

Case Reference	R/E/I/085
Title	Rach's Contraventions of the Premium Rate Services Code (" PRS Code ")
Case Opened	17 December 2010
Case Closed	13 May 2011
Complainant	IDA initiated enforcement proceeding
Respondent	Rach Pte Ltd (" Rach ")
Case Summary	<p>IDA had received a complaint from a member of the public regarding Rach's provision of a chat line service (the "Service"). Arising from IDA's investigation into the complaint, IDA discovered that Rach had contravened Sections 2.2.1(b)(i), 2.2.1(b)(ii), 2.2.1(b)(iii), and 2.2.1(c) of the PRS Code.</p> <p>Specifically, while advertising its Service via SMS, Rach did not indicate the following information in the SMS:</p> <ol style="list-style-type: none"> i. a description of its Service; ii. its company name as registered with the Accounting and Corporate Regulatory Authority; iii. its local customer service hotline number; and iv. prices, terms and conditions of its Service.
IDA's Determination	<p>Section 2.2.1 of the PRS Code, states that: "<i>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 –</i></p> <p><i>(b) <u>every disclosure and advertisement must state ...</u></i></p> <ol style="list-style-type: none"> <i>(i) <u>the description of the premium rate service offered;</u></i> <i>(ii) <u>the name of the premium rate service provider as registered with the Accounting and Corporate Regulatory Authority; and</u></i> <i>(iii) <u>the local customer service hotline for the premium rate service; ...</u></i> <p><i>(c) every disclosure and advertisement must fully and completely state all <u>prices, terms and conditions of the premium rate service that have a bearing on the charges payable by end users</u> in a manner that is clear, straightforward and easy to understand."</i></p>

Rach explained that it had outsourced part of the SMS advertising to a local marketing company, whereby Rach would draft the SMS message content and the marketing company was responsible to include all necessary elements to ensure compliance with IDA's requirements (including the Spam Control Act).

Rach had apologised for its oversight in not inspecting the full message before sending out the SMS Advertisement .

Rach's outsourcing of its advertising to a third party does not absolve Rach of its duty to comply with the PRS Code. As Rach failed to include the key information (as per Section 2.2.1(b)(i) – (iii) and Section 2.2.1(c) above) in the SMS Advertisement for the Service, IDA therefore found that Rach had contravened Sections 2.2.1(b)(i), 2.2.1(b)(ii), 2.2.1(b)(iii), and 2.2.1(c) of the PRS Code.

IDA considered the following aggravating and mitigating factors when determining the appropriate enforcement action to be imposed on Rach for this case:

Aggravating Factors:

- (a) IDA had previously notified Rach about the need to comply with the advertising requirements under the PRS Code for its SMS advertisements in December 2009, and also warned Rach of the likelihood of IDA taking enforcement actions should the contravention be repeated. This second failure to ensure that its SMS Advertisements comply with the PRS Code therefore constituted a repeat contravention;
- (b) Rach had sent out unsolicited SMS Advertisements to end-users without stating the price, terms and conditions of the Service, thereby increasing the chance of end-users being tempted to make use of Rach's 1900 services without knowing the applicable charges.

Mitigating Factors:

- (a) Compared to other PRS, the 1900 chat line services have additional safeguards preventing consumers from purchasing such services without knowing the applicable charges, as there is a grace period given to consumers when they call the service, whereby an automated voice message will announce the charges

	<p>for the 1900 service before the commencement of any charges.</p> <p>(b) There have been no complaints from consumers about being unaware of the charges for Rach's Service.</p> <p>(c) Rach has expressed its sincere apologies for its contraventions, and has co-operated with IDA and taken steps to rectify the contraventions.</p> <p>Taking these factors into consideration, IDA has imposed a financial penalty of <u>\$1,000</u> on Rach for the contravention of Section 2.2.1(c) of the PRS Code and issue a <u>warning</u> to Rach for its contraventions of Section 2.2.1(b)(i), 2.2.1(b)(ii) and 2.2.1(b)(iii) of the PRS Code.</p>
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