

Media Release

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Unexpected mobile charges may be costing consumers millions

A [new survey](#), commissioned by the Australian Communications Consumer Action Network ([ACCAN](#)), has revealed that 12 per cent of respondents experienced unexpected third party charges on their mobile phone bills in the last six months.

“Applied to the mobile customer base of Telstra, Optus and Vodafone, this 12 per cent equates to almost 1.9m people who could have received unexpected charges on their mobile bills. We estimate that collectively, consumers may have been charged as much as \$20m unexpectedly in the last six months*,” said ACCAN Director of Policy, Una Lawrence. “ACCAN is calling for better protections to be put in place so that consumers don’t get caught out with unexpected charges on their mobile bills.”

The ACCAN survey found people are buying apps, games, entering competitions, getting news updates and voting on TV shows and charging it to their mobile accounts. While this may suit some consumers, just under 50 per cent of respondents were unaware their phone could be used this way. Over a third who had incurred unexpected charges reported that they weren’t informed, didn’t consent to or confirm the charge, or understand how or how much they would be charged.

“This significant lack of awareness indicates that there should be stronger consumer protections, such as default barring of third party charging, and better consumer information. If people want to charge items to their phone bill they should have to actively change their settings with their telco. Otherwise their phone is like an unsecured credit card, and people have no idea what they’re being charged for,” said Ms Lawrence.

Survey respondents supported stronger safeguards, particularly those who had experienced unexpected charges. Preferred options for this group were default barring (40 per cent) to be lifted on request of the account holder, followed by support for confirmatory text acceptance for each purchase (20 per cent).

A contributing factor to the lack of awareness of third party charges is the finding that over half of respondents are paying for multiple mobile services. This means the people who subscribe to the services may not be the bill payer – for example, families with children, and business account holders with multiple mobile phone services.

“Additionally, the survey provides concerning evidence that the existing safeguard of replying ‘STOP’ to SMS notifications to opt out isn’t working properly. Almost three quarters of people who replied ‘STOP’, still found the charge added to their bill,” said Ms Lawrence.

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The Australian Communications Consumer Action Network (ACCAN) is Australia’s peak communications consumer organisation. The operation of ACCAN is made possible by funding provided by the Commonwealth of Australia under section 593 of the Telecommunications Act 1997. This funding is recovered from charges on telecommunications carriers.

Over a third of unexpected charges were for \$10 or more. Charges can be for one-off purchases or for ongoing subscriptions that are charged weekly or monthly. The people most likely to receive unexpected charges were those in the 16-24 age bracket.

Despite these findings, consumers are reluctant to complain about unexpected third party charges, because of lack of confidence that their telco or the third party charger would help, and a feeling that the cost of disputing low charges outweighs the benefit of getting a refund. The survey found a quarter of account holders who experienced unexpected charges did not dispute them, and those who were charged less than \$5 were most likely to take no further action. Once charges rise to between \$5-\$10 people are much more likely to follow up with their telco or the third party company. Very few went on to complain to the Telecommunications Industry Ombudsman (TIO) (6 per cent).

“Currently TIO complaint figures are the only publicly available information about consumer dissatisfaction with third party charging. Our survey shows that this is not an adequate indicator, as it does not represent the scale of consumer loss being experienced,” added Ms Lawrence.

What can consumers do?

- If you find third party charges on your phone bill make a complaint to the third party company. If you can't contact the company, take your complaint to your telco. Ask your telco to bar these services on your account. If your complaint is not resolved with your telco, take your complaint to [the TIO](#).
- The Mobile Premium Services Code that controls some third party charges is out for [public comment](#). Have your say about third party charges and the need for better consumer protections by making a submission before July 27.
- Share your experiences with third party charges with ACCAN on [Facebook](#) or in the comments section on our [blog post](#).
- [Contact the ACMA](#) to express your concerns about third party charges and the need for better consumer protections. The ACMA has information on its website about [unexpected third party charges](#).

For more information, contact Luke Sutton on luke.sutton@accan.org.au or 0409 966 931. For the latest updates, follow ACCAN on [Twitter](#) or like us on [Facebook](#).

***Based on applying the survey results (12 per cent of respondents experienced an average charge of \$12 in a 6 month period) to adult mobile phone consumers using Telstra, Vodafone or Optus (combined market share 90 per cent).**

Further survey statistics

The [Ipsos survey of 2032 respondents](#) was conducted between 5 – 18 April, 2017 and found:

- 49 per cent of account holders were unaware they could make third party purchases via their mobile phone accounts; 51 per cent were aware.
- 12 per cent of respondents had experienced unexpected third party charges in the six months prior to April 2017.
- 59 per cent of post-paid account holders and 47 per cent of pre-paid account holders were responsible for more than one service.
- Almost three quarters (71 per cent) of people who had received a confirmation SMS regarding an unexpected charge and had replied 'STOP' still found the charge added to their bill.

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- Over a third (36 per cent) of unexpected charges were for \$10 or more.
- Over a third (37 per cent) of survey respondents who had been unexpectedly charged didn't think they had been informed of, consented to, or understood they were being charged in the first place.
- 22 per cent of those unexpectedly charged did not know how the charge came about.
- 18 per cent of those unexpectedly charged said that they could not remember or did not know what product or service it was that they were unexpectedly charged for.
- Only six per cent of survey respondents who had experienced unexpected charges reported them to the TIO.

Background information

There are three types of third party services:

- Direct carrier billing – this is a service that allows you to charge the cost of content to your phone bill, and is generally available to Telstra and Optus customers only.
- Mobile Premium Services (MPS) – these are content services that consumers may subscribe to by calling or texting a 19X number or by subscribing on a website. Texts sent and received are charged at a premium rate (e.g. \$5.50 per text received from the service).
- 190 voice or video call services charged by the minute, or at a fixed rate.