

FCC Consumer Advisory Committee

Recommendations Regarding Pre-sale Consumer Disclosures

CG docket No. 09-158; CC docket No. 98-170; WC docket No. 04-36

At the March 2010 Consumer Advisory Committee (“CAC”) meeting, the Federal Communications Commission (“FCC”) requested the CAC to research best practices for displaying information in a manner in which consumers can compare service options when purchasing either wireless, wireline, broadband internet or video subscription service. The final product will be a ‘label’ or some other mechanism that will ensure consumers have clear, concise and readily available information prior to making a purchase.

At a later meeting, the FCC expressed a concern that consumers were overbuying products and services in these areas and asked the CAC to consider this problem as well.

In order to accomplish these important tasks, the CAC formed a Consumer Information Disclosure Task Force (“CIDTF”). The CIDTF met numerous times to discuss recommendations on how best to achieve these goals. The CIDTF realized that a disclosure ‘label’ is limited in its ability to empower consumers. For example, while a disclosure label would be quite useful for informing consumers about whether a contract had an early termination fee, it would not inform consumers about what bucket of services or how much download speed is required to meet their specific needs. Consumers can only gain this knowledge through a comprehensive educational program and expanded industry disclosure. Such a program should involve the FCC, telecommunication companies and non-profit consumer and community groups.

The CIDTF’s discussions were guided by the following five questions provided by the FCC:

- Should information for consumers be presented in a standardized label?
- Would such a label allow consumers to compare service providers in a consistent way?
- What would the label look like?
- What information should be contained in the label?
- If a similar label or “box” is not the best approach for communications services, what alternative approaches would make information more accessible and understandable for consumers?

After several meetings, the CIDTF outlined the common criteria consumers would find useful when shopping for the aforementioned services. The CIDTF discussed the matrix with a representative of a telecommunications company that provides all four services. The meeting revealed that displaying all of the information in the matrix would be difficult for the companies to provide and may not be useful for all consumers. Therefore the list in the matrix was reduced to the following criteria:

Description of Service and Total Cost

Basic features, option features, all fees, estimated taxes and charges.

Contract Terms and Conditions

A full explanation of the company's deposit policy, use and payment policy, cancellation procedures and fees, specific process to terminate service and explanation of early termination fees, warranty information, and installation costs and terms.

Customer Service

An explanation of how to get help when you need it, contact information about complaints regarding service and billing, and state and federal regulatory contacts.

Disability Products and Services

A statement on whether there is dedicated customer service for individuals with disabilities, a list of all accessible equipment and features provided, and services - such as directory assistance, phone hearing aid compatibility (HAC), telecommunications relay services (TRS) a check-off box that indicates that the company provides these products and services, and a statement on compliance with applicable regulations for accessibility of equipment, programs and services.

Privacy

A clear statement about whether the customer's information will be shared with a third party without the customer's informed consent

Based upon the work of the CIDTF, the Consumer Advisory Committee answers the FCC's questions as follows:

1. **Should information for consumers be presented in a standardized format?**

Yes. The information should be conveyed to the consumer in a standardized format depending upon the medium of sale (*i.e.* in-person, over the phone, over the Internet) before a sale is made.

2. **Would such a format allow consumers to compare service providers in a consistent way?**

Yes. Based upon the information provided, a consumer would be able to compare the services and make a determination as to which one best fits their needs and budget.

3. **What would the format look like?**

The format of the disclosure could be in the form of a comprehensive checklist coupled with a more abbreviated product label *i.e.* showing basic information about the service they are considering purchasing. A good example of an abbreviated disclosure would be the good faith cost estimate letter which a consumer receives after applying for a mortgage.

4. **What information should be contained in the label?**

The following information should be included:

- **A total of all start-up costs** (fees for -- installation, initial connection, deposit, activation, and equipment costs)
- **Minimum monthly costs for basic service and a full description of what basic service is provided for the minimum cost.**
- **Is there a contract involved?** If so, the terms including the length of the contract, any initial promotional discounts, method(s) of cancellation and early termination fees, and the cost of the product or service following contract termination or promotional discounts should be specified in the case of broadband service, the speed of service should be clearly specified.
- **An explanation of which disability products and services are**

provided by the company, specifically directory assistance and telecommunications relay services, and a list of products such as hearing aid compatible phones that are provided. If there is a compliance standard for disability products, the provider should state whether their product or service complies with the standard.

- **Explanation of the company's privacy policy.** Specifically whether the company intends on sharing the customer's information with a third party, with or without the customer's informed consent. If so, are customers able to opt-out of this information sharing.

Taken together, all of this information will assist the consumer to better determine whether they want to commit to a particular service provider before the consumer has to spend any money.

5. **If the label doesn't work, what alternative approaches would make information more accessible and understandable for consumers?**

The CAC realizes that a label may not be adequate for all situations. It is possible that the best solution would be to require, pre-sale disclosures in a standardized format with a more comprehensive checklist available at the consumer's request.

Adopted, August 4, 2010

(Dish Network L.L.C., National Association of Broadcasters, and Verizon Communications, Inc. abstaining)

Respectfully submitted:

Debra R. Berlyn, Chairperson

FCC Consumer Advisory Committee