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## Telco customers angered by bogus fees

Mahesh Sharma | May 27, 2008

**COMPANIES in the telecommunications business are overcharging customers who spend millions of dollars a year on voice and data services, in some cases by up to 20 per cent of their bill.**

The overcharging occurs across all the telcos, and mostly arises from contract terms and rates being incorrectly entered or omitted from the system.

Customers also incur bogus charges from excess data usage on mobiles or the system charging an older, higher rate once a contract expires.

In most cases, customers are able to claim back the extra amount they've been charged, but this process often takes several months, and usually the telco is forced into action because customers withhold the amount in dispute.

South Western Alliance Rural Health spends \$2 million on voice and data services from Telstra, and chief information officer Garry Druitt said it had a rolling amount of between \$300,000 and \$400,000 that it withheld because it disputed charges.

Mr Druitt said the agency had particular problems with Next G services it signed on to at the end of last year, particularly a plan for \$49 monthly for 20 hours use, with excess data charges if the 20 hours cap was broken.

"We go under the 20 hours, but somehow they put in a data charge and, one month those data charges amounted to \$3000," Mr Druitt said.

"This occurred in five accounts in one month.

"You can imagine what the bill looked like.

"We're finding that occurring whether it's to do with data charges or voice charges.

"Every bill has to be scrutinised to ensure the agreed value is correct, but because it's correct one month doesn't mean it's going to be correct the next month. It reverts to an incorrect figure the next month."

Telecommunications consultant, Alex Silber, who audits bills to find incorrect or bogus charges, said he found one in four bills carried an overcharge, but estimated that only 10 per cent of all corporate customers were aware of the problem.

The problem affected customers of all telcos.

"I had a meeting with Optus last week and they said it doesn't matter what system they put in, most of the errors come from people erroneously or not diligently flagging the service with an appropriate level of charging," Mr Silber said.

The Bakers Delight franchise has encountered similar problems with its provider, AAPT, and group information services manager Peter Carradous said incorrectly billed excess usage charges blew out its bill by 20 per cent one month.

"We enabled a data service for doing BlackBerry-type email over mobile services, which was happening while we were roaming," Mr Carradous said.

"But instead of being charged by the kilobyte, which is how you're supposed to be charged, we were charged by connect time.

"The way those services work is they're permanently connected, so for the time we were overseas we were basically being billed for a 24-hour phone call, which would roll over and start another 24-hour phone call again."

Bakers Delight spends almost \$2 million a year on both corporate and franchisees' telco costs, and said its carrier initially dismissed regular complaints that its network speed was too slow.

"We just had continual problems with the line and we raised issue after issue and we kept on getting the report back that there's nothing wrong with the service and must it have been that we were putting too much traffic over it, which is why things were running so slow.

"In the end we had to get an expert in to do a detailed analysis of the line, and it turns out we were only getting half the bandwidth we were paying for.

"It was rectified fairly quickly, just a software change in the telco's network. My view is that we were only receiving half the service we were paying for, so we were entitled to half the money back, but getting that acknowledgement was very difficult as well."

HumeNET delivers ICT services to hospitals in Victoria's Hume region, and chief information officer Steve Bowmaker said Telstra once charged between \$200,000 and \$300,000 for services that had already been cancelled.

"We both were in agreement well in advance of them finally issuing the credit that they were incorrectly billing us, and it just took us a while for it to be adjusted through their billing system," Mr Bowmaker said.

"We were effectively short-paying them that amount." Mr Bowmaker said Telstra had always been very responsive to disputes over HumeNET's bills, which were about \$2 million a year, and there hadn't been any need to instigate formal proceedings against it.

He said other rural health agencies had the same problem with Optus, 3 and Virgin.

The agency's Mr Druitt blamed the overcharging on contract details being incorrectly entered into the billing system, which was why the same problem re-emerged in a different form each month.

"It's that internal process that reconciles final billing to customer agreements within Telstra. There doesn't seem to be a loop," Mr Druitt said. "We have to send emails to Telstra that define our agreements because Telstra doesn't have the information internally."

"We send them the documentation we were promised and they say they'll fix the problems."

"It's like having a builder of a house asking you what house you wanted when he's halfway through the project and billing you."

A Telstra spokesman admitted a small number of mistakes occurred because of human error, and said its transformation project would reduce these.

"There will always be scope for people to make mistakes, but Telstra's transformation is building better systems and providing better training to staff," the spokesman said.

AAPT didn't return messages seeking comment.

Until the telcos sort out their systems, businesses bear the brunt of their mistakes. SWARH employs two staff to comb its bills, while HumeNET has been monitoring its bills for the past decade.

"In the very early days we had an external consultant auditing our accounts just to try to ensure that our customers were getting what they were entitled to," Mr Bowmaker said.

"As our contracts have become simpler to interpret we've taken it more on ourselves at the agency level and got people to do spot checks on our accounts to ensure we're being charged appropriately."

Baker's Delight is preparing to renegotiate its telecommunications contract with AAPT next year, and Mr Carrodous said it would seek to build in provisions that accommodated the cost of hiring a consultant to constantly comb through bills.

"It adds to the cost of doing business."

"We certainly will be looking at that. It's a hidden cost that can then dilute the rate being offered," he said.

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