

# Mobile Coverage Programme Discussion Paper

## Submission Cover Sheet

### Submission Information

This cover sheet should be attached to submissions made to the Department of Communications in relation to the Mobile Coverage Programme Discussion Paper.

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Date:	28 February 2014

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#### Submission Instructions

Submissions are to be made by **5:00pm (AEST) Friday 28 February 2014**.

Where possible, submissions should be lodged electronically, preferably in Microsoft Word or other text-based formats via the email address [mobilecoverage@communications.gov.au](mailto:mobilecoverage@communications.gov.au)

Alternatively, submissions can be sent to the postal address below (to arrive by the due date):

The Manager  
Mobile Coverage Programme  
Department of Communications  
GPO Box 2154  
CANBERRA ACT 2615

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# **Understanding consumer complaints about mobile network performance: An analysis of TIO complaints in 2012-13**

November 2013



<b>Background</b>	<b>1</b>
<b>Scope of this paper</b>	<b>1</b>
<b>What we mean by mobile network performance</b>	<b>2</b>
<b>Consumer voices: what consumers tell us</b>	<b>3</b>
<b>TIO complaints about mobile network performance issues</b>	<b>4</b>
General trends about new mobile complaints	4
Fault issues in new mobile complaints	4
Mobile network performance issues in new mobile complaints	5
<b>Unpacking mobile network performance issues: consumer experiences in mobile coverage complaints</b>	<b>7</b>
Methodology	7
Consumer experiences with mobile coverage	7
Nature of coverage problems	8
Location of coverage problems	9
Information about coverage and consumer expectations	10
Customer service and internal dispute resolution	11
Other drivers in mobile network performance complaints	12
Complaint resolutions	13
<b>TIO role in resolving mobile network performance complaints</b>	<b>14</b>
Unresolved complaints	14
Reasons for escalation of complaints	14

## Understanding consumer complaints about mobile network performance

### Background

The Telecommunications Industry Ombudsman (TIO) receives complaints from consumers about a range of telecommunications issues. New complaints about mobile services – particularly about mobile network performance issues – have featured prominently in TIO complaints in recent years. In 2012-13, 25,770 consumers reported a mobile coverage problem to the TIO.

The TIO has undertaken detailed analysis on the complaints we receive about mobile network performance issues, to better understand what lies at the heart of consumer complaints about these issues.

### Scope of this paper

This paper outlines the results of our analysis of new complaints about mobile network performance.

In particular, this paper sets out the following:

1. What we mean by mobile network performance
2. Consumer voices: what consumers tell us
3. TIO complaints about mobile network performance
4. Unpacking mobile network performance complaints: consumer experiences, and
5. TIO involvement in resolving mobile network performance complaints.

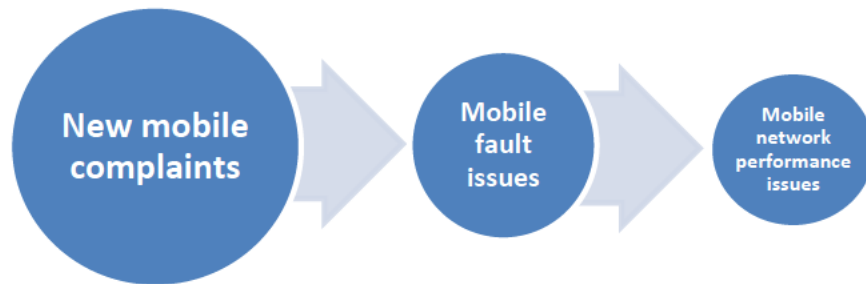
This paper is intended to help inform the discussions about mobile network performance issues in complaints we receive. This paper highlights key trends and broad themes from these TIO complaints. This paper is not intended to provide definitive analysis of the full range of consumer issues about mobile network performance in Australia.

## What we mean by mobile network performance

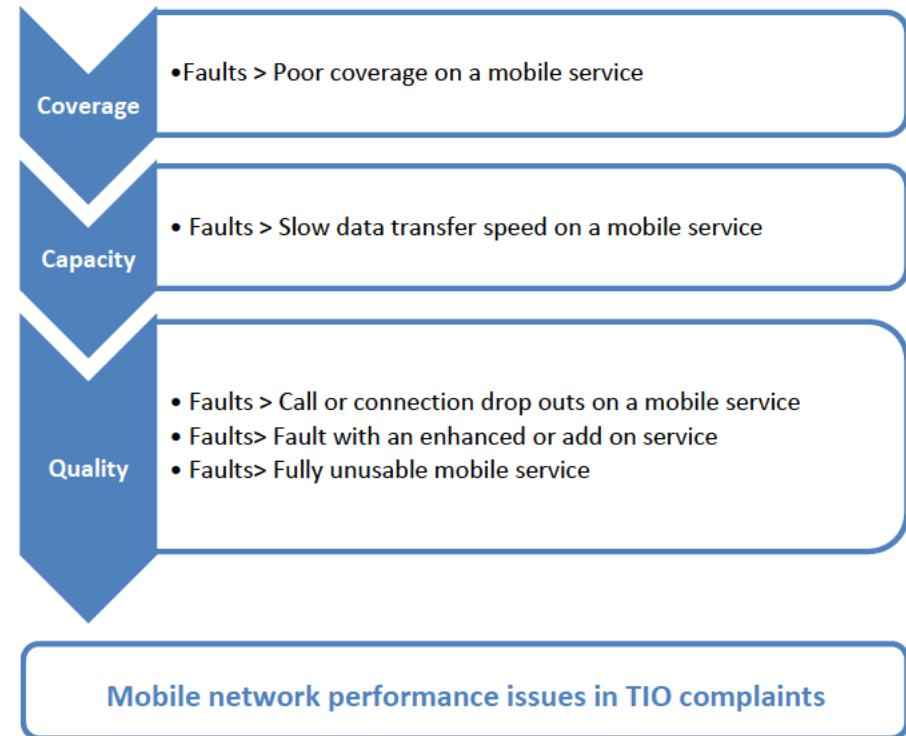
Elements that make up mobile network performance (Mishra, 2007) include<sup>1</sup>:

- Coverage: service continuity is tremendously important in a cellular network
- Capacity: each operator owns a limited frequency band which is shared by an increasing number of network users
- Quality: quality is measured by metrics such as interference, error rates, drop call rates, and call setup failure rates.

The complaints we receive about mobile network performance issues are a large subset of mobile fault issues in new mobile complaints.



We consider the following issues (captured by TIO keywords) to be relevant to the discussion on mobile network performance:



<sup>1</sup> Ajay Mishra, *Advanced Cellular Network Planning and Optimisation* (2007), Nokia Networks, Wiley & Sons.

## Consumer voices: what consumers tell us

The extracts below are taken from online complaints to the TIO in 2012-13 and depict the grievances of consumers – in their own words – about their mobile services.

- 1** *Since I changed providers I cannot get coverage or use the internet on my mobile. The provider has told me that I am in a black spot but I was never told about this. It's not fair, so I have asked it to cancel my contract without any charges. My provider has offered me \$20 off my bill. This isn't good enough and doesn't fix the problem. I cannot run a business if I cannot make calls and my customers cannot reach me.*
- 2** *I am really unhappy with my mobile service. Sometimes the reception is so bad the calls drop out and it's very bad at home. The internet is also very slow and I often cannot use it at all. I really feel that I have been paying for a service I cannot use and it has been going on for too long. I have complained to my provider but it has told me that it cannot assist me. My provider also told me it definitely cannot improve the coverage where I live. I really want to cancel this contract and move to another provider.*
- 3** *For several months the reception on my mobile and mobile internet has been quite bad in my apartment. There is no mobile service in the morning and evening. The internet is also very slow during the day. I have complained to my provider and it told me the faults related to network capacity. I have upgraded to 4G but the problems continue. Every time I speak to the provider it tells me it cannot do much, but offers technical support. I want a refund for what I have paid for but not received and to cancel my contract.*
- 4** *For nine months I have had problems with mobile coverage in my area and inside my house. I have complained to my provider and it has agreed there is a problem due to lack of towers and too many people using the network in the area. I have had enough and asked to cancel my contract. The provider has told me I will have to pay over \$1,000 to do so. I have already been paying nearly \$80 a month for a service I have not been able to use. I consider this unacceptable. My provider has offered to reduce my access fees by half for six months and has said it is upgrading the network in my area. It has said the issue should be resolved in the next few weeks. I want to cancel my contract without charges on the basis of coverage, which has been acknowledged by my provider. I don't need a discount; I need a service that works.*
- 5** *I joined my provider in 2012 on a two year contract. I understood I would get good reception at my home and work locations. This hasn't been the case. I need to be reached by my Mum's doctors at all times because she has a heart condition and renal failure. I am not always at my desk so I cannot always be reached on the work number. I cannot even hear callers and they cannot hear me. Sometimes I don't even get calls. I have had enough and I contacted my provider and it asked me to wait until later in 2013 for better reception. It offered to reduce my service charges but this doesn't help me at all. The provider also told me to switch networks to GSM but this hasn't helped either. I want to cancel my contract so I can join a provider that gives me constant and better reception.*

These consumer voices provide an insight into consumer experiences about mobile network performance issues with their services.

## TIO complaints about mobile network performance issues

### General trends about new mobile complaints

The TIO recorded and handled 158,652 new complaints from small business and residential consumers in 2012-13. This compares with 193,702 new complaints recorded during 2011-12 and 197,682 in 2010-11. New complaints about mobile services account for about 6 out of every 10 new complaints received during each of the last three financial years.

The TIO recorded 91,331 new complaints about mobile services in 2012-13, or about 58% of all complaints received during the period. This proportion is only surpassed by the number recorded in 2011-12, where 63% of our new complaints related to mobile services.

After two consecutive increases of 51% and 9% respectively, the number of TIO new complaints about mobile services dropped by 26% in 2012-13 from previous financial years.

### Fault issues in new mobile complaints

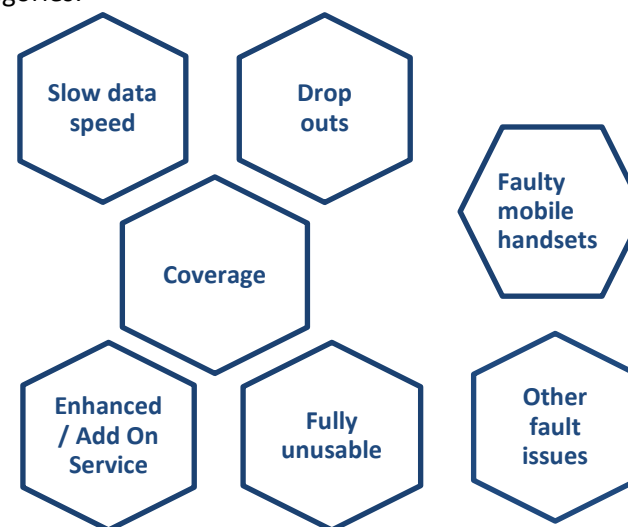
Every new TIO complaint involves at least one complaint issue. However, most new complaints that we receive involve several issues. For example, a complaint about poor mobile coverage can also include a complaint issue about the lack of adequate assistance by the provider. In this case we would record one mobile fault issue and one mobile customer service issue. In 2012-13 we recorded on average 2.5 issues in each new mobile complaint.

For three financial years in a row since 2010-11, mobile faults have been the most common substantive issue in TIO new mobile complaints.

Financial Year	2010-11	2011-12	2012-13
Number of mobile fault issues in new complaints	57,831	54,855	46,809
Proportion of mobile fault issues compared to all new mobile complaint issues	19.3%	18.5%	20.1%

While the number of mobile fault issues has reduced in the last two financial years, the proportion of mobile fault issues as against other mobile new complaint issues in 2012-13 is the highest recorded in the last three financial years.

Complaints about faulty mobile services cover a number of different issues – poor coverage, poor service quality such as slow data speeds or call drop outs, faulty mobile handsets, faulty add on services or fully unusable services. We capture mobile fault issues under the following keyword categories:



### Mobile network performance issues in new mobile complaints

As indicated above, we consider that the main mobile network performance issues in TIO complaints relate to coverage, drop outs, slow data speeds, faulty add on services, and fully unusable services.

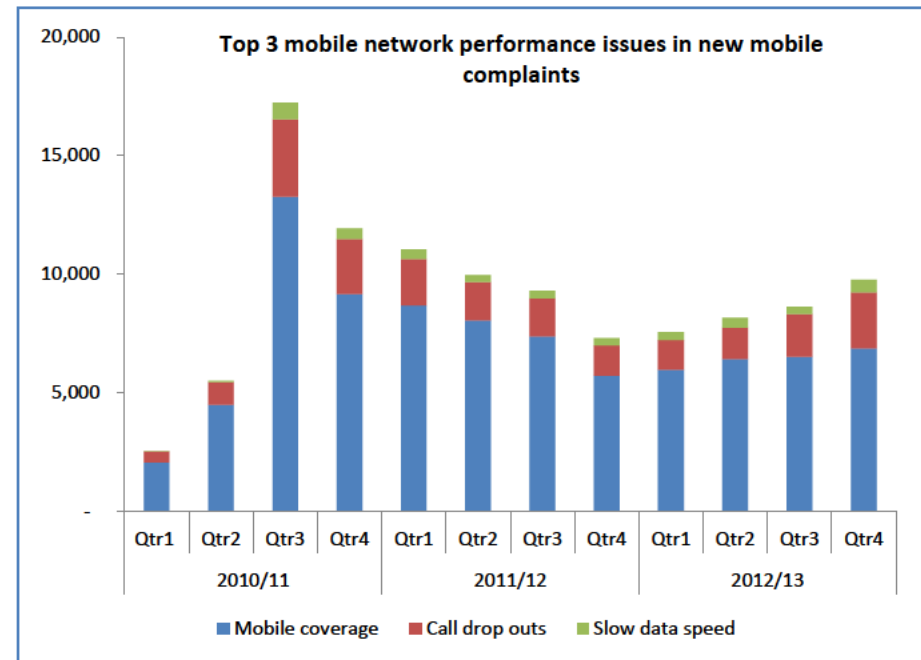
Some of these issues have decreased in 2012-13 compared to previous years, consistent with the overall decrease in new mobile complaints. However, we have also seen small increases in drop out issues, slow data speeds and fully unusable services in 2012-13 compared to the previous year.

Issues for new mobile complaints	2010-11	2011-12	2012-13
Poor coverage on a mobile service	28,989	29,809	25,770
Call or connection drop outs on a mobile service	7,010	6,478	6,727
Slow data transfer speed on a mobile service	1,214	1,342	1,623
Fault with an enhanced or add on service: e.g. email	1,992	1,356	1,199
Fully unusable mobile service	1,461	914	1,013
Others (including about frequent network outages and erroneous disconnections)	1,475	1,001	1,050

We have not included other mobile fault based issues such as faulty mobile handsets and other fault issues in our analysis of mobile network performance issues in new mobile complaints.

### Top 3 mobile network performance issues

For the purposes of this paper, we analysed the trends for the three main mobile network performance issues in TIO complaints – coverage, drop outs, slow data speeds.



### Mobile coverage issues

Mobile coverage issues by far form the largest component of mobile network performance complaints to the TIO, reported in 25,770 new complaints in 2012-13. This equates to about 7 of every 10 new complaints about mobile network performance reported during this period.

The number of mobile coverage issues in new complaints decreased by 14% in 2012-13, with the top 10 providers registering 99% of these issues.



**Mobile call drop out issues**

Mobile call drop out issues featured in 2 of every 10 new complaints about mobile network performance in 2012-13.

The number of drop out issues in new complaints increased by 3.8% in 2012-13, with the top 10 providers registering 99% of these issues.

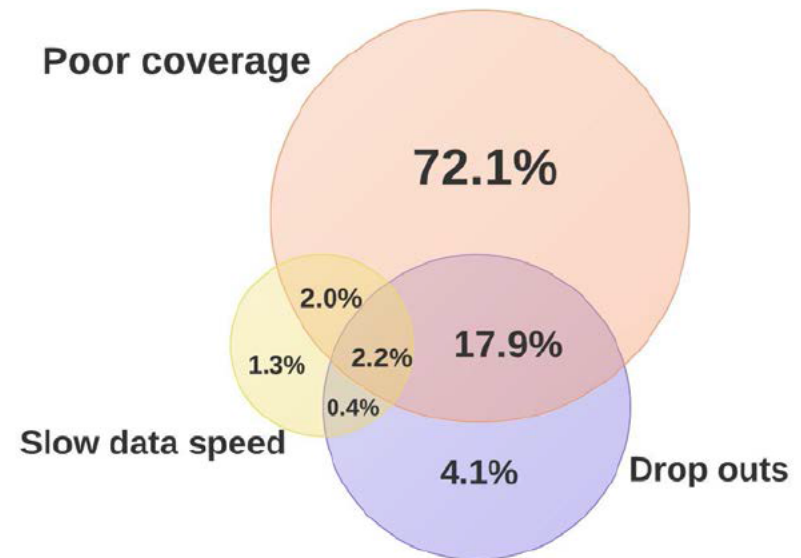
**Mobile slow data speed issues**

Slow data speed issues featured in 1 of every 10 new complaints about mobile network performance in 2012-13.

The number of slow data speed issues in new complaints increased by 20% in 2012-13, with the top 10 providers registering 98% of these issues.

**Overlapping issues**

The three main mobile network performance issues – coverage, drop outs, slow data speeds – appeared as a standalone issue or with overlapping issues in 27,321 new mobile complaints in 2012-13. This means that while some consumers only complained about poor coverage, others complained about poor coverage and drop outs, or about poor coverage and slow data speeds. A small number of new mobile complaints (2.2%) involved all three issues.



## Unpacking mobile network performance issues: consumer experiences in mobile coverage complaints

### Methodology

As issues about mobile coverage feature prominently in complaints to the TIO about mobile network performance, we focused our qualitative analysis on these types of complaints. Our analysis did not include other mobile fault issues such as faulty mobile handsets.

### Sample 1

We sampled 200 random new complaints from the 27,321 new mobile complaints in 2012-13 that had at least one issue about mobile network performance. We examined this sample to consider consumer experiences about mobile network performance and to better understand what consumers mean by “poor coverage”. The results of this analysis are outlined in this paper.

### Sample 2

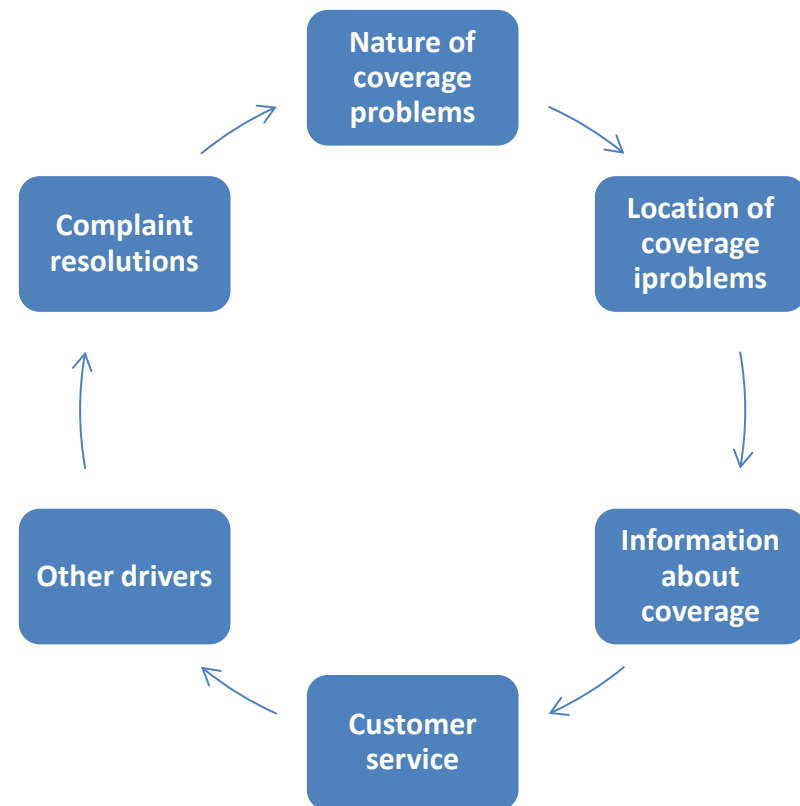
We also sampled 50 random complaints with a mobile network performance issue that had been escalated to conciliation or investigation in 2012-13. We used this sample to closely examine the complaint handling and resolution process, and to identify some of the common reasons for escalation of complaints about mobile network performance.

### Sample distribution

In sampling the complaints for Sample 1 and Sample 2, we replicated the base complaint distribution as closely as possible, including the proportions of carriers/mobile virtual network operators (MVNOs), geographical locations of consumers, and small business/ residential consumers.

### Consumer experiences with mobile coverage

We identified a number of key themes in our analysis of TIO new complaints about consumer experiences with mobile coverage issues. Each theme will be discussed further below.



### Nature of coverage problems

There is a range of different symptoms named by consumers in the 200 new complaints in Sample 1 to describe their experiences with poor mobile coverage.

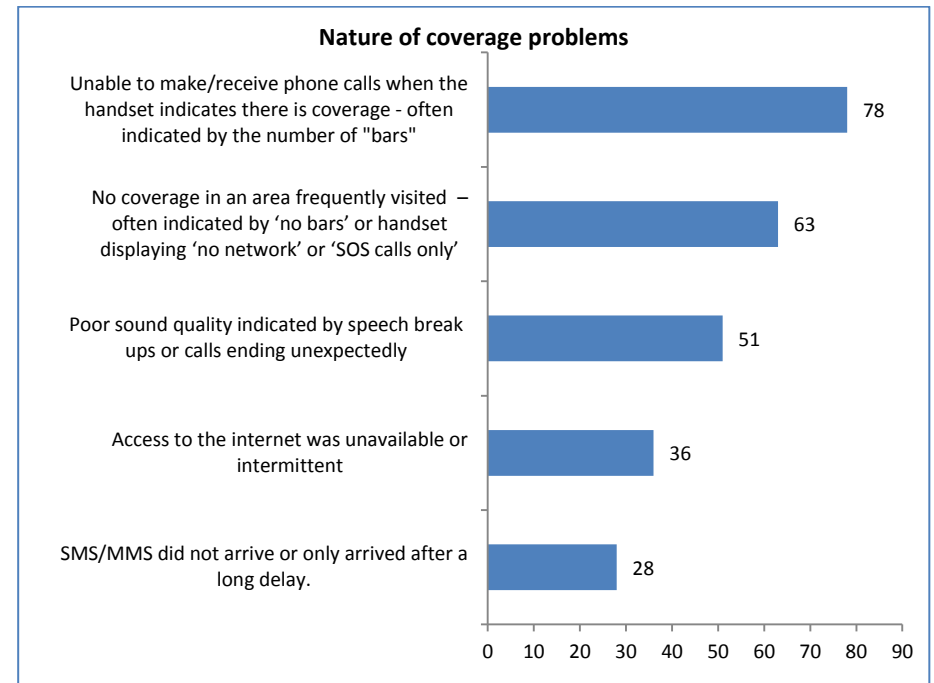
The term “coverage” and “reception” were used interchangeably in the Sample 1 complaints. Consumers also made references to the number of “bars” on their mobile phone displays as an indicator of coverage availability.

About 8 in every 10 consumers in Sample 1 indicated dissatisfaction with their ability to make and receive phone calls or with the quality of phone calls – this represents a dominant issue in the sampled complaints about mobile network performance.

We found that the top three problems that consumers in Sample 1 complained about are:

- inability to make or receive phone calls when their handsets indicate presence of coverage (about 4 in 10 complaints)
- not having any coverage (ie no ‘bars’ or ‘no network’) in areas they frequently needed to use the service (about 3 in 10 complaints)
- poor speech quality and calls ending unexpectedly (about 2 in 10 complaints).

Inability to access the internet or receive/send text messages are other problems that consumers said they faced in around 3 out of every 10 complaints.



Base: Sample of new complaints with at least one mobile network performance issue in 2012-13 (n=200). Multiple problems were recorded in some sample new complaints.

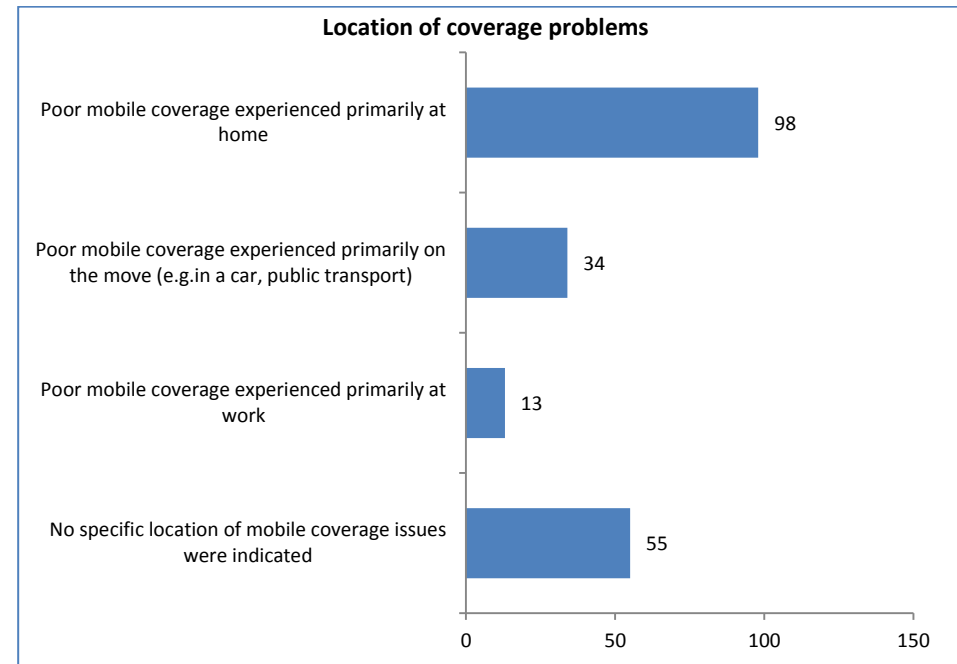
Our analysis of consumer complaints about mobile coverage highlights a disconnect between the level of performance of mobile networks and how consumers expected them to perform. This is particularly evident in complaints about networks being unable to offer the functions of making or receiving phone calls within its coverage footprints.

### Location of coverage problems

Information about the primary location where consumers experience poor mobile coverage was available in 145 of the 200 new complaints in Sample 1.

Close to half of the consumers in Sample 1 complained that they encountered coverage problems primarily when using their mobile services at home. Two in every 10 consumers complained that they faced coverage problems primarily when using their mobile services either while on the move or at work. As indicated above, the most common problem these consumers faced was the inability to make, receive, or sustain phone calls.

The growing substitution of mobile services over fixed line services in Australia means that consumers' ability to make phone calls at home has become more critical. A report by the ACMA in July 2013 indicates that close to 3.3 million Australians aged 18 and over were mobile-only users at the end of 2012, replacing their fixed-line home telephone with a mobile<sup>2</sup>. This category has grown at the rate of around 20% per year over the last four years.



Base: Sample of new complaints with at least one mobile network performance issue in 2012-13 (n=200). No specific information about location of coverage problems was available in 55 of the sample new complaints.

<sup>2</sup> ACMA, *Australians cut the cord*, (2013), <http://www.acma.gov.au/theACMA/engage-blogs/engage-blogs/Research/Research-Snapshots/Mobile-only-Australians-top-over-3-million>.

### Information about coverage and consumer expectations

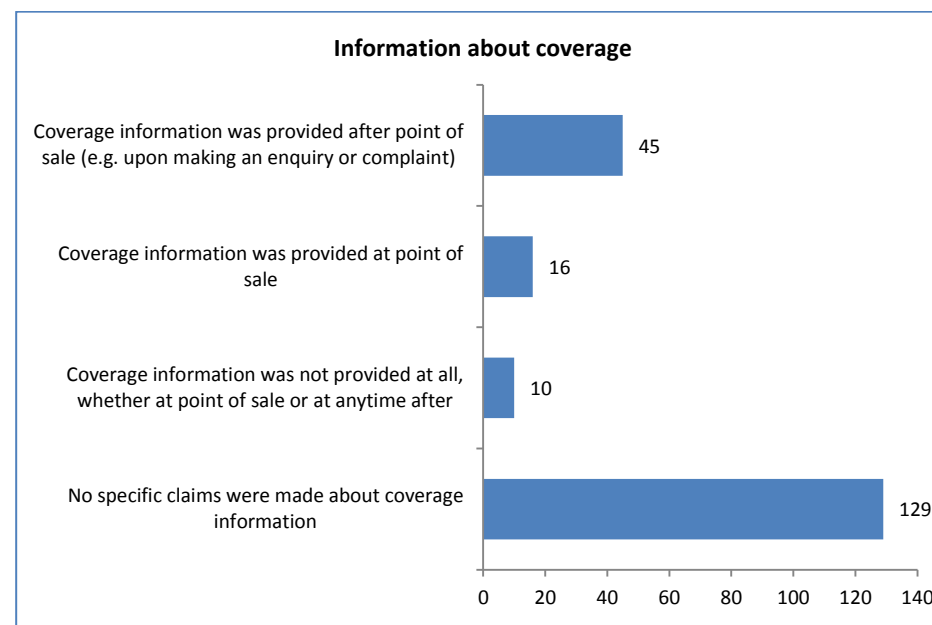
In order to assess whether and to what extent consumer expectations of mobile network performance are informed by pre-purchase network information, in particular about mobile coverage, we considered the following questions in our analysis of Sample 1 complaints:

- Was coverage information given to the consumer at point of sale?
- If not, was this information given at all in later stages of the service life cycle?
- What other pre-purchase information did providers give consumers?

Specific information about consumer experiences at the point of sale was available in 71 of the 200 new complaints in Sample 1. This is in part because consumers do not always give us information about what transpired at the point of sale if they have a mobile coverage complaint.

At least 1 out of every 4 consumers in Sample 1 indicated that they did not receive any coverage advice from their service provider at or prior to point of sale. For some of these consumers, such information was only made available once they requested it, typically in the context of making an enquiry with their provider or lodging a complaint. Around 1 out of every 20 consumers in Sample 1 did not receive any coverage advice at all even after the service provider was made aware of their dissatisfaction of the performance of their service.

However, around 1 out of every 12 consumers in Sample 1 indicated that they did receive coverage information at the point of sale.



*Base: Sample of new complaints with at least one mobile network performance issue in 2012-13 (n=200). No specific information about service providers' advice on coverage was available in 129 of the sample new complaints.*

We also looked at what other information was provided by the service providers to the consumers in Sample 1.

We observed that pre-purchase information from service providers was generally focused on bundled handsets, pricing, and included values in plans. Rather than coverage information, consumer expectations of mobile network performance appear to be driven more by information about bundled equipment, in particular smart mobile devices. For example, consumers indicated that service providers had described smart devices as a "handset with better reception" or "faster handset" in reference to the device's capability to access the internet.

### Customer service and internal dispute resolution

Customer service issues have been the most common complaint issue reported to the TIO during the last three financial years. Poor industry performance in this area was the subject of the *Reconnecting the Customer* inquiry in 2011, which became the catalyst for a number of fundamental reforms as reflected in the Telecommunications Consumer Protection Code 2012.

Although there has been improved customer service in recent years which in part has resulted in reduced complaints to the TIO, we still find that poor customer service forms a part of many complaints to the TIO.

Customer service complaint issues appeared in 52.9% of the new complaints received by the TIO in the financial year 2012-13. Customer service issues were recorded in 42% of the new complaints about mobile network performance during this period.

Our observation of the 200 new complaints in Sample 1 indicates the same ongoing trend with TIO complaints more generally, namely that consumers highly value being able to have their queries answered in a timely way, as well as being able to rely on the accuracy and adequacy of information from their service providers. Some of the most common examples in this aspect of network performance complaints are consumers with unanswered queries or consumers who received inconsistent or contradictory advice about coverage or future upgrades in their area.

**6** *My mobile phone service doesn't work. I cannot make or receive calls or SMS. I can only use the internet on my phone when I connect to wi-fi. When I try to contact my provider I get transferred to different departments. I tried emailing it and received a response saying it would get back to me, but it hasn't. I even tried attending a local store but was told they do not have access to post-paid customers' accounts. I have refused to pay for a service that I am not getting because it's not fair. The provider keeps telling me it will get back to me, but it doesn't. Managers have promised to call me back but they don't. I want my provider to call me and sort out my service.*

**7** *I attended a shop front in January and told the sales person I lived in Traralgon and worked in Moe. The sales person showed me a coverage map and I was told I would have adequate 2G and 3G services in both places. I signed up to a two year contract paying \$60 a month. The reception at home is fine but the reception in Moe where I work is shocking. I cannot get phone calls and sometimes SMS don't even come through. I called the provider several times since January and it asked me to do some trouble shooting with handset settings – which I did. I was also told it was updating the network in April. I decided to give the provider the benefit of the doubt and waited for the upgrade. The date has passed and I still have no service at work. A few days ago I called the provider again and it told me I should have coverage and again I did the trouble shooting it wanted. I told the provider I had done this six times already. The provider told me it had no record of me doing this, or of it asking me to do the trouble shooting. The customer service person told me he couldn't authorise cancelling the contract because the provider does not guarantee coverage Australia wide even though I was told I would get 2G and 3G coverage at Moe when I signed up. I was then told I could have some compensation but that a cancellation fee of \$800 would be charged if I cancelled. I don't want compensation for my trouble. I have not been provided with a service so it is not fair to have to pay it out.*

### Other drivers in mobile network performance complaints

We considered the 27,321 new complaints in 2012-13 that have at least one mobile network performance issue, and identified the additional issues recorded in these complaints to see whether there are other drivers of mobile network performance complaints.

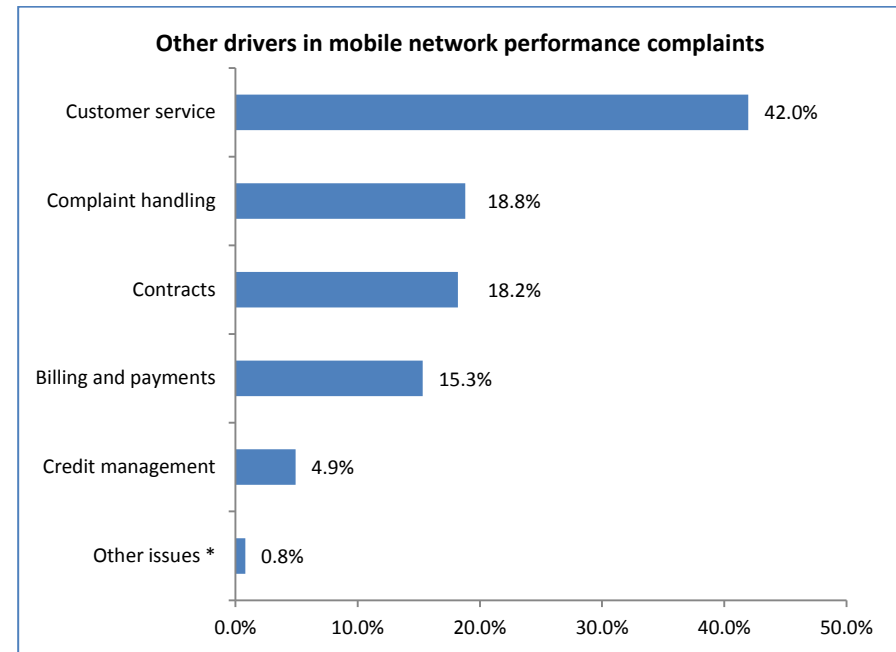
We found that 4 in every 10 consumers who complained about mobile network performance also complained about poor customer service (42%). This increased to 6 in every 10 consumers where there was either a customer service or a complaint handling issue as part of the complaint.

Other drivers in mobile network performance complaints are:

- contracts issues – around 18.2%
- billing and payments issues – around 15.3%, and
- credit management issues – around 4.9%.

A very small proportion or less than 2 in every 1,000 mobile network performance new complaints involved transfer delay issues.

Our analysis of the 200 new complaints in Sample 1 indicates similar drivers in new complaints about mobile network performance.



Base: New mobile complaints recorded in 2012-13 with at least one mobile network performance issue (27,321 new complaints).

### **Complaint resolutions**

Our complaint statistics show that 92 out of every 100 consumers with a mobile network performance complaint in 2012-13 did not return to the TIO after referral to the senior complaints resolution area at their service provider. Prior to this referral process, the TIO records the consumer's preferred resolution for each complaint.

We looked at the sample of 200 new complaints in Sample 1 to evaluate:

- common requested resolutions by consumers at the first stage of their complaints, and
- how service providers responded to these consumers during the early stages of their complaints.

We found that about 3 out of every 10 consumers requested the reduction or refund of their usage charges. Another 3 out of every 10 consumers requested to have their contracts cancelled without termination fees. Other resolutions that were requested included:

- an explanation from service providers about the coverage issues
- upgrades of mobile handsets, and
- goodwill payments to compensate for the inconvenience experienced during the period of mobile network performance issues.

We found that the most common response from providers was an explanation that they were upgrading the network, usually followed by an offer of a one-off credit or short term monthly credit until the coverage issue was resolved. A small subset of these consumers also received offers from their providers to trial indoor coverage solutions such as

femtocell or indoor coverage boosters without additional charges to their monthly fees.

The second most common response from service providers was for the consumer to have the handset assessed or an offer for the consumer to upgrade their handset with minimal or no additional charge.

Another common response was an admission by the service provider that they were not able to provide coverage in the area specified by consumer, often followed by an offer from the service provider for the consumer to end their fixed term contract without any termination fees.



## TIO role in resolving mobile network performance complaints

### Unresolved complaints

Our complaint statistics show that only 8 out of every 100 consumers with a mobile network performance complaint in 2012-13 returned to the TIO after referral to the senior complaints resolution area at their service provider. This is slightly lower than the escalation rate of 10 out of every 100 new complaints across all complaints we received during the same period. This suggests that mobile network performance complaints to the TIO are no more difficult to resolve than many other types of complaints.

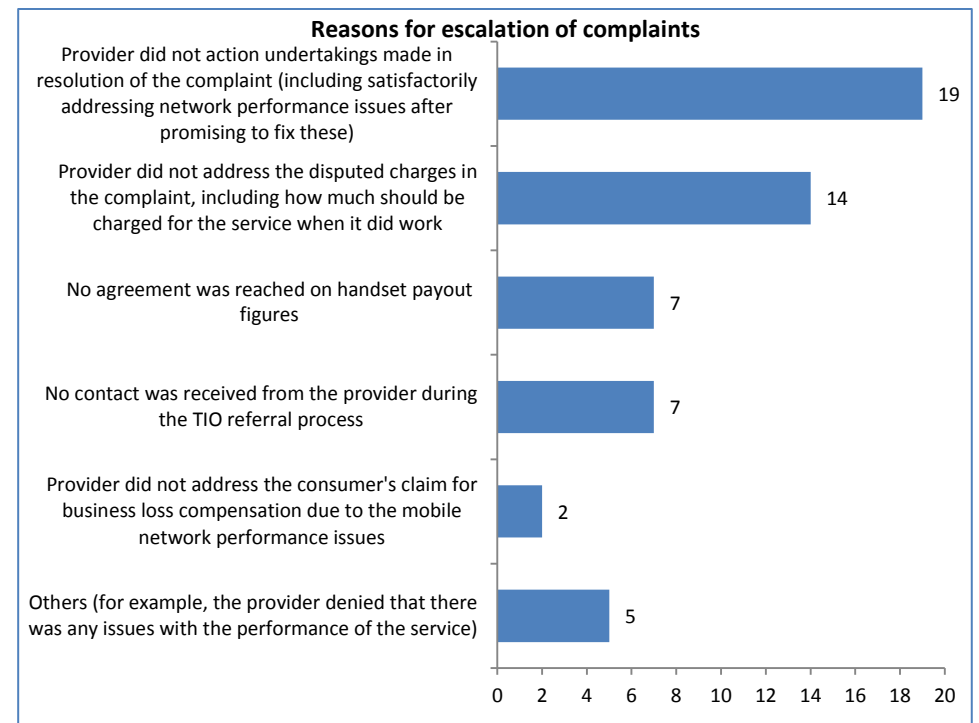
Of the 3,134 mobile network performance complaints in 2012-13 that advanced to conciliation or investigation, only 273 did so by reason of non-response. This translates to less than 1 out of every 100 unresolved complaints about mobile network performance in the last financial year.

We observed that the TIO conciliation process was particularly effective in resolving complaints where the service providers had failed to follow through on undertakings made to their consumers during the referral process. In most cases, these complaints were resolved within a few days of the conciliation process beginning, usually over a couple of telephone calls or emails between the TIO and both parties involved in the complaints.

Only 38 out of the 3,134 conciliated mobile network performance complaints in 2012-13 were escalated to full investigations by the TIO. This translates to an escalation rate of about 1 in 80 conciliated cases, much lower than the more general rate of 1 in every 33 conciliated cases requiring investigation.

### Reasons for escalation of complaints

We studied 50 random mobile network performance conciliated and investigated cases in 2012-13 (Sample 2) to identify the most common reasons for complaints not being resolved through our referral process and which required further TIO involvement. These reasons are briefly outlined below.



Base: Sample of conciliated/investigated complaints with at least one mobile network performance issue in 2012-13 (n=50). Multiple reasons were recorded in some sample complaints.

### ***Not following through the agreed resolutions***

A recurring theme in TIO complaints for a number of years has been ineffective complaint handling practices. Complaints about mobile network performance are no exception to this trend.

Our observation of the Sample 2 cases indicates that the failure to follow through on undertakings made to consumers to resolve complaints is the most common reason why some mobile network performance complaints are not resolved by our referral process. Some of the common examples include failure to issue a refund or place a promised credit onto consumer accounts, or failure by the provider to fix the mobile performance issues after having agreed to do so during the referral process.

### ***Design of included values in mobile plans***

We observed that almost all of the unresolved complaints we examined in Sample 2 involved a refund or reduction of usage charges as part of the consumer's requested resolution.

As identified previously, the consumer experience with poor mobile coverage ranges from problems accessing or sustaining access to voice, data, and SMS services. A practical resolution in cases where a service provider accepts the consumer's claim is to refund or reduce charges – often by way of issuing a monthly discount – if the consumer is willing to give them another chance to address the technical issues that underpin the complaint.

However, for most current post-paid mobile plans it can be difficult to work out the unit prices of each component of the plan within the usage allowance. This is further complicated by the fact that most consumers

who report these types of complaints to us have been able to use one or more features of their services to a certain degree.

A combination of the above issues has made it increasingly difficult for consumers, service providers, and the TIO to determine what would be a fair and reasonable amount that consumers in this situation should pay for their services (for the period the service could be used).

### ***Bundled handset valuations***

The bundled sale of smart mobile phone devices, with significant upfront discounts, together with a fixed term mobile plan has been, and remains, a key focus of customer acquisition and retention for many mobile service providers in Australia.

In a recently published paper, the Organisation for Economic Co-Operation and Development (OECD) researched the cost of mobile communication services in 12 different developed countries by comparing different post-paid plans. The research compared the cost of purchasing an Apple iPhone 4S under post-paid plans, one of the few devices available in all countries. The report reveals that consumers in Australia generally pay less than half of the average cost of the 12 countries surveyed, indicating the high subsidy and expectations from service providers in Australia that consumers would commit to a longer term contract.<sup>3</sup>

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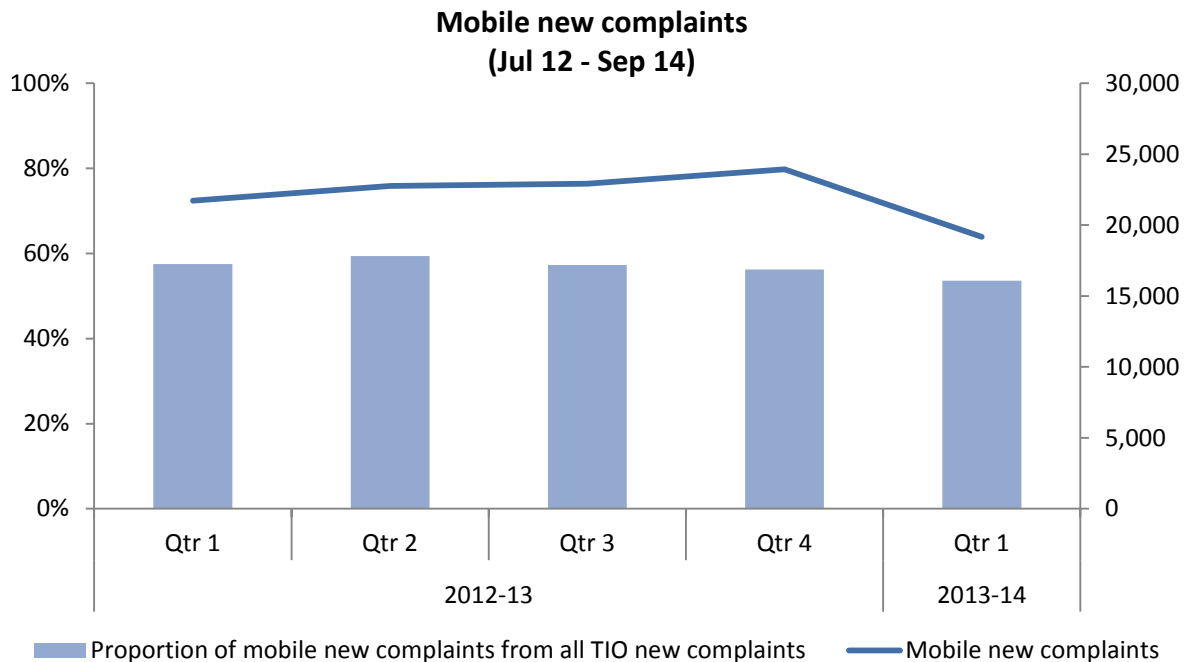
<sup>3</sup> OECD Digital Economy Papers, Mobile Handset Acquisition Model, (2013), <http://www.oecd-ilibrary.org/docserver/download/5k43n203mlbr.pdf?expires=1378787888&id=id&acname=guest&checksum=A377C323AABDE4540571E0E1F15ED64D>.

In our analysis of Sample 2 cases, we found that the process of handset returns and valuation was the most common unresolved issue leading to investigation by the TIO. In particular, we observed that the assessment of pay out figures for handsets bundled with fixed term contracts often significantly prolonged the resolution of mobile network performance complaints. The process became even more complex when consumers had used the handset for more than 12 months.

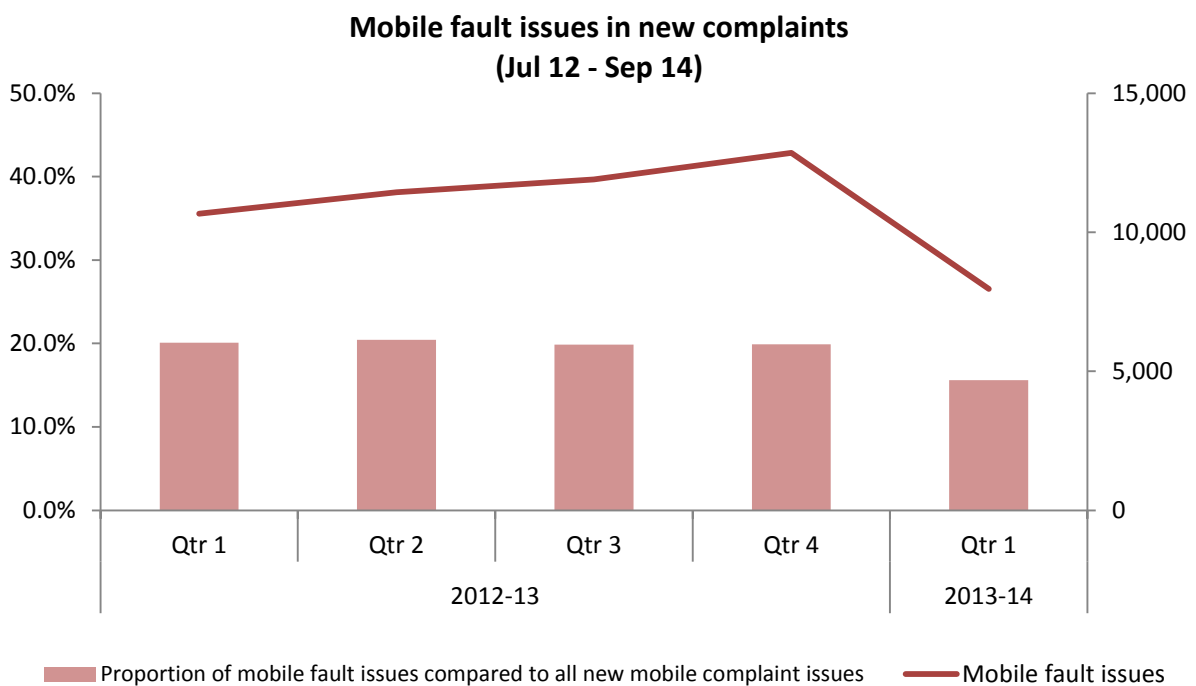
This issue was particularly apparent for small business consumers seeking to resolve their complaint by terminating their contract for multiple services, which can translate to significant payout figures.

# Appendix A

## Mobile new complaints



## Mobile fault issues in new complaints



## Top mobile network performance issues in new mobile complaints

