

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of )
)
Clear Rate Communications ) Complaint No. 5630919
)
Complaint Regarding )
Unauthorized Change of )
Subscriber’s Telecommunications Carrier )

ORDER

Adopted: August 18, 2022

Released: August 19, 2022

By the Acting Chief, Consumer Policy Division, Consumer and Governmental Affairs Bureau:

1. In this Order, we consider a complaint alleging that Clear Rate Communications (Clear Rate) changed Complainant’s telecommunications service provider without obtaining authorization and verification from Complainant as required by the Commission’s rules.1 We conclude that Clear Rate’s actions violated the Commission’s slamming rules, and we therefore grant Complainant’s complaint.

2. Section 258 of the Communications Act of 1934, as amended (the Act), prohibits the practice of “slamming,” the submission or execution of an unauthorized change in a subscriber’s selection of a provider of telephone exchange service or telephone toll service.2 The Commission’s implementing rules require, among other things, that a carrier receive individual subscriber consent before a carrier change may occur.3 Specifically, a carrier must: (1) obtain the subscriber’s written or electronically signed authorization in a format that satisfies our rules; (2) obtain confirmation from the subscriber via a toll-free number provided exclusively for the purpose of confirming orders electronically; or (3) utilize an appropriately qualified independent third party to verify the order.4 The Commission has also adopted rules to limit the liability of subscribers when an unauthorized carrier change occurs, and to require carriers involved in slamming practices to compensate subscribers whose carriers were changed without authorization.5

3. The Commission’s slamming rules prohibit misrepresentations on sales calls.6 Under the rules, upon a finding of material misrepresentation during the sales call, the consumer’s authorization to

1 See Informal Complaint No. 5630919 (filed July 27, 2022); see also 47 CFR §§ 64.1100 – 64.1190.

2 47 U.S.C. § 258(a).

3 See 47 CFR § 64.1120.

4 See id. § 64.1120(c). Section 64.1130 details the requirements for letter of agency form and content for written or electronically signed authorizations. Id. § 64.1130.

5 These rules require the unauthorized carrier to absolve the subscriber where the subscriber has not paid his or her bill. If the subscriber has not already paid charges to the unauthorized carrier, the subscriber is absolved of liability for charges imposed by the unauthorized carrier for service provided during the first 30 days after the unauthorized change. See id. §§ 64.1140, 64.1160. Any charges imposed by the unauthorized carrier on the subscriber for service provided after this 30-day period shall be paid by the subscriber to the authorized carrier at the rates the subscriber was paying to the authorized carrier at the time of the unauthorized change. Id. Where the subscriber has paid charges to the unauthorized carrier, the Commission’s rules require that the unauthorized carrier pay 150 percent of those charges to the authorized carrier, and the authorized carrier shall refund or credit to the subscriber 50 percent of all charges paid by the subscriber to the unauthorized carrier. See id. §§ 64.1140, 64.1170.

6 Id. § 64.1120(a)(1)(i)(A).

change carriers will be deemed invalid even if the carrier has some evidence of consumer authorization of a carrier switch, e.g., a third-party verification recording (TPV). Sales misrepresentations may not be cured by a facially valid TPV.<sup>7</sup> The rules provide that a consumer's credible allegation of misrepresentation shifts the burden of proof to the carrier to provide evidence to rebut the consumer's claim regarding misrepresentation. The Commission made clear that an accurate and complete recording of the sales call may be the carrier's best persuasive evidence to rebut the consumer's claim that a misrepresentation was made on the sales call.<sup>8</sup>

4. We received Complainant's complaint alleging that Clear Rate changed Complainant's father's telecommunications service provider without authorization.<sup>9</sup> In the complaint, Complainant states that she established phone service for her father in her name with CenturyLink. She states that a Clear Rate representative contacted her father and told him that "their phone service was a great deal."<sup>10</sup> Complainant also states that her father thought the call related to his previous phone service provider in Clear Lake (the location of his former residence).

5. Pursuant to our rules, we notified Clear Rate of the complaint, noting that there was an allegation of misrepresentation and directing Clear Rate to address the specific allegation and provide any evidence to rebut the consumer's claim.<sup>11</sup> Clear Rate responded to the complaint, stating that it has a "three part sales process" that includes the initial sales call, a third-party verification, and a follow-up "quality assurance call" to ensure that consumers are not slammed and are "fully informed of the transfer of service."<sup>12</sup> Clear Rate provided recordings of the TPV and the "quality assurance call," but did not provide a recording of the sales call.

6. If a carrier uses a TPV to verify a carrier switch, the Commission's slamming rules require that the carrier verify, among other things, that the consumer has the authority to change the carrier associated with the telephone number, that the person on the call wants to make the carrier change, and that the person on the call understands they are authorizing a carrier change.<sup>13</sup> On the recording that Clear Rate characterizes as a "quality assurance call," the Clear Rate representative asks, "You understand there is a twelve-month commitment that guarantees the rate, correct?" Complainant's father responds, "I guess. I don't know what this is all about."

7. The Division thoroughly reviewed all the evidence provided by both the Complainant and Clear Rate. Based on the evidence in the record, we find that Clear Rate did not confirm that Complainant's father understood he was authorizing a carrier change and wanted to make a carrier change. Clear Rate also failed to provide any persuasive evidence to rebut Complainant's misrepresentation claim. We therefore find that any authorization Clear Rate obtained is invalid under the rules. As the Commission stated in the *2018 Slamming Order*, "[w]hen a consumer's decision to switch carriers is predicated on false information provided in a sales call, that consumer's authorization to switch

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<sup>7</sup> See *Protecting Consumers from Unauthorized Carrier Changes and Related Unauthorized Charges*, 33 FCC Rcd 5773, 5778-80, paras. 17-19 (2018) (*2018 Slamming Order*); 47 CFR § 64.1120(a)(1)(i)(A).

<sup>8</sup> See *2018 Slamming Order*, 33 FCC Rcd at 5781, para. 23. The Commission also stated that a carrier is uniquely positioned via its access to sales scripts, recordings, training, and other relevant materials relating to sales calls to proffer evidence to rebut a consumer's claims. *Id.*

<sup>9</sup> See Informal Complaint No. 5630919.

<sup>10</sup> *Id.*

<sup>11</sup> 47 CFR § 1.719 (Commission procedure for informal complaints filed pursuant to section 258 of the Act); *id.* § 64.1150 (procedures for resolution of unauthorized changes in preferred carrier).

<sup>12</sup> See Clear Rate Response to Informal Complaint No. 5630919 (filed Aug. 5, 2022) (*Clear Rate Response*).

<sup>13</sup> See 47 CFR § 64.1120(c)(3)(iii).

carriers can no longer be considered binding.”<sup>14</sup> We therefore find that Clear Rate’s actions resulted in an unauthorized change in Complainant’s telecommunications service provider, as defined by the rules, and we discuss Clear Rate’s liability below.<sup>15</sup>

8. Clear Rate must remove all charges incurred for service provided to Complainant for the first thirty days after the alleged unauthorized change in accordance with the Commission’s liability rules.<sup>16</sup> We have determined that Complainant is entitled to absolution for the charges incurred during the first thirty days after the unauthorized change occurred and that neither the Complainant’s authorized carrier nor Clear Rate may pursue any collection against Complainant for those charges.<sup>17</sup> Any charges imposed by Clear Rate on the Complainant for service provided after this 30-day period shall be paid by the Complainant to the authorized carrier at the rates the Complainant was paying the authorized carrier at the time of the unauthorized change of their telecommunications service provider.<sup>18</sup>

9. Accordingly, IT IS ORDERED that, pursuant to section 258 of the Communications Act of 1934, as amended, 47 U.S.C. § 258, and sections 0.141, 0.361, and 1.719 of the Commission’s rules, 47 CFR §§ 0.141, 0.361, 1.719, the complaint filed against Clear Rate Communications IS GRANTED.

10. IT IS FURTHER ORDERED that, pursuant to section 64.1170(d) of the Commission’s rules, 47 CFR § 64.1170(d), Complainant is entitled to absolution for the charges incurred during the first thirty days after the unauthorized change occurred, and that Clear Rate Communications may not pursue any collection against Complainant for those charges.

11. IT IS FURTHER ORDERED that this Order is effective upon release.

FEDERAL COMMUNICATIONS COMMISSION

Kristi Thornton  
Acting Chief  
Consumer Policy Division  
Consumer and Governmental Affairs Bureau

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<sup>14</sup> *2018 Slamming Order*, 33 FCC Rcd at 5779, para. 18 (citing *Advantage Forfeiture Order*, 32 FCC Rcd 3723, 3725-30, paras. 7-13 (2017) (finding that the carrier’s TPV recordings did not disprove that unlawful misrepresentations were made during the telemarketing calls and further, that questions posed during the separate TPV calls did not cure those misrepresentations)).

<sup>15</sup> If Complainant is unsatisfied with the resolution of the complaint, the Complainant may file a formal complaint with the Commission pursuant to Section 1.721 of the Commission’s rules, 47 CFR § 1.721. Such filing will be deemed to relate back to the filing date of Complainant’s informal complaint so long as the formal complaint is filed within 45 days from the date this order is mailed or delivered electronically to Complainant. *See id.* § 1.719.

<sup>16</sup> *See id.* § 64.1160(b). In its response, Clear Rate states that it applied credits to Complainant’s account to offset the early termination fee, and that Complainant’s account is “fully closed.” *See Clear Rate Response* at 2.

<sup>17</sup> *See id.* § 64.1160(d).

<sup>18</sup> *See id.* §§ 64.1140, 64.1160.