

<b>Case Reference</b>	R/E/I/089
<b>Title</b>	Ericsson's Contraventions of the Premium Rate Services Code (" <b>PRS Code</b> ")
<b>Case Opened</b>	18 March 2011
<b>Case Closed</b>	22 July 2011
<b>Complainant</b>	IDA initiated enforcement proceedings.
<b>Respondent</b>	Ericsson Telecommunications Pte Ltd (" <b>Ericsson</b> ")
<b>Case Summary</b>	<p>IDA received a complaint from a member of the public that he was charged for a Premium Rate Service ("<b>PRS</b>") that he had not subscribed for. The PRS was provided by Ericsson.</p> <p>IDA established that the complainant had been assigned a recycled mobile number (the "<b>Recycled Number</b>") in August 2010, three months after the previous subscriber terminated his subscription in May 2010. Ericsson's PRS was subscribed by the previous subscriber, and this previous subscriber did not unsubscribe from the PRS prior to terminating the Recycled Number. IDA's investigations revealed that Ericsson had continued to impose charges for its PRS provided to the Recycled Number despite the fact that: (1) the Recycled Number had been placed under quarantine for three months; and (2) system indicating that the number is no longer in use and is in the recycling process.</p> <p>IDA also discovered that the customer service hotline stated in Ericsson's advertisement (the "<b>Advertised Hotline</b>") was not in operation during the period of IDA's investigations.</p> <p>Separately, in the course of IDA's investigations, Ericsson had also repeatedly failed to provide IDA with the requested information by the stipulated deadline. This was despite IDA having given Ericsson several extensions of time to submit the requested information.</p>
<b>IDA's Determination</b>	<p>Section 2.12.1 of the PRS Code states that "<i>A premium rate service provider shall not charge any person for any service that the person did not purchase or subscribe for</i>".</p> <p>Ericsson explained that the erroneous charging was due to a technical malfunction of its content provider's system.</p> <p>Ericsson's explanation was not acceptable to IDA as under the PRS Code, Ericsson is responsible for complying with the PRS Code notwithstanding that the service is controlled, managed or operated by another party. Based on Ericsson's</p>

representations, it was clear that Ericsson had relied entirely on its content provider's system to detect the termination of mobile services by end users and to unsubscribe the relevant numbers from the PRS. Ericsson had therefore failed to put in place its own safeguards to ensure that it does not charge any person for any unsolicited services.

IDA therefore determined that Ericsson had contravened Section 2.12.1 of the PRS Code.

Section 2.2.1 of the PRS Code, states that: "*A premium rate service provider shall, in disclosing the prices, terms and conditions ... and in relation to all advertisements relating to its premium rate service, comply with the following requirements –*

*(b) every disclosure and advertisement must state ...*

*(iii) the local customer service hotline for the premium rate service".*

Ericsson informed IDA that it had replaced the Advertised Hotline with a new hotline number, but had only terminated the Advertised Hotline one month after the replacement, to ensure that it remains contactable during the transition period. Ericsson also claimed that the Advertised Hotline should be in working order since it had records of receiving customers' calls at the number.

IDA did not accept Ericsson's representations, as IDA had determined that the Advertised Hotline was not in operation during the period when it was advertised to be the hotline number.

IDA therefore determined that Ericsson had contravened Section 2.2.1 (b) (iii) of the PRS Code.

Section 4.2.1 of the PRS Code provides *that "IDA may at any time require a relevant licensee to provide IDA with any information or documents which IDA requires for the purpose of investigating a contravention of this Code."*

Ericsson explained that its content provider was based in the UK, and hence Ericsson required some time to respond to IDA's requests for information.

IDA was unable to accept Ericsson's explanation as Ericsson had been repeatedly reminded to submit the requested information, and had been granted several extensions of time. It was therefore evident to IDA that Ericsson had failed to take IDA's requests for information seriously. IDA

therefore determined that Ericsson had contravened Section 4.2.1 of the PRS Code.

IDA considered the following aggravating and mitigating factors when determining the appropriate enforcement action to be taken against Ericsson:

Aggravating Factors:

- (a) This is Ericsson's second breach of Section 2.12.1 and, similar to the previous case, Ericsson had attributed its contravention to system glitches.
- (b) IDA had already put Ericsson on notice of the need to comply with IDA's requests for information. IDA had reminded Ericsson in October 2008 that any failure to comply with such requests could result in enforcement action being taken against Ericsson. Despite IDA's various reminders, Ericsson failed to diligently comply with IDA's requests for information.
- (c) The PRS Code was issued by IDA in October 2007. Ericsson has been an active player in the PRS market in Singapore. Accordingly, Ericsson had more than enough time to put in place the necessary systems and processes to ensure compliance with the PRS Code. IDA had also, on multiple occasions, both formally and informally, reminded Ericsson of its obligations under the PRS Code, that it is solely responsible for the PRS provided under its licence, and that it must put in place the necessary safeguards to prevent any contravention of the PRS Code. Despite these various reminders, Ericsson had again committed multiple breaches of the PRS Code.

Mitigating Factors:

- (a) Ericsson had fully refunded the complainant the amount wrongfully charged.

In determining the appropriate penalty, IDA also considered Ericsson's earlier contraventions of the other provisions in the PRS Code.

IDA was therefore of the view that a sufficiently serious penalty was warranted to deter licensees from taking their regulatory obligations under the PRS Code lightly. IDA therefore:

- (a) issued a **warning** to Ericsson for its contravention of Section 2.2.1(b)(iii) of the PRS Code; and

(b) imposed a financial penalty of **\$100,000** on Ericsson for its contravention of Sections 2.12.1 and 4.2.1 of the PRS Code.

IDA had also put Ericsson on notice that IDA will not hesitate to take more severe enforcement action, including, but not limited to, a suspension or termination (as may be appropriate) of Ericsson's SBO (Class) Licence should it commit any subsequent contravention of the PRS Code.