

Investigation Report

File No.	ACMA2022/316
Carriage service provider	Telstra Corporation Limited
ACN	051 775 556
Scope of investigation	Compliance with clause 7.7.1 of the Telecommunications Consumer Protections Code C628:2019.

Summary of findings

The Australian Communications and Media Authority (the **ACMA**) finds that, between 9 August 2019 and 21 April 2022, Telstra Corporation Limited (**Telstra**) contravened clause 7.7.1 of the *Telecommunications Consumer Protections Code C628:2019* (the **TCP Code**) on 70 occasions, because it did not suspend credit management action against 70 financial hardship customers, in circumstances where none of the relevant exceptions applied.

Background

1. The TCP Code is registered under Part 6 of the *Telecommunications Act 1997* (the **Act**) and sets out rules that apply to all carriage service providers (**CSPs**) that supply telecommunications products to residential and small business customers.
2. On 28 September 2021, the ACMA received information from Telstra about its financial hardship customers in response to a routine notice under subsection 521(2) of the Act (**Telstra's initial report**).
3. Relevantly, Telstra reported that it had identified that 24 customers on financial hardship arrangements had been subject to a collection activity between January 2021 and June 2021.
4. On 27 June 2022, the ACMA commenced an investigation into Telstra's compliance with clause 7.7.1 of the TCP Code on the basis of Telstra's initial report.
5. On 28 June 2022, the ACMA sought additional information from Telstra to understand the scale of the issue. On 16 August 2022, Telstra provided the ACMA with its response (**Telstra's further response**).
6. In the course of this investigation, the ACMA examined information provided in:
 - a) Telstra's initial report
 - b) Telstra's further response.

Findings and reasons

TCP Code – Clause 7.7.1 (Suspension of credit management action)

7. Under clause 7.7.1 of the TCP Code, a supplier must suspend credit management action whilst an arrangement under a financial hardship policy is being discussed or is in place, unless:

- (a) the customer or former customer does not meet their obligations under the financial hardship arrangement. In that event, if the customer or former customer does not contact the supplier to discuss a new arrangement, the supplier must take reasonable steps to contact the customer or former customer before taking credit management action;
 - (b) the supplier decides it is reasonable to do so given the circumstances, for example, to prevent a further increase in the debt owed; or
 - (c) the customer or former customer agrees that the financial hardship arrangement is unable to be completed.
8. 'Credit management' is defined in the TCP Code as the process by which a supplier helps customers to manage their expenditure on telecommunications services, manages any credit risk to the supplier, and collects outstanding debts from customers, and former customers (clause 2.1).
9. To determine Telstra's compliance with clause 7.7.1 of the TCP Code, the ACMA has assessed the following questions:
- > Is Telstra a CSP within the meaning of the Act and a supplier for the purposes of the TCP Code?
 - > Did Telstra fail to suspend credit management action while an arrangement under a financial hardship policy was being discussed or in place?
 - > If Telstra failed to suspend credit management action while an arrangement under a financial hardship policy was being discussed or in place, did any of the 3 exceptions to clause 7.7.1 of the TCP Code apply?

Is Telstra a CSP within the meaning of the Act and a supplier for the purposes of the TCP Code?

10. Yes. Telstra supplies internet and telephone services, which are listed carriage services¹, to residential and small business customers. Telstra is therefore a CSP within the meaning of section 87 of the Act and a supplier for the purposes of the TCP Code (clause 2.1).

Did Telstra fail to suspend credit management action while an arrangement under a financial hardship policy was being discussed or in place?

11. Yes. Telstra's initial report advised that IT synchronisation issues between two legacy systems prevented the timely update of the hardship 'status' indicator that prevents collections actions. This resulted in an automated collection activity incorrectly commencing for some financial hardship customers.
12. Telstra's further response advised that 70 financial hardship customers were subject to collection activity during the period 1 August 2019 to 21 April 2022 (the **Period**). All 70 affected customers accessed Telstra's financial hardship assistance in accordance with its financial hardship policy and Part 7 of the TCP Code.
13. Specifically, Telstra advised that:
- > From 9 August 2019 to 31 December 2020, there were 32 financial hardship customers impacted by collection activity.

¹ As defined in section 16 of the Act.

- > From 1 January 2021 to 31 December 2021, there were 34 financial hardship customers impacted by collection activity.
 - > From 1 January 2022 to 21 April 2022, there were 4 financial hardship customers impacted by collection activity.
14. Of the 70 financial hardship customers affected during the Period, Telstra explained that:
- > 61 were subject to a single collection activity, which was resolved within 24 hours. Twenty two of these customers had their services restricted, 3 had their services suspended, 2 were referred to outside collection agencies and 2 were disconnected.
 - > 9 customers were subject to more than one collection activity, over several days. Of these, Telstra advised that 4 were advanced in the credit treatment process before the hardship case was applied, with one of these customers having their services suspended and 3 being disconnected.
15. Telstra confirmed that where services were not restricted, suspended, disconnected, or referred to outside collection agencies, collection activity included customers receiving correspondence requesting payment.
- If Telstra failed to suspend credit management action while an arrangement under a financial hardship policy was being discussed or in place, did any of the 3 exceptions to clause 7.7.1 of the TCP Code apply?***
16. No. In Telstra's further response, Telstra advised that for the 70 financial hardship customers it failed to suspend credit management action for during the Period, none of the exceptions set out in clauses 7.7.1(a), (b) or (c) applied.
17. The ACMA has no other information before it to be satisfied that an exception set out in clause 7.7.1 of the TCP Code applied for any of the 70 customers.
18. For the above reasons, the ACMA is of the view that, between 9 August 2019 and 21 April 2022, Telstra contravened clause 7.7.1 of the TCP Code on 70 occasions, because it did not suspend credit management action for 70 financial hardship customers, and none of the exceptions in clause 7.7.1(a), (b) or (c) applied.