



POLICY & ACTION FROM CONSUMER REPORTS

July 30, 2014

The Honorable John D. Rockefeller IV
Chairman
Senate Committee on Commerce,
Science, & Transportation
254 Russell Senate Office Building
Washington, DC 20510

The Honorable John Thune
Ranking Member
Senate Committee on Commerce,
Science, & Transportation
560 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Rockefeller and Ranking Member Thune:

Consumers Union, the policy and advocacy arm of Consumer Reports, appreciates the Committee's continued investigation into unauthorized third-party charges on consumers' wireless phone bills – or “cramming.” We thank the Committee for its longstanding work on this important issue and believe that its investigation into wireless carriers' cramming practices is an important step to keeping unauthorized charges off of consumers' bills.

Our organization has been actively involved in the issue of cramming since it first emerged as a problem in the 1990s. Since then, we have advocated for improved disclosures and greater legal protections for unauthorized charges on consumers' landline and wireless bills. Over the years, we have gained extensive knowledge of the adverse effects of cramming by hearing the first-hand experiences of consumers. What we have found is that consumers continue to experience cramming despite the current self-regulatory measures such as the industry's double opt-in process. Consumers are being held responsible for services that they do not want, do not authorize, and have not even heard of. These charges are often difficult to identify on consumers bills and can go undetected for months. Once consumers identify the charges, they continue to have difficulty obtaining refunds for unauthorized charges, despite carriers' assertions to the contrary.

We recognize that some wireless carriers recently voluntarily agreed to stop charging for premium text messaging services such as horoscopes and ringtones, but the stories we have heard from consumers suggest that it continues to be far too easy for consumers to be charged for services that they do not authorize and do not want. There are many other causes of unauthorized charges, and we are concerned that the practice will only continue as carrier billing technologies continue to evolve. Consider the following examples:

- Jeanne S. of Brewster, Massachusetts noticed larger-than-normal bill, which prompted her to comb through her bill to look for an explanation. She found three different unauthorized charges for \$9.99 on her children's phones. After a 45-minute online chat with customer service, her carrier agreed to remove the charges from her bill. The next month, she found a similar charge for \$9.99, which the carrier immediately eliminated. The experience prompted Jeanne to check her bill much more carefully each

month, but as she put it, “it amazes me that [carriers] allow it to happen in the first place.”

- Maria M. of Chula Vista, California said that she inputted her phone number in an online survey with promises of winning an iPod, and wound up with a \$10 monthly charge to her cell phone bill for a movie trivia site she had never heard of. Maria also complained to us that because she enrolls in autopay online, she was frustrated that she was only able to catch the charge after three months. It was not until following up with several phone calls to her wireless carrier that Maria was able to finally obtain a full refund.
- Victoria F. of Albion, Indiana, was told by her wireless carrier that a third party had charged her account \$9.99 for the last nine months on a prepaid phone account that Victoria purchased solely for emergency purposes. Significantly, as Victoria told us, “I do not text, download data, or receive calls on this phone and I have never given the number as a contact number.” When Victoria discussed the matter with her carrier, the carrier refused to reimburse her, and explained that she would need contact the third party directly.

Consumers Union has long advocated in favor of extending cramming protections to wireless and VoIP users. We are concerned that voluntary protections may be insufficient and appreciate the Committee’s continued work to ensure that all consumers are protected from these predatory practices.

Respectfully,



Delara Derakhshani
Policy Counsel
Consumers Union

cc: U.S. Senate Committee on Commerce, Science, and Transportation members