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International Law Firm News – Ofcom investigates breaches of consumer protection legislation by [Becky](#)

Article published on February 16th 2012 | [Business](#)

Ofcom have investigated Nowtel into breaches of consumer protection legislation; they have subsequently agreed to change the advertising of its phone cards.

Nowtel provides international calling cards (ICCs) which allow users to make cheap overseas phone calls; they claim to be the largest producer of phone cards in Europe.

Those travelling in the UK and the UK immigrant population are the most popular customers of the cards. More than 5 million adults in the UK are using them at an average spend of approximately £13 per month; this industry is generating hundreds of millions of pounds every year.

The investigation into Nowtel started earlier this year which followed a crackdown on bad consumer experiences of international calling cards in general. The investigation showed that consumers have a lot of confusion in relation to the charges and terms and conditions. Ofcom therefore launched a monitoring and enforcement programme into the advertisement and sale of ICCs and their compliance with relevant consumer protection law (the ‘ICC Programme’). The Nowtel investigation was launched as part of the ICC Programme.

The Nowtel investigation took a total of 4 months and concluded that Nowtel’s advertisement of ICCs was likely to constitute misleading actions and omissions in potential contravention of the Consumer Protection from Unfair Trading Regulations 2008. Nowtel is said to have brought such potential contraventions to an end and have reinforced their commitment to no future breaches by way of vowing to make changes to its advertisements in the following ways:

1. Clearly stating to consumers the headline number of minutes that they will receive and that minutes are reduced by certain fees and/or charges in a manner which is clear, intelligible and unambiguous;
2. Providing consumers with material information in a manner which is clear, intelligible or unambiguous, including but not limited to, connection fees and maintenance charges; and
3. Ensuring that material information such as terms and conditions is displayed in a clearly legible font.

Nowtel had until 1 October 2011 to comply with the above changes, which includes the requirement to replace existing advertising. Ofcom are said to be actively monitoring the company’s compliance.

The Power of Ofcom

The result demonstrates Ofcom’s powers in relation to breaches of consumer protection laws within the communications industry and more particularly, their willingness to take action against marketers advertising their products in a misleading way. Marketers should therefore note that it is not just the Advertising Standards Authority who has the ability to censure misleading advertising.

Article Source:

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Article Keywords:

International Law Firm

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