Caps, Apps and Other Mobile Traps

Responding to young Australians' consumer, financial and legal issues arising from their mobile phone usage

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Final Report

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Caps, Apps and Other Mobile Traps

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Organisations

The **National Children's and Youth Law Centre** ("NCYLC") is Australia's only national legal centre dedicated to working for and in support of children and young people, their rights and access to justice. NCYLC advances this mission by providing young Australians with legal advice and information; advocating for changes to laws, policies and practices to advance their human rights; creating opportunities for their participation in decision making; and promoting the implementation of the *United Nations Convention on the Rights of the Child.*

NCYLC provides legal information for children and young people through *Lawstuff* (www.lawstuff.org.au), provides legal advice to them through *Lawmail* (www.lawstuff.org.au/lawmail) and conducts research, law reform and policy development aimed at increasing young people's access to legal assistance and improving the legal status of children and young people in Australia.

The **Australian Communications Consumer Action Network** (ACCAN) is Australia's peak body for consumer representation and advocacy in communications. ACCAN focuses on goods and services encompassed by the converging areas of telecommunications, the internet and broadcasting, including both current and emerging technologies. ACCAN aims to empower consumers to make good choices about products and services. As a peak body, ACCAN will activate its broad and diverse membership base to campaign to get a better deal for all communications consumers.

Executive Summary

Australian children have one of the highest rates of mobile phone ownership in the world. Children feel an acute need to keep up with the latest trends, and have a heightened interest in aesthetics and brand names, which attract them to mobile phone products. However, children lack consumer experience and knowledge, making them particularly susceptible to advertising campaigns. This susceptibility combined with the complex and confusing nature of mobile phone plans makes children particularly vulnerable to the pitfalls of mobile phone ownership – namely bill-shock and debt.

The main aim of the project was to produce a set of child friendly online resources to empower young consumers to make well-informed choices about mobile phone ownership, and to support young consumers who face bill-shock and debt. These online resources are now available through NCYLC's *Lawstuff* website (www.lawstuff.org.au) and include:

- a series of fact sheets to inform all stages of the mobile phone consumer process;
- a glossary of terms used in mobile phone advertisements, plans and contracts;
- an online one-stop-shop of mobile phone consumer information providing links to existing resources; and
- a video to introduce these resources to children and young people.

In order to produce these materials, a comprehensive literature review and a nation-wide survey were conducted to identify the areas of greatest need, and to ensure that the online resources targeted the main issues experienced by children and young people with respect to mobile phone plans. This report discusses the main issues identified, such as confusion experienced when trying to understand standard mobile phone plans, the difficulty experienced when trying to compare mobile phone plans, and the anxiety experienced when bill-shock occurs.

This report concludes with recommendations for regulatory reform. These recommendations include alterations to the Telecommunications Consumer Protections Code to make it standard industry practice for all customers (including children and young people) to be given mobile phone contracts to take home for proper consideration before purchase.

This study was made possible by a research grant from the Australian Communications Consumer Action Network (ACCAN).

Introduction

Mobile phone ownership rates in Australia are amongst the highest in the world. [1] As at April 2012, the Australian Bureau of Statistics reported that 818,500 children, which amounts to 29% of children aged 5 to 14 years, had a mobile phone[2] and the incidence of mobile phone ownership increased with age, with 73% of 12 to 14 year olds owning a mobile phone.[3]

The relationship between young people and their mobile phones is complex. Research shows that young people feel that having the latest model mobile phone and the latest applications are important for social inclusion and connectivity with their peer group. [4] As a result, young consumers are especially vulnerable to advertisements for new phones, plans, applications and mobile premium services. However, their ability to fully understand these advertisements is compromised due to their lack of experience and understanding of phone plans, and consumer rights.[5] Complex contractually binding terms and conditions further exacerbate young peoples' vulnerability as consumers, especially since many telecommunications companies have not yet cultivated effective policies and procedures to meet the special needs and vulnerabilities of young consumers.

A mobile phone plan is often a young person's first exposure to a legally binding contract involving a form of credit. Having a mobile phone plan can lead to bill-shock and debt, the effects of which have been proven to cause anxiety and depression for a young person.[6] The rising number of children and young people affected by mobile phone debt and the significant strain this debt places on young people and families make this a high priority social and economic issue.

Bill-shock, the expression given to shock or confusion caused by an unexpectedly high bill, is estimated to be experienced by 45% of Australian mobile phone users and it costs consumers approximately $557 million a year.[7] While there are laws and complaint mechanisms in place to deal with unfair practices and consumer strife in the telecommunications industry, it is widely recognised that children lack access to these resources and are largely unaware of their rights as consumers.

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1 National Youth Affairs Research Scheme, *Young People (12-17 years) & Financial Debt* (4 February 2010) Department of Education, Employment and Workplace Relations <http://www.deewr.gov.au/Youth/Programs/NYARS/Documents/NatYouthAffairsResearchScheme.pdf>

2 Australian Bureau of Statistics, Children's Participation in Cultural and Leisure Activities (April 2012) <http://www.abs.gov.au/ausstats/abs@.nsf/exnote/4901.0>. Statistics obtained from any available responsible adult within the child's household. Responses were collected about the activities of 7,300 children and these statistics were weighted by allocating a 'weight' to enumerated person. The weight value indicates how many persons in the population are represented by the sample person.

3 Ibid.

4 Niranjala Weerakkody, 'Mobile phones and children: An Australian Perspective' (2008) Volume 5 Issues in Informing Science and Information Technology 470.

5 Leo Fieldgrass, 'Mobile Matters: The Youth Advocates Project – Developing a youth participatory action research and advocacy program' (Research report, Brotherhood of St Laurence and ACCAN), 2011) 9-10.

6 Andrew Funston and Kate MacNeill, 'Mobile Matters: Young people and mobile phones' (Research report, Communications Law Centre, September 1999) 4.

7 Leanne Carter, Steven D'Alessandro, David Gray, *The Anatomy of Bill Shock – An Analysis of Mobile Phone User Experience in Australia* (Research report, Macquarie University 2012) 13.

Methodology

The NCYLC maintains a culture of evidence-based resource creation, in order to ensure that resources produced will address the areas of greatest need. The process of resource development on this project has been informed and guided by:

- A comprehensive literature review including journal articles, legislation, delegated legislation, industry codes, industry publications and research reports, fact sheets, and newspaper articles.
- A review of decided legal cases involving mobile phone contracts.
- An online survey of children and young people to ascertain the problems they face as mobile phone users. [8]
- Consultations with legal community centres to collect information on the range of legal problems that consumers face, and the solutions and advice provided to them.[9]
- A survey to collect feedback from stakeholders on the resources that NCYLC produced to further refine and improve the quality of the materials.
- NCYLC's own consumer experience.[10]

[8] The survey was conducted via surveymonkey.com, and reached 69 young people over a 3 month period between February and April 2013. It asked young people about their spending habits, preferences in technology, and their experience with bill-shock. Many of the respondents resided in New South Wales, and therefore, the results are not necessarily reflective of a nation-wide demographic.

[9] We consulted with a number of organisations, services and centres in the youth sector such as community legal centres with expert knowledge of the consumer and credit issues faced in their particular state or territory. Their continued guidance, information and experiences played a significant role in our ability to craft informative, engaging and high quality resources.

[10] The NCYLC engaged in first-hand experiences with major telecommunications companies, in order to better understand the consumer experience. We spent a day visiting mobile phone shops, and documented the experience we had when we expressed interest in signing up to a new plan. We requested critical information summaries (CIS) and contracts pertaining to those particular plans in order to see whether mobile phone companies were following industry codes. The purpose of the exercise was to enhance the usefulness of our resources by targeting our information to better prepare young consumers for their in-store experiences with telecommunications companies.

Findings

Finding an appropriate service:

The ever-changing climate of the telecommunications industry

As young consumers undertake the complex task of finding an appropriate service that suits their budget and needs, the sheer amount of products, services and technologies available on the mobile phone market is an obstacle in itself. Due to a lack of uniformity in their format as well as the diversity of marketing techniques employed to differentiate their offerings from their competitors, comparing the services and plans offered between different companies can be extremely difficult.

In addition to the volume of options on offer, products and services are constantly changing. Changes to plan offerings and contracts are made regularly as technology changes and supply and demand changes with it. In late 2012, Optus, Vodafone and Telstra, Australia's biggest mobile phone providers, made significant changes to call rates and data allowances offered at existing price points.[11]

In order for young people to navigate through the mobile phone market to find an appropriate service for their lifestyle and budget, it is imperative that they are not only equipped with the information they need to make informed decisions, but also the investigative skills to continue making informed decisions as information changes. We commend the work of the Australian Securities and Investments Commission (ASIC) in their creation of financial literacy education and teaching materials, 'MoneySmart' aimed at school-age children to improve and develop their financial literacy skills in their mobile phone consumer habits.

The TCP Code

Controls on advertising

The new Telecommunications Consumer Protections Code (TCP Code) that commenced in September 2012 has taken significant steps to level the playing field between consumers and telecommunications companies by setting a standard to facilitate greater information exchanges, transparency and accountability to enhance consumer protection.

The TCP Code prohibits companies from using particular terms or phrases that are likely to mislead consumers in their advertisements and marketing materials.

For example, in one particular case, a major telecommunications company advertised a phone plan as having 'unlimited' internet service but after a certain amount of data use had been reached, the speed of internet became dramatically slower.[12] As the TCP Code now prohibits the use of the words 'unlimited', 'no exceptions', or 'free' unless this is an accurate representation of the service being provided, the Australian Consumer and Competition Commission (ACCC) were able to take action against the company.

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11 Ibid.

12 Australian Competition and Consumer Commission v Singtel Optus Pty Limited [2011] FCA 87.

A frequent representation prior to the introduction of the TCP Code was the use of the word 'free' when referring to mobile and service packaged post-paid plans. The mobile devices in many cases were not free, but instead were being paid off over the course of the contract term. The TCP Code now severely limits the contexts in which the use of the word 'free' in package plans is permissible. The word 'free' can be used only if the cost of the mobile handset is not recovered over the life of the contract by paying higher costs, including higher call charges, higher network access fees, higher early termination charges or higher unlock fees.[13]

Introduction of the Critical Information Summary (CIS)

A huge win for consumers is the TCP Code's introduction of compulsory Critical Information Summaries (CIS) for each phone plan companies wish to advertise.[14] The summaries must be provided in store, by phone or online. The CIS is a summary of the most important information about the mobile phone plan and was introduced to help consumers understand the terms of the offer and make it easier to pick out the differences between other offers. The TCP Code's introduction of the CIS is unprecedented as it imposes a legal requirement on companies to clearly and succinctly explain their offers. Additionally, telecommunications companies are required to include specifics such as a description of the service or product, information about pricing, and other information like links to customer service, warnings, and how to contact the Telecommunications Industry Ombudsman (TIO).[15] Telecommunication companies are also required to include pricing information, such as the cost of making a two minute national mobile call, sending a national SMS, uploading or downloading one megabyte of data within Australia[16] and the maximum charge payable for leaving the contract early.[17]

While this assists the consumer to compare the products and mobile phone services between different telecommunications companies, there is no requirement on the companies to produce their summaries in a particular format or style. This means that the CIS pertaining to each phone company naturally differ in content, style and format and therefore may still pose difficulties for consumers to compare offers.

Imposing a further obligation on companies to produce a CIS that includes a full set of the most important information (e.g. the cost of a standard call after the monthly allowance has been reached) would predictably result in a much more informed decision on the part of the young consumer. This is because the CIS, given its summary-like layout and short length, is likely to be the document young consumers will most closely read and rely on before signing.

Nevertheless, the CIS may not have all the information required to make an informed decision. For example, there is no requirement for phone companies to include information about coverage guarantees, warranties or international roaming costs. While increasing the regulation of telecommunications companies may well achieve this end, public cynicism and dissatisfaction in telecommunications companies are running high[18] which could suggest it is time the telecommunications companies themselves decided to make the education of young consumers a

13 *Telecommunications Consumer Protections Code 2012* 4.2.1(d)

14 *Telecommunications Consumer Protections Code 2012* 4.1.2

15 *Telecommunications Consumer Protections Code 2012* 4.1.2

16 Ibid.

17 Ibid.

18 Leanne Carter, Steven D'Alessandro, David Gray, 'Push-pull factors in switching mobile service providers' (Research report *Macquarie University* March 2012) 1.

priority. In 2011, complaints to the TIO reached a record number of 197,682 and 42,300 of those complaints claimed that service providers did not meet their promises[19]. It is therefore in the interests of the telecommunications companies to take the initiative to voluntarily make their policies and practices more transparent and child-friendly and in doing so restoring public confidence in the telecommunications company brand by addressing the issues of bill-shock and debt plaguing the nation.[20]

Plans on offer do not reflect need

A 2012 research report which involved the study of 201 mobile phone bills suggested that the popularity of mid-priced 'included value' plans did not reflect the reality of customers' average spend, yet gave the impression that, due to heavy advertising by telecommunications companies these plans were selected for budget management.[21] In doing so, research showed that the most popular plan price points had a role to play in feeding Australia's annual $557 million bill shock.[22] This places the bulk of the burden on young people to calculate, assess and regulate their usage. Our resources have addressed this burden in encouraging and supporting young people in doing just this.

Adult-centric communications

The TCP Code states that in communicating offers, companies must provide standard information, which can meet common needs expressed by consumers[23] in language that is suited to the intended audience.[24] It can be deduced that children and young people form part of this intended audience. It may therefore, be argued that telecommunications companies already have an obligation to express information in language that is suited to young people.

However, it is of concern that advertising, information pamphlets and plan contracts largely remain adult-centric, heavy with technical jargon and lacking in plain-English explanations. For example, if 200MB of data is included, is the data charged by MB or by KB? If it is charged by internet session, what constitutes an internet session? If a plan comes with $200 worth of 'value', what does it include and how are calls charged at per minute?

Reconciling sustainable consumption with social inclusion

A 2007 Australia Institute study titled 'Mobile Phones and the Consumer Kids' explained how six to 13 year olds have been put under increasing pressure to consume mobile phone technology. In order to keep up with their peers, they feel the need to be in possession of the latest technology - both phones and phone applications. They are therefore highly susceptible to telecommunications advertising.[25]

There is a clear need to encourage young people to develop sustainable consumption behaviour and reconcile such behaviour with their natural inclination to seek social inclusion by purchasing the

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19 Ibid.

20 Bill shock cost consumers an estimated $557m in the year leading up to 2012. Leanne Carter, Steven D'Alessandro, David Gray, 'The Anatomy of Bill Shock – An Analysis of Mobile Phone User Experience in Australia' (Research report *Macquarie University* November 2012) 13.

21 Ibid.

22 Ibid.

23 *Telecommunications Consumer Protections Code 2012* 4.1.4(b)

24 *Telecommunications Consumer Protections Code 2012* 4.1.4(a)

25 Christian Downie and Kate Glazebrook, 'Mobile phones and the consumer kids' (Research paper No 41, Australia Institute, February 2007) 1.

‘coolest’ mobile phone products on the market. One report suggests that in order to practice sustainable consumption, young people can take action by making their mobile phones last longer, rather than feeling the need to constantly upgrade their handset.[26]

Access to the contract before signing

As an account holder, young people are entitled to be given a copy of the contract. [27] To guide businesses such as phone companies in their dealings with vulnerable consumers, the ACCC developed a compliance guide for businesses dealing with disadvantaged or vulnerable consumers called ‘don’t take advantage of disadvantage’.

Significantly, the guide identifies the ‘very young’ and those who ‘have poor reading, writing and numerical skills’ as disadvantaged or vulnerable. Young consumers make up a sizeable portion of the market and poor, or more accurately, developing reading, writing and numerical skills are commonplace amongst young people gradually learning to understand adult language, technical jargon and the complex real-life situations requiring financial and consumer literacy. This means that it is imperative that telecommunications companies acknowledge that children and young people are vulnerable consumers and respond by implementing sales practices, policies and procedures that will mitigate their disadvantage as consumers.

This obligation is made clear by the new TCP Code, which states that ‘disadvantaged and vulnerable consumers will be assisted and protected by appropriate Supplier policies and practices’ as one of its key commitments. Further, the TCP Code explicitly states that Suppliers ‘must take reasonable steps to cater for the needs of disadvantaged or vulnerable consumers’[28] and that that Suppliers must provide training to its sales representatives on how to interact with disadvantaged or vulnerable consumers appropriately.[29]

Arguably, the most important aspect of shopping for a mobile phone plan is the introduction to and understanding of the rights and responsibilities embedded within the terms of the contract. Consumers are often asked to either accept or reject the contract within a relatively short period of time after speaking to a customer sales representative. It is questionable, given their relative vulnerability whether the terms of the contract can be fully understood by a young person on-the-spot within a mobile phone shop or over the phone or internet.

A further issue is that children and young people need to be made aware that terms and conditions (often made available separately online) also form a part of the contractual agreement between themselves and the telecommunications company. This means that when they accept the mobile phone contract by signing a document, saying ‘I agree’ over the phone or clicking a button online, they become bound to not only the terms and conditions as identified in the CIS, the document they are signing or what they have been read out over the phone, but many additional terms and conditions that they have not seen but have (however briefly) been made aware of through a disclaimer or link somewhere within the sales process. This is further problematic because the child or young person, assuming they have not

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[26] Matthew Bentley, John Fien & Cameron Neil, ‘Sustainable consumption: young Australians as agents for change’ (Research report, National Youth Affairs Research Scheme Department of Education, Employment and Workplace Relations, November 2004) 3 <http://foi.deewr.gov.au/node/29394>.

27 *Telecommunications Consumer Protections Code 2012* 4.5.1(a).

28 *Telecommunications Consumer Protections Code 2012* 4.4.3

29 *Telecommunications Consumer Protections Code 2012* 4.4.3(a)

read each point of the contract or the complete version of the terms and conditions, is unaware of contract terms that they are signing up to. Given that some of the current terms and conditions documents were over 60 pages long, we can deduce that it is highly unlikely that consumers, let alone young consumers would have read and understood all of their contract terms.

In our first hand experiences as a potential consumer of mobile phone plans, we found that many major telecommunications companies refused to provide prospective customers with the contract for the plan they were interested in, to take home for proper consideration. This was in spite of the TCP Code's requirement to meet consumers' needs by providing standard information about offers, which can meet the common needs expressed by consumers.[30] Despite refusing to provide a standard-form contract for the young person to leisurely review, much of the information that would be contained in the standard-form contract was often found in the company's terms and conditions document which is usually publicly available on the company's website. However, this remains a cause for concern because the young person may be more likely to review and understand the information on a standard-form contract that is two pages in length than to access lengthy terms and conditions document online where important points of information is scattered throughout.

Of further concern is the potential for this sales practice to encourage young people to make impulsive decisions involving legally binding responsibilities. If the young person wants to sign up with these particular companies, they in fact have no choice but to either agree or refuse the terms of the contract on-the-spot without the opportunity to take the contract home to a family member or trusted adult to review or explain before making a decision, or, in their own time peruse the often lengthy terms and conditions document online to get an idea of what they will be signing up to.

In setting out best practice for businesses, the ACCC states that 'if you are in doubt, give the consumer an opportunity to seek advice about the contract before they sign it'. This is of course at odds with the practice of withholding contracts from consumers wanting to consider its terms before subscribing. Notwithstanding, the telecommunications company may well have fulfilled all of its legal requirements – as businesses are not legally required to apply the contents of the TCP Code to business practices except for specific cases, such as debt collection as outlined in the TCP Code. It is perhaps due to a deficiency in the TCP Code that there is currently no specific legal obligation to provide young consumers with a take-home copy of the contract when requested.

The same document also states that companies must provide training to its sales representatives on how to appropriately interact with disadvantaged or vulnerable consumers. It might be argued offering a standard contract to vulnerable customers upon request for consideration is a reasonable expectation to appropriately cater for a young person who is unfamiliar with the technical jargon often found in mobile phone contracts. Issues of accessibility are compounded by the prevalence of technical jargon and business language in contractually binding documents like the terms and conditions and, if separate, the main contract.

Due to the short amount of time they may spend in store to agree or refuse to sign up to the contract, or due to the complex language of the information available online, young people may not have the reasonable opportunity to recognise whether, and in what circumstances, they are signing up to a contract which contains unfair contract terms. In March 2013, the ACCC produced an industry review titled 'Unfair Contract Terms' that showed that there is still cause for concern where

30 *Telecommunications Consumer Protections Code 2012* 4.1.4(b)

telecommunications contract terms are concerned. Part of the review extended to mobile phone contracts and their potentially problematic terms such as those allowing the company to unilaterally change the contract; terms that unfairly restrict the consumer's right to terminate the contract; or terms seeking to limit consumer guarantee rights.[31] Of the eleven standard contracts reviewed, three purported to allow the telecommunications company to unilaterally vary the contract without either allowing the consumer to exit the contract where there was an unfavourable change to the contract, or requiring the consent of the consumer before effecting the change.[32]

Consumer literacy in young people

NCYLC's online survey of 69 young people showed that approximately two thirds of young people did not themselves sign the mobile phone contract and do not pay for the bill themselves. This suggests a low level of primary involvement in mobile phone related consumer decisions and that consumer literacy in young people may well be placed at a similarly low level. Notwithstanding, our consultation with young people showed that 45.5% of young people would include 'clear and simple terms and conditions' in their ideal mobile plan which would suggest that while consumer literacy may be dangerously low, there is a clear desire to cultivate it.

Rights and responsibilities as contract holder, end-user or guarantor

It is important that children and young people are aware of what a mobile phone contract is and what its practical implications entail. A lack of awareness can become problematic where young people are not able to meet their legal and financial obligations and don't understand how and why those obligations arose. Telecommunications companies, parents and teachers emphasising an awareness of the different obligations attached to post-paid and pre-paid plans will be invaluable to a young person in selecting an appropriate and affordable service and subsequently, to avoid bill-shock and debt.

Account holder

Where a young person chooses to be an account holder for a post-paid mobile phone contract for themselves, for a friend, or family member, it is vital that they understand the role's associated obligations. Rates of bill-shock would suggest that a dangerous proportion of young consumers are inadequately aware of the need to foresee and prepare for the compulsory monthly payments that they must make for the entire length of their contract term when subscribed to a post-paid plan.

The possibility exists that in the course of a friendship or relationship, young people will enter into contracts for friends that are not able to. These situations are particularly dangerous because the legal obligation then falls on the account holder who has no control over how the end-user uses the mobile phone service, especially if a relationship of trust has broken down. The young person upon entering into the contract as an account holder will be legally responsible for making sure that the bill is paid by the due date each month. They can arrange for the end-user to pay the bill but if they can't or won't pay, the young person as the account holder must pay the bill. The account holder will not receive any bills if it has been arranged for the bills to be sent to the end-user. It is important therefore, that the young person as the account holder directs all bills and other information about the phone contract to

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31 Australian Competition and Consumer Commission, 'Unfair Contract Terms' (Industry review, Australian Competition and Consumer Commission, March 2013) 1 <http://transition.accc.gov.au/content/item.phtml?itemId=1105886&nodeId=161dec22ecb755be7b955b17ce78aa04&fn=Unfair+Contract+Terms+-+Industry+Report.pdfwhich>.

32 Ibid 6.

themselves so that they know how much they are paying. If the bill is not paid within 60 days of it being due, the phone company may keep a record of this, and the account holder may have problems in the future buying goods and services from other companies with credit.

Additionally, the young person as an account holder of a post-paid plan cannot set a maximum limit on the number of calls that the end-user can make. They can however bar the use of certain services (e.g. international calls or premium SMS). Although, if the end-user has been made an authorised representative, the end-user may make account changes, such as removing the bar on using premium SMS. If the young person is the account holder but not the end-user, this can lead to situations where the account holder is left not only with a large debt, but with a bad credit rating for the non-payment or late payment of services they did not use.

End-user

Our survey showed that 60% of young people were on post-paid plans with 43% of those on a 24 month contract. [33] 65% of young people said that they did not sign the contract themselves. This suggests that a large proportion of young people signed up to long fixed contract terms and are the end-user but not necessarily the account holder. This relieves much of the financial burden of being an account holder as the end-user can request that the bill is sent to them and can commit to paying the bill. However, the account holder is still responsible for paying the bill if the end-user cannot or will not. It is important that young consumers understand their responsibilities as an end-user and what happens to the account holder if they fail to meet those responsibilities. Moreover, if a young person is both end-user and the account holder, putting into perspective the entirety of their rights and responsibilities will be integral to avoiding bill-shock and debt.

Guarantor

Similarly to signing on as account holder for a friend, it is important that young people understand the legal obligations that come with volunteering to be a guarantor for another person's mobile phone contract. Signing as a guarantor does not mean being a witness of someone's signature. If a young person signs a contract as a guarantor, they are essentially promising to pay any bills if the account holder cannot pay. Telecommunications companies do not normally allow for a person to sign the contract as a guarantor, however if a young person decides to, the telecommunications company is required to advise them of their obligations and ensure these obligations are clearly understood in writing. Where a young person decides to become a guarantor, it is of absolute necessity that they are aware of the maximum amount they may need to pay as guarantor as well as how long the responsibility will last.

Understanding consumer guarantees

'Repair, replace, refund'

It is imperative that children and young people are aware of their rights as consumers so that they are able to defend those rights. As at 1 January 2011, in accordance with the new Australian Consumer Law (ACL), certain consumer guarantees apply to products and services including mobile phones. [34] The new consumer guarantees under the ACL mean that if there is a minor problem with a person's mobile phone, the consumer is entitled to a free repair, free replacement or refund. If the problem is minor,

33 NCYLC online survey

34 Under $40,000 or over $40,000 if normally bought for household goods.

the supplying company has the choice to either repair, replace or refund. However, if the problem is major, for example, the consumer would not have purchased the phone if they had known about the problem, or the phone is unsafe, or the phone is significantly different from the sample or description and doesn't do what it said it would[35], then the consumer has the right to choose between a repair, replacement or refund. Replacement phones have to be identical to the phone supplied originally and refunds must be the same amount paid. Additionally, it is unlawful for businesses to state or show signs stating that they do not give refunds under any circumstances, including for gifts and during sales.[36]

Significantly, if a mobile phone holds a one-year warranty, this cannot negate the young person's right to seek a free repair, replacement or refund if something goes wrong after the one year warranty period. The consumer guarantees provide rights that consumers may rely on despite anything the supplier may say or do.[37] Rights under the consumer guarantees do not have a specific expiry date and can apply even after any warranties have expired.[38]

Following an investigation of a major telecommunications company's alleged misrepresentations about a consumers' rights and remedies, former ACCC chairman Graeme Samuel stated, "[r]etailers take note – you cannot wipe your hands clean of a faulty product just because the manufacturer's warranty period has ended, particularly when your product is supplied in conjunction with a lock-in contract that is longer than the manufacturer's warranty period".[39]

It is also unlawful to make a consumer pay for a consumer guarantee. This means that where a supplier sells an extended warranty for a length of time equivalent to the consumer's rights under the consumer guarantee, they are acting unlawfully. In determining whether a consumer guarantee exists, the supplier may take into account how long ago the mobile phone was bought as well as the type of product, how the consumer is likely to use the product, the length of time for which it is reasonable for the product to be used and the amount of use it could reasonably be expected to tolerate before the failure becomes noticeable.[40]

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35 Australian Competition and Consumer Commission, 'Consumer Guarantees' (Information booklet, Australian Competition and Consumer Commission, 17 December 2010) <http://www.accc.gov.au/consumers/consumer-rights-guarantees/consumer-guarantees 17>.

36 Australian Competition and Consumer Commission, 'Consumer Guarantees' (Information booklet, Australian Competition and Consumer Commission, 17 December 2010) 11.

38 Australian Competition and Consumer Commission, 'Consumer Guarantees' (Information booklet, Australian Competition and Consumer Commission, 17 December 2010) <http://www.accc.gov.au/consumers/consumer-rights-guarantees/repair-replace-refund>.

39 Australian Competition and Consumer Commission, 'Optus Mobile provides 24 month mobile handset warranties' (Media release, 7 January 2011) 1 <http://www.accc.gov.au/media-release/optus-mobile-provides-24-month-mobile-handset-warranties>.

40 http://www.accc.gov.au/consumers/consumer-rights-guarantees/consumer-guarantees

Misleading and deceptive conduct

Where their advertisements, packaging and information provided by staff or online are concerned, mobile phone companies or suppliers of mobile phones are not allowed to make statements that are not true or are likely to create a false impression. It does not matter whether the supplier of the phone intended to mislead the young person or not. The telling factor as to whether a company has contravened the law is the overall impression left on the young person by the company's advertisement, promotion, quotation, statement or other representation. For example in 2009, one telecommunications company had said that it was not required to provide refunds and that mobile phone manufacturers were responsible for all warranty claims on mobile phones sold through the company's website.[41] As a result, the ACCC became concerned that their customers had been misled or deceived about their statutory warranty rights relating to the performance of their mobile phones.[42]

Even after the introduction of the new ACL, misleading and deceptive conduct on the part of major retailers, manufacturer and service providers continues to be an issue. Beginning in 2012, the ACCC instituted proceedings against franchisees of a major retailer[43] and a manufacturer[44] who made false or misleading representations to consumers about their rights under the consumer guarantee provisions. Thus, while consumer regulatory bodies work to hold such practices to account, where young people are unaware of their consumer rights and of their right not to be misled or deceived, they remain vulnerable.

Consumer regulatory bodies and legal services

Telecommunications Industry Ombudsman (TIO)

Our consultation with young people showed that 64% had never heard of the TIO. This presents an obvious obstacle for young people in receiving help from the TIO when it is needed.

The TIO is able to investigate complaints about telephone and internet services, including by collecting all documentation and information relevant to the complaint. The TIO has the authority to make binding decisions (decisions that the telecommunications company is legally obliged to implement) up to the value of $50,000 and recommendations up to the value of $100,000.

Importantly, the TIO website states that it deals with complaints from disadvantaged or vulnerable consumers with respect to disputed charges on their phone company's bill. One's disability is a factor which influences the way in which the TIO deals with complaints and all issues are assessed on a case-by-case basis. The TIO also states that some of the signs that they use to determine disadvantage and vulnerability include: low or no income, poor reading writing and numerical skills, disability, serious chronic illness, relative youth, homelessness, residence in remote areas, Indigenous backgrounds and relatively recent arrival in Australia. All of these issues of disadvantage or vulnerability can be related to children and young people and reflect of the diversity of situations facing children in Australia and therefore their susceptibility to mobile phone related issues.

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[41] Ibid.

[42] Australian Competition and Consumer Commission, 'Mobile phone retailer offers consumer redress for misrepresentations' (Media release, 21 April 2009) <http://www.accc.gov.au/media-release/mobile-phone-retailer-offers-consumer-redress-for-misrepresentations>.

[43] Rod Sims, 'Championing the rights of consumers' (Speech delivered at the Consumer Congress, 15 March 2013 <http://www.accc.gov.au/speech/championing-the-rights-of-consumers>.

[44] Ibid.

The TIO's role is crucial to holding telecommunications companies to account and protecting vulnerable consumers and process of complaining is relatively simple. Yet, complaints are rarely received from children and children rarely engage with the service the TIO provides. In consultation with generalist community legal centres or credit and consumer legal centres, few had received queries from children. In contrast, children are suffering bill-shock and debt at alarming rates, and if children do not know of or are unable to engage with services that can aid them, then these issues may not being addressed at all.

Given the extremely useful resources and support that the TIO provides in taking on the issues of consumers and effecting conciliation and legally-binding resolutions, it would appear that the inadequacy of the system as a claims processing mechanism lies with the awareness of the TIO and its services. It is therefore highly recommended that the TIO formulate an engagement strategy to increase awareness amongst children and young people and by doing so, effect a greater amount of engagement with the system by young consumers of mobile phone services. The engagement strategy could involve educating children and young people about their contractual and consumer rights so that they know when they should or should not make a complaint. It is hoped that a consumer rights-based education and increased awareness of the complaints handling mechanisms should work in concert to make young people feel more comfortable in engaging with the process and resolving their issues.

Moreover, in drawing more and more young people to the TIO's complaints system, it is also important that young consumers are met with a child-friendly reception. While it is acknowledged that conciliation with telecommunications companies occurs on a case-by-case basis it is important that TIO staff are equipped with child-friendly language and explanations of technical or legal jargon so that where conciliation occurs, the experience is consistently child-friendly.

Community Legal Centres

Community Legal Centres (CLCs) hold the resources and expertise to arm young people with the legal basis (if any) of their complaint as well as high-quality and child-friendly referrals to financial counselors or consumer credit specialist services. Given the mounting evidence that children and young people are suffering from mobile phone related problems such as bill-shock and debt, it would appear that children and young people are not aware that such services exist, or do not know enough about their legal rights to know when to seek advice. In other cases, community legal centres informed us that children were not aware that mobile-phone related issues such as dealing with their contract, their bill or a debt could be a legal issue. As these centres, like all legal practitioners are bound by the instructions given to them by the child or young person, they were unable to act on the young person's behalf because the young person did not recognise their mobile problems as legal issues and did not seek legal recourse as a result. An added issue is that young people are not aware of the services CLCs can provide such as help writing complaints or taking an issue to the TIO or Fair Trading. A greater awareness of legal services is needed.

Change of mind and getting out of a contract

Change of mind and the cancellation of a contract are particular ambiguities in the minds of young people. With the exception of door-to-door sales, young people cannot usually change their mind after the contract is signed. In NSW, where a minor signs a contract for their benefit[45] and at the time knew they were making a legally binding agreement; it is unlikely that the young person will be able to get out of the contract. Generally, if a minor signs up for a mobile phone, it will be for their benefit (meaning

[45] *Minors (Property and Contracts) Act 1970* (NSW) s19 s22.

that he or she received an advantage from using the service). In other states, if the young person is a minor, and the phone was a necessity[46] and at the time, they knew that they were making a legally binding agreement, they will probably be unable to get out of the contract. In some cases, a post-paid mobile service (as distinct from pre-paid) may be considered not to be a necessity because the monthly allowance of value to use on call, text and data may be considered to exceed the confines of 'necessity'. In any case, young people need to be aware that necessities are not just bare essentials, but are personal things that are needed to maintain their lifestyle.[47]

Rights awareness when dealing with debt

It is important that children and young people are aware of the process and legal ramifications of debt and debt collection. Research shows that many do not know what a debtor or creditor is.[48]Additionally, the actions of debt collectors are regulated under the law. For example, collectors can contact creditors only during specific hours of the day (7:30am-9pm on weekdays and 9am-9pm on weekends) and call a maximum of three times per week. However, young people are largely unaware of what debt collectors are allowed and not allowed to do under the law leaving them vulnerable to potential exploitation by telecommunications companies or third-party debt collectors.

A separate issue is the lack of awareness concerning the purpose and function of documents such as letters of demand, statements of claim and judgment orders. This means that when communications holding legal weight are received or judgment orders are imposed, young people are not always equipped in understanding what is happening and what they mean, how to go about dealing with them and where to go for help. In considering the consequences of ignoring letters of demand and potential for the young person to be met with a debt of not only his or her phone bill, but the legal costs of their phone company following a court imposed judgment order, this is lack of legal education is of considerable concern.

In June 2013, the TIO reported that they had received 1,302 new complaints involving issues of financial hardship and payment plans between January and March 2013[49]. The most common issue reported was that their service provider refused to negotiate a payment plan[50] to pay off a debt. This clearly presents an issue and would suggest that there is a need for young people to be referred to financial counselors who can negotiate payment plans on their behalf.

The TIO has taken positive steps to educate financial counsellors about the contents of the TCP Code by introducing a plain-English explanation of the code called 'Code Cube' as well as running information sessions and training days[51]. NCYLC's resources for young people including our One-Stop-Shop and debt-related fact sheet link to financial counsellors who offer services that can help young people manage their money and stay out of their debt. Due to the TIO's educative initiative, financial counsellors aiding children and young people will, in addition to their professional expertise, be well versed with regards to consumer rights and responsibilities. It is hoped that the TIO will extend its engagement with

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[46] *Goods Act 1958 (Vic)* s7; *Sale of Goods Act 1895 (SA)* s2; *Sale of Goods Act 1896 (Qld)* s5; *Sale of Goods Act 1896 (Tas)* s7; *Sale of Goods Act 1895 (WA)* s2; *Sale of Goods Act 1954 (ACT)* s7; *Sale of Goods Act 1972 (NT)* s7.

[47] *Peter v Fleming* (1840) 151 ER 314.

[48] NCYLC online survey.

[49] Telecommunications Industry Ombudsman, 'TIO Talks' (Newsletter, Telecommunications Industry Ombudsman, June 2013) 5 <http://www.tio.com.au/__data/assets/pdf_file/0010/131311/TIO-Talks-No2-2013-WEB.pdf>.

[50] Ibid.

[51] Ibid.

financial counsellors and by doing so ensure that where a young person engages a financial counsellor; their experience of the service is well-informed and all-encompassing.

Monitoring usage

Our consultation with children and young people showed that a concerning 24% did not know how to use a usage monitor. 79% of participants said their ideal mobile phone plan would include a usage monitor that told them how much of their included value they had used and how many days were left until the end of their billing period.

The TCP Code and usage monitoring

Subsequent to the introduction of the Code, telcos must now provide information on its website about how customers can monitor and manage their call, SMS and data usage[52] using usage monitoring tools. Telcos are also required to inform customers of how up-to-date the information on the usage monitor is. Usage within Australia will often take a certain number of hours to show up on the telco's available usage monitors or a number of days if calls or texts were sent to an overseas number.

Additionally, from 1 September 2013, customers with post-paid plans can expect to receive usage alerts by SMS or email when they have reached 50%, 85% or 100% of their call, SMS or data allowance.[53] The notifications must be free and made no later than 48 hours after the customer reaches those usage points. When 100% of the customer's monthly allowance, the phone company must also inform the customer of how much extra calls and texts will cost now that the allowance is finished[54].

The usage alerts are a huge step forward for young consumers. In receiving visible and regular alerts they will be encouraged to mediate between their budgetary limitations and their desire to engage in social connectivity and entertainment through their mobile phone. The alerts require no effort on the part of the receiver. This means that unless the young person intentionally 'opts out' of the alerts, they will be able to incorporate the alerts into their monthly routine and develop a habit of 'slowing down' as soon as the 85% usage alert is received. Unfortunately however, the notifications do not include calls or SMS to overseas numbers or usage outside Australia. This means that for those experiencing bill shock for this reason; the alerts are unlikely to dramatically reduce incidents of bill shock.

Managing data

In unpacking the causes of bill shock and debt, it is necessary to look at the management of data by young consumers and how their management skills are affecting their bill. Our consultation showed that 31% of young people find it difficult to manage data.[55] Contributing factors are the absence of real time billing with current credit balance information available on the mobile – usage monitoring applications do not give a totally up-to-date report of how much the customer has used. Further, most phone companies do not offer itemised bills for pre-paid services which would allow for closer monitoring and budgeting. Additionally, the option to set credit limits or to choose a hard cap is not freely available.[56]

[52] *Telecommunications Consumer Protections Code 2012* 6.5.1
[53] *Telecommunications Consumer Protections Code 2012* 6.5.2 (c)
[54] Ibid.
[55] NCYLC online survey
56 La Trobe University, 'Research in Action Mobiles: Massive Money Monsters' (Bulletin, La Trobe University, March 2004) 1.

Part of the difficulty young people are facing may stem from a lack of awareness about how and when data is used. For example, when we asked young people what apps they use the most, their top three were Facebook (88%), YouTube (59%) and Instagram (55%). If we consider the top three apps in use and that uploading statuses, pictures or video to theirs or a friend's Facebook wall, uploading videos to YouTube and uploading pictures to Instagram makes up a large part of how young people use these apps, it is of concern that almost 1 in 5 knew downloading used their data but thought uploading did not.

Over the last decade, networks have evolved and expanded from the 2G network to 3G and most recently, to the 4G network. A faster internet speed means that it is possible to accrue the same amount of data usage at a much higher rate and with 4G introducing an unprecedented internet speed, the management of data has never been more crucial. Our research showed that 93% of participants owned a Smartphone with 23% of those owning a 4G compatible Smartphone[57]. Considering the relatively recent introduction of the 4G network it can be reasonably concluded that 4G use will increase exponentially in the near future. It is essential therefore that young people are encouraged to find a mode of data management that they are willing to use on a regular basis.

Bill-shock

Our online survey of young people showed that 45% never experienced bill-shock. However, 36% said they experienced bill-shock once every few months and 9% experienced bill shock every month. The majority of participants (43%) use a post-paid plan on a 24 month contract. The top three minimum monthly spends reported are $50-60 (36%), $20-30 (18%) $30-40 (15%). 39% of pre-paid users said they often needed to top-up before the end of the month.

The issue of bill-shock amongst children and young people is not restricted to any particular socio-economic demographic. Research conducted in 2007 showed that children living in low-income households (below $30,000) were just as likely to own a phone as those in high-income households.[58]

Bill-shock and Post-paid plans

Bill-shock is often a product of younger consumers' misconceptions about how mobile phone plans work and how much services cost.[59] Significantly, our consultation with young people showed that the most popular price bracket amongst this demographic is $50-60. Unfortunately, a 2012 study of adults 18 years and over claimed that 'Australia's most popular mobile plan price point of $59 has the highest incidence of bill-shock'.[60] Taking into account the fact that those consulted within each study belong to two separate age categories, whether this is cause for concern is dependent on the cause of the bill-shock. If the cause of the phenomenally high incidence of bill shock for plans within the $50-60 price bracket is that the plans are structured or marketed in a way that is producing bill-shock rather than the usage and spending patterns specific to the adult demographic, this would suggest the need for telecommunications companies to take notice and make appropriate changes.

[57] NCYLC online survey

[58] Christian Downie and Kate Glazebrook, 'Mobile phones and the consumer kids' (Research paper No 41, Australia Institute, February 2007) 1.

[59] Leanne Carter, Steven D'Alessandro, David Gray, The Anatomy of Bill Shock – An Analysis of Mobile Phone User Experience in Australia (Research report, Macquarie University 2012) 13.

[60] Ibid

Technical jargon, double meanings and bill shock

The new, legally binding provisions within the TCP Code are a step in the right direction to preventing the use of confusing technical jargon frequently found in contracts and offers.

Prior to the TCP Code's introduction in 2012, post-paid plans were commonly named 'capped plans'. According to the ACCC, the use of the word 'cap' may have misled consumers into thinking they were protected from over-spending and subsequently, due to poor monitoring of their usage, accrued significant debts with their phone company.[61] Of the use of the word 'cap', one mobile reseller CEO said in an interview '…caps…lure you into the illusion that you're protected…you run the risk of over-spending so they should be called "floor".[62] The TCP Code now prohibits the use of the word 'cap' unless a telecommunications company is referring to a hard capped plan that cannot be exceeded.

Additionally, many SIM-only month-to-month post-paid plans boast phrases such as 'no lock-in contract' and 'leave any time'. It could be argued that although customers can choose their contract term beyond their initial first month, they are still locked into a contract. This is because if the young person wants to leave this type of plan during the middle of the month, he or she must pay the minimum monthly spend for that month regardless of what they have used. Further, most month-to-month plans of this kind continue to bill the customer on an ongoing basis until the customer chooses to discontinue the service. Unlike regular 12 to 24 month post-paid plans, the consumer will not normally need to pay cancellation fees so long as they are willing to pay out the month they wish to leave. It needs to be made clear however, that month-to-month plans are significantly different from pre-paid plans in that the monthly payment is still a minimum monthly spend and customers are therefore just as likely to suffer bill-shock as they are on a 'lock-in' 12 or 24 month plan.

The impact of bill-shock on the bill payer

A 2003 research report on youth debt reported evidence of parents bailing their children out and this process creating considerable family stress and tension particularly when parents were short of money themselves.[63] In 2007, research determined that one third of children pay for their phone themselves (with the number of children funding their phone increasing with age).[64] Our online consultation showed that 65% of young people had their bills paid for them while an equal amount of participants (17.5%) said they either paid the bill themselves or paid the difference if they exceeded their monthly limit. If we can assume that this culture of gradual independence has remained the same, approximately two thirds of children have their bill paid by someone other than themselves.

Our research also showed that 65% of children and young people have someone else sign the contract for them. This means that the parents, guardians or friends of 65% of our respondents shoulder the legal and financial responsibility of the young person's contract for a mobile phone plan. Of additional importance is the fact that, a recent Australian Bureau of Statistics survey showed that a higher proportion of children from one-parent families had mobile phones (35%) compared with those in

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[61] Australian Broadcasting Corporation, *Optus fined over misleading capped plans* (18 May 2011) ABC News <http://www.abc.net.au/news/2011-05-18/optus-fined-over-misleading-capped-plans/2718488>.

[62] Australian Broadcasting Corporation, *Amaysim deals threaten incumbent telcos* (22 May 2011) ABC News <http://www.abc.net.au/insidebusiness/content/2011/s3223459.htm>.

63 NSW Office of Fair Trading, 'Youth Debt – A Research Report' (Research report, Office of Fair Trading NSW Consumer Protection Agency, November 2003) 11.

[64] Christian Downie and Kate Glazebrook, 'Mobile phones and the consumer kids' (Research paper No 41, Australia Institute, February 2007) 1.

couple families (28%).[65] As a result, the increased incidence of bill shock in concert with high incidence of bill shock in young people may mean that single parents may be suffering a heavier blow as a result of their child's bill shock.

The overuse of mobile phone services can lead to significant financial consequences and subsequently, non-financial consequences including anxiety, stress and depression for the bill payer.[66] In many cases, the bill payer takes the form of a legal guarantor or simply a family member, guardian or friend who agrees or is forced to pay the bill where the child is unable to. In many cases, phones are marketed to parents on security grounds, but once purchased, the phone is available for social uses and well-meaning parents are forced to foot an unexpectedly high phone bill. In a 2003 case, a child entered into a mobile phone contract using his grandmother as the guarantor.[67] The child accrued a debt of $1800 through excessive use of mobile phone services and the debt became payable by his grandmother when he could not pay it himself. The child's grandmother negotiated to pay the debt in $30 fortnightly instalments and the phone account was cancelled. The grandmother claimed that following the negotiated agreement, her grandson was able to (without her consent or knowledge) reconnect the mobile phone account and have her reinstated as guarantor. Evidently, empowering and educating children and young people about responsible mobile phone ownership is imperative not just for the immediate wellbeing of the young mobile phone user, but the wellbeing of the child's family, guardian or friend. In situations where a young adult has volunteered to act as guarantor for a child, perhaps in the situation of a relationship, the vulnerability of the guarantor is especially concerning.

Bill-shock and Debt

The issue of debt in young people makes a rare appearance in public discourse and debate. Yet, debt in young people continues to be a major issue and understanding the relationship between bill-shock and debt will be crucial to educating young people about responsible mobile phone ownership and preventing serious financial hardship.

A 2003 research report showed that 30% of parents and 22% of young people (aged between 12 and 24) thought debt was a major issue.[68] The report ranked the debt in young people behind excessive drinking, close to drugs, and above unemployment and youth suicide. Further it identified mobile phone ownership as a key cause of debt. A 2007 study reported that 10% of young users had suffered bill-shock, in extreme cases accumulating charges up to $5000.[69] In some of these cases, parents were often forced to pay off the debt. In other cases the young person took out a loan to pay the debt, the interest for which had the potential to create further debt.

Alarming rates of debt in young people highlight a dire need to increase financial literacy. However, these figures also call for a need for parents, policy makers, financial institutions and those within the

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65 Australian Bureau of Statistics, Children's Participation in Cultural and Leisure Activities (April 2012) <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/4901.0Main%20Features7Apr%202012?opendocument&tabname=Summary&prodno=4901.0&issue=Apr%202012&num=&view=>

66 Andrew Funston and Kate MacNeill, 'Mobile Matters: Young people and mobile phones' (Research report, Communications Law Centre, September 1999) 4.

67 Olsen v Vodafone P/L (General) [2003] NSWCTTT 749.

[68] NSW Office of Fair Trading, 'Youth Debt – A Research Report' (Research report, Office of Fair Trading NSW Consumer Protection Agency, November 2003) 11

[69] Christian Downie and Kate Glazebrook, 'Mobile phones and the consumer kids' (Research paper No 41, Australia Institute, February 2007) 1.

telecommunications industry to address rather than exploit emotional and psychological contributors to debt. For example, research has shown that for young people, having the 'right' accoutrements is a trademark of 'belonging'. Yet, the easy availability of credit from financial institutions and the promotion of post-paid lock-in contracts in concert are leading to a collectively driven 'have now pay later ' credit mentality. According to some, the old notion of 'save for what you want' now holds little value in the consumer world. Because the 'have now' credit mentality encourages impulsive decisions, it may also be a key cause for the low numbers in young people who read, understand and incorporate contractual rights and responsibilities into their financial decisions and by doing so, avoid incidents of bill-shock and contact with debt collectors.

Smartphones and associated dangers

Young Children and in-app purchases

Recently, the media reported that loopholes in app-purchases within games such as 'Smurfs' Village' had led children to accrue large debts by buying virtual items like 'Smurfberries'. In-app purchases are items or upgrades found within free or paid applications on Smartphone, iPad and tablet devices. The purchases can appear in the form of extra features or content in games such as character upgrades or boosters, tokens, coins or extra points. Three different types of in-app purchases exist. Non-replenishable purchases such as bonus game levels need only be bought once and can be transferred to multiple devices with the same iTunes account. Replenishable purchases such as extra experience points and virtual currency must be bought each time and rather inaptly named 'subscriptions' are one-time services that need to be purchased again only once they have expired. Replenishable and subscriptions in-app purchases are perhaps the most hazardous because the transient nature of the purchases carry the potential to encourage repeated and excessive purchasing habits.

Within the 'Smurfs' Village' application, more expensive replenishable in-app purchases such as the 'wheelbarrow' can be bought for $59.99 by simply tapping a purchase button. In many reported cases the issue arose because children playing the game did not understand the concept of 'virtual currency' and that they were using real money. In addition, parents did not understand that these games could use their iTunes credit card details to pay for these virtual items. Adding to the issue was the fact that generally children would need their parent to type in a password in order to buy something but if another purchase was made within 15 minutes, then there was no requirement to re-enter a password.

For some applications, developed using a 'freemium' pricing model where the app is free but the content is paid for, in-app purchases are the main or only source of profit. It is important then that unsuspecting parents and young children are not confused in thinking that an app and its included content is free, and subsequently accruing an unexpected credit card debt.

Mobile Premium Services

The Mobile Premium Services (MPS) industry is one that has weathered many complaints from consumers who had not only unknowingly entered into a contract for premium SMS services but were

also uncertain as to what the contract was for.[70] MPS allows consumers to send a text to an advertised number to subscribe to horoscopes, games and ring tones via SMS.[71]

Between 2004 and 2009, The Australian Competition and Consumer Commissioner (ACCC) received a huge number of complaints directly relating to Mobile Premium Services. The problem was exacerbated because the services were seemingly endorsed by popular culture like teen magazines that published MPS advertisements[72] and television channels that aired MPS advertisements during family viewing hours. In one particular case, a Justin Bieber ringtone MPS was screened in a television advertisment. The advertisement, aimed at a young demographic, was screened after school hours or within school hours during school holidays. The fine print was in small text and difficult to read with a simultaneous voice over which reportedly had the effect of distracting the young person from the implications of the subscription. Many believed they were making a one-off purchase when in fact they were subscribing to a service.[73]

In addition, the actual service providers were often difficult to identify or based overseas.[74]This can often create confusion where young people do not understand that MPS is in fact a paid service. Moreover, they do not understand that they are not always paying for one single item, but subscribing to and paying for the ongoing supply of horoscopes, ringtones and games.

It comes as no surprise then, that in the case of MPS subscription services the absence of consent is a recurrent issue. MPSs charge consumers for each SMS sent to a customer's phone, and can only be turned off by sending a 'STOP' SMS to the service provider.[75] When services were cancelled, some services took up to 10 working days to stop sending SMSs. Children and young people are especially vulnerable to such services because they do not understand why or how by simply sending an SMS to a number (in the same way they would send a text to a friend) they could in fact be signing up to a Premium SMS Service – for which there are contractual obligations namely, paying for each SMS they receive. The phenomenon of MPS highlights not only the dire need for the legal education of children and young people, as this project seeks to do, but also the need for service providers such as telecommunications companies and MPS providers to commit to making their services and contractual obligations attached to their services child-friendly, especially where those services are known to be used by or are specifically targeted to, a young demographic.

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70 Telecommunications Industry Ombudsman, Mobile Premium Service Complaint Drivers: Complaint Data Analysis (17 September 2008).

71 Australian Communications Consumer Action Network, 'Informed Consent: Research Report' (Research report, Australian Communications Consumer Action Network, 2009).

72 Sarah Court, *Children and young people as vulnerable consumers – the ACCC's role* (9 March 2012) Australian Competition and Consumer Commission <http://www.accc.gov.au/content/item.phtml?itemId=1038274&nodeId=be2e6ff6b6f483732394b71ad7c73129&fn=Children%20and%20young%20people%20as%20vulnerable%20consumers%20-%20the%20ACCC%E2%80%99s%20role.pdf>.

73 Christian Downie and Kate Glazebrook, 'Mobile phones and the consumer kids' (Research paper No 41, Australia Institute, February 2007) 1.

74 Ibid.

75 Australian Communications Consumer Action Network, 'Informed Consent: Research Report' (Research report, Australian Communications Consumer Action Network, 2009).

Credit sharing applications

A new application that is available to both Optus and Telstra customers is the credit sharing application. Me2U is a feature that allows Optus customers (both pre-paid and post-paid) to give credit to other Optus pre-paid customers as a one off, or as part of regular scheduled credit transfers.

Telstra also has a similar application that they released on Facebook which allows customers to top up pre-paid mobile accounts from their Facebook homepage, while they continue to interact with friends. The application also makes use of the individual's Facebook friend network by offering a button that lets a customer ask a friend to help pay their bill. The plea for credit can then appear on their wall, and other Telstra customers then use the Credit Me2U to transfer money from one pre-paid account to another. Telstra said the app pointed to 'a future where all types of transactions are embedded in the world's most popular social network'. This is an attempt to improve customer satisfaction by making it easier for customers to manage their mobile services and there are obvious benefits. For example, customers can view up to 180 days of usage and recharge history, the integration of this feature within a social networking site, as opposed to simply Telstra's webpage, some may argue makes it easier and more likely that customers will keep track of their spending patterns. However, where young people are concerned, there may also be reason for concern.

Firstly, children who have the maturity to understand online interactions like chatting and 'posting' via social networks such as Facebook are not necessarily mature enough to understand billing and charges. Credit Me2U allows both pre-paid and post-paid customers to 'help a friend 'top up their pre-paid account. If you yourself are on a pre-paid account, the amount you choose to transfer to your friend will come out of the amount you recharged your phone with. However if you are on a post-paid plan, the amount will NOT be taken out of your monthly allowance, it will be charged on top of your minimum monthly spend. Young people on post-paid plans that do not understand that this is an extra charge could suffer bill-shock as a result.

Secondly, there are a myriad of potential social problems that could result from this kind of application. Potential consequences could include social exclusion, physical bullying, cyber-bullying and even criminal activity. Where in the past a school bully may have demand lunch money from a more vulnerable child, they are now able to demand that their mobile phone is topped up with a specific amount. Even between self-professing friends, there is the potential that young people will be peer-pressured into paying a friends bill, or face being socially excluded because they didn't want to or couldn't. One argument is that children and young people should be encouraged to be responsible for their own expenses and that such applications retract from what young people are taught from a young age - that is, to hold themselves accountable for their actions and to gradually learn to self-manage issues, financial or otherwise.

Conclusions

Informed decision-making in young people is an investment that will likely translate to better informed decision-making in adulthood. The education of children and young people therefore, holds the potential to shape the financial landscape of the nation especially in the areas of credit and debt. Our resources come at a time where consumers at large are demanding change and are not afraid to switch networks when treated unfairly and pledge their loyalty to telecommunications companies who listen.[76] By arming young people with the investigative skills necessary to assess and navigate through mobile phone plans and contracts, it is our hope that our project will empower young Australians to make informed choices and demand more from the telecommunications industry. Namely, accurate advertising, clear offers, hard-cap options, plain-English contracts and bills that make sense.

[76] Macquarie University, *Making the Switch* (25 November 2011) Macquarie University Faculty of Business and Economics <http://www.businessandeconomics.mq.edu.au/news_and_events/business_economics_news_archive/state_of_the_mobile_nation_research_report_released>.

Recommendations

Recommendations to Telecommunications Companies

(1) Allow and encourage children and young people to take contracts home to consider before being asked to sign.

(2) Train sales and customer service representatives to effectively communicate and interact with children and young people, i.e. through the use of plain English explanations, allowing young people to take contracts home before signing, and referring children and young people to independent advisory services such as children's legal organisations and consumer law centres should they require independent advice.

(3) Offer itemised bills for pre-paid services to facilitate monitoring and budgeting.

(4) Improve usage monitoring apps to include real-time usage and eliminate lag times.

(5) Provide the option to set credit limits or to choose a hard cap in post-paid services.

(6) Refer children and young people to the resources available through *Lawstuff* (www.lawstuff.org.au) including a series of fact sheets to inform all stages of the mobile phone consumer process; a glossary of terms used in mobile phone advertisements, plans and contracts; an online one-stop-shop of mobile phone consumer information providing links to existing resources; and a video to introduce the materials.

Recommendations to Law and Policy Makers

(7) That broad consideration be given to supporting ASIC in its consumer and financial literacy education initiatives targeting school age young people.

(8) Include a provision within the TCP Code requiring telecommunications companies to allow children and young people to take home a standard-form contract before signing up to a contract.

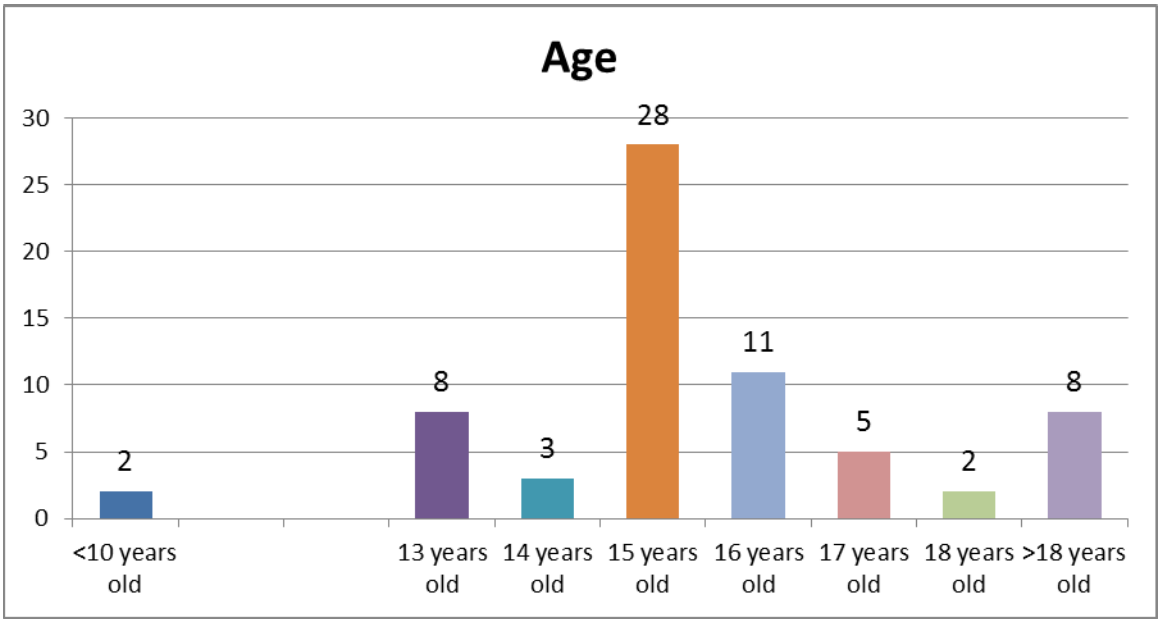
(9) Include provisions within the TCP Code requiring telecommunications companies to act on recommendations 2 to 6 above.

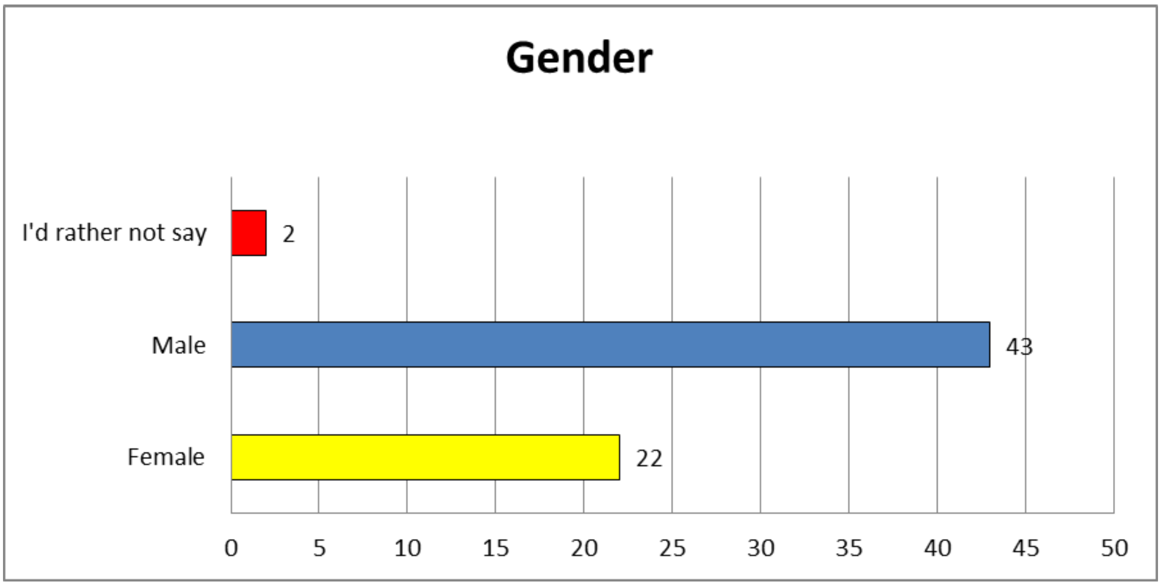
(10) Support research into young people's experiences of debt, the need for and responses to young people's financial and consumer literacy education, and young people's usage and billing experiences regarding their mobile phone.

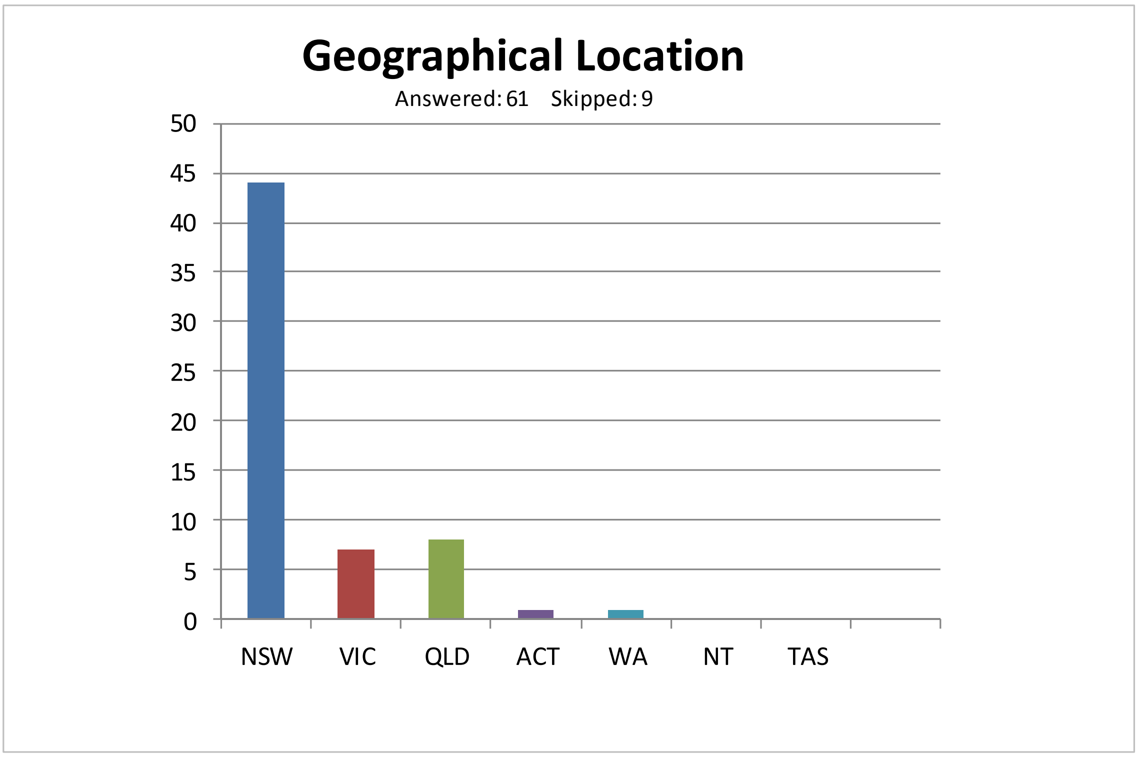
(11) The TIO formulate an engagement strategy to increase awareness amongst children and young people.

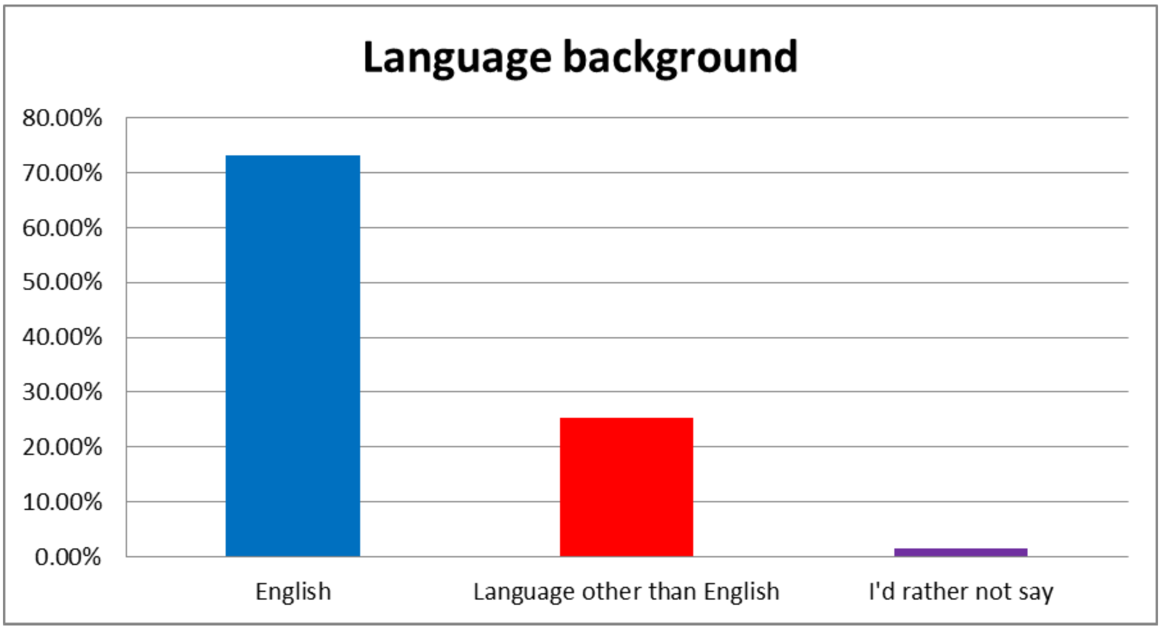
Survey Results

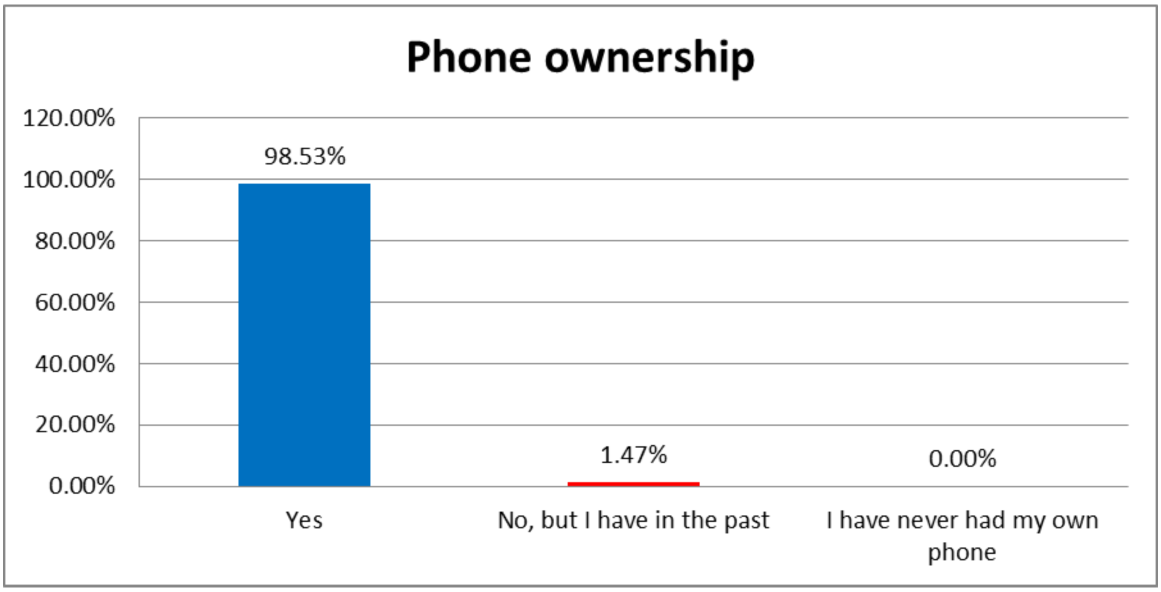
Below are the results from NCYLC's survey of young people on their mobile phone use. The survey was conducted via surveymonkey.com, and reached 69 young people over a 3 month period between February and April 2013. It asked young people about their spending habits, preferences in technology, and their experience with bill-shock. Many of the respondents resided in New South Wales, and therefore, the results are not necessarily reflective of a nation-wide demographic.

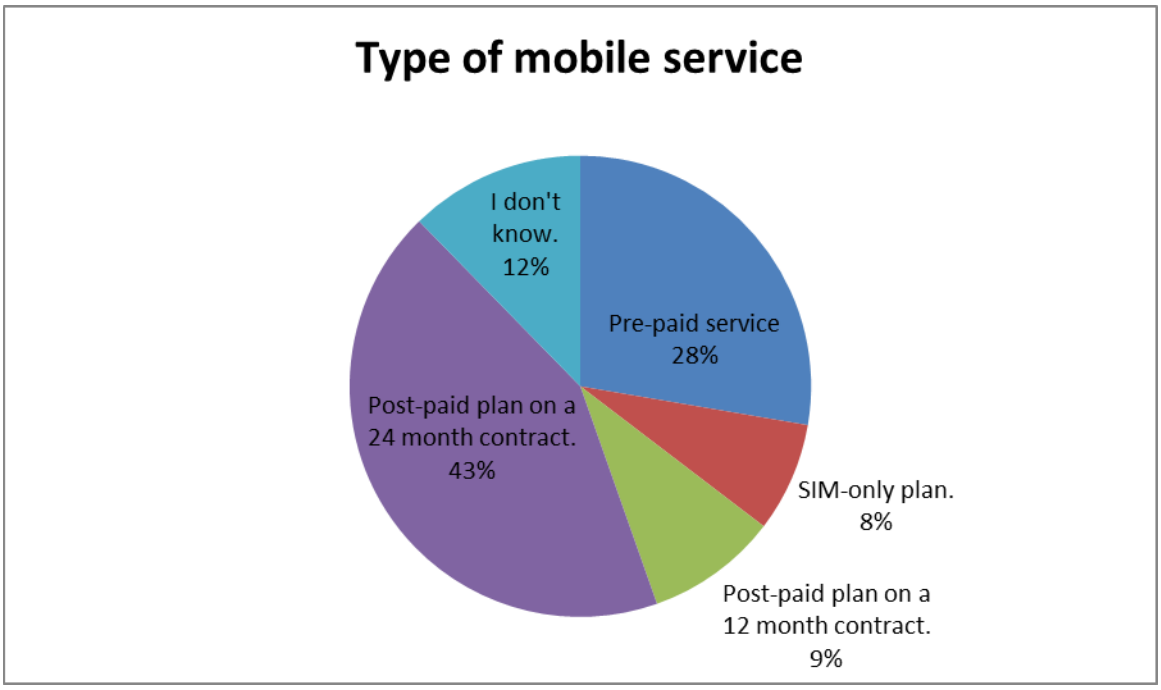


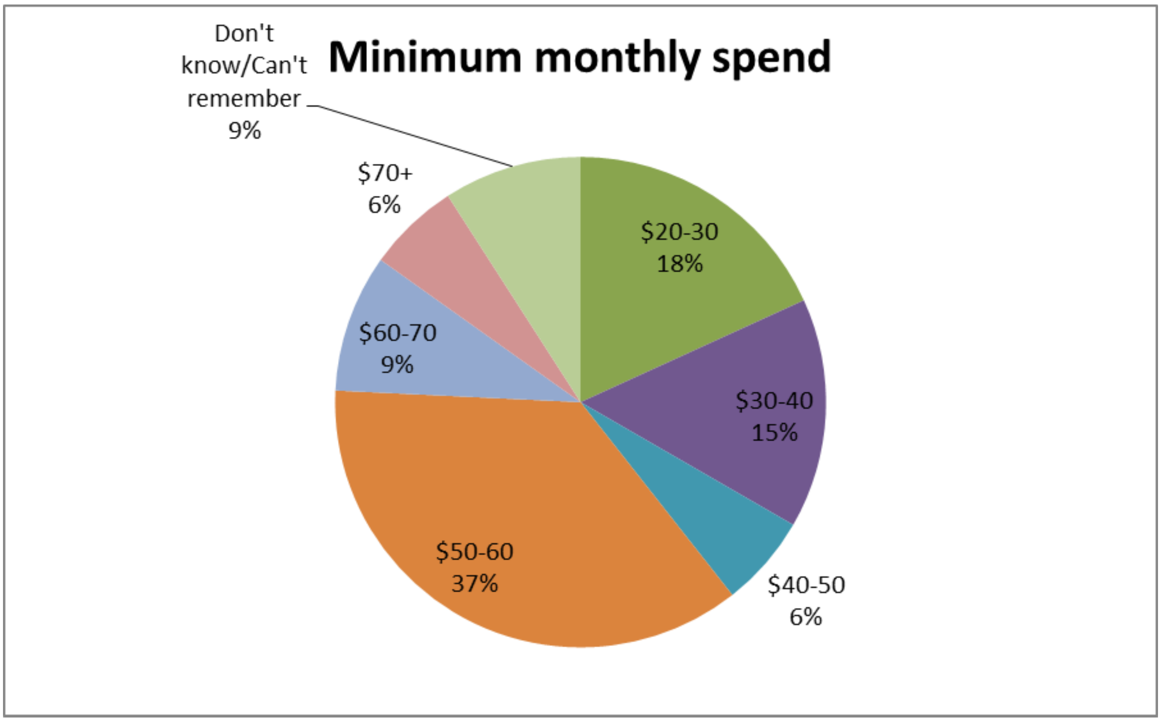


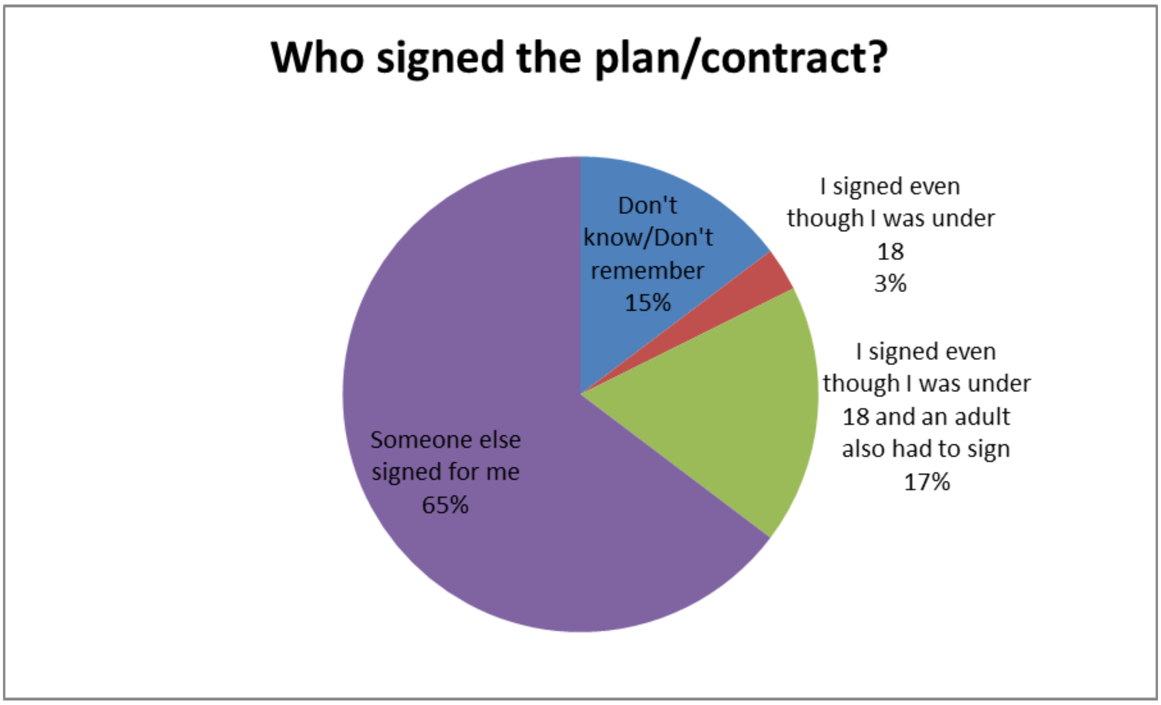

Geographical Location
Answered: 61 Skipped: 9
50
45
40
35
30
25
20
15
10
5
0
NSW
VIC
QLD
ACT
WA
NT
TAS

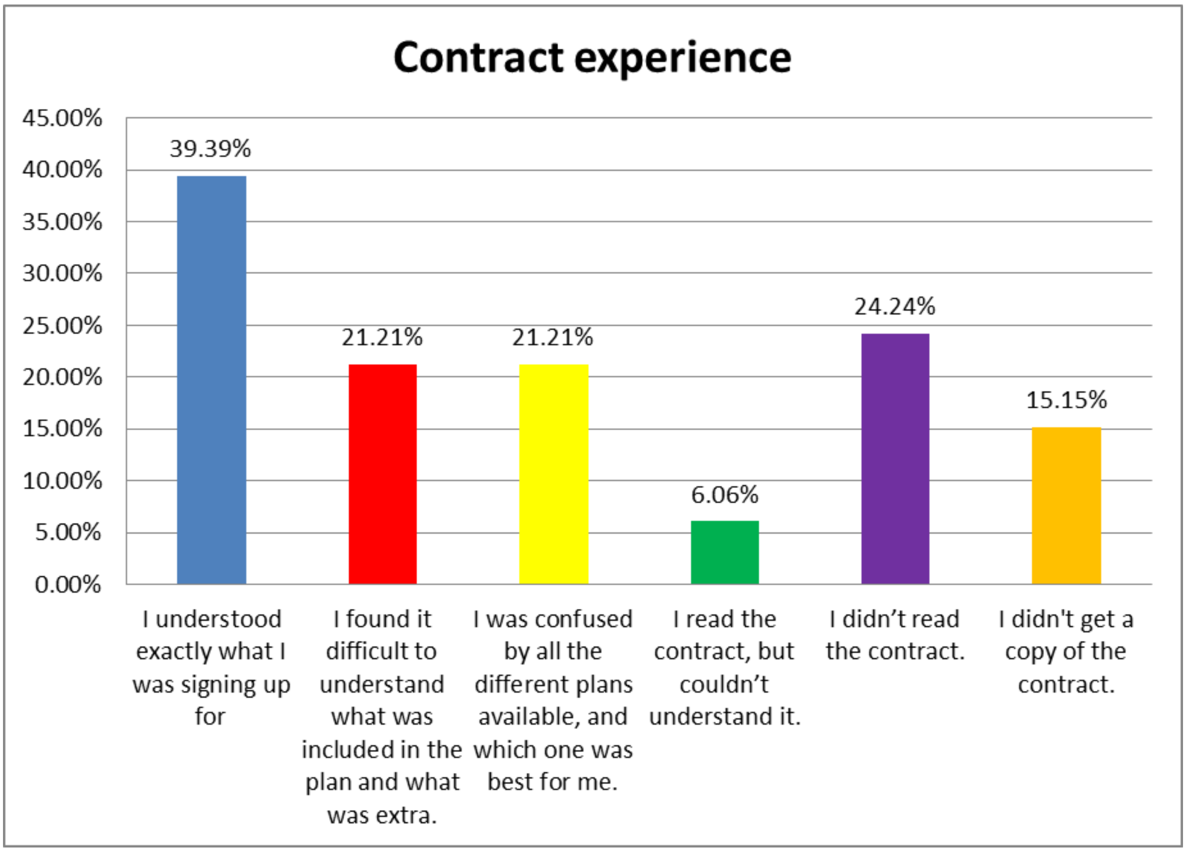

Language background
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
English
Language other than English
I'd rather not say

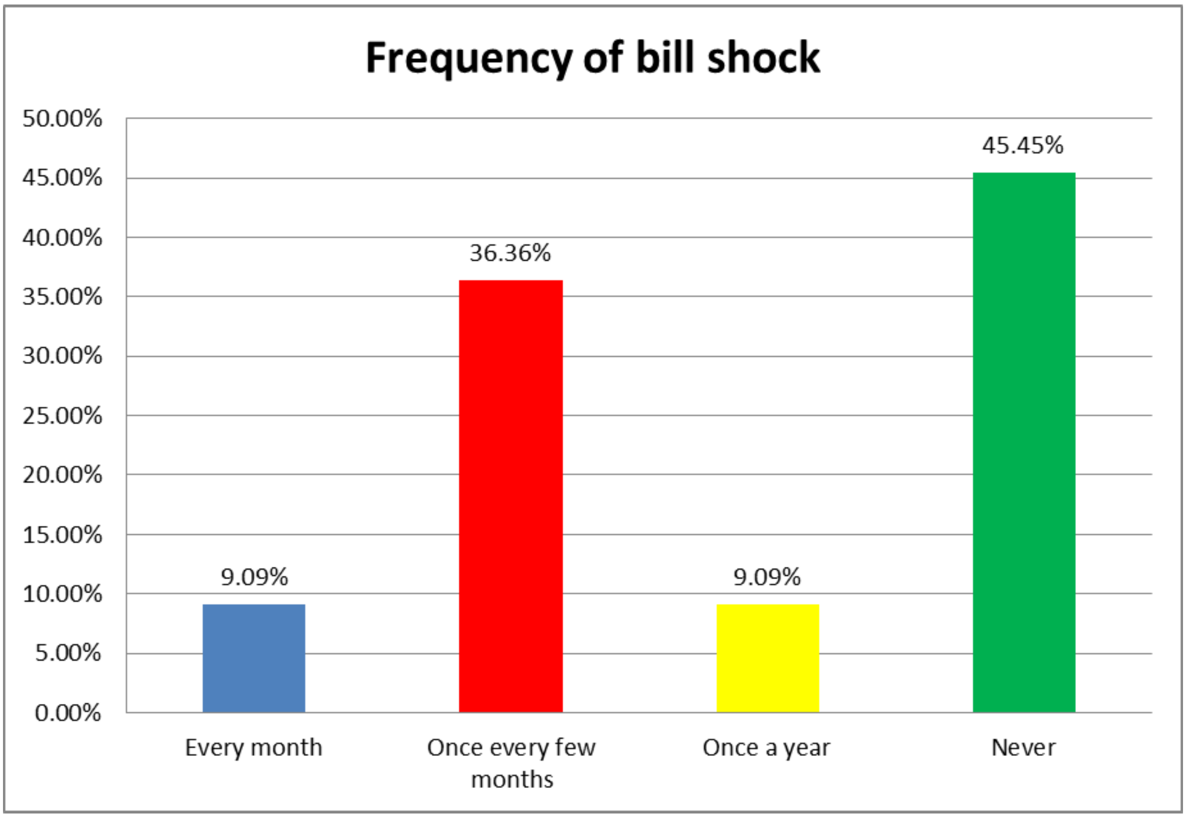

Phone ownership
120.00%
100.00%
80.00%
60.00%
40.00%
20.00%
0.00%
98.53%
1.47%
0.00%
Yes
No, but I have in the past
I have never had my own phone

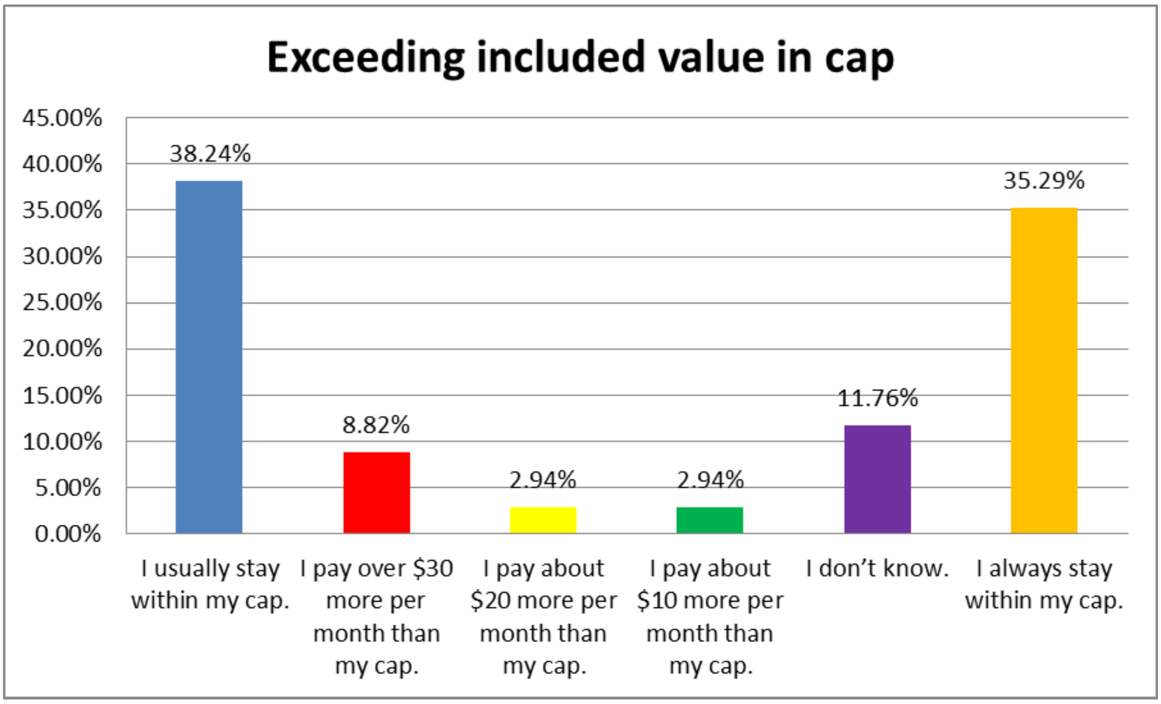

Type of mobile service
I don't know. 12%
Pre-paid service 28%
SIM-only plan. 8%
Post-paid plan on a 12 month contract. 9%
Post-paid plan on a 24 month contract. 43%

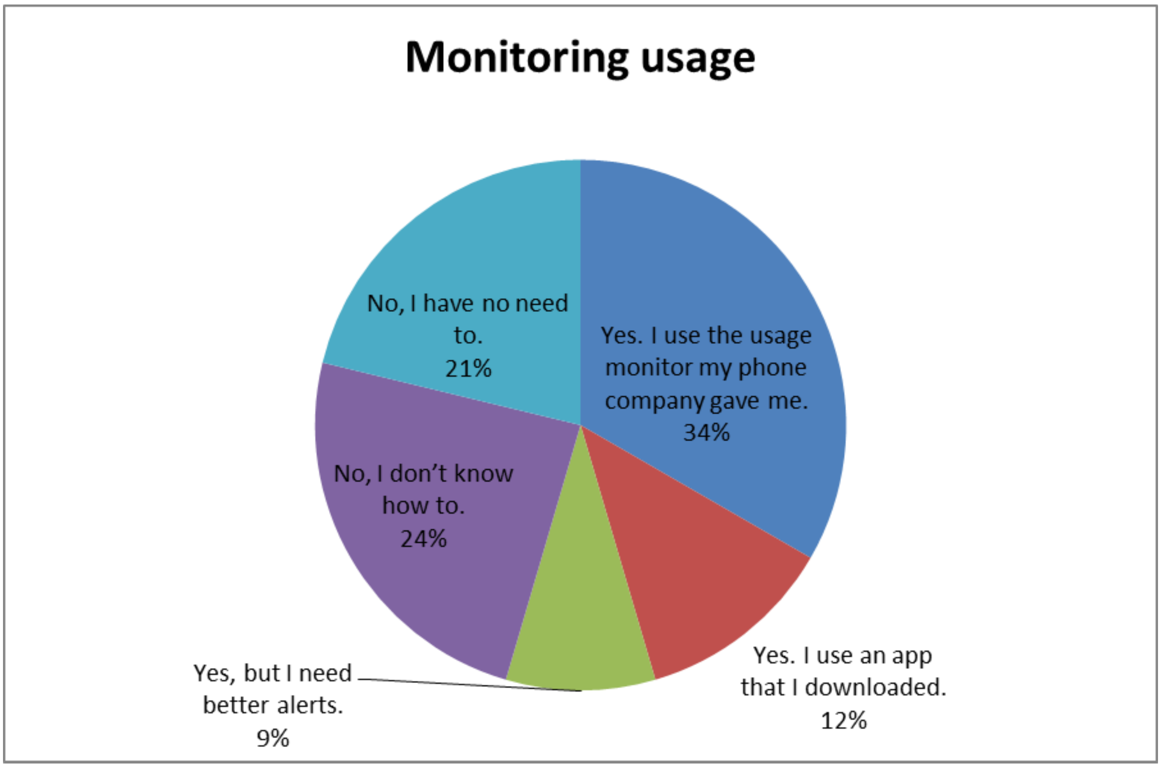

Minimum monthly spend
Don't know/Can't remember 9%
$70+ 6%
$20-30 18%
$60-70 9%
$30-40 15%
$50-60 37%
$40-50 6%

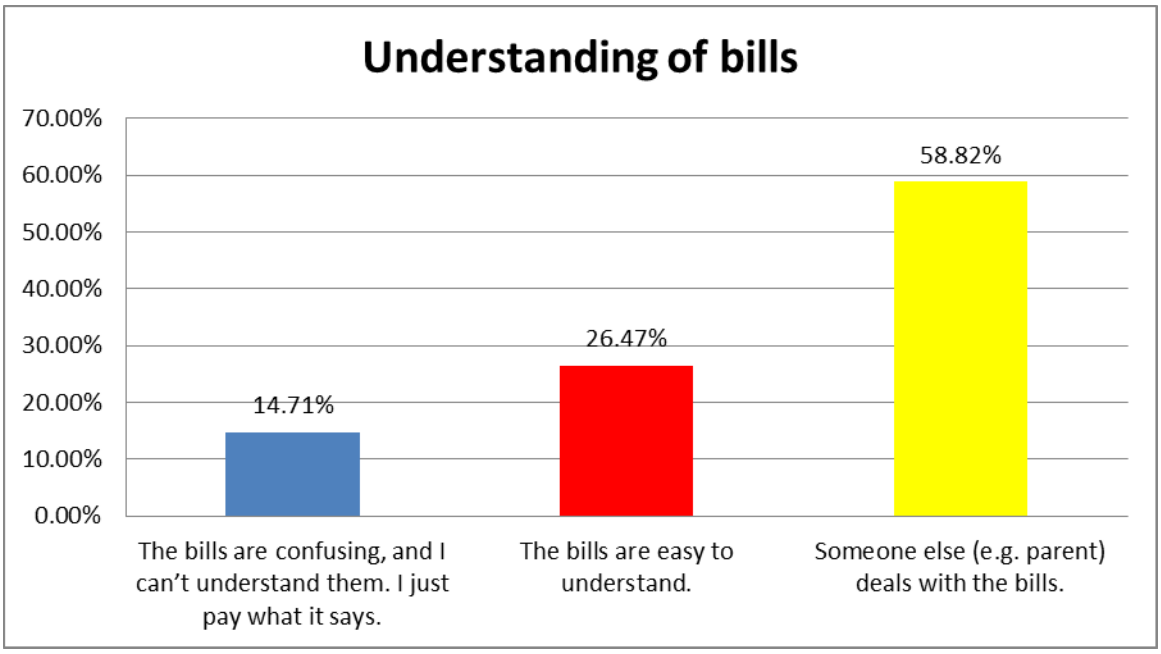

Who signed the plan/contract?
Don't know/Don't remember 15%
I signed even though I was under 18 3%
I signed even though I was under 18 and an adult also had to sign 17%
Someone else signed for me 65%

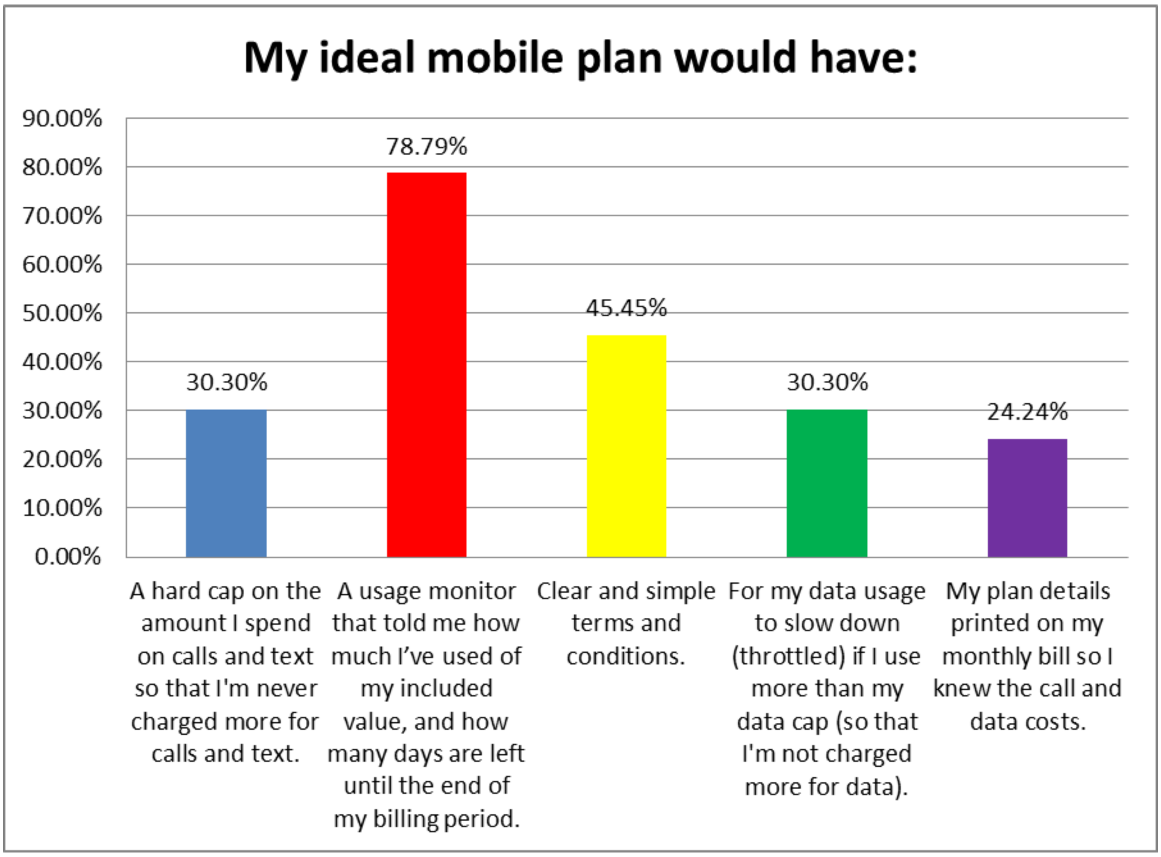

Contract experience
45.00%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
39.39%
21.21%
21.21%
6.06%
24.24%
15.15%
I understood exactly what I was signing up for
I found it difficult to understand what was included in the plan and what was extra.
I was confused by all the different plans available, and which one was best for me.
I read the contract, but couldn't understand it.
I didn't read the contract.
I didn't get a copy of the contract.

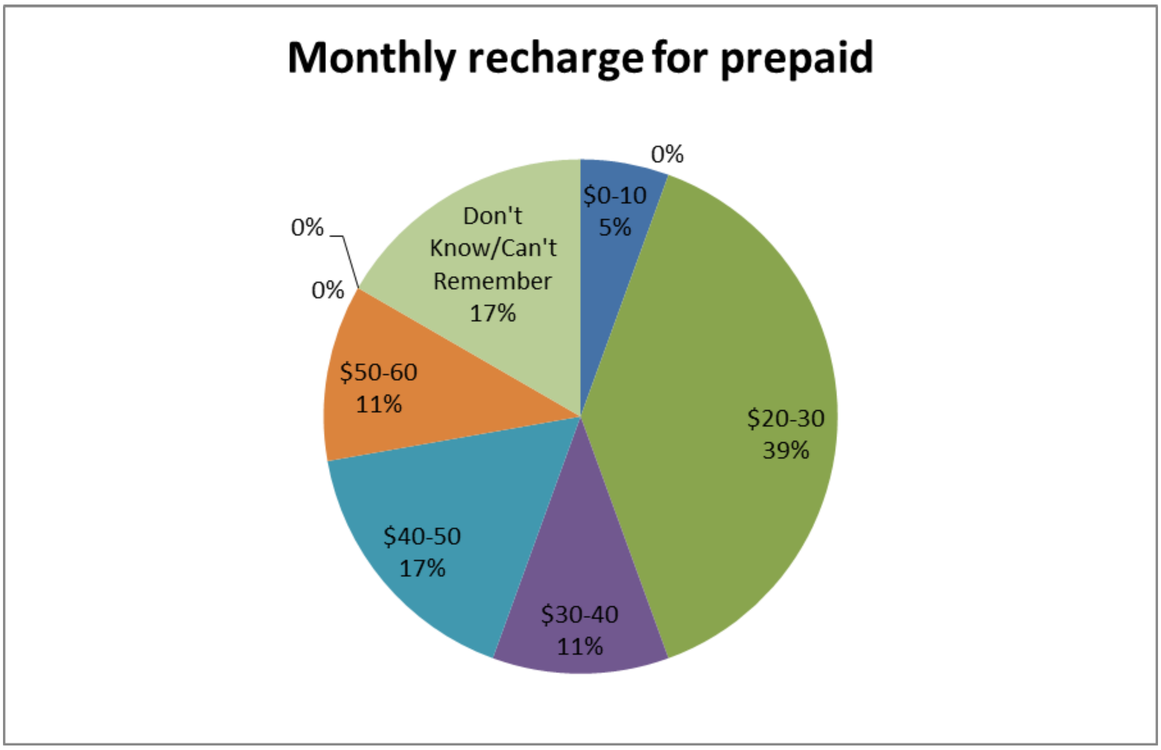

Frequency of bill shock
50.00%
45.00%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
9.09%
36.36%
9.09%
45.45%
Every month
Once every few months
Once a year
Never

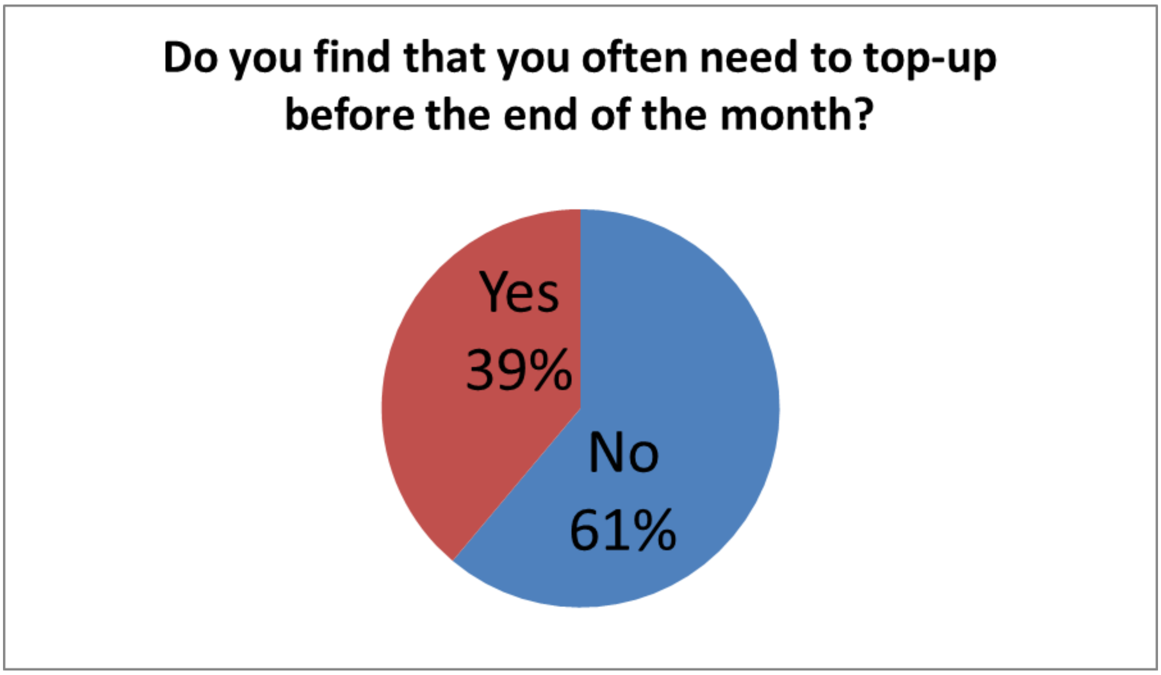

Exceeding included value in cap
45.00%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
38.24%
8.82%
2.94%
2.94%
11.76%
35.29%
I usually stay within my cap.
I pay over $30 more per month than my cap.
I pay about $20 more per month than my cap.
I pay about $10 more per month than my cap.
I don't know.
I always stay within my cap.

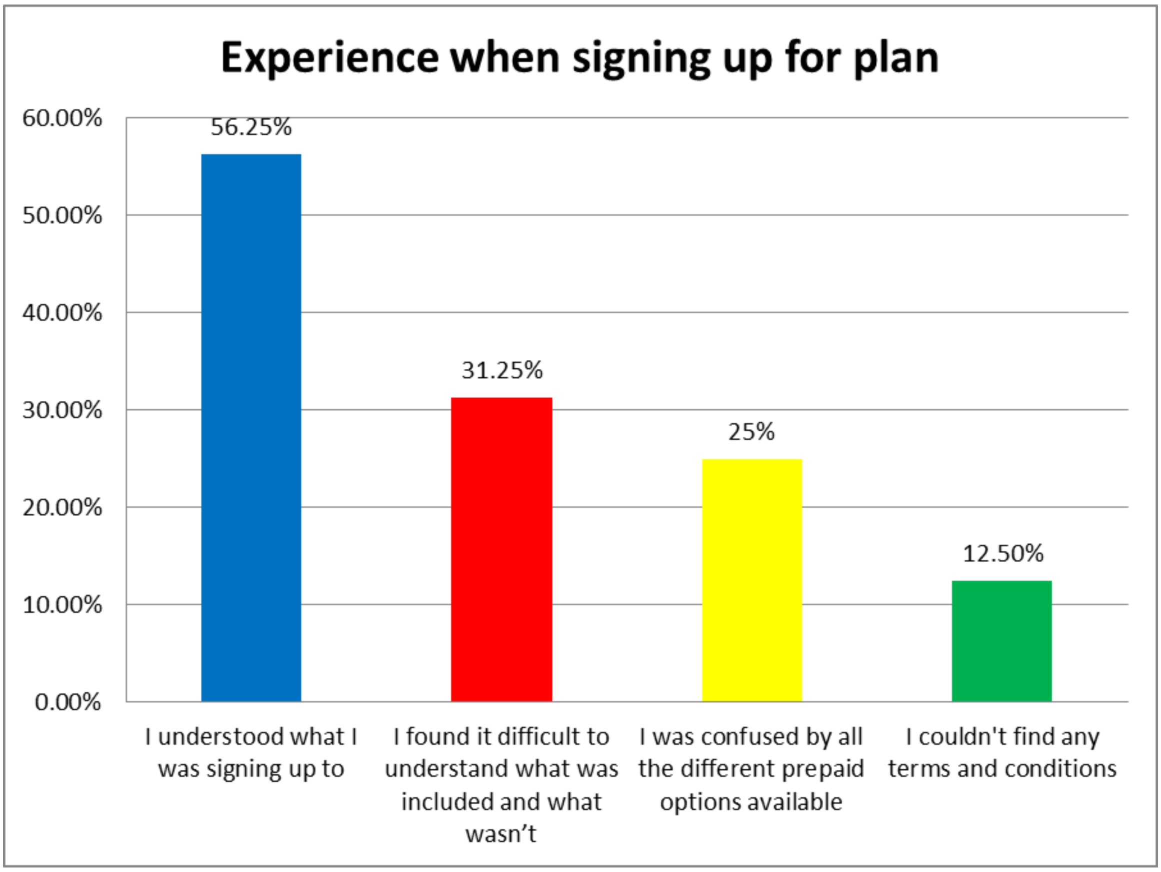

Monitoring usage
No, I have no need to. 21%
Yes. I use the usage monitor my phone company gave me. 34%
No, I don't know how to. 24%
Yes, but I need better alerts. 9%
Yes. I use an app that I downloaded. 12%

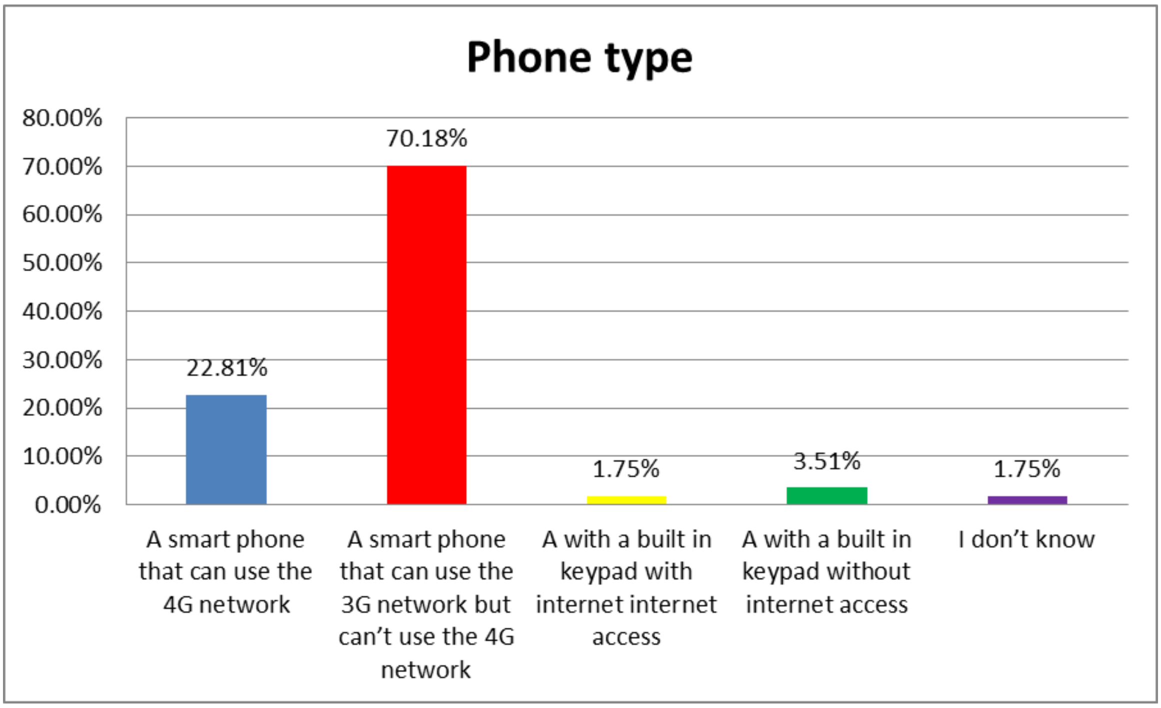

Understanding of bills
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
14.71%
26.47%
58.82%
The bills are confusing, and I can't understand them. I just pay what it says.
The bills are easy to understand.
Someone else (e.g. parent) deals with the bills.

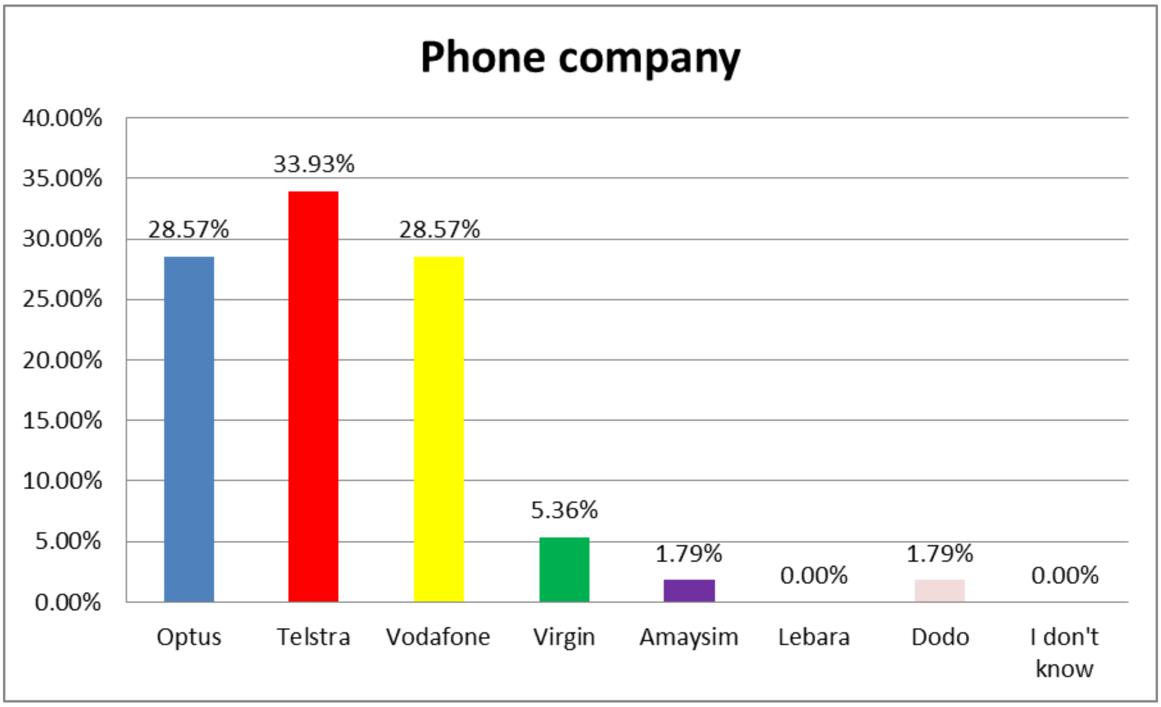

My ideal mobile plan would have:
90.00%
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
30.30%
78.79%
45.45%
30.30%
24.24%
A hard cap on the amount I spend on calls and text so that I'm never charged more for calls and text.
A usage monitor that told me how much I've used of my included value, and how many days are left until the end of my billing period.
Clear and simple terms and conditions.
For my data usage to slow down (throttled) if I use more than my data cap (so that I'm not charged more for data).
My plan details printed on my monthly bill so I knew the call and data costs.

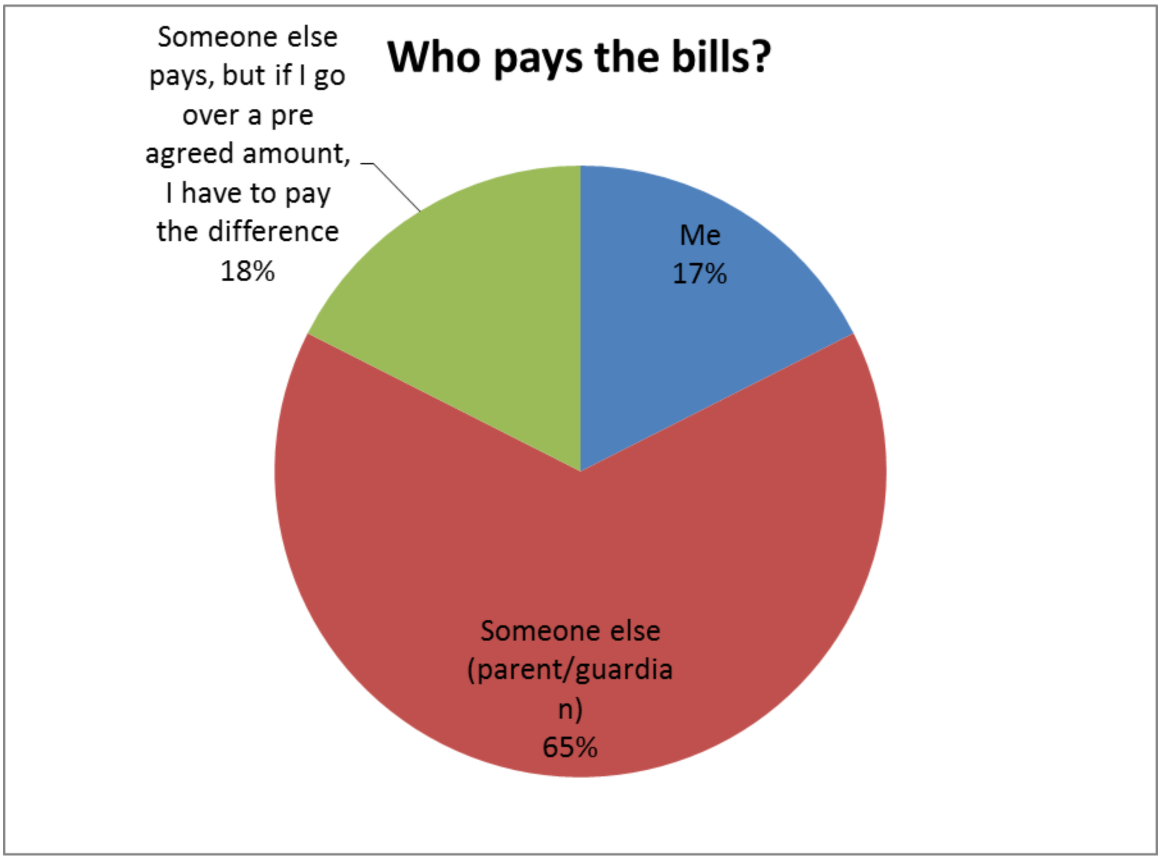

Monthly recharge for prepaid
0%
$0-10
5%
$20-30
39%
$30-40
11%
$40-50
17%
$50-60
11%
0%
0%
Don't Know/Can't Remember
17%

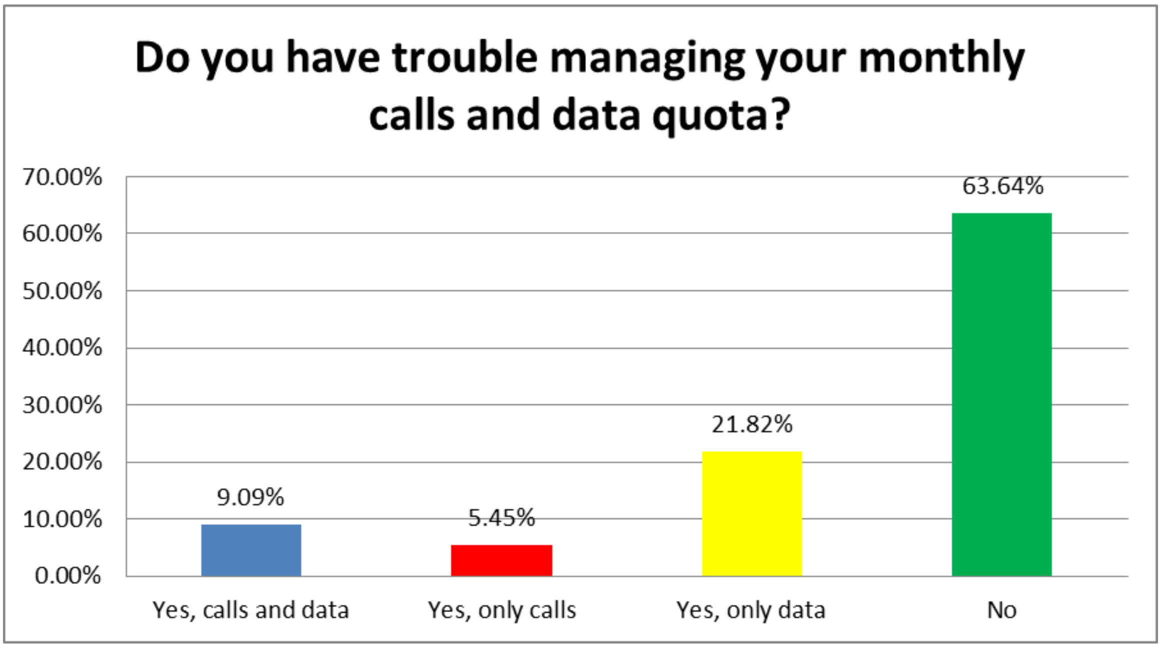

Do you find that you often need to top-up before the end of the month?
Yes
39%
No
61%

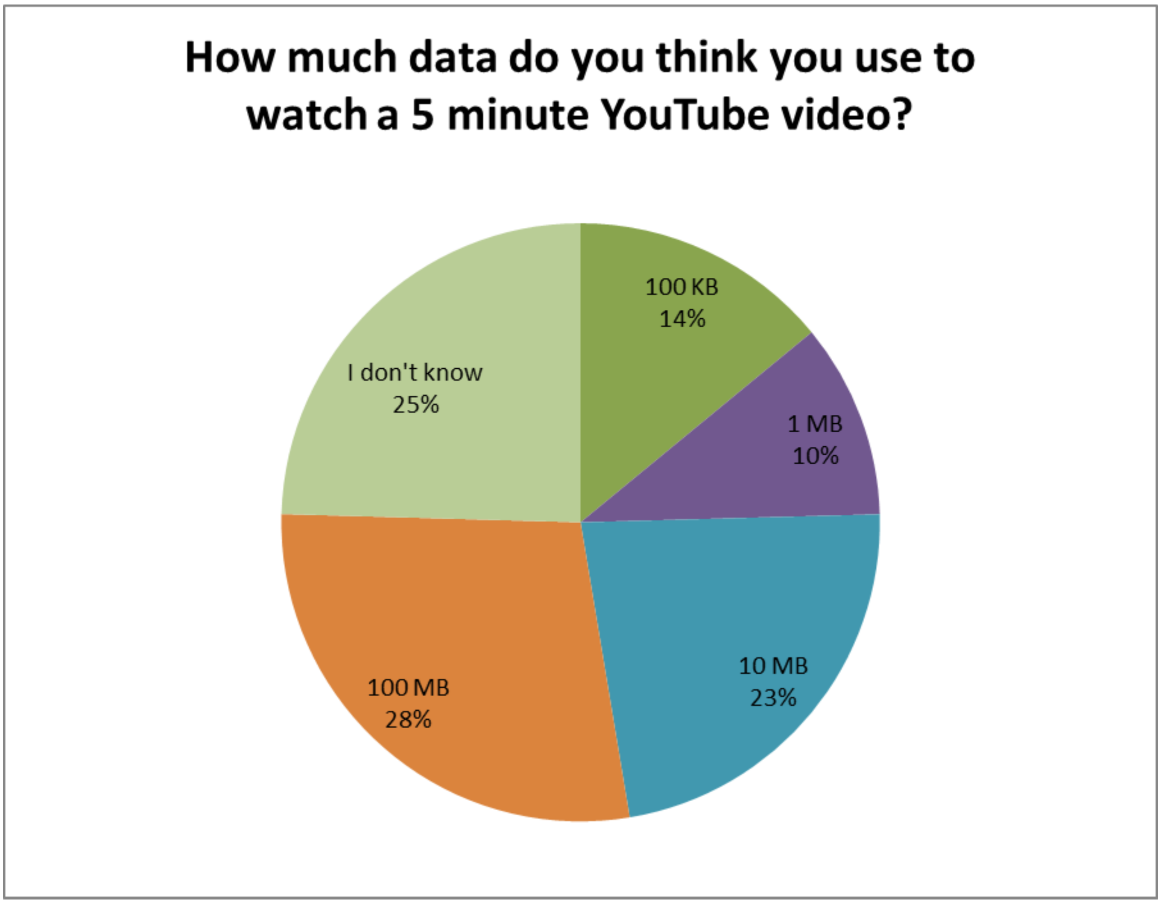

Experience when signing up for plan
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
56.25%
31.25%
25%
12.50%
I understood what I was signing up to
I found it difficult to understand what was included and what wasn’t
I was confused by all the different prepaid options available
I couldn't find any terms and conditions

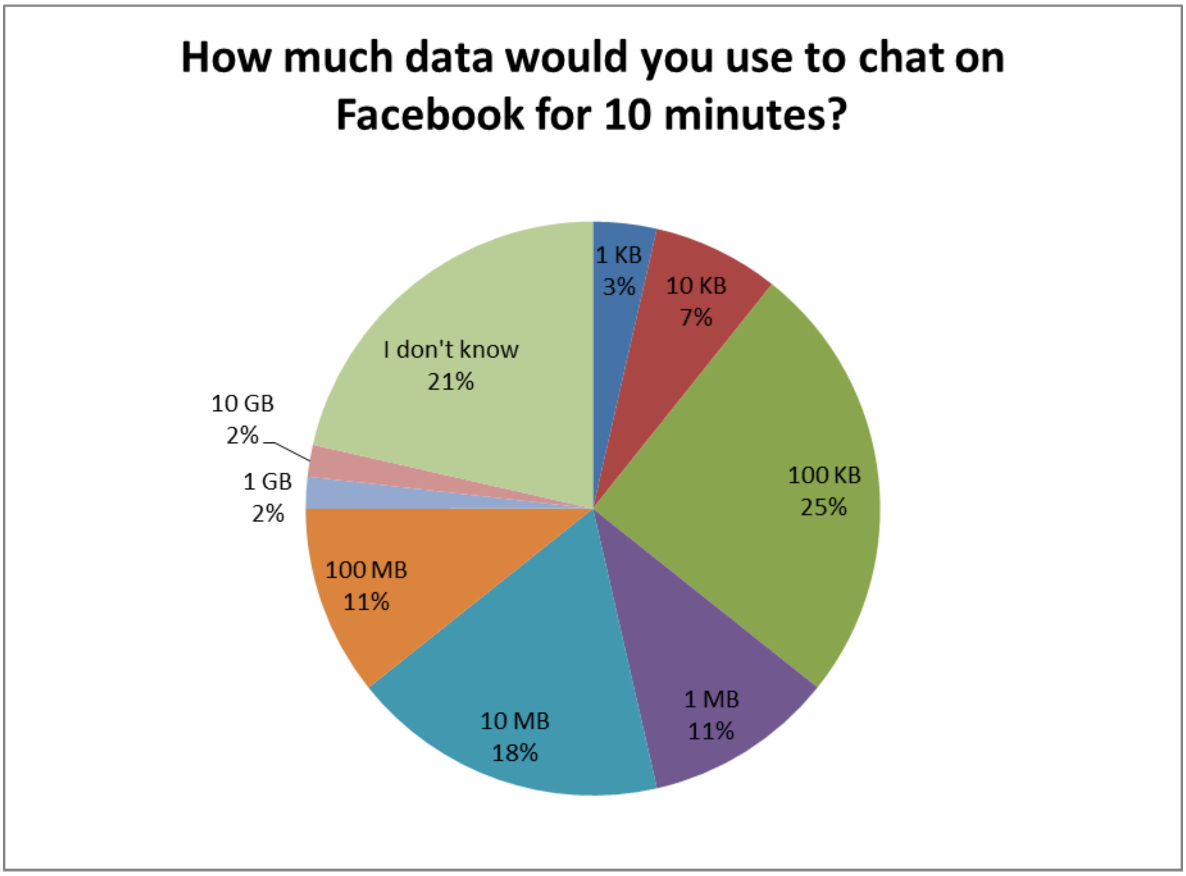

Phone type
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
22.81%
70.18%
1.75%
3.51%
1.75%
A smart phone that can use the 4G network
A smart phone that can use the 3G network but can’t use the 4G network
A with a built in keypad with internet internet access
A with a built in keypad without internet access
I don’t know

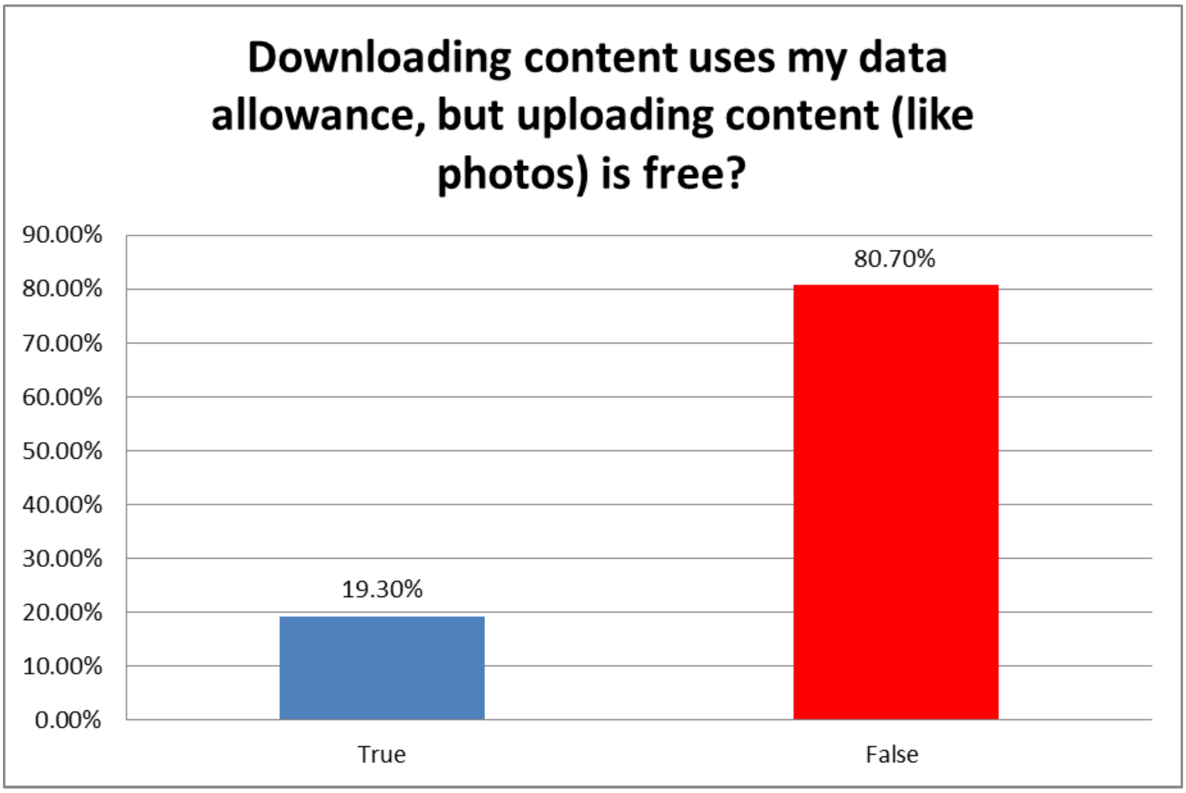

Phone company
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
28.57%
33.93%
28.57%
5.36%
1.79%
0.00%
1.79%
0.00%
Optus
Telstra
Vodafone
Virgin
Amaysim
Lebara
Dodo
I don't know

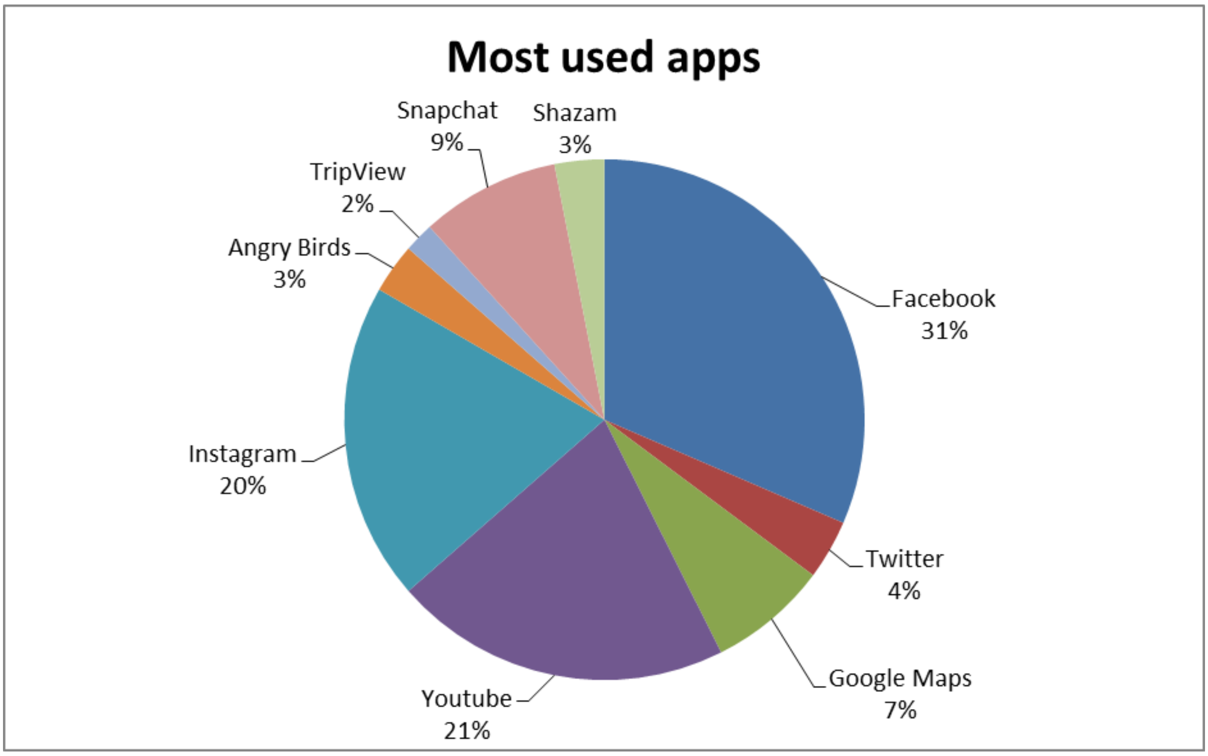

Who pays the bills?
Someone else pays, but if I go over a pre agreed amount, I have to pay the difference
18%
Me
17%
Someone else (parent/guardian)
65%

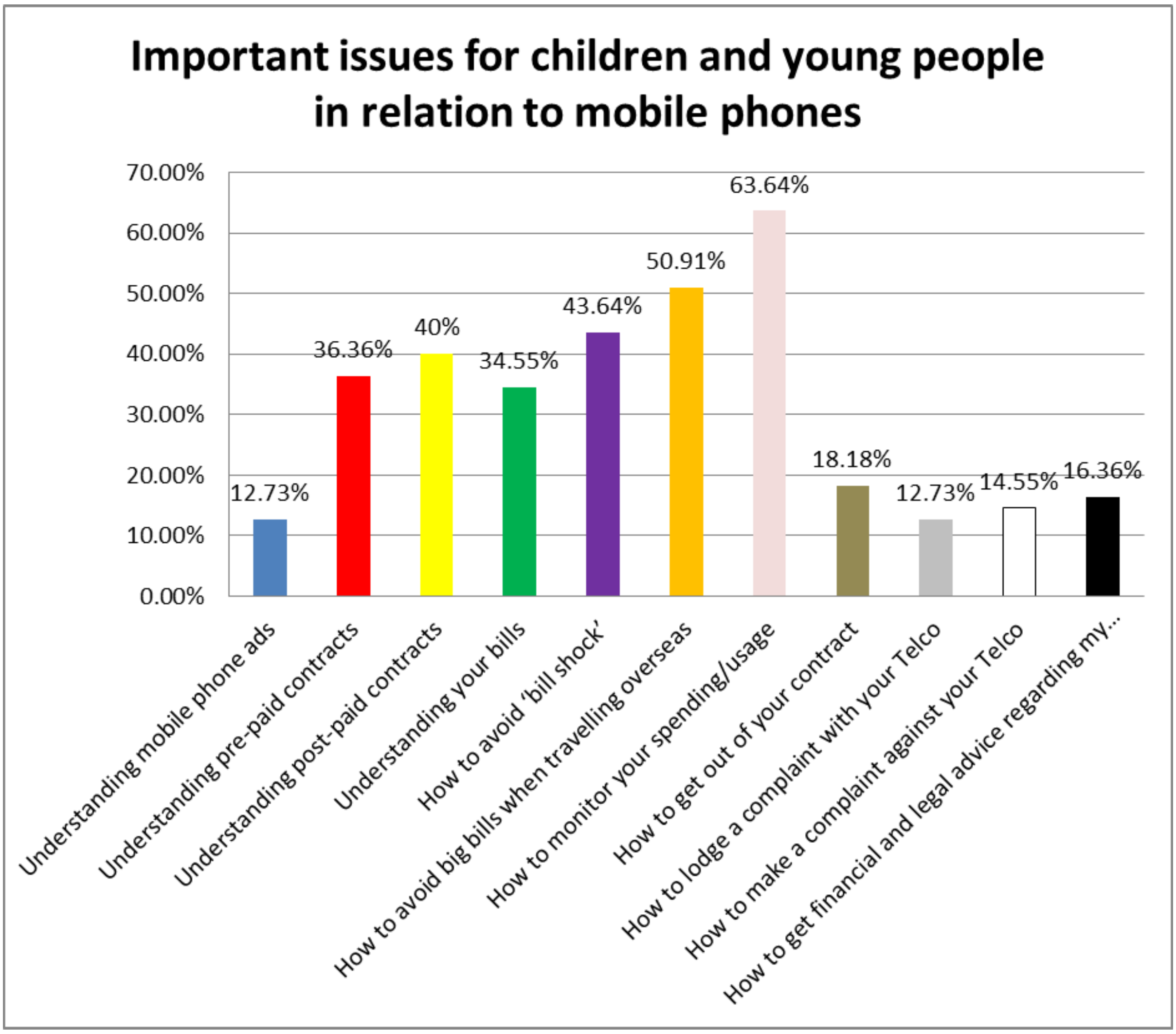

Do you have trouble managing your monthly calls and data quota?
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
9.09%
5.45%
21.82%
63.64%
Yes, calls and data
Yes, only calls
Yes, only data
No

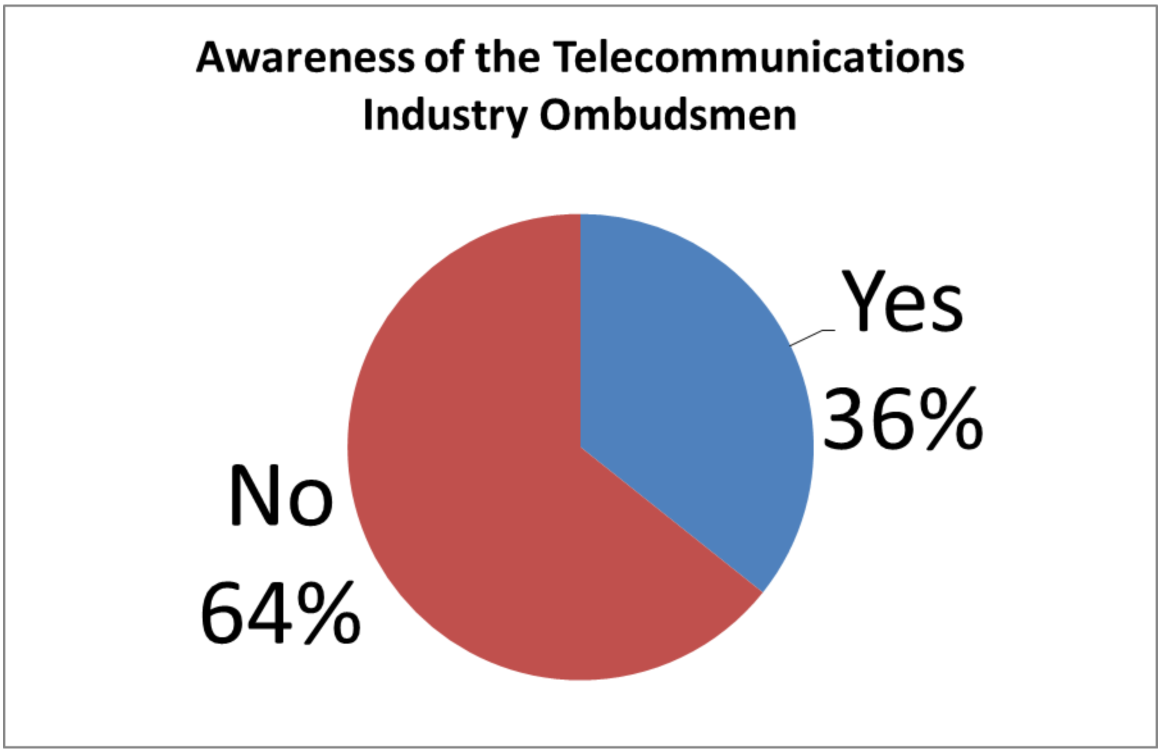

How much data do you think you use to watch a 5 minute YouTube video?
100 KB
14%
1 MB
10%
10 MB
23%
100 MB
28%
I don't know
25%


How much data would you use to chat on Facebook for 10 minutes?
1 KB 3%
10 KB 7%
100 KB 25%
1 MB 11%
10 MB 18%
100 MB 11%
1 GB 2%
10 GB 2%
I don't know 21%


Downloading content uses my data allowance, but uploading content (like photos) is free?
90.00%
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
19.30%
80.70%
True
False


Most used apps
Snapchat 9%
Shazam 3%
TripView 2%
Angry Birds 3%
Facebook 31%
Instagram 20%
Twitter 4%
Google Maps 7%
Youtube 21%


Important issues for children and young people in relation to mobile phones
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
12.73%
36.36%
40%
34.55%
43.64%
50.91%
63.64%
18.18%
12.73%
14.55%
16.36%
Understanding mobile phone ads
Understanding pre-paid contracts
Understanding post-paid contracts
Understanding your bills
How to avoid 'bill shock'
How to avoid big bills when travelling overseas
How to monitor your spending/usage
How to get out of your contract
How to lodge a complaint with your Telco
How to make a complaint against your Telco
How to get financial and legal advice regarding my...


Awareness of the Telecommunications Industry Ombudsmen
Yes 36%
No 64%

Glossary

The definitions below should be read in the context of mobile phones, mobile phone technology and mobile phone services. Terms may have a broader meaning when applied outside of this context.

2G	Your 'network' or the wireless pathway used to deliver data like calls or text to your mobile phone over the internet. 2G came before 3G and 4G and is much slower than those networks. It is suitable for basic services like calls and text. Videos and large downloads will be slow. Some phone companies only use the 2G network.
3G	Your 'network' or the wireless pathway used to deliver data like pictures, video and sound to your mobile phone over the internet. 3G was developed after 2G. It introduced faster data speeds so that you could browse the internet on your mobile phone.
4G	Your 'network' or the wireless pathway that is used to deliver data like pictures, video and sound to your mobile phone over the internet. 4G is the most up-to-date technology and was developed after 3G. It introduced new data speeds so that you could connect and browse the internet much faster than any other network.
$0 Upfront	'$0 Upfront' means that on the day you sign up to a post-paid service (plan) you don't have to pay anything at first and you will pay for the phone and the plan after you have received your first phone bill and every month after that until your plan ends.
Bill Shock	When you get a bill that is more expensive than you expected.
Billing cycle	The time between the day you get your monthly phone credit until the same day next month when you receive new credit. E.g. If you are on a mobile plan which gives you $200 per month worth of calls and text you will be able to use this from the same day each month. If the day you get access to your $200 monthly allowance is the 15th of every month, then January 15 to February 15 will be one cycle.
Bluetooth	A wireless connection that allows your phone to connect to other electronic equipment like wireless headphones, earpieces, hands-free car kits, and other mobile phones.
BYO Plan / Sim-only Plan	A BYO Plan or Sim-only Plan is a plan where you use your own mobile phone and only pay for the services provided (e.g. $200 worth of talk and text). You do not get a new mobile phone with these plans. Some BYO plans are month to month. This means that you can cancel at any time but will always

	have to pay for what you use before you cancel. Other BYO plans have a contract term (e.g. 12 months or 24 months). This means that if you want to cancel your contract you will have to pay Early Termination Charges.
Call allowance	The amount of money you're allowed to spend on calls each month on your plan. If you use more than this amount, you will have to pay extra on top of your plan.
Carriage Service Provider (CSP)	A company that supplies phone and internet services
Charge	The amount of money that the mobile company requires you to pay when you use the company's services.
Contract	The document you sign with a service provider that sets out the terms and conditions of your plan that both you and the service provider have to follow. A contract can also be signed without an actual signature when you agree over the phone and a recording is kept by the company.
Cooling off period	The amount of time you have to change your mind and cancel your contract without having to pay fees after you sign a contract. You usually only get a cooling off period if you buy a phone plan from a sales person who has knocked on your door, or who has called you on the phone (a telemarketer).
Connection fee	Every time you make a call, there is a standard connection fee (e.g. 40 cents) that you have to pay. It doesn't matter how short or long the call is, you still have to pay this connection fee.
Critical Information Summary (CIS)	It tells you what you need to know about a mobile service. The CIS must include: * a description of the service or product with details like what is included and what is extra * pricing information, such as minimum and maximum charges * how much you will have to pay if you end a contract early * how to contact customer service. The CIS won't tell you everything you need to know. You will need more information like warranties, billing and payment arrangements, call/text/data charges if you go overseas, and what data allowance is best for you.
Data	Data is what you use whenever you use the internet on your mobile phone. Each time you connect to the internet using the mobile network you will be charged differently than if you connect using home or other Wi-Fi.
Data allowance/ mobile data	This is the amount of internet data you have included in your plan (e.g. 500MB or 1GB). This data allowance includes both downloading and uploading data (e.g.

	sending and receiving emails). If you use more than your data allowance, you will be charged extra for excess data or your internet access will be slowed.
Data Value Add	An option to add more data to your monthly allowance. This option is often available month-to-month.
Direct debit	A way to pay your monthly phone bill by giving the phone company your bank account number or your credit card details so that at the end of each month, the phone company will automatically take the money out of your bank account or credit card.
Download	You download data when you receive information on your phone like emails, Facebook posts, watch videos, listen to new music and surf the net.
Early termination charge (ETC)/ Early exit fee/ Cancellation fee	The ETC is the amount you have to pay if you want to cancel your contract early before the contract comes to an end. For example, if you want to cancel the contract after 1 year BUT the contract is for a 2 year period. The ETC will usually cost the total number of months left on your contract times your minimum monthly cost (e.g. 12months x $49 plan = $588)
Excess data	Any extra data that you use once you have used up all of your data allowance. If you go over your monthly data allowance, you will be charged for the data you use over your allowance. This can be very expensive. Make sure you keep track of your usage so you don't go over and upgrade to a higher usage if you need it.
Flagfall	Every time you make a call, there is a standard connection fee (e.g. 40cents) that you have to pay. It doesn't matter how short or long the call is - you still have to pay this connection fee.
Guarantor	Someone who agrees to pay for your fees, bills and costs if you can't or won't. If you don't pay your bills, your guarantor is responsible for the consequences.
GST (Goods and Services Tax)	A tax that you have to pay on top of the cost of your mobile services. It is 10%. In Australia, costs that you are told about by your phone company should already include GST.
Handset instalment	This is the cost of the mobile phone that you have to pay for each month. This cost is on top of your monthly plan cost. When you first sign up to a contract, make sure you know if you have to pay handset instalments.
Hard cap	If you have a hard cap, this is the most you'll have to pay for your usage; you will not have to pay more than this.

Many mobile phone plans used to be called ‘caps’ (e.g. a ‘$29 Cap’). Here, ‘cap’ didn’t mean a hard cap, it meant your minimum monthly spend. Because this was confusing for customers, phone companies are not allowed to use the word ‘cap’ anymore unless they are talking about a hard cap.

Interest A fee charged by your phone company. Instead of paying something (like a phone bill or a debt) in full all at once, you might pay it over a longer period of time. In exchange for letting you have longer to pay the full amount, companies might ask you to pay a percentage of the full cost on top of what you owe. That percentage is called interest.

If something is ‘interest free’ it means there is no extra cost on top of what you owe.

Interest free See ‘Interest’

International Roaming International roaming lets you use your mobile phone overseas with your service provider. You will be charged at a higher rate depending on which country you are in and may change from network to network.

The charges are on top of your plan and can be very expensive. You may also be charged for receiving calls while you are overseas.

Make sure you turn off international roaming on your mobile phone settings if you go overseas and don’t want to use it.

Late fee A fee you have to pay because you didn’t pay your bill on time.

Liability When you are responsible for something under law

Locked phones Most phones are locked to the service provider you buy the phone from. For example, if you buy an Optus mobile phone, you may only be able to use an Optus SIM card with it and you are ‘locked’ to the Optus network.

If you sign up for a plan with a mobile phone, generally it will be free to unlock your phone if you contact your service provider. Sometimes you have to pay a fee to unlock the mobile phone, especially if you buy a pre-paid phone. If a contract says you can’t unlock your phone you could be breaching your contract if you do, so it’s important that you check with your service provider first.

Minimum monthly spend Your minimum monthly spend is the minimum monthly cost you will pay every month. This includes the cost of your plan plus your monthly handset instalment (if this applies).

E.g. $49 plan + $10 (handset instalment) = $59

Minimum term The shortest amount of time you have to stay with your contract. You can usually cancel at any time but there is almost always a cost involved (see Early Termination Charge)

MMS	MMS stands for Multimedia Messaging Service. MMS is used to send photos, pictures and sounds to other phones.
Off-peak	Services (like calls) that are not made or received during the busiest part of the day. These calls are sometimes cheaper than calls made during 'peak' times because there are less people using the network at the same time.
Peak	Services (like calls) made or received during the busiest part of the day. These calls may be more expensive than making a call during 'off-peak' times because there are more people using the network at the same time.
Post-Paid Service	A post-paid service refers to a mobile contract you sign up for. You will be charged on a month-to-month basis for your usage. If you use more than your monthly allowance, your phone will still work, but you will be charged extra for all additional calls, texts and data.
Pre-Paid Service	A pre-paid service is a service where you 'pay as you go'. You will pay in advance a certain amount of credit or usage. Once you have finished your credit – you will no longer have access to the service, except for emergency calls, until you recharge and buy more credit.
Premium SMS	A service that allows you to send a text to a number to sign up to receive things like horoscopes, games, or ringtones via SMS. It costs money to receive horoscopes, games and ringtones by SMS – the service is <u>NOT</u> free.
Pro-rata basis	Pro-rata basis means that your bill will be calculated based on the actual number of days that you used your service in a particular month. For example, if you sign up to a contract in the middle of a month - you will only have to pay for the month's remaining days (and not for the whole month).
Roaming	Roaming is where you use your mobile phone outside your service provider's network coverage. This can often happen if you are on Optus or Vodafone and go to rural areas. It may be free to receive calls however usually you will be charged more for calling and using the internet. Roaming charges for the use of internet outside your network coverage is usually charged on top of your plan.
Roll over	When you don't use all of your monthly allowance in a particular month, the amount left over is sometimes added or 'rolled over' to next month's allowance. For example, if you have a monthly allowance of $200 and you only use $100, some network providers will add the $100 you didn't spend to next month's allowance. That would mean that you'd have $300 to spend the next month. Note: Most network providers do not provide roll-over services. You should

ask your service provider about this before you sign up.

Service Any service that you buy from a mobile service provider. This includes calls, texts and data services that may come with a mobile phone plan.

SMS SMS stands for Short Message Service. Also known as a ‘text’, an SMS is a short word message with a maximum of 160 characters sent from one mobile phone to another.

Spend Monitoring Tools Ways of finding out how much of your monthly allowance you’ve used. Your phone company MUST give you a way of keeping track of your usage.

Telco A landline phone, mobile phone or internet service company. Tel-co is a combination of the words ‘telecommunications’ and ‘company’.

Termination Cancelling your contract.

‘Unlimited’ text A service that allows you to send as many texts as you like without being charged extra on top of your plan or without topping up your pre-paid.

Upgrade Buying or signing a new contract to receive a more expensive or newer phone. Upgrades can also mean signing on to a new plan which allows you a bigger monthly allowance than you had before.

You can usually upgrade your plan at any time during your contract if your monthly allowance isn’t enough for you.

Upload To upload means to send data from your phone to the network, such as sending an email from your phone or posting a photo on Facebook. Uploading requires data usage and is the opposite of downloading.

Warranty Repairs Warranty repairs is when a service provider offers to fix or replace your mobile phone for free if it is not working properly. It is only available within a specific timeframe (e.g. 12 months) and might not be available for all types of damage.

Some warranties do not cover liquid damage (if your drop your phone in water) or physical damage (if you drop your phone and smash the screen) so make sure you find out exactly what your warranty covers.

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