UK ISPs now automatically refund customers £8 a day for Internet outages

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Internet service providers in the United Kingdom now automatically refund customers for outages in landline phone and broadband service, and also for missed appointments or delays in starting new service.

When a customer's landline or Internet service goes out and is not fully fixed within two business days, an ISP will issue £8-per-day refunds, according to UK telecom regulator Ofcom.

"You will receive an initial £8 if the service is not fixed two full working days after you report it, and then £8 for each full day it is still not fixed after that," Ofcom said.

Refunds will be £25 for each missed appointment, specifically when an engineer doesn't show up for a scheduled appointment or when the appointment is canceled with less than 24 hours' notice. There will also be £5-per-day compensation when a provider fails to start up new service on the promised installation date.

The new guidelines took effect yesterday, Ofcom announced. They're part of a voluntary industry code, but ISPs serving

more than 95 percent of UK customers have committed to the new guidelines. Ofcom frequently pushes ISPs to sign up for voluntary guidelines while warning that it may impose regulations if ISPs don't live up to their promises.

"If a customer loses service from 1 April, they will simply have to report the fault to their provider," Ofcom's announcement said. "They do not then need to ask for compensation, as providers will start paying out automatically if the repair takes too long."

No such guarantees exist in the US, either by voluntary code or regulation.

Ofcom said it "will carefully monitor companies' compliance with the compensation scheme, and report on how it is working next year. If customers are not being treated fairly, we will step in and take action."

ISPs could pay £142M a year

BT, Sky, TalkTalk, Virgin Media, and Zen Internet were the first ISPs to sign up for the UK's new refund scheme. Hyperoptic and Vodafone agreed to it more recently and "will start paying compensation automatically later this year," Ofcom said. EE signed on but won't start paying compensation automatically until next year. Plusnet also committed to providing the automatic refunds, but the Ofcom announcement didn't say when that provider will do so.

Ofcom found that only about one in seven customers who suffered delayed repairs or installations, or missed engineer appointments, received compensation, "and even then, only in small amounts."

"Ofcom figures suggest there are 7.2 million cases each year where broadband or landline customers suffer delayed repairs, installations or missed appointments," the regulator said.

“Financial compensation, totaling around £16 million, is currently paid out in 1.1 million of these cases. We estimate people receive an average of £3.69 per day for loss of service and £2.39 per day for delayed installations.”

Under the new guidelines, Ofcom said providers would pay out £142 million a year if they don’t improve their service.

The refunds apply to fixed broadband and landline telephone services only for residential customers and small businesses that buy residential packages. “Our analysis indicates that the number of mobile customers likely to lose service for more than 24 hours is low, and mobile customers generally receive more compensation than broadband and landline customers,” Ofcom said.

It took two years for the automatic compensation scheme to be implemented, as Ofcom first proposed it in March 2017. Ofcom originally proposed to require £10-per-day refunds for outages but lowered the amount to £8 and agreed to a voluntary code instead of a requirement.

In October 2017, Ofcom proposed changes to an industry code that lets Internet customers exit contracts without penalty when broadband providers fall short of their advertised speeds. Those changes were designed to improve the accuracy of speed information provided to customers before they sign up for broadband, letting customers exit a contract if ISPs fail to provide a minimum guaranteed speed. That new guideline took effect on March 1 this year.

For mobile, Ofcom is implementing new guidelines to make it easier to switch carriers starting July 1.

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