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See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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FCC SURVEY CONFIRMS CONSUMERS EXPERIENCE MOBILE BILL SHOCK AND CONFUSION ABOUT EARLY TERMINATION FEES

Shows issues with ETFs for home broadband as well

Washington, D.C. -- Today, the Federal Communications Commission released the findings of an agency survey on the consumer mobile experience. The survey indicated that 30 million Americans -- or one in six mobile users -- have experienced "bill shock," a sudden increase in their monthly bill that is not caused by a change in service plan. It also shows that nearly half of cell phone users who have plans with early termination fees (ETFs) -- and almost two-thirds of home broadband users with ETFs -- don't know the amount of the fees they're accountable for.

"The FCC's consumer survey provides an important snapshot of the real-world experiences of mobile customers," said FCC Chairman Julius Genachowski. "The wireless industry has achieved remarkable innovation -- and mobile is increasingly essential to the daily lives of Americans. But there is still more that can be done to help customers navigate what is sometimes a confusing marketplace. A simple and easy to understand mobile purchase and billing process will empower consumers to avoid bill shock and other unexpected fees."

The FCC has been proactively working to clear up consumer confusion surrounding bill shock, ETFs, and other issues. Last August, the Commission launched a proceeding to examine ways to empower consumers to make smart, informed decisions when it comes to communications services. In January 2010, the Chiefs of the FCC's Consumer and Governmental Affairs and Wireless Telecommunications Bureaus sent letters to the major wireless carriers to learn more about their early termination fees. And as one of the first initiatives undertaken by the FCC's Consumer Task Force, in early May the Consumer and Governmental Affairs Bureau released a Public Notice asking about possible solutions for bill shock.

The survey released today supports the agency's efforts by supplying essential data about the consumer experience. The survey notes that 83 percent of adults in this country have a cell phone, and 80 percent have a personal cell phone (i.e., one for which their employer does not pay the bill). It also asked about cell-phone coverage: 58 percent of cell-phone users say they are very satisfied with the number of places they can get a good signal.

The survey finds that of the 30 million Americans who have experienced bill shock:

- 84 percent said their mobile carrier did not contact them when they were about to exceed their allowed minutes, text messages, or data downloads.
- 88 percent said their carrier did not contact them after their bill suddenly increased.

The amount of bill shock varies widely but is often sizeable. In the survey, more than a third of people who experienced bill shock said their bills jumped by at least \$50, and 23 percent said the increase was \$100 or more.

The survey also asked consumers about early termination fees for cell phone and broadband service. Of the respondents with personal cell phones, 54 percent said they would have to pay an ETF should they terminate their contracts before the expiration date, and 18 percent didn't know whether they would have to pay or not. Of those who are subject to an ETF, 43 percent said it was \$150 or more, but 47 percent didn't know how much it was. One reason for the confusion is billing practices: Only 36 percent of cell phone customers who are familiar with their bills said that they include "very clear" information on ETFs.

The findings were similar for home broadband termination fees, with some differences. Only 21 percent of home broadband users say that their contracts include an early termination fee. Of those consumers, however, fully 64 percent don't know what the fee is -- a higher level of confusion than for cell phone service.

The survey shows that ETFs are one factor that can keep cell phone customers from switching carriers even when their service is not ideal. Forty-three percent of these customers said ETFs were a major reason they would stay with their current service, almost exactly the same number who said they would be deterred from switching by the cost of setting up a new service or by paying a deposit on a new service.

"These findings support our ongoing efforts to help consumers get better information on these charges and fees," said Joel Gurin, Chief of the FCC's Consumer and Governmental Affairs Bureau. "As we know from our consumer complaint center, even an unexpected charge of \$20 or \$30 can make a difference to many people. Several carriers are taking steps to make their fees and billing more transparent, and we would like this to become a universal practice. We're confident that we will be able to work with both wireless carriers and public interest groups to help consumers avoid these unwelcome surprises."

About the survey

The FCC's survey of consumers, conducted by Abt/SRBI and Princeton Survey Research Associates, International from April 19 to May 2, 2010, interviewed 3,005 American adults. The national, random, digit-dial survey was conducted in English and Spanish and the sample included both landline and cell phones. For responses based on those with personal cell phones (2,463 respondents) the margin of error is plus or minus two percentage points.