting the position of a target group in telephone sales.

Saunalahti is using telephone sales to market a "KotiPuhelin" (HomePhone) subscription to replace the traditional landline telephone. Due to the nature of the product, its marketing is largely directed at the elderly. According to reports received by the Consumer Agency, telephone salespersons for the product provided misleading or untruthful information on the subscription, the significance of the changes the subscription entails, the contract terms and the telephone device.

In addition, some essential information was not provided at all. In certain cases, the marketing even failed to disclose which company was behind the product.

Aggressive selling

The Consumer Agency listened to recordings of the sales calls. The recordings revealed that, among other things, salespersons neglected to stop selling even when the conversation should have indicated that the prospective customer on the line did not understand the significance of the contract.

As such, Saunalahti failed to sufficiently consider the additional requirements set for the contents of marketing by the nature of the target group. The sales practices used were seen as likely to particularly compromise the decision-making of consumers who are especially vulnerable to influence and persuasion due to their age, health or gullibility. According to the Consumer Ombudsman's petition to the court, the company exploited its counterparty's position and weakened judgment.

Saunalahti's marketing was in breach of many of the provisions of Chapter 2 of the Consumer Protection Act. In the Consumer Ombudsman's view, in addition to providing misleading information and neglecting to provide essential information, the company was engaged in aggressive marketing. The salespersons persistently kept selling even when the person on the other end of the line repeatedly stated that they want to think about their decision some more, for instance due to being scheduled to undergo hospital treatment. The company had also sold the telephone device to individuals who clearly did not have the ability to use it.

Telephone service cut off

A telephone is an essential service for consumers. When a contract for a telephone service is concluded, the service provider must ensure that the customer has a working telephone connection at all times. One concern with the cases reported to the Consumer Agency was that many subscribers had had their landline subscription discontinued even if they had not picked up their new telephone device at the post office. In such cases a contract for the new service had not yet been created. In certain cases the subscriber was left without a working telephone connection even after picking up the telephone device from the post office. This was caused by some elderly consumers being confused about what actions were required to take delivery and begin using the subscription.

Saunalahti's campaign also involved a number of shortcomings in terms of compliance with distance selling regulations. In addition to providing incomplete information to consumers regarding the service, the salespersons failed to inform the customers of their statutory right of cancellation, or in some cases informed them that they can cancel the subscription within a period of one week. Legislation applied in the case: Consumer Protection Act, Sections 2: 1, 3, 4, 6, 7, 8 and 9.

KUV/4300/43/2010

Unnecessary computer sold to an elderly consumer

Computers and broadband connections are sold by telephone to consumers of all ages. If the prospective customer on the other end of the line is an elderly person, the salesperson must be aware of the rules that apply. It is illegal to sell an elderly person a product that is unnecessary to him or her or that he or she is unable to use.

An eighty-year-old man was called by a telephone salesperson for Sonera and ended up buying a laptop computer, a fixed-term Internet subscription and virus protection software for a monthly fee of 45 euros. The Consumer Agency listened to a recording of the sales call. The telephone conversation clearly indicated that the customer was an elderly person who did not know how to use a computer. The customer could be heard on the recording wondering whether "an old man" like him would learn how to use the computer. The determined salesperson was not discouraged by this, or by the fact that the consumer once expressly stated his desire to not buy the product.

The Consumer Agency considered the sales transaction to represent inappropriate marketing practice. The selling style involved aggressive marketing, misleading the consumer and neglecting to provide essential information, all of which are prohibited by law.

The preamble to the legislative provision on aggressive marketing specifically mentions selling an elderly person a product that is unnecessary to him or her or that he or she is no longer able to use.

Many elderly persons use a computer and the Internet on a regular basis. If it is apparent to a telephone salesperson that the computer being marketed is unnecessary to the elderly person on the other end of the line and he or she is unable to use it, the sales pitch should stop there. A laptop computer with an Internet connection and antivirus solution is a complicated packaged product. It requires installation and an inexperienced buyer needs considerable assistance in using the product.

The salesperson in question did not mention installation or the need for training and assistance in any way. The salesperson also failed to provide information that must specifically be provided under the Consumer Protection Act and the Communications Market Act. The salesperson did not, at any stage, inform the customer of the total price of the package for the entire contract period. After getting the customer to agree to buy the computer and subsequently selling the antivirus solution for an additional 5 euros per month, the salesperson did not inform the customer of the total monthly fee with the antivirus solution included. The consumer agreed to buy the antivirus solution "since it's just five euros more".

The salesperson also neglected to inform the customer of how the contract would be extended after the initial term of two-years. Furthermore, the salesperson completely neglected to inform the consumer of his statutory right of cancellation that applies to all distance selling.

Legislation applied in the case: Consumer Protection Act, Sections 2:1, 3, 4, 6, 7, 8, 9, 6:12 and 13.

KUV/3476/41/2010

Marketing of Pay TV channels out of control

Sometimes it seems that nearly all of the companies in a single industry repeat the same mistakes in their marketing. That has been the story of the Pay TV industry as of late. An easy solution may turn into an expensive one when an advertising campaign needs to be changed to comply with legislation.

The Consumer Agency intervened in the marketing of the Welho Mix channel package, which was fraught with many fundamental problems. The package was advertised as "free" and the advertising was dominated by added benefits. Prices and other key terms of the offer, however, were relegated to a tiny paragraph of small print on one side of the advert.

The product being marketed is free?

The Welho Mix channel package was advertised with the slogan "It doesn't cost you to try it". Under the campaign's terms, the "free product" was a trial period of free viewing offered to customers who purchased a chargeable subscription period. As such, the trial period was not genuinely free.

Marketing may not present a product as being free of charge if the consumer has to pay in order to get the product in question. An incentive or other additional benefit may also not be termed as free because consumers have to buy something in order to get the tie-in product.

Additional benefit as the dominant message

The adverts for the Welho Mix channel package featured the main message "It doesn't cost you to try it" in very large print. The price of the commodity and the contract terms, however, were in very small print in a narrow text box even in full-page versions of the advert.

The free trial period was an additional benefit associated with the product. An advert's main message must be the primary product and its terms of purchase. An additional benefit may not dominate the advert. The key consideration is what the overall impression communicated by the advert is.

Small print is not enough

The price of the primary product and other key terms must be clearly disclosed in marketing. The terms pertaining to eligibility for the additional benefit must also be disclosed. Marketers who only provide this information in small print that is drowned out by a flashy advert are in breach of the Consumer Protection Act and decisions of the Market Court and Supreme Court.

The price of a product must be disclosed as a final, total price inclusive of all fees associated with the product. Consumers do not need to sum up prices and fees to know what the total price of a product is. For a fixed-term subscription to a Pay TV package, the total price for the full subscription period must be indicated.

The Consumer Agency called on the company to modify its marketing for the Welho Mix channel package to comply with legislation. The company agreed to make the changes required.

- Consumer Protection Act, Chapter 2, Sections 1, 3, 6, 8 and 12.
- Decree on inappropriate methods in marketing and customer relationships (601/2008) , Section 1, Paragraph 18
- Decree on declaring the price of a consumer good in marketing (30.12.1999/1359), Section 4

False impression given concerning the video recording functionality of an entertainment package

The marketing of an entertainment package emphasised the device's large storage capacity. In fact, video recording functionality only worked with basic TV channels, but this fact was not adequately disclosed. Key restrictions and limitations must be clearly disclosed in relevant locations on websites. Also, the overall message conveyed by marketing must not be misleading.

Elisa recently launched an extensive campaign across different media to advertise its next-generation digital TV service "Elisa Viihde". The main page of the website dedicated to the service included the following marketing claims: "Lots of storage capacity/ record up to 2,500 hours of TV programmes." A video rental service in your own home/thousands of movies available on demand." "Super fast broadband/the entire Internet at your fingertips for only EUR 39.90 per month." The main web page and the promotional video for the entertainment package also stated the following claims: "Record TV programmes" and "You can record all channels simultaneously".

The Consumer Agency received reports from disappointed consumers who had purchased the package specifically for its high storage capacity. Based on the impression conveyed to them by the service provider's marketing, they were unaware of the fact that the recording functionality only applied to basic TV channels. It was not compatible with either free additional channels or Pay TV channels that could be purchased for an additional fee.

The high storage capacity was a key characteristic of Elisa Viihde and it was strongly emphasised in its marketing. The website did contain the correct information regarding the recording functionality offered by the package. However, the restrictions and limitations were not clearly disclosed in the appropriate contexts. In addition, the website's home page and the "Buy now" tab conveyed a misleading impression of the system's recording functionality.

Relevant information where it needs to be

Unlike TV advertising, for instance, advertising on the web is not restricted in terms of time or space. This makes it easy to provide the relevant information in all the necessary contexts.

Elisa's website did, in fact, include information stating that recording programming from additional channels and Pay TV channels was not possible. However, this information was provided only on the "Channels" and "Technical specifications" tabs and in the service description hidden behind a conspicuous link at the bottom of the "Buy now" page. Even on the "Channels" page the text concerning the limitations of the recording functionality was in small print, drowned out by a number of colourful logos for TV channels.

On the "Features" tab, which is a key part of the service description, the restriction was expressed as follows: "You can record ...all basic channels simultaneously if you need to." Even this information failed to state in clear enough terms that recording would only work with the basic channels. For consumers who quickly navigate from the home page to the "Features" tab, quickly glance at the colourful and familiar looking logos of TV channels without reading the text and then proceed to the "Buy Now" page, it was very easy to get the impression that the recording functionality worked with all channels.

Marketing content must not be structured in such a way as to make it necessary for the consumer to click through every single page on a website to find out about the limitations associated with a feature that plays a big role in the product's marketing. The relevant information must be clearly stated on all those pages that describe the service. No part of a website may convey a misleading impression to consumers. Elisa made the required changes after being contacted by the Consumer Agency.

Cancellation of a broadband subscription took several weeks

A broadband subscription purchased by consumers did not work at all, or at best worked poorly. Cancellation of the fixed-term contract took several weeks, customers were invoiced for the processing period and the service provider requested that they be contacted by e-mail. The Consumer Agency considers the case an example of both inappropriate and aggressive practice in a customer relationship.

The Consumer Agency received a number of reports from customers of the Internet service provider DNA after the company took several weeks to even months to process requests to cancel a fixed-term broadband subscription. The company also invoiced the customers for the period during which the cancellation request was processed, despite the fact that the Internet connection did not work at all and DNA's customer service had already established that the claims of the customers in question were not frivolous.

Customers also reported that contacting DNA's customer service was often difficult and sometimes impossible. The company requested some customers to contact customer service by e-mail, despite the fact that their Internet connection was not working.

Processing complaints in a timely manner is an integral part of the customer relationship

The Consumer Agency applied the Consumer Protection Act provision on inappropriate practices in customer relationships to the case. A customer relationship covers, for instance, the provision of information to consumers regarding their rights when a consumer good is defective. Processing customer complaints is also part of the customer relationship.

According to the Communications Market Act provisions concerning defects, a company may rectify a defect to avoid having to grant requests for a price discount or cancellation of the service only if it takes action without delay. The consumer is entitled to cancel an agreement if a material defect is not rectified within a reasonable time and the defect can't be compensated by a price discount. Cancellation of a contract under these circumstances is effective immediately and customers must be granted this right without delay.

A working Internet connection is an essential service in the information society. Consumers in this case may have been reluctant to enter into an agreement for another Internet connection while they were still unsure of whether DNA would agree to cancel the contract. The company should have allowed the contracts to be cancelled without delay for these reasons as well.

The company was also wrong to continue invoicing for the period during which the request to cancel the service was pending. A company may not gain a benefit from its own inappropriate practices when the process to cancel an agreement takes an extended amount of time. This applies particularly in this case since the customer service department had already determined that the customers' demands were not frivolous.

Delaying of processing - a form of aggressive pressuring

Aggressive practices in customer relationships include harassment, forcing and other forms of pressuring that may lead to consumers making a decision concerning a consumer good that they otherwise would not have made. Making it difficult for consumers to exercise their rights is also considered an aggressive business practice.

Significant delays in the process of cancelling a contract, continuing invoicing and providing ineffective customer service meet the criteria for aggressive marketing practice.

When a party to a contract is in material breach of the terms of contract, the consumer has a statutory right to cancel the agreement. Delaying this process and continuing to invoice the customer were a way of pressuring consumers to potentially prevent them from purchasing a working Internet connection from a rival provider. Asking customers to contact customer service by e-mail when they

were unable to use e-mail due to the service provider's breach of contract was also considered a form of pressuring.

DNA informed the Consumer Agency that it had modified its processes to have the majority of contract cancellation decisions made within 24 hours of receiving the customer request and, as a result, no additional invoices for the processing period would be issued.

Consumer Protection Act, Sections 2:1, 3, 7 and 9

KUV/4986/41/2009

Advertising-financed services subject to clear consent ahead of time

The consumer's genuine freedom of choice is only maintained when consent to receiving advertising is made consciously. Consumers must also be informed of what kind of marketing they will begin to receive. The provision of essential services must always include advertising-free options.

There are an increasing number of advertising-financed services that are not available to customers who do not consent to receiving direct marketing. Legislation is designed to protect the consumer's right to decide when they want to receive marketing messages.

Protecting the consumer's freedom of choice should be the starting point. However, exceptions to this can be made in some cases, for instance when free or very inexpensive services are offered. However, even in such cases, the service provider must meet certain requirements stated in the Consumer Agency's decision concerning a telecommunications operator's subscription agreement.

In the context of essential services, there must always be the option of using the service without receiving any direct marketing.

Rectifying processes and information

Consent to receive electronic direct marketing must be specifically stated by an "opt-in" checkbox or its equivalent. This requirement is based on the Consumer Protection Act provision on unfair contract terms as well as provisions contained in the Personal Data Act and the Act on the Protection of Privacy in Electronic Communications.

The availability of a service being subject to consent to direct marketing constitutes an exceptional case. Therefore, the process of concluding a contract must clearly inform the consumer of what he or she is consenting to. The requirement to genuinely ask for consent on an opt-in basis is not satisfied by a mere reference to standard terms of service or having the checkbox indicating consent simply appear at some stage of the process of concluding the contract. The consumer must have the opportunity to gain familiarity with all terms concerning the subscription before beginning the ordering process.

The term must also be explained in sufficient detail. The consumer must always be aware of what he or she is consenting to. The terms must clearly state the frequency and type of advertising the consumer will receive. This can be done by including examples of advertising and specifying a maximum number of messages sent per week.

In concluding the contract, the service provider must also recognise that, under the Personal Data Act, the consumer must always have the right to opt-out, i.e. cancel their consent at a later time. When the consumer cancels their consent, they must have the right to terminate the customer relationship entirely.

Legislation applied in the case: Consumer Protection Act, Section 3:1., Consumer Protection Act, Sections 2:1, 2, 3, 6 and 7.

KUV/11748/41/2008

The universal nature of a service does not justify a higher price and low quality

Telephone and broadband services are classified as universal services that must be available to everyone. However, the prices of subscriptions sold as universal services can be several times higher than those sold on a commercial basis. Universal services may also not be substandard in terms of quality.

Since the beginning of July, an amendment to the Communications Market Act has given every consumer the right to a telephone subscription and a 1 Mbit/s Internet connection. The Finnish Communications Regulatory Authority supervises the availability and implementation of the universal service. If a fairly priced service of sufficient quality cannot be otherwise guaranteed, FICORA may designate a universal service provider for the area.

The Consumer Agency's statements to FICORA have emphasised the fact that the principle behind universal services is to protect the users' interest and the availability of services.

Equality in pricing must be maintained

In the Consumer Agency's view, the telecommunications operators' price lists fail to convey an accurate impression of the real prices in the market. Competition is based on campaigns involving large discounts. These prices are not reflected in the operators' price lists. Furthermore, service providers often use discount campaigns on a regional basis. In urban areas with the most competition for customers, prices are lower than elsewhere in the country.

What has to be avoided is a situation where subscriptions sold as a universal service are assigned high prices in order to let the provider compete on prices in other markets. The pricing of a universal service must be fair and reasonable. This supports the equal availability of information society services to all citizens. Pricing may not constitute an obstacle to service adoption by certain groups of users.

Prices must always be compared to prevailing consumer prices and consumer incomes. This is a requirement included in the EU Universal Service Directive. The fairness of pricing must also be assessed from the perspective of weak consumer groups such as the elderly, the disabled and those with low incomes. This prevents exclusion from information society.

Quality universal services, even in remote areas

One of the characteristics of a universal service is that the consumer may not choose the method of implementation used for the service. The technical solution with the lowest cost is not always the best from the consumer's viewpoint. Consumers should choose a subscription that offers a high level of reliability and a sufficient range of features for diverse communications.

Communications services can be implemented by either wired or wireless technology. Regardless of the technology used, the subscription must work well in the user's home or other location of use. The reliability of mobile phones is not equal to landline telephones in certain parts of the country.

In many cases, the shift from the landline telephone network to mobile phones has resulted in more network malfunctions.

In the view of the Consumer Agency, it is not sufficient that mobile phone coverage is good only in one spot inside a building. The quality of products sold as universal services must be comparable to those offered on the markets in general.

KUV 3566/48/2010, 5189/48/2010



The task of the Finnish Consumer Agency is to safeguard and strengthen consumers' position in society. The Director General of the Consumer Agency also acts as the Consumer Ombudsman, and the Ombudsman's tasks are included in the activities of the Agency.

The Ombudsman's responsibilities are to monitor and enhance the legal position of consumers, and to ensure that marketing and contractual terms comply with the rules. Matters concerning warranties and collections from consumers are also within the Ombudsman's jurisdiction. The Ombudsman may also assist consumers in court.

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