

<b>Case Reference</b>	R/E/I/009
<b>Title</b>	“Don’t tie buyers of cell phones to contracts” Letter by Virgin Mobile (Singapore) Pte Ltd
<b>Case Opened</b>	12 December 2001
<b>Case Closed</b>	27 December 2001
<b>Complainant</b>	StarHub Pte Ltd (“StarHub”)
<b>Respondent</b>	Please see IDA’s determination below.
<b>Case Summary</b>	<p>StarHub alleged that Virgin Mobile had made a false or misleading claim in its letter published in the Straits Times of 1 December 2001, in response to an earlier letter from a member of the public published in the Straits Times on 29 November 2001. StarHub thus alleged that Virgin Mobile had breached Section 7.4.1 “False or Misleading Claims” of the Telecom Competition Code (“Code”) in the following manner:</p> <p>a) In its letter dated 1 December 2001, Virgin Mobile had cited examples to show how other operators are allegedly tie their customers to contracts. One such example is the imposition of the condition that prepaid cards had to be topped up every 180 days or they will expire. StarHub submitted that it did not impose the said condition as a means to commit customers to their service but, rather, they did it in accordance with their regulatory obligations. However, Virgin Mobile’s published letter had purported to cast this regulatory obligation in a way that misled the public.</p> <p>b) Virgin Mobile’s published terms and conditions for all their services revealed that they also required their customers to top up their accounts within 6 months, otherwise the accounts will be disconnected. Thus, StarHub alleged that Virgin Mobile’s contradictory statements in their published letter were clearly not supported by objective evidence and misled consumers.</p> <p>c) Virgin Mobile’s VPay service with the auto top-up feature, credit advance and buffer talktime, worked like a prepaid service although branded otherwise. VPay customers were provided with a credit advance and buffer talktime with their SIM starter kit, upon sign-up. With their auto top-up feature that obliged customers to consistently credit their account with a pre-specified amount or risk service disruption, StarHub questioned whether Virgin Mobile was “forcing” its customers to “commit to a contract” too.</p>

<b>IDA's Determination</b>	<p>IDA determined that Virgin Mobile's letter merely urged customers to be more aware of the costs of owning a mobile phone, including the condition of topping up prepaid cards every 6 months or they would expire. IDA did not believe that Virgin Mobile had cast the regulatory obligation in a way that was misleading to the public.</p> <p>IDA was also of the view that Virgin Mobile's VPay service did not amount to forcing customers to commit to a contract. VPay neither imposed a minimum contractual period during which the user was obliged to stay with the service, nor imposed any penalty when the service was terminated by the end-user anytime.</p> <p>IDA concluded that Virgin Mobile did not breach Section 7.4.1 of the Code.</p>
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