

Time to stop nuisance calls in their tracks



As July is *Scams Awareness Month* and with financial scams defrauding complainants by over £4m, LSE's *Claire Milne* argues that the cost of inaction regarding nuisance and spam calls might be greater than the cost of technical measures necessary to put an end to them.

Yet again scam and nuisance calls are in the news. Government and regulators continue to stress regulatory and enforcement efforts. But these are clearly not effective enough: direct technical interventions are needed, implemented with a combination of regulation and cooperation from network

operators.

The **key announcements** in this week's summer budget include "14. Clamping down on nuisance calls from claims management companies: The amount that can be charged by claims management companies – such as those that encourage claims for payment protection insurance (PPI) or personal injury insurance – will be capped, reducing nuisance calls to potential customers." On closer inspection, all that is proposed is a review of claims management regulation, to include consideration of such a cap – so any effect on nuisance calls is a way off.

Marking the "telephone" week of **scams awareness month**, the Financial Ombudsman Scheme published **research** about financial scams carried out by phone which have defrauded nearly 200 of its (generally older) complainants by over £4m. As the report points out, with substantiation from several other recent pieces of research, financial fraud of this kind has been increasing.

Earlier this year, Age UK published *Only the Tip of the Iceberg*, an independent evidence review which highlights concerns that the problem is far bigger than reported. Many concerns have been voiced about pensions reforms leading to a new spate of telemarketing targeting the elderly. Charity fundraising calls, too, are **under investigation** following complaints.

Scam calls represent the criminal end of the much bigger phenomenon of nuisance calls. On Friday, the **ICO's annual report** recorded an 11.4% rise, year on year, in the number of complaints it receives about nuisance calls or texts. The breakdown by what is being sold shows that a good half of the complaints are about cheaper or more efficient energy (combining boilers, solar panels, insulation etc). Although payment protection insurance (PPI) telemarketing is said to have peaked, a further quarter of calls are still about PPI and other forms of insurance. Because complaints are affected by publicity, they don't tell us much about the underlying level of the problem.

For this we look at the findings of the **third round of Ofcom's panel research**, published in May, which showed no let-up over the past year in the overall incidence of unwanted calls to landlines; the most significant change found by the panel research is an increase in the proportion of recorded calls.

The ICO report goes on to discuss ICO's ever-greater enforcement efforts, mentioning (more or less severe) dealings with over 70 individual companies. Though this doubtless reflects a good deal of work by ICO staff, it does not seem to be making much difference. And how could it, when we read last year in the **joint update** by ICO and Ofcom on their action plan that: "Ofcom complaints data suggests that abandoned and silent calls are being made by a large number of organisations, each generating a relatively small number of complaints, amounting to a large aggregate. For example from July to December 2013, the top 10 most complained about telephone numbers only accounted for between 6% and 17% of total complaints a month."

Common statistical reasoning suggests that there are at least hundreds of organisations behind some 80% of the bothersome calls, and that enforcement targeted on (say) the worst hundred offenders is likely to stop only (say) 20% of the nuisance.

So what is to be done? In [my last blog post](#), I mentioned £3.5m in the March budget for protecting vulnerable callers from nuisance calls. Allocating and starting to use this money was interrupted by the election, but an aim will be for it to act as “seed money” which will attract generous donations from telecoms and financial service providers. Initial discussions about the £3.5m suggested a welcome recognition of the need for technical measures – in both networks and homes – to block unwanted calls. This needs to be not just for vulnerable consumers but for everyone, complementing regulatory enforcement – and [as outlined before](#), we know from other countries (see, for example, [recent FTC testimony](#) in the USA) that more can be done.

We are still waiting to hear what extra measures the network operators are prepared to take, and how strongly the authorities will encourage them. The success of email spam filters shows that it is possible to identify, with high probability, those messages which are likely to be unwanted or criminal – and to deal with them in a way that reduces nuisance, without infringing on freedom of communication. Of course this has a cost – but what is the cost of inaction?

This post gives the views of the author, and does not represent the position of the LSE Media Policy Project blog, nor of the London School of Economics and Political Science.

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