



# Industry Briefing

## CUSTOMER TRANSFER AND CREDIT MANAGEMENT

### Code Revisions

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# CUSTOMER TRANSFER



## **GENERAL RULES (revised)**

- Cover all sales channels –  
*door to door, telemarketing, retail outlets, electronic data communications, direct mail*

## **CHANNEL SPECIFIC RULES – Additional rules (revised)**

- Telemarketing
- Electronic data communications

# CUSTOMER TRANSFER



## **GENERAL RULES - Covering**

- Conduct
- Authorised Customer
- Informed Consent
- Disclosure of Information
- Cooling Off Periods
- Confirmation/Verification/Notification
- Retention of Records and Customer Access
- Customer Opt Out Option

# CUSTOMER TRANSFER



## **CONDUCT** (some revision)

Sales Representative must

- ID themselves, purpose of the call, not mislead supplier's affiliation (*new in this section*)
- Maintain strict confidentiality
- Be properly trained
- Not harass, mislead or engage in unconscionable conduct

## AUTHORISED CUSTOMER

- Script for ID of authorised customer for residential/small business and make reasonable endeavours to maintain service in name of authorised customer (*slightly revised*)
- Options of authorised customer if service transferred to another name – (*can include reversing the transfer or having their name restored as the lessee of the service – NEW*)

# CUSTOMER TRANSFER



## INORMED CONSENT

- Take all reasonable steps to ensure there is informed consent
- Before the transfer, inform customer of
  - Entering into a new contract (revised),*
  - Details of the service, terms and conditions, identity of the new supplier, details of necessary equipment, consequences of the transfer (or no transfer) (revised)*
- Consent must be recorded.

# CUSTOMER TRANSFER



## **DISCLOSURE OF INFORMATION**

At Point of Sale

- Contact details of new supplier
- Contact details for queries/complaints
- Will be notified within 10 days

# CUSTOMER TRANSFER



## **COOLING OFF PERIODS**

Customer must be given relevant information about their rights under relevant legislation

# CUSTOMER TRANSFER



## **CONFIRMATION/VERIFICATION/ NOTIFICATION**

- Confirmation at point of sale, of accuracy of all details
- Verification – where sales rep initiated contact - all transfer or a proportion of transfer (revised)
- Notification of transfer within 10 days

# CUSTOMER TRANSFER



## **RETENTION OF RECORDS/ CUSTOMER ACCESS**

- Retention of record of transfer for 2 years or as required by legislation
- Ability to identify individual sales representative responsible
- Customer access to the customer request to transfer

# CUSTOMER TRANSFER



## **CUSTOMER OPT OUT OPTION**

A customer must be informed of their ability to request not to receive further marketing approaches – and not be contacted (new)

# CUSTOMER TRANSFER



## CHANNEL SPECIFIC RULES

### Telemarketing

- Information to customer, including purpose of the call
- Customer consent to record the consent
- Contents of the recording (new)

## **Channel Specific Rules**

### **Electronic Data Communications**

- All relevant terms and conditions
  - can be viewed
  - can be downloaded

## Overview

- Credit Assessment
- Credit Control Tools
- Credit Management
- Financial Hardship Policy

## **CREDIT ASSESSMENT - NEW**

The Rule:

Credit Assess to supply a service

OR

Supply a service that 'effectively'  
limits a customer's spend/usage in  
some way

# CREDIT MANAGEMENT



## **CREDIT ASSESSMENT - NEW**

May consider:

- Customer history with provider
- Employment
- Income
- Residential history
- Credit check report
- Appropriate check with third party

*NB: Monitoring of customer spend a factor to be considered in extensiveness of assessment.*

# CREDIT MANAGEMENT



## CREDIT LIMITATIONS - NEW

- Hard cap
- Pre-paid service\*
- Barring of international/premium service calls
- Reduction in download speed
- Other equivalent measure that 'effectively' limits spend

\* *Does not include pre-paid with automatic top up*

# CREDIT MANAGEMENT



## **CREDIT ASSESSMENT PROCESS**

Informing customer of

- Nature of credit check
- Any restrictions of service
- Use/terms of security bonds and guarantors (*revision*)
- Reasons for refusal to supply/restrictions

## **CREDIT CONTROL TOOLS (new)**

### Security Tools

- Blocking using IMEI
- Blocking access after loss/theft
- Use of PIN/Password
- Firewalls, virus protection

# CREDIT MANAGEMENT



## **CREDIT CONTROL TOOLS**

Providing information on unbilled amounts

- On line
- Via a call centre

# CREDIT MANAGEMENT



## **CREDIT CONTROL TOOLS - NEW**

At the initiation of supplier\*/customer – information on tools and their limitations

- Call barring/restriction of access to services
- Hard caps
- Pre-paid services
- Reducing internet download speed
- Courtesy calls

*\*no charge for tools imposed by the supplier*

# CREDIT MANAGEMENT



## **CREDIT MANAGEMENT** *(Revised)*

- Advice to customers prior to taking credit management action of the action and options (allowing restriction or suspension without notice)
- No action over disputed amounts
- Requirements on fees and charges
- Behaviour of collection agents
- Requirements involving default listing
- Preventing customer disadvantage - New

# CREDIT MANAGEMENT



## **Financial Hardship - Overview**

- Have a financial hardship policy that is available
- Have processes to assess a customer's application for assistance
- Have rules surrounding financial arrangements made for customers to manage their debt

# Credit management



## Financial Policy

- Have a policy
- Policy to include
  - Training
  - Contact details
  - Flexibility to accommodate individual circumstances
  - Options for managing the debt
- Summary available on request – to include
  - Contact details
  - Options
- Informing Customers of the Policy

*NB: Reference to the ACIF Guideline*

# CREDIT MANAGEMENT



## Financial Hardship Assessment

- Suppliers must, on a customer's request, assess them under the hardship policy
- Suppliers must have the flexibility to take into account the individual circumstances of the customer
- Suppliers would not normally request supporting documentation unless
  - the arrangement will be long term, the debt is significant, the customer does not have a long history with the supplier or there is a possibility of fraud
- If supporting documentation is required, contact details must be given

# CREDIT MANAGEMENT



## Financial Arrangements

- Customer awareness of rights and obligations
- Supplier willingness and ability to review the arrangements if customer circumstances change
- No credit management action while the arrangements are being negotiated or in train unless
  - it would be reasonable
  - customer breach of arrangements
- If the customer breaches the arrangements and does not contact the supplier, normal credit management action can resume

# Financial Hardship Guideline



## As a Guideline

- Is not mandatory or enforceable
- Is intended to assist CSPs to develop internal policies and processes to assist customers experiencing financial hardship
- Will be reviewed once revision of the Credit Management Code is complete to ensure the two documents are complementary (and not contradictory)

*ACIF, Guide for a Financial Hardship Policy, May 2005*

# Financial Hardship Guideline



## Identification of Financial Hardship Cases

- Is an inability rather than unwillingness to pay
- Can be of short or long duration
- Can be due to a variety of reasons
  - Family breakdown, illness or death of the customer or family, loss of employment, unexpected financial commitments
- Supplier may choose to require evidence of some kind – or not
  - Evidence may include being accompanied by a financial counsellor, statutory declarations, medical/death certificates, etc

# Financial Hardship Guideline



## Handling Financial Hardship Cases

### Principles:

- Reasonable for both parties
- Each has an interest in maintaining the relationship
- CSP should take individual circumstances into account
- CSP should identify appropriate products to assist the customer to retain a level of access while managing their telecommunications spend/repaying debt

Call barring, restriction of services, waiving of reconnection/late payment charges, offering pre-paid products.

# Financial Hardship Guideline



- Basic principle of arrangements: The customer should not get further into debt under the arrangement.
- Customer requirements, including
  - Acknowledgement of debt and obligation to pay
  - Accept responsibility for reduced usage
  - Immediately notify the CSP of any change in circumstance
- CSP Requirements
  - Ensure none of the debt is in dispute and that the customer is legally liable to pay
  - Take no credit management action/charge late fees while arrangements are discussed/in place
  - Ensure the arrangements are ones the customer can meet