

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)
)
Empowering Consumers to Avoid Bill Shock) CG Docket No. 10-207
)
Consumer Information and Disclosure) CG Docket No. 09-158

REPLY COMMENTS OF CONSUMERS UNION

Consumers Union respectfully submits these Reply Comments in response to Comments filed in *In the Matter of Empowering Consumers to Avoid Bill Shock Consumer Information and Disclosure*.¹ The Commission has correctly found that “consumers face significant challenges in monitoring mobile usage and protecting themselves from substantial roaming charges or overage charges for exceeding their monthly allotments of voice minutes, text and data.”² Consumers Union submits these Reply Comments to demonstrate that actual consumers across the country are experiencing “bill shock” and to respond to claims that no “bill shock” rules are necessary.

I. CONSUMERS ARE INCREASINGLY EXPERIENCING “BILL SHOCK”

The Commission correctly notes that “that bill shock remains a significant problem for consumers despite the availability of some usage and monitoring tools.”³ Indeed, the January 2011 issue of *Consumer Reports*® found that 1 in 5 respondents had received a higher than

¹ See 25 FCC Rcd 14625 (2010) (“Bill Shock” NPRM).

² *Id.* at ¶ 2.

³ *Id.* at ¶ 10.

expected bill. Half of them were hit with least \$50 in overage charges, and one in five was hit with more than \$100 in overage charges.

Nonetheless, some Commenters suggest that rules are not necessary because wireless carriers have already implemented tools to inform consumers of their usage and the rates they will be charged if they go over their usage limits.⁴ However, not all carriers have implemented tools to inform consumers about overage limits and charges, and these tools and the information provided vary among carriers. Consumers Union believes consumers will benefit most from consistent industry wide rules, and thousands of consumers agree.⁵

Moreover, the current efforts of wireless carriers have not limited the experience of “bill shock” among consumers. In fact, hundreds of consumers have shared their personal “bill shock” experiences with Consumers Union. Based on the stories submitted to Consumers Union, it is evident that many consumers have not been made aware of these tools or may simply not be able to afford these tools.⁶

For example, one consumer – Carl Anderson – shared the story of his friend who was “stunned by the bill and over charges” that occurred after her son sent 10,000 text messages. She “was furious with her son for [sending so many text messages] and with Verizon for not notifying either of them that he was approaching his limit, hit his limit, or went way over it.”

⁴ See e.g., Comments of CTIA at 16-21 (CTIA Comments); Comments of Verizon Wireless at 2-13 (Verizon Comments); Comments of Sprint Nextel Corporation at 6-7 (Sprint Comments); Comments of T-Mobile USA, Inc at 2-8 (T-Mobile Comments).

⁵ See Appendix. Almost 50,000 consumers have signed a Petition supporting rules that would require wireless companies to alert its customers before they reach their voice, text, or data limits.

⁶ For example, Verizon Wireless’ Usage Controls cost \$4.99 per month for each line, which can become quite costly and unnecessary, especially if the consumer does not go over his or her limit that month. See Verizon Comments at 6.

Although Verizon and others offer usage controls to its consumers,⁷ consumers overwhelmingly are not aware or informed of such devices, as indicated by Mr. Anderson’s story.

Another consumer - Maxine Mesko of Hudson, Florida – thought she had an unlimited text messaging plan, yet was “shell-shocked” by her bill of over \$600, even though she was under her minutes. Ms. Mesko requested an unlimited text messaging plan because she and her son utilized text messaging more than voice calls. In fact, the minutes used for voice calls did not exceed the monthly minutes. However, when she examined her bill, she discovered that “the text options were specifically geared towards spending the minutes of the plan,” so the text messages “rolled straight into the minutes,” effectively making her unlimited text messaging plan become limited.

Consumers traveling internationally fare no better, even though some Commenters assert that there are tools put in place for alerts and notifications during international travel.⁸ For instance, Jeff Owrutsky of Silver Spring, Maryland was hit with a \$4,000 bill after his daughter studied abroad in England, even though he took steps to ensure that she limited her phone use and was on an international plan. Mr. Owrutsky recalls:

We took steps to ensure we would not be charged the \$15/MB for data services but even though our daughter’s usage was greatly reduced, we received a huge bill. They did not warn us that the real time info on our data charges would be delayed and provided no warning that we were building up such a large bill. We filed a complaint with FCC (after even less help from local government officials) and t-mobile [sic] agreed to cut our bill in half. We knew the information on the charges was available and it did not match our pattern of use with the phone....⁹

⁷ See e.g., Verizon Comments at 6-8.

⁸ See e.g., Verizon Comments at 9; Sprint Comments at 10, 11; T-Mobile Comments at 6.

⁹ Although T-Mobile specifically notes the array of notifications it provides its customers, See T-Mobile Comments at 6, Mr. Owrutsky was blindsided still by unexpected overage charges and received no notifications about usage.

Even consumers who take proactive steps to ensure that they will not incur overage charges are often surprised by the unexpected charges. For instance, Donna Daubert of Fuquay Varina, North Carolina, contacted AT&T's customer service several times before traveling abroad in order to determine the exact charges and increases she would face by using her phone. After spending over an hour on the phone with customer service, she was told she would not be charged for international roaming fees. However, "[t]he bill arrived and [she] was charged roaming fees for 85% of calls. The bill was \$180 more than expected (charged 1-2 times quoted price)...." Despite the steps taken to ensure a predictable bill, Ms. Daubert was shocked to see how many overages she incurred during her international travel.

It is clear that consumers would benefit from free alerts, notifying them of their usage as well as roaming and overage charges that they may incur. Consumers should also consent to going over their allotted limits and incurring overage charges.¹⁰ The Commission should protect consumers from unexpected charges by ensuring that all wireless carriers are providing free alerts to their customers.

II. CONSISTENT RULES – NOT VOLUNTARY GUIDELINES – ARE NEEDED TO PROTECT CONSUMERS.

Enforceable rules are needed to ensure that consumers are protected from experiencing "bill shock." The Commission's proposed rules would ensure consistent standards across the wireless industry and protect consumers from unexpectedly high bills due to overage charges. Yet, despite consumer experience with "bill shock," CTIA argues that "bill shock" rules are unnecessary because it has its own Consumer Code that is meant to protect consumers and

¹⁰ See *e.g.*, Comments of The Center for Media Justice, Consumer Action, Consumer Federation of America, Consumers Union, Free Press, Media Access Project, National Consumers League, National Hispanic Media Coalition, and New America Foundation at 5.

wireless carriers compete based on customer service offerings, including management tools for usage.¹¹

However, not all wireless companies are signatories of CTIA's Consumer Code.¹² Additionally, the Code does not specifically address the issue of "bill shock," as discussed in the Commission's NPRM. Further, CTIA's Consumer Code is voluntary, and there is no real threat of punishment for violation of the Code.

Moreover, consumers often find that their wireless carrier's customer service does not adequately resolve billing issues. For example, some consumers are essentially forced to upgrade to more expensive plans. Sarah Mohn received an unexpectedly high bill due as a result of her granddaughter's use. The exceeded use cost 45 cents a minute. The wireless carrier agreed to reduce the bill, if she "signed up for a new plan that was \$20 more per month." Karen Ridgley faced a similar experience; her carrier agreed to waive "the overcharge when [she] increased [her] subscription to \$60/mo and 900 minutes, which [she] rarely require[s]."

Consumers cannot rely on voluntary industry codes to protect them from experiencing "bill shock." This is particularly true in the case of the CTIA Consumer Code, where not all wireless companies are signatories to the code, and the code itself does not even address "bill shock" issues. Thus, the Commission should implement mandatory, enforceable rules that protect consumers from "bill shock."

III. CONCLUSION

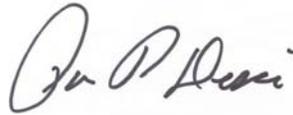
Consumers Union received numerous complaints regarding "bill shock." Although Commenters suggest that market forces are working to remedy the problem, the problem is still prevalent. It is evident that voluntary efforts are not sufficient to protect consumers from

¹¹ See CTIA Comments at 6.

¹² See *id.*

unexpected overage charges. We urge the Commission to adopt rules that will protect consumers from “bill shock.”

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Parul P. Desai". The signature is written in a cursive style with a large initial "P".

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