

**COMMUNICATIONS
ALLIANCE LTD**



**INDUSTRY GUIDANCE NOTE IGN 013
SALES PRACTICES AND CREDIT AND DEBT
MANAGEMENT**

Sales Practices and Credit and Debt Management Industry Guidance Note IGN 013

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VERSION HISTORY

This document constitutes: **Version 2 of Industry Guidance Note IGN 013**

Date	Version	Comments/Changes
12 October 2017	1	First release
25 October 2017	2	Page 5, section 1.4, change "TIO" to "other relevant stakeholders."

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BACKGROUND

The telecommunications industry is committed to promoting good customer service and delivering fair outcomes for all consumers. We encourage all CSPs to review and, where relevant and appropriate, adopt the credit management practices included in this guidance note in ways that best meets their customers' needs.

The Credit and Debt Management chapter (Chapter 6) of the Telecommunications Consumer Protections (TCP) Code sets out the minimum requirements for CSPs and consumers' rights with respect to the provision and management of credit in relation to the supply of post-paid Telecommunications Services. This includes, amongst other things, the performance of a credit assessment by all CSPs to ensure customers are aware of their liabilities and do not over-commit to services, procedures to ensure customers are treated fairly under the CSPs' credit management processes and a Financial Hardship Policy and procedures designed to ensure customers who find themselves in a situation where they find it difficult to, or are unable to, discharge their financial obligations are presented with revised payment options so they can meet their obligations. Following the 2017 variation, this now includes situations involving family and domestic violence.

OBJECTIVE OF THIS GUIDANCE NOTE

Each CSP sets its own risk tolerance and acceptance levels when performing a credit assessment and implementing the specific credit and debt management requirements of the TCP Code. Industry acknowledges credit assessments made by CSPs can only be performed on the basis of the information provided to and relied on by the CSP at the time the application for new post-paid service is made by a consumer.

Industry also acknowledges while it has made improvements to the consumers' experience, there are also instances where its performance can be made better with the goal of ensuring consumers receive a more consistent experience when purchasing telecommunications products and services.

The aim of this guide is to provide examples of relevant best practice processes used by CSPs today in their credit management processes and which could be adopted by other CSPs to provide a more consistent application of the code rules to improve the experience of all customers and particularly those experiencing financial hardship. Appendix A offers further information on specific providers' policies.

Communications Alliance on behalf of Industry encourages all providers to establish direct communication channels with Financial Counsellors to obtain ongoing feedback on interactions.

Version reference: The Telecommunications Consumer Protection (TCP) Code is referenced throughout this document, including specific sections. As of October 2017, the sections referenced are from the document C628:2015 (Incorporating Variation No.1/2017), available on the Communications Alliance website: <http://www.commsalliance.com.au/Documents/all/codes/c628>.

1 SALES

It is important customers are provided with the correct advice in relation to the features and benefits of the products and services they are considering for purchase. Industry is committed to ensuring consumers receive clear, accurate and relevant information when purchasing products and services from providers and not engaging in unacceptable and improper sales practices such as 'upselling' or 'cross selling' to potentially vulnerable customers.

Section 4.3 of the TCP Code, Selling Practices, provides the requirements providers must abide by in selling practices, including training and ongoing monitoring. This document provides further information on best practice sales processes and options on how to operationalise the requirements in 4.3, aimed at ensuring customers are offered products and services that match their identified needs.

Identified best practices for sales processes include the following:

1.1. Frontline sales practices and staff training

- Identifying the appropriate solution for the customers' telecommunications, information and entertainment needs.
 - Asking customers what is the best option for them.
 - Using a standard sales conversation framework to fully explore customers' needs and so match the appropriate solution to these needs.
 - Deploying and using tools to provide sales consultants the capability to, for example, provide customers with a clear view of how their order will appear on their bill.
- Providing customers with clear, easy to understand product terms & conditions
- Not using pressure tactics or engaging in conduct which is unfair or unreasonable, particularly when dealing with consumers who have significantly less bargaining power.
- All CSP staff complete extensive training prior to commencement to ensure compliance with all code requirements.

1.2. Other related processes

- Providing the appropriate leadership, coaching, feedback and retraining in order to ensure compliance with acceptable sales practices.
- Clear communication of what are considered unacceptable and improper sales practices.
- In serious examples of poor sales behaviours (including fraud), having the ability to clawback sales commissions for completed sales.
- Regularly monitoring and reviewing sales practices against the relevant policy to ensure 'bad' sales behaviours aren't allowed to creep in unnoticed. For example:
 - Conducting independent call monitoring of agent compliance to ensure training and product knowledge is embedded and working well.
 - Conducting regular store audits and mystery shopping exercises.

2 CREDIT ASSESSMENT

Section 6.2 of the TCP Code addresses responsible provision of Telecommunications Products, including 6.2.1 (a), which requires Suppliers to undertake a Credit Assessment, defined in the TCP Code as "the process by which a Supplier determines the level of credit to be provided by it (if any) to a Consumer." This section offers further information on the application and results of credit assessment.

Credit assessment supports the responsible provision of credit, such as post-paid services, based upon information available to the CSP at the time the application is made. This can involve a sophisticated methodology to assess and evaluate the credit risk of customers and the ability of the customer to make regular, ongoing payments to meet their commitments and importantly stay connected.

The credit assessment takes into account several objective criteria which can generally include the customer's payment history with the supplier, information provided by the customer at the point of application, and/or the information received from an external credit check.

Specific information requested when a credit assessment is performed can include one, or more of the following checks. These checks are not exhaustive and a CSP can select any or all of them when performing a credit assessment, recognising each provider sets their own risk tolerances.

The checks include:

- obtaining an external credit check from a credit reporting body each time a new post-paid service is applied for by the customer before they have established a reasonable payment history (eg 6 months) with the CSP;
- their residential status including whether they rent, board, or own their home;
- how long they have been living at their current address;
- their occupation;
- income;
- ownership of credit cards;
- duration of their current employment;
- duration of their previous employment;
- current and/or previous payment history or debt with their CSP, if any; and
- the results of a credit check conducted by an external credit reporting body.

1.3. Results of credit assessment

CSPs can use the credit assessment to assign a maximum service and handset limit for approved customers. Customers with a low limit may be offered a SIM only low value plan. CSPs can also offer pre-paid services to customers who do not meet the credit criteria. This is a risk based approach aligned to an applicants' capacity to pay. Scorecards can be used to assess this limit and these should be reviewed periodically and updated accordingly.

1.4. Ongoing process improvement

CSPs can monitor their performance in line with international best practice benchmarks and loss ratios to determine the effectiveness of the credit assessment processes.

CSPs should also regularly review their processes to further improve their ability to assess and determine vulnerability including where existing customer experience changed circumstances which may result in payment difficulties or require assistance. This could include regularly engaging with the financial counsellors and other relevant stakeholders to ensure their credit assessment processes support the responsible provision of credit.

3 CREDIT MANAGEMENT

Per the TCP Code, Credit Management is the process by which a Supplier “(a) helps Customers to manage their expenditure on Telecommunications Services; (b) manages any credit risk to the Supplier; and (c) collects outstanding debts from Customers, and former Customers. Chapter 6 sets out what Suppliers must do in relation to credit management, including offering spend management tools.

Providers can offer additional tools to help customers manage their usage and credit, including:

- Establishing voluntary credit limits
- Enhanced billing to make overdue amounts more visible
- Provide explanations of bills, including a glossary of terms

4 FINANCIAL HARDSHIP POLICY AND RELATED PROCESSES

The telecommunications industry understands that customers may find that a range of social or personal factors may affect their ability to meet their ongoing financial obligations. This can arise from unexpected events, long-term factors that do not improve over time, or situations involving family and domestic violence resulting in customers finding themselves experiencing difficulties in meeting their payments. Many CSPs have specialist teams or consultants established to support customers by working with the customer to find the right solutions to get them back on track. In order to best provide assistance, CSPs should encourage customers to come forward early when identifying difficulties in discharging their financial obligations.

Sections 6.11-6.14 of the TCP Code outline requirements regarding Financial Hardship policies, assessment, and related matters.

There is a separate guide for CSPs supporting customers dealing with financial hardship, developed by Industry and Financial Counsellors Australia and facilitated by the TIO: *Assisting and responding to customers in financial hardship Principles and practices – guide for telecommunications providers*.¹

Appendix A also provides detailed examples of some providers' Financial Hardship policies and practices.

¹ http://www.tio.com.au/data/assets/pdf_file/0009/169776/TIO_FinancialHardship-Guidelines-2nd-edition-28-April-2017.pdf

APPENDIX A: SPECIFIC PROVIDER INFORMATION

Representatives from amaysim, Bendigo Bank Telco, Optus, Telstra, and Vodafone worked on the development of this document.

Some of those Providers have offered specific examples and further information on their practices below. If additional providers which to be included in the appendix, please contact Communications Alliance at info@commsalliance.com.au.

Telstra

Telstra is committed to assisting customers to stay connected, including during times of financial hardship. We recognise that sometimes unforeseen events in a customer's life may affect their ability to pay for their telecommunication services. Telstra's financial hardship policy now includes an explicit reference to customers being impacted by domestic or family violence.

Telstra currently has a wide range of programs to assist customers on a low income or in financial hardship. These include the ability to make a payment arrangement over an extended period of time as well as offer ways to help a customer control their ongoing spend on Telstra services. Telstra also has a Bill Assistance Program which can provide bill relief.

Telstra's financial hardship processes are available on its website here - <https://www.telstra.com.au/aboutus/community-environment/community-programs/adversity-financial-hardship>

Customers can discuss their situation any time 24/7 by calling 13 22 00 and saying "Payment Options". We'll put you through to one of our operators to discuss your situation.

The Financial Hardship Policy includes contact details to enable the Customer to discuss the policy with Telstra staff

"You can contact us to discuss your situation and our Financial Hardship policy at any time (24/7) on 13 2200 and say "payment options"."

The Financial Hardship Policy also includes contact details of community financial counsellors.

"You can talk to a financial counsellor from anywhere in Australia by calling 1800 007 007 (Monday to Friday 9.30 am – 4.30 pm). This number will automatically switch through to the service in the State or Territory closest to you, or visit the National Debt Helpline www.ndh.org.au".

Customers who advise FOH that they are experiencing financial hardship will be referred to the Credit Management Team. Telstra customers who are suffering from financial hardship are case managed by our Specialised Assistance Team (SAT). The Specialised Consultant is experienced in this area and will discuss the appropriate solutions with the customer.

With the customer's permission, Customer Advocates are able to contact our Specialised Assistance Team directly to discuss options available to assist their clients who are having difficulty paying for Telstra services. For example, Telstra has introduced a Debt Waiver Program. On a case-by-case basis, Telstra may consider a debt waiver request (i.e. Telstra will no longer pursue the debt) by a Customer Advocate on behalf of a customer who is in long-term financial hardship and with no likelihood of having capacity to pay for at least two years.

Vodafone Hutchison Australia

We aim to ensure our customers are satisfied with our products and services and understand how to use them.

We strive to offer straightforward information for our products and services and are committed to helping our customers manage 'bill shock' and the risk that they may not be able to pay their bills on time.

We are always working on new initiatives to help our customers avoid unexpected overspending including prepaid and postpaid options, establishing voluntary credit limits and enhanced billing to make overdue amounts more visible.

We have special arrangements in place in case you have difficulty with your bill (see the links below).

Paperless billing is our default billing method. Your bill is sent via email in downloadable Adobe PDF format. Adobe® Reader® is free and offers a number of accessibility features that may meet your needs.

We also provide bills in printed paper format for customers with disabilities at no extra charge. Please contact Customer Care to discuss this kind of delivery option.

At Vodafone, we know that sometimes it's hard to stay on top of your bill payments. That's why we've put policies in place to help you manage your debt should something happen that effects your situation. If you feel that this may be the case with you, please read our Financial Hardship Policy.

Your contract with us, much like an electricity or gas account, is legally binding. We trust that you will pay for your service as stipulated with your contract. If, however, you fail to do so without informing us of a change in situation and without responding to our attempts to contact you, we may have to proceed with collections activity.

Collections activity will commence on an account which remains overdue for an extended period, and when the customer has not contacted us to inform of a change in their situation that may warrant special consideration. Matters are decided and dealt with on a case-by-case basis.

In undertaking any collections activity, Vodafone will adopt best practice as stipulated by the Australian Competition and Consumer Commission (ACCC). No Credit Management charges will be imposed unless they are a reimbursement of Vodafone's actual costs, in which case the customer will be informed of the amount of the charge and the method of calculation used.

If you are having trouble paying a bill, please contact us to discuss the matter and, even if you don't qualify for a Financial Hardship Arrangement, we may be able to grant you an extension on the due date of the bill.

If you believe that you can demonstrate that the bill has gone unpaid through no fault of your own, please contact us and we will work to rectify the matter with you. Call us on 1555 from your Vodafone mobile or 1300 650 410 from any other phone.

Details of Vodafone's policies and tools for billing, credit management, and financial hardship can be found here:

<http://www.vodafone.com.au/about/sustainability/billing>

<https://www.vodafone.com.au/about/legal/collections-policy>

<http://www.vodafone.com.au/about/legal/financial-hardship>

Optus

Optus is committed to providing financial relief for customers who are not able to meet their financial obligations. We understand there are times where paying outstanding balances may cause further financial difficulties. Our goal is to provide clear, quick and easy processes to obtain support whilst keeping our customers connected.

Optus has a dedicated "Yes Assist" team to support customers experiencing financial hardship. Our Customer Advocacy consultants will review the customers' individual circumstances and work with them to determine an arrangement to suit their needs. . Depending on their circumstances, a range of options offered to them may include short or long term payment arrangements; a review of the customer's current plan to ensure it continues to suit their needs; discounts for an agreed amount of time or on an ongoing basis; payment matching to support clearing of arrears or debt waivers for compassionate reasons; or provide pre-paid options..

Further information about our financial hardship processes can be reviewed at www.optus.com.au/financialhardship.

Additionally, there is information to help customers take control of their monthly bill by using the spend control tools available via 'My Account' online or the 'My Optus' app.

Customers can log a request directly to our 'Yes Assist' team online or via email (optus.assist@optus.com.au) and a member of the team will make contact within 24 business hours.

Customers and Financial Counsellors can also contact the "Yes Assist" Team by calling 1300 303 509 (Monday to Friday 9.30 am – 5 pm).

Customers who inform our Customer Service / Collections team members they are experiencing financial hardship will be transferred through to our 'Yes Assist' Customer Advocacy team or referred for a call back at a suitable time.

Communications Alliance was formed in 1997 to provide a unified voice for the Australian communications industry and to lead it into the next generation of converging networks, technologies and services.

In pursuing its goals, Communications Alliance offers a forum for the industry to make coherent and constructive contributions to policy development and debate.

Communications Alliance seeks to facilitate open, effective and ethical competition between service providers while ensuring efficient, safe operation of networks, the provision of innovative services and the enhancement of consumer outcomes.

It is committed to the achievement of the policy objective of the *Telecommunications Act 1997* - the greatest practicable use of industry self-regulation without imposing undue financial and administrative burdens on industry.



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