

New code outlaws unfair phone and internet contracts

Consumer protections of new ACIF code now enforceable

New rules that outlaw unfair or confusing contracts for phone or Internet services have now become enforceable on all Australian telecommunications companies.

The Consumer Contracts Code, developed by the Australian Communications Industry Forum (ACIF), was registered late last week by the Australian Communications Authority (ACA), which can now enforce compliance with the new rules. Companies which breach the code can be penalised by the Federal Court.

ACIF developed the Consumer Contracts Code in response to complaints that the wording of many telecommunications contracts was too complex, legalistic or technical for the average person to understand.

The other major source of complaints was contracts that allowed service providers to vary terms and conditions after customers had signed up for a service but didn't offer them an opportunity to terminate the agreement or receive a refund.

All providers of telecommunications services will now have to review (and possibly alter) their consumer contracts to meet the requirements of the ACIF code in relation to fairness of contract terms as well as the clarity of the wording.

Any consumer or small business contract for telecommunications services entered into since May 5 must be made to comply within six months.

Existing contracts for fixed line phone services must also comply within that timeframe.

Where consumers have mobile phone or Internet services without a fixed contract period, the provider must offer a new contract that complies with the Code.

An ACIF Working Committee with equal representation from industry and consumers developed the code, which was finalised and sent to the ACA for registration in early March.

ACIF chief executive officer, Anne Hurley, explained that the code was a world first because never before had enforceable rules been developed for a specific industry to control unfair or unintelligible contracts on consumers and small businesses.

The interests of consumers and the industry are very much aligned in having fair contracts, Ms Hurley said. So this exercise has been a great example of how Australia's self-regulatory approach is breaking new ground by involving consumers and industry in developing rules that are mutually beneficial.

ACIF estimates the Consumer Contracts Code will apply to more than 20 million contracts.

About ACIF

ACIF is a member-funded organisation established in 1997 to facilitate communications self-regulation in the interests of both industry and consumers. ACIF provides a neutral forum in which all participants and end-users in the Australian communications industry can work together to foster an efficient, competitive environment through self-regulatory processes, technical codes and standards.