



## **Help Note for service providers requiring prior permission Version 1: November 2006**

### **Introduction**

This ICSTIS Help Note is to assist service providers in achieving compliance with our Code of Practice. It is a non-binding document and does not form part of the Code of Practice.

Service providers and network operators seeking clarity about the application of any Code provision to a particular service are strongly advised to contact the Executive **before** starting to operate the service.

### **Services requiring prior permission**

Most premium rate services do not require prior permission from ICSTIS before they can operate. However, under paragraph 6.1 of the ICSTIS Code of Practice, some types of service need to be assessed by the Board and given permission before they commence operating. Prior permission is given for each particular service, rather than to individual service providers or network operators. Please note that where a service provider is providing the same service on behalf of different information providers it follows that from the ICSTIS perspective these are different services. Prior permission will be required in respect of each service. The following types of service currently require prior permission from ICSTIS before they can operate:

- **services that involve two-way 'live conversation' (other than those exempted by Notice)** – for example, one-to-one Chatlines, professional advice lines and connection services for Live Conversation involving calls to international destinations. The provisions covering prior permission for all live services (regardless of price) are in Section 6 of the Code.
- **chatline (multi-party chat) services**
- **consumer credit services** – for example, credit brokerage and debt counselling services, including live, recorded and fax services.
- **counselling services**
- **services charged at more than £1 per minute where the total cost of the call can exceed £30.**
- **services charged at more than £1.50 per minute.**

- **remote gambling services** – enabling gaming or betting to take place remotely – i.e. delivered at a distance, electronically or by voice telephony. (This requirement does not apply to prize competition services or betting tipster services, except where they may fall into another of the service categories listed above).
- **Any premium rate service utilising a dialler, regardless of price**

### **Prior permission and conditions**

Prior permission will be granted in the form of a written certificate sent to the service provider. Prior permission will be given for the service on the basis of the information stated in the application, concerning service content, structure, promotion and targeting, further details of which are below. If the service fails to commence within six months of permission being granted, the service provider must reapply for prior permission.

Prior permission may be granted subject to the imposition of additional conditions. One such condition applied to all services is that the service and its promotion should not be altered from what is described in the permission certificate without the agreement of the Board.

The description of the service will generally be as set out in the application. For example, if an application states that a service will be advertised in a limited range of publications, then the service must not be promoted more widely without the service provider first seeking permission from ICSTIS to do so. Where necessary, additional conditions may be imposed by the Board. Any proposed changes to the service should be submitted to the Executive in writing.

### **Consideration of applications**

#### **a) Avoiding consumer harm**

The Board will consider each application on its merits and certain services will be subject to additional conditions depending on the degree of potential consumer harm. Service providers are encouraged to incorporate consumer safeguards into their services, rather than having them imposed as specific conditions of their permission certificate.

The Board will consider all the characteristics of the service, including its type, structure, associated promotional material and target audience. The Board will also consider the experience and qualifications of the call-handlers, service providers and information providers, if relevant to the type of service. The main factor the Board will consider when assessing an application is the likelihood of the service giving rise to high bills and/or unauthorised use, or its likely appeal to vulnerable groups of consumers.

Services that are likely to attract additional conditions to prevent consumer harm are consumer credit services, counselling services and entertainment services such as one-to-one chatlines, tarot and other psychic services.

## b) Service characteristics

The following service characteristics are likely to affect the Board's decision when considering the imposition and content of conditions:

- **Price.** The price per minute and likely total cost of a service will be taken into account by the Board when considering an application – a potentially problematic service charged at a higher tariff is likely to result in greater harm than one charged at a lower tariff.
- **Content restrictions.** A service that is confined to a specific, narrow type of content is much less likely to attract additional conditions. For example, a service giving timetable information is unlikely to have conditions imposed. In contrast, an open-ended general consumer advice service is more likely to have conditions imposed.
- **Promotional restrictions.** In addition to looking at the content and pricing of a service, the Board will take account of the nature of its associated promotion. A targeted promotion to an identified user group might require fewer conditions than one promoted on television or in the national newspapers.

## c) Types of condition

Services might typically be subject to the following conditions:

- **Additional price message requirements.** A service that may involve lengthy call durations could be permitted subject to consumers being warned during the service about the mounting call costs. This will enable them to make an informed decision about whether to continue with the service. An example might be a condition to warn the caller about the cost of the call after every £5 of call spend.
- **Maximum call limits.** Some services may involve lengthy calls. This can be due to the nature of the service being offered, such as one-to-one chat services. To avoid the build-up of high bills, the Board may require a maximum call duration to ensure a cut-off point.

**Live services** for entertainment purposes are likely to be subject to the following additional conditions:

- **Compensation arrangements.** Service providers will be required to have the appropriate arrangements in place prior to commencing live services for entertainment purposes. This will mean lodging a bond with ICSTIS and joining the ICSTIS Compensation Scheme. This is likely where the service may result in high bills and/or unauthorised use of the service by people other than the person responsible for paying the bill. The types of service likely to be subject to this condition are one-to-one chatlines, tarot, psychic services and other similar types of entertainment service.
- **The recording of calls.** The continuous recording of calls to live entertainment services, such as one-to-one chatlines, is vital to allow the investigation of complaints and the administration of the Compensation Scheme (see above). For further information, please see the document 'ICSTIS Recording Equipment Requirements' on the ICSTIS website.

- **One-to-one ‘hybrid’ services.** This category of entertainment service offers callers the option of engaging in non-live and live conversation during the same call. These types of service are normally granted permission subject to a three-month trial period. Hybrid services will have their own specific conditions imposed, which will include recording the entire call.

**Consumer credit services** are likely to attract a number of specific conditions.

### **Application procedure and cost**

Service providers wishing to obtain a prior permission certificate need to complete an application form which can be downloaded from the ICSTIS website. Service providers are advised to discuss all potential applications with the Executive prior to submitting a formal application for permission. This will provide an opportunity to clarify aspects of the application and incorporate any initial recommendations or amendments. To cover the staff, management and Board costs of administering the application procedure, a charge of £300 plus VAT must be paid at the time of submission. Any application received without payment will not be processed by the Executive.

### **Timing**

The time taken to complete the consideration of an application for prior permission will depend largely on the nature of the service and the issues it raises. However, ICSTIS aims for an average application-processing time of between ten days and a month, depending on the type of service concerned. Please note that the application form should be completed fully, and the associated promotional material provided, to avoid delay.

### **Compliance advice**

Compliance advice is available, free of charge and in writing, from the Executive. Please note that Executive advice is not binding on the Board, although a record of advice is maintained and taken into account should a service later be found to be in breach of the Code.

### **Further information**

Contacting the Executive:

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