

Pricing trends for communications services in the UK



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1. Overview

This report examines pricing trends for residential landline, mobile phone, broadband and TV services in the UK. It covers the prices at which standalone and bundled services are offered and what customers pay for these services.

The analysis is against the backdrop of ongoing cost-of-living challenges, with inflation having hit its highest level for over 40 years in 2022, and many leading providers implementing above-inflation price increases for certain existing customers. The prospect of further large price increases next year for people locked into their contracts is concerning, and Ofcom believes providers should think carefully about whether significant price rises can be justified.

Overall, we have found that there are still good-value deals available for those who shop around, although some services have become more expensive. There is choice in the market, and many customers can save money by switching to a new provider or negotiating with their current one.

Ofcom has an established programme of work to help customers get better deals and ensure they are treated fairly by providers, including paying a fair price for their services. We have already taken steps to help people shop around with confidence, make informed choices, and get a fair deal, including new rules about the information providers must give customers who sign up to services with inflation-linked price increases; these came into effect in June 2022.

In September we restated our call for providers not offering a social tariff to do so, and for providers to do more to promote these tariffs to consumers claiming government benefits and those who have a low household income. Alongside this we also published an update to our [treating customers fairly guide](#) on the support that we expect providers to offer for customers who are in debt or struggling to pay.

While we include some existing customer spend data, which was collected from communications providers for use in this report, most of the analysis is based on tariff data i.e. the prices available to new customers on providers' websites. These new customer prices are sometimes referred to as "front-book" prices as opposed to the "back-book" prices charged to existing customers.

Most of the data presented has been adjusted for inflation using the [Office for National Statistics \(ONS\) Consumer Prices Index \(CPI\) figures](#). This is consistent with how we have presented our findings in previous reports.

However, by using real-terms prices, the figures are presented in a way which eliminates the impact of high inflation and doing this may mask price increases that are significant but below inflation levels. For example, a large nominal (unadjusted) increase in the price of a service (which is not a good consumer outcome, especially at a time when household budgets are under pressure) would appear as a small real-terms (adjusted) price fall if the nominal increase was lower than inflation rates that are currently being experienced.

We have included real and nominal figures in some of the charts in this report and have added them to an [interactive dashboard](#) which we have published alongside this report.

What we have found

General:

Inflation-plus price formulas led to some customers experiencing large price rises in 2022. Many of the UK's largest fixed and mobile telecoms providers have introduced inflation-plus annual price increases (most commonly, the CPI rate plus 3.9% applied in spring 2022), and the abnormally high inflation levels in 2022 resulted in some existing customers facing price increases of over 10%. Further inflation-linked in-contract price rises may take effect in spring 2023 if providers choose to apply them. Ofcom research shows that about a third of UK households (over 9 million in total) were struggling to afford their communications services in October 2022.

The prices available for new contracts in 2022 have been less affected by inflationary pressure.

There was a real-terms increase in the average new customer prices for superfast and ultrafast dual-play bundles in 2021 when some providers introduced annual inflation-plus price increases for existing customers, after which prices fell back to previous levels. When similar existing customer price rises were introduced in 2022, new customer prices for standard and superfast broadband dual-play bundles fell in real terms, while the increase for ultrafast services was much smaller than in 2021. In nominal terms the price of all three increased in 2022, but the increases were much lower than in 2021.

Bundles and broadband:

Buying bundled instead of standalone services continues to be cheaper for most people. Our analysis of typical 'baskets' of communications services bought by households shows that those with a fixed broadband connection could save between 9% and 39% when they purchase bundled services. The exceptions are those that only need landline and mobile phone services; this is because they are buying a service they do not require (fixed broadband) and cannot access low-cost line rental pricing.

Many customers can save money by switching to a fixed broadband social tariff. However, there is a continued lack of awareness of social tariffs among eligible customers and take-up remains low (3.2% of eligible households in August 2022). The fixed broadband social tariffs currently available cost between £12 and £20 a month (much less than comparable commercial products). These offer other protections for consumers including no in-contract price rises or early termination charges if moving to their existing provider's social tariff.

Standalone broadband take-up is accelerating. About 3 million UK homes took standalone broadband (i.e. without a landline service) at the end of June 2022, more than double the number two years previously. The growing availability of full fibre broadband, and providers offering standalone fibre-to-the-cabinet broadband lines using new wholesale Openreach products, is enabling many fixed broadband users to save money by not taking a landline service.

Ultrafast broadband can be cheaper when taken from smaller providers. Altnet providers with their own full-fibre networks are offering services that are considerably cheaper than those offered by established providers. Smaller full-fibre providers were offering 900 Mbit/s or 1 Gbit/s broadband services for between £29 and £50 per month in October 2022, significantly less than the £60 per month for similar services offered by the main broadband providers.

Landline:

Landline prices fell in real terms in the year to June 2022. Average landline line rental prices declined by 4% in real terms in the year to June 2022 (a 6% increase in nominal terms) and there were falls in the prices of call bundles and out-of-bundle calls in real terms during this period.

Mobile:

Mobile prices based on average usage continued to fall, despite increasing data use. The average monthly cost of a mobile service (excluding handset cost), based on average use across all mobile users in 2022, was 12% lower in real terms than the cost of a basket of mobile services based on average use in 2020 (in nominal terms it was 2% lower). This was despite an estimated 2.1 GB (52%) increase in average monthly data use. UK mobile prices were cheaper in Q3 2022 than those in the five comparator countries we analysed - France, Germany, Italy, Spain and the US.

Prices are increasing for lower-use mobile customers. This is due to the declining numbers of SIM-only mobile tariffs offering low data allowances, and the limited availability of traditional pre-pay services, which tend to be cheaper for low-use mobile customers. Our analysis shows that there was a 13% year-on-year real-terms increase in the price of pay-monthly SIM-only mobile services offering 1 GB or less of inclusive data per month (23% in nominal terms). Many customers on low-use tariffs may be able to save money by moving to higher-use tariffs; on average, tariffs offering less than 1GB of data were 20% more expensive than those offering between 1 GB and 10 GB of data.

Tariffs that include airtime and a handset cost more than buying a handset outright. Pay-monthly mobile tariffs including airtime and a handset (either in a combined or split contract) accounted for 43% of all mobile subscriptions in Q2 2022. Analysis using Teligen's pricing model shows that it was cheaper to buy a handset outright and use it with a SIM-only plan for all the mobile connections we looked at in 2022, with the saving averaging around £120 over the course of a 24-month contract.

Pre-pay mobile services are typically cheaper than pay-monthly tariffs. Most pre-pay services are now hybrid services which enable customers to buy a pack with inclusive calls, texts and data that usually expires after a month. The availability of cheap hybrid tariffs resulted in average pre-pay prices being lower than average pay-monthly prices for five of the six mobile connections used in our analysis in 2022, with only the connection which requires 5G services being more expensive.

EU mobile roaming charges have returned. Three of the four major UK mobile providers and some MVNOs have re-introduced, or announced plans to re-introduce, charges for some UK customers who use their phones in the EU.

Pay-TV and subscription video-on-demand (SVoD):

Pay-TV and SVoD prices declined in real terms during 2022. The estimated average list and promoted prices of pay-TV when purchased as part of a bundle fell in both real and nominal terms in the year to September 2022. The prices of most of the main SVoD services fell in real terms (and were flat in nominal terms) over this period, the exceptions being Netflix, which increased its prices in March 2022, and Amazon Prime Video, whose price went up in September 2022.

Key metrics

Broadband services *(inflation adjusted)*

Bundles

Change in average list price from 2020 to 2022:



Standalone fixed broadband

Standalone fixed broadband average savings compared to taking fixed broadband with a landline service in June 2022: **13%** on list price, **18%** on promoted price.

Number of households taking standalone broadband:

Q2 2020 **1.4m** Q2 2021 **1.9m** Q2 2022 **3.0m**

68% of people with a landline included with their fixed broadband service **did not make an outgoing call** in the three months to June 2022



Mobile services *(inflation adjusted)*

(inflation adjusted)

Average mobile use and prices since 2017:



The average 5G price premium over 4G services fell from over **£1.70 per month** in October 2020 to **4p per month** in July 2022.

Customers switching supplier *(excluding when moving home)*

21% of the population had switched one or more of landline, mobile, fixed broadband or pay-TV service in the last 12 months

Price differentials *(inflation adjusted)*

The gap between average promoted and list superfast prices continues to narrow



Households struggling to afford their services



Take-up of broadband social tariffs is low at just **3.2%** of eligible households in August 2022

2. Cost of living and communications prices

Reliable telecoms networks are essential for how we live and work. Ofcom's [Connected Nations 2021 report](#) shows that the average fixed broadband household used almost six times as much fixed broadband data in 2021 than in 2015, while our [Communications Market Report 2022](#) shows that average data use per mobile data user more than quadrupled over the same period.

As we see evidence of continued reliance on telecoms services, we know that consumers are currently having to contend with the growing financial pressures of rising retail prices and substantial increases in household bills, resulting in cost-of-living pressures. Communications services are not the most significant factor driving inflation, but price rises across household budgets are increasing affordability pressures for consumers across a wide swathe of society.

In our [Affordability of communications services: September 2022 update](#), we estimated that about 9.1 million households were experiencing an affordability issue with communication bills in October 2022. That continues the trend of increasing affordability issues seen since April 2021 and is now at the highest level since our research began in June 2020.

Above-inflation price rises for many existing customers

In spring 2022 there were higher-than-usual price increases for communications services for many UK customers. In 2020 and 2021 many leading providers announced that they would start using 'inflation+'x%' formulas to set annual price increases for many existing customers; some providers use the Consumer Prices Index (CPI) as the inflation measure and others use the Retail Prices Index (RPI). The initial rises were introduced in March/April 2021. Before 2020, fixed broadband and landline service contracts did not usually have annual price rises specified in the contract, although some mobile services had annual price rises that were linked to inflation measures (but no more). This meant that most customers had a right to exit penalty-free if their provider increased prices during the minimum contract period.

In January 2022 the Office for National Statistics (ONS) announced inflation rates for the 12 months to December 2021, when the CPI was +5.4%. In February 2022, ONS released inflation figures for the year to January 2022, when the RPI was +7.8%. These CPI or RPI figures, plus each providers' chosen uplift 'x' figures, were used in the annual price change formulas set for several landline, broadband and mobile tariffs as detailed below. As a result, some customers experienced price increases of more than 10% in 2022.

Customers who are out of contract may have also experienced price rises. However, they are free to move to a different provider, whereas in-contract customers have less flexibility to do so and are likely to have to pay a penalty if they leave their contract to find a better deal. Some services are not affected; for instance, there is usually no penalty if a customer moves from a standard tariff to the same provider's social tariff midway through their contract.

Figure 1: In-contract price rise mechanisms, by leading providers: 2022

| Provider | Service | Price rise details | Month of increase | 2022 increase |
|--|---------------------------------|------------------------------------|-------------------|------------------------------------|
| Providers with annual price increases built into their contracts | | | | |
| BT, EE | Broadband, landline, mobile, TV | CPI published in January + 3.9% | March | 9.3% |
| iD Mobile ¹ | Mobile | RPI published in February | April | 7.8% |
| KCOM | Broadband | CPI published in January + 3.9% | n/a | Cancelled planned 2022 price rises |
| O2 and Virgin Mobile | Mobile (airtime only) | RPI published in February + 3.9% | April | 11.7% |
| Plusnet | Broadband, landline, mobile | CPI published in January + 3.9% | March | 9.3% |
| Shell | Broadband, landline | CPI published in January + 3.7% | April | Cancelled planned 2022 price rises |
| TalkTalk | Broadband | CPI published in January + 3.7% | April | 9.1% |
| Three ² | Mobile | 4.5% (not linked to inflation) | April | 4.5% |
| Vodafone | Mobile and broadband | CPI published in January + 3.9% | April | 9.3% |
| Providers with terms which allow for price rises but customers are given the right to leave without penalty | | | | |
| Sky | Broadband, TV | Prices may change | April | <5% (Average increase £43 pa) |
| | Mobile | Prices may change | | Prices did not increase in 2022 |
| Virgin Media | Broadband, landline, TV | Prices may change | March | Average increase £56 pa |
| Providers who have fixed their monthly subscription prices | | | | |
| Tesco Mobile | Mobile | No price rises during minimum term | n/a | n/a |

Source: Provider websites / media reports.

Note: There are some exclusions by specific providers in terms of services and customers.

¹ iD Mobile has amended its terms for new and upgrading customers from 1 November 2022 with annual inbuilt price rise of CPI+3.9%.

² Three has amended its terms for new and upgrading customers from 1 November 2022 with annual inbuilt price rise of CPI+3.9%.

Virgin Media and Sky do not specify annual price changes in their fixed broadband contracts and have instead implemented general price rises to their customers.³ These customers were given an opportunity to exit their contracts without penalty if they were unhappy with the changes.

Not all providers have increased their charges for existing customers this year. For example, KCOM cancelled its scheduled CPI + 3.9% increase for 2022;⁴ Hyperoptic has said it is committed to “not hiking prices during commitment periods”;⁵ Zen has a ‘Price for Life’ commitment, stating that for as long as a customer is on the same package it will not increase the price,⁶ and Tesco Mobile has said its in-contract customer prices will not change as part of its ‘Tariff Promise’.⁷

Ofcom has rules requiring providers to make any terms and conditions which allow for in-contract price rises to be sufficiently prominent and transparent and clearly explained to customers when they sign up, otherwise customers must be given advance notice of the price rise and a right to exit their contract penalty-free. There are also rules for providers to help customers engage in the market and to be able to switch easily to get a better deal. These are explained under ‘*How consumers are protected*’ in the next section of this report.

EU mobile roaming charges return

It is important for people to be aware of the charges they may face when using their mobile phone abroad. Since 31 December 2020, the EU rules on roaming charges have no longer applied to UK mobile customers. This means that the amount mobile providers can charge UK mobile customers for using their service in EU countries, as well as in Norway, Iceland and Liechtenstein, is no longer capped.

Since the EU rules for roaming charges stopped applying, three of the four UK mobile network operators (MNOs) and some mobile virtual network operators (MVNOs) have re-introduced, or announced plans to re-introduce, charges for some UK customers using their phones in the EU. However, Virgin Media O2 has announced that it is not currently re-introducing roaming fees in the EU.⁸

³ [Virgin Mobile applied an RPI+3.9% increase](#) to the prices paid by some of its existing mobile customers in 2022. Sky did not implement an annual price increase for its mobile customers in 2022, but increased those paid by its pay-TV customers.

⁴ [KCOM acts to help customers facing cost of living crisis | KCOM](#)

⁵ [Compare fibre broadband deals | Hyperoptic Broadband](#)

⁶ [Zen's Contract Price Promise | Zen Internet](#)

⁷ [Fixed prices | Supermarket Value | Why Tesco Mobile | Tesco Mobile](#)

⁸ [Virgin Media O2 confirms no EU roaming charges for customers - Virgin Media O2](#)

Figure 2: EU-related roaming announcements by MNOs

| Provider | Charge / data change | Took effect | Announcement details | Ireland status (in relation to inadvertent roaming) |
|-----------------|--|-------------------------------|---|--|
| EE | £2 per day, 50GB fair use data limit ⁹ | 3 March 2022 ¹⁰ | Customers joining or upgrading from 1 July 2021 will pay daily charge to use their usual data allowances. 30-day Roam Abroad Pass for £10. | Charge does not apply to Ireland unless a customer exceeds allowance. |
| O2 | No daily charge; 25 GB fair use data limit ¹¹ | 2 August 2021 | Customers will pay £3.50 per GB after they reach 25 GB fair use data limit. | Customers in Northern Ireland excluded from permanent roamer surcharges. Any charges for inadvertent Northern Ireland roaming over the 25GB fair use data limit are reactively credited. |
| Three | £2 per day; 12 GB fair use data limit ¹² | 23 May 2022 | Applies to customers who have taken out a contract or upgraded from 1 October 2021 (customers who took out a contract before then are unaffected). Customers pay £3/GB after the 12 GB fair use limit. | Daily roaming charge does not apply to roaming in Ireland. Customers in Northern Ireland who inadvertently roam in Ireland will not incur additional charges for exceeding the fair use limit and can use data free of charge up to their allowance limit. |
| Vodafone | £1 -2 per day, 25 GB fair use data limit | 31 January 2022 ¹³ | Customers joining or re-contracting from August 2021 pay £1-£2 per day to use their allowance in the EU. 25 GB monthly fair use data limit. Customers will pay £3.13 per GB after they have reached that limit. | Use in Ireland is inclusive for all customers. |

Source: Ofcom / provider websites / [The Consumer Council](#).

⁹ [EU Roaming After Brexit | Help | EE](#)

¹⁰ Applies until (depending on which is earliest) customers use up their monthly UK data allowance, they return to the UK or they reach their next bill cycle; delayed from January 2022; [EU Roaming After Brexit | Help | EE](#)

¹¹ No daily charge for customers with UK data allowance of 25GB and more; no daily charge for those with allowances under 25GB either, although these customers can only use up to their allowance before incurring a charge; [Using your phone abroad | Pay Monthly | Help & Support | O2](#)

¹² Can use up to 12 GB of existing allowance; [Roaming Abroad \(three.co.uk\)](#)

¹³ Delayed from 6 January 2022; [Roaming updates and charges | Vodafone UK](#)

New customer prices have generally risen at the same rate as existing customer prices in 2022

Pure Pricing tariff data shows that in March/April 2021, when several providers introduced above-inflation price increases for many existing dual-play (landline and fixed broadband) and triple-play (landline, fixed broadband and pay-TV) customers, there were corresponding real-terms increases in the average promoted and list prices for new customers buying these services, although they subsequently fell back to previous levels relatively quickly.

In March/April 2022, similar existing customer price rises came into effect, but the average price of most of these bundles fell in real terms, and any increases were much smaller than in 2021, indicating that existing customers' price rises were not being applied to new customers' prices in the same way in 2022.

While many major residential telecoms providers have introduced annual above-inflation price rises for in-contract customers, people are still able to benefit from deals with lower initial contract prices. However, customers should be aware of the terms of the contract which typically allow providers to increase prices during the contract period at a set time each year using a formula linked to the rate of inflation.

Personalised pricing is not yet prevalent in communications

Personalised pricing is the practice of charging customers different prices based on what the seller thinks they are prepared to pay. It is a sophisticated form of price discrimination. We produced a [discussion paper](#) on personalised pricing in August 2020. This looked at how personalised pricing might evolve in the communications sector and the potential implications for customers. If there were a growing trend of personalised pricing, we might expect a widening distribution of prices paid by different customers for the same service package. Although this may not necessarily be harmful, such a widening could raise concerns, such as whether vulnerable customers were paying higher prices.

To understand the distribution of prices paid, we analysed customer-level spend data received from the major fixed broadband providers. Using data covering November 2018, September 2019 and September 2020, we divided customers into different product segments, each with several dimensions:

- whether the broadband was purchased on a standalone basis or in a bundle;
- the broadband connection's advertised download speed, where we used five bands (less than 30 Mbit/s, 30-55 Mbit/s, 56-100 Mbit/s, 101-200 Mbit/s and over 200 Mbit/s); and
- whether the customer was in their first minimum contractual period (MCP), their second or subsequent MCP, or out of contract.

For each product segment, we considered the difference between the 10th percentile and the 90th percentile of customer broadband spend for each provider. The 10th percentile means that if the spend was arranged from lowest to highest for a particular category, it would be the price 10% of the way along, and the 90th percentile would be 90% of the way along. We considered the difference between these percentiles rather than the full range of spend so that the results were not

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skewed by any outliers (for example, customers may have had an adjustment to their bill relating to a month other than the one in question).

We found that more than 60% of customers were in product segments where the range from the 10% to the 90% percentile had narrowed between 2018 and 2020. We repeated the analysis using a narrower range of percentiles (from the 25th to the 75th percentile) for each product segment and found a similar pattern. We also looked just at re-contracting customers and found that a higher proportion of these customers were on product segments where the distribution had narrowed.

Although our analysis is not a perfect indicator of the prevalence of personalised pricing, it does suggest that levels of broadband price personalisation are not growing.

3. How consumers are protected

While Ofcom does not regulate retail prices, we are asking companies to think very carefully about what is justified during an exceptional period of hardship for many people. We consider that companies have a duty to their customers to recognise and respond to a unique economic climate and we believe they can do this without compromising on fair returns or continued investment. Ofcom will continue to monitor prices closely, as we keep pressure on phone and broadband companies to ensure that services remain affordable to those who need them.

Consumer protection rules and initiatives

Fairness for customers of communications services continues to be a priority for us. We have delivered significant interventions across several parts of the consumer journey that together aim to deliver fairer outcomes for consumers.

These include equipping consumers with the information they need to make choices, removing barriers to exercising choice, and requiring protections where needed, especially for vulnerable consumers. We have introduced new consumer protection rules and we ensure that providers are complying with them, and we continue to challenge companies to do more, including via voluntary initiatives such as the [Fairness Commitments](#) and the [Automatic compensation scheme](#). These become even more important at a time of real hardship for many people, and we expect providers which have signed up to them to fulfil their commitments.

Contract information and customers' right to exit

Since 17 June 2022, customers must be given at least one month's notice of any contract changes that are not to their benefit, and a right to exit penalty-free if such changes are made. The rules also require providers to give customers a contract summary in writing that follows a specified template. This summary must include clear information, including on pricing, and customers are only able to enter into a contract with a provider once they have received it.

Where a contract includes terms which set out future price rises, including the annual 'inflation plus x%' increases to the monthly subscription price that some providers have introduced recently, providers must set out these price rises sufficiently prominently and transparently to the customer. Our guidance on contract information explains that if a provider has prices that are linked to inflation, they should set out an example estimate of how this will impact the customer's future monthly price (e.g. "a CPI value of 10% would mean your monthly price of £40 would increase to £44 from April next year").

Simply stating that there will be an unspecified increase to the monthly price in line with a particular inflation index is unlikely to be sufficient.¹⁴ If such pricing terms are sufficiently prominent and transparent, the customer would not have the right to leave the contract without penalty when the price increase was applied.

¹⁴ See 1.20-1.25 and 1.100-1.103 of the [Guidance](#) on General Condition C1.

Consumers should shop around for better deals

Ofcom continues to monitor retail prices closely, as we keep pressure on phone and broadband companies to ensure that people have access to affordable services, and those struggling to pay their bills get the support they need.

There is a great deal of choice in the phone and broadband markets in the UK, so if a consumer is past (or approaching) the minimum term of their contract, they can look for a cheaper deal – either with their existing provider, or by switching to a new one. Under [Ofcom rules](#) on end-of-contract notifications (ECNs) and annual best-tariff notifications (ABTNs), phone, broadband and pay-TV companies must tell customers when their current contract is coming to an end, and what they could save by signing up to a new deal, as well as remind them every year thereafter if they remain out of contract.

Since the introduction of these new rules, 1.3 million people have secured a better deal¹⁵ and millions more who are out of contract could do the same. Our 2021 research among mobile and broadband consumers who had received an ECN suggests that these have prompted many consumers to engage with the market and ensure they are on a deal they are happy with.

More recent analysis¹⁶ provides further evidence that ECNs increased re-contracting among broadband customers after their introduction in February 2020, and we can attribute some of the increase in re-contracting in the broadband market directly to the ECN policy rather than external factors. Ofcom's 2022 [Switching Experience Tracker](#) indicates that, compared with 2020, greater proportions of mobile switchers have been prompted to switch after being contacted by their previous provider.¹⁷

In addition, Ofcom [secured commitments from the UK's major fixed broadband providers](#) to conduct price reviews for their vulnerable customers, including giving discounts that do not require these customers to engage with their provider. The effect of these commitments is that these providers have taken action to protect their vulnerable customers from high out-of-contract prices.

Similarly, we secured commitments from all the major mobile companies (except Three) to reduce bills for customers who bundle their handset and airtime together in a single contract and are past their initial contract period. As a result, out-of-contract bundled handset and airtime customers with all participating providers receive a discount on their bills, either by a set percentage or amount, or by being charged the equivalent SIM-only price.

¹⁵ Ofcom, November 2021, [Helping customers get better deals: A review of the impact of end-of-contract notifications and pricing commitments by broadband and mobile providers](#).

¹⁶ Ofcom, May 2022, [End of Contract Notifications: An ex-post evaluation of the impacts of ECNs on re-contracting and pricing for broadband services](#).

¹⁷ Ofcom Switching Experience Tracker [2022 \(measured switching from September 2021 to September 2022\)](#) vs [2020 \(switching from September 2019 to October 2020\)](#), we found significant increases (confidence interval: 95%) on "Q13. What made you first think about switching your mobile service?" on these reasons: "when I was advised that my price would rise before the end of my contract and I could leave my contract without a penalty" (15% vs 8%); "my provider contacted me to let me know my contract was coming to an end" (13% vs 8%); "my provider contacted me to let me know I could get a better deal from them" (11% vs 6%).

Safeguards for consumers when roaming

Since 1 July 2022, the roaming rules as previously set out in UK legislation no longer apply, but most providers are still offering protections on a voluntary basis; for example, welcome messages and data roaming spend limits, and making information available on how to avoid inadvertent roaming in the UK and when abroad.¹⁸ In addition, many providers have voluntarily continued their arrangements to protect their customers in Northern Ireland from inadvertent roaming charges.¹⁹

There are other existing rules which help ensure that customers are protected and aware of what they will be charged when roaming. For example, providers are required to:

- publish details of roaming charges on their websites;
- include information on roaming charges in contracts;
- give customers at least a month's notice of any price increase, and give them a right to exit their contract without penalty if there is a change beyond what was agreed at sign-up that is not to their benefit; and
- notify customers when a service included in their tariff plan is fully used up and what charges a customer will need to pay if they continue to use the service, and allow customers to set a monthly bill limit or spend cap.²⁰

We are currently looking into customers' experiences of roaming and whether any other protections may be needed. However, we do not have the power to stop mobile providers charging customers for using their services when travelling, so this work is not looking at the level of roaming prices.

Consumer engagement

Customers can protect themselves from price rises when they reach the end of their contract by switching or negotiating with their providers, and we encourage customers do so regardless of the pricing commitments we have secured from broadband and mobile providers. Since 2020, Ofcom's Switching Tracker has used a combination of methodologies to monitor consumer behaviour within the communications market, which includes landline, fixed broadband, mobile and pay-TV.²¹ There are few significant differences between the 2021 and 2022 Switching Tracker findings, but there are some variations.

A quarter of households switched at least one communication service in the past 12 months

A quarter (24%) of households have switched provider for at least one of their communications services in the past year. As in 2021, 17% of standalone landline customers switched provider (about

¹⁸ Inadvertent roaming is when you are in one country and your phone automatically connects to a network in another country, e.g. Northern Ireland customers connecting to a network in Ireland or those living in a coastal area connecting to a network across the sea.

¹⁹ See Figure 2: EU roaming-related announcements by MNOs.

²⁰ Providers must offer a mobile bill limit when a customer enters or renews a contract or if they request one.

²¹ More information about the Switching Tracker tables, data and technical report, including details of the methodology can be found here: <https://www.ofcom.org.uk/research-and-data/data/statistics/stats22>

half of these when moving to a new home) in 2022. Over the same period, a quarter of standalone fixed broadband and 14% of standalone mobile customers switched provider, with pay-TV having the lowest level of switching at 10%.

Figure 3: Proportion of consumers switching in the past 12 months

| % switched in last 12 months (from date of interview in 2022) | Standalone landline | | | Mobile | | Pay-TV | | Fixed broadband | | Dual play ¹ | Triple play ² | All decision makers |
|---|---------------------|--------------|---------------------------------|-----------------------|--------|--------|------------|-----------------|------------|------------------------|--------------------------|---------------------|
| | Total | No broadband | Broadband with another provider | Contract (standalone) | Prepay | Total | Standalone | Total | Standalone | Total | Total | Total |
| Base | 260 | 118 | 142 | 2043 | 519 | 1350 | 443 | 2673 | 644 | 915 | 511 | 3334 |
| Switched total | 17% | 17% | 17% | 14% | 19% | 10% | 13% | 14% | 25% | 13% | 11% | 24% |
| Switched excl. home movers | 9% | 6% | 12% | | | 6% | 7% | 9% | 14% | 10% | 9% | 21% |

Source: Ofcom Switching Tracker 2022 (fieldwork conducted July to August 2022).

Notes: ¹ Dual-play refers to those who use the same provider for their landline and fixed broadband services (but not pay-TV or mobile); ² Triple-play refers to those who use the same provider for their landline, fixed broadband and pay-TV services (but not mobile).

Over one in ten households made changes to their communications service packages

Our [September 2022 Affordability Report](#) found that 13% of households had made changes to a communications service to make them more affordable. Our 2022 Switching Tracker found that in the past 12 months 9% of consumers had contacted their provider to downgrade or reduce their services, and 18% to get a discount, whereas 12% of consumers added extra or improved services over the same period.

Triple-play customers were the most likely to have proactively made any changes to their service, with more than a third (36%) saying they had contacted their provider to change their package in the past 12 months. Consumers of most services, or packages of services, were more likely to have improved or added extra services to their package than to have downgraded or reduced their services.

Figure 4: Proportion of consumers making changes to their service/package, apart from switching

| | Standalone landline | | Standalone pay-monthly mobile | | Standalone pay-TV | | Standalone fixed broadband | | Dual-play | | Triple-play | | ANY | |
|------------------------|---------------------|----------|-------------------------------|----------|-------------------|----------|----------------------------|----------|-----------|----------|-------------|----------|----------|----------|
| Base | 260 | | 2043 | | 443 | | 644 | | 915 | | 511 | | 3334 | |
| Change initiated by... | Consumer | Provider | Consumer | Provider | Consumer | Provider | Consumer | Provider | Consumer | Provider | Consumer | Provider | Consumer | Provider |
| Discount | 7% | 5% | 8% | 4% | 12% | 5% | 11% | 5% | 13% | 3% | 22% | 3% | 18% | 7% |
| Added extra/improved | 9% | 8% | 5% | 2% | 10% | 3% | 7% | 4% | 6% | 2% | 13% | 3% | 12% | 5% |
| Reduced/downgraded | 4% | 2% | 3% | 1% | 6% | 1% | 4% | 1% | 5% | *% | 10% | 2% | 9% | 2% |
| Any 2022 | 18% | 13% | 13% | 6% | 23% | 8% | 19% | 10% | 20% | 5% | 36% | 7% | 31% | 12% |

Source: Ofcom Switching Tracker 2022 (fieldwork conducted July to August 2022).

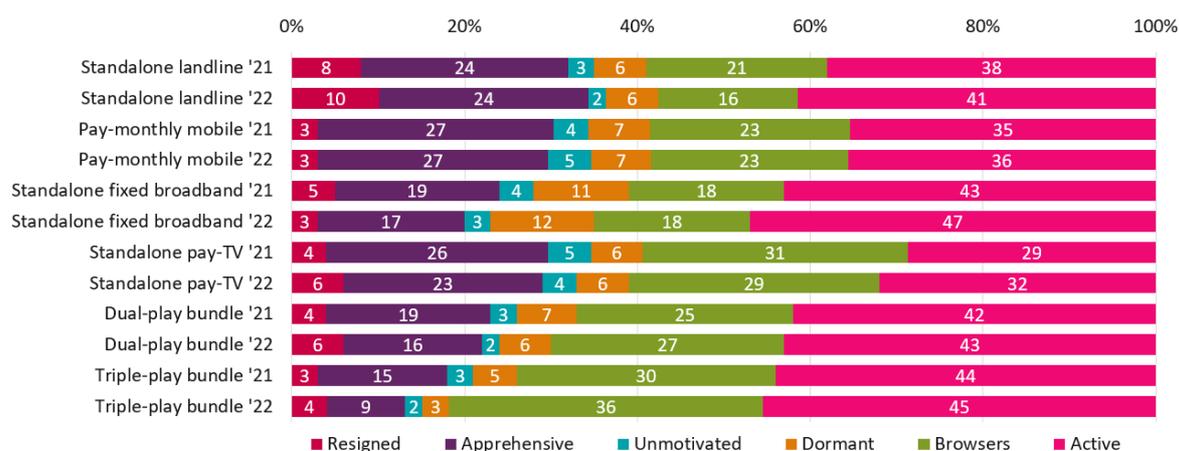
There are several ways in which consumers can engage with the communications market – they can be “considering switching”, “keeping an eye on the market” or “making changes to existing services”. To engage effectively with the market, consumers should be confident in the following three aspects of engagement: a) understanding the language and terminology used by providers, b) speaking to providers about new deals, and c) comparing the costs of various offers. See [Methodology](#) for further details.

Ofcom’s Engagement Index, taken from our Switching Tracker, takes all these factors into account and classifies consumers as being active, browsers, dormant, unmotivated, apprehensive or resigned. The detailed definitions used to create each segment can be found in the [Methodology](#) Annex 1.

Standalone customers are the least engaged

Most consumers fall into one of the more engaged segments (active, browser or dormant), although this varies according to the type of service/package the consumer has. Standalone landline, standalone pay-TV and standalone pay-monthly mobile customers are the least engaged groups, with the highest proportions falling into the resigned, apprehensive or unmotivated segments. The proportion of consumers falling into the active segment was highest among standalone fixed broadband (47%) and lowest among standalone pay-TV (32%).

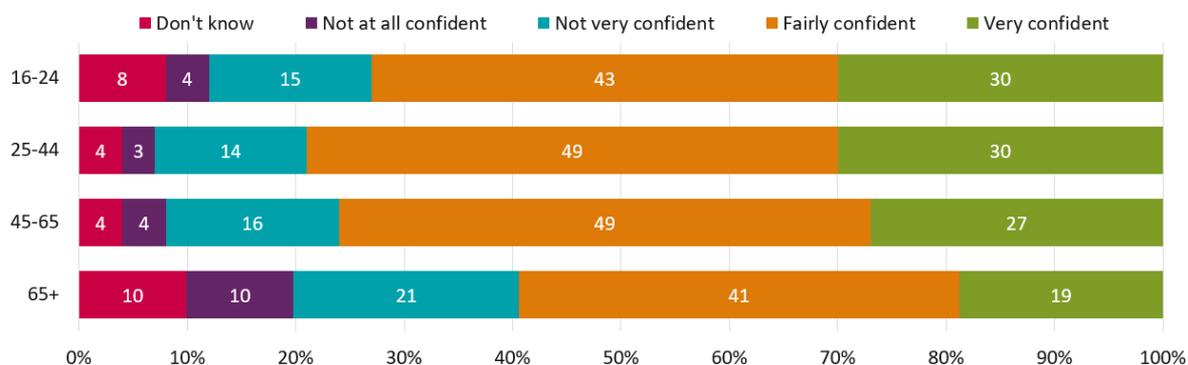
Figure 5: Engagement Index by communication service/package: 2021 vs 2022



Source: Ofcom Switching Tracker 2022 (fieldwork conducted July to August 2022).

Those aged under 65 were more confident in their ability to compare costs of various deals in the communications market than those aged 65+ (77% 16-64s vs 59% 65+).

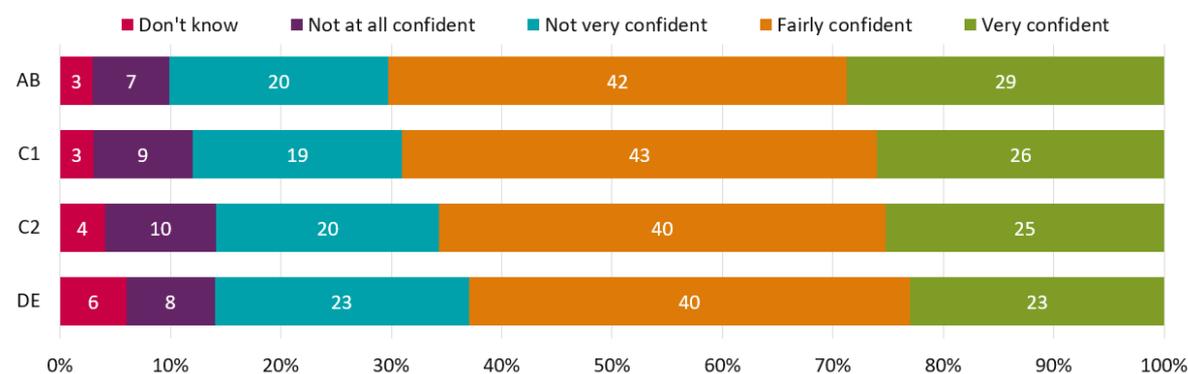
Figure 6: Proportion of consumers comparing costs of the various deals available in the market, by age group



Source: Ofcom Switching Tracker 2022 (fieldwork conducted July to August 2022).

Regarding socio-economic status, those in the DE band are significantly less likely than those in bands AB and C1 to understand the language and terminology used by communications providers.

Figure 7: Proportion of consumers understanding the language and terminology used by providers, by socio-economic group



Source: Ofcom Switching Tracker 2022 (fieldwork conducted July to August 2022).

Switching sites can help consumers find better deals

There is a wide range of package choices, which may make it harder for consumers to make informed choices. By analysing the number of tariffs in the Teligen’s pricing model,²² over time, we can see the rising numbers of tariffs available. Our analysis shows that the number of dual-play packages (landline and fixed broadband) rose by 13% between 2019 and 2022, while triple-play packages (landline, fixed broadband and pay-TV) increased by 64% and quad-play packages (landline, fixed broadband, pay-TV and mobile) by 27%. So there is more choice available, but people buying communications services may find it harder to identify the best option for their needs.

²² We use a model provided by pricing specialist Teligen, Strategy Analytics, to analyse the cost of baskets of communications services. This model contains details of the tariffs that the major providers offer on their websites. More details can be found in the [Methodology Annex 1](#).

Price comparison services are a helpful tool in this process. They assist by setting out details of services and deals, helping consumers compare by provider and cost, and enabling them to identify which one might best fit their needs.

Ofcom has [accredited several price comparison services so far](#). Only those services which undergo a thorough, independent audit can be accredited by us; this makes sure that the information they provide is accurate, comprehensive and easy to understand. We recently updated the rules of our scheme.

Lowest-priced providers

Competition on price is a sign of a well-functioning market. In our last report we identified the ‘challenger providers’ in both the fixed and mobile markets by examining average tariffs in two service categories within the fixed and mobile sectors. We have extended and refined this analysis covering:

- dual-play landline and fixed broadband bundles with superfast broadband; and
- SIM-only mobile phone services offering a monthly data allowance of more than 10 GB and up to 100 GB.

Dual-play bundles with superfast broadband

To identify price challenger providers in the market for superfast dual-play bundles comprising landline and fixed broadband, we have used tariff data taken from Pure Pricing’s Monthly Broadband Pricing Tracker reports.²³

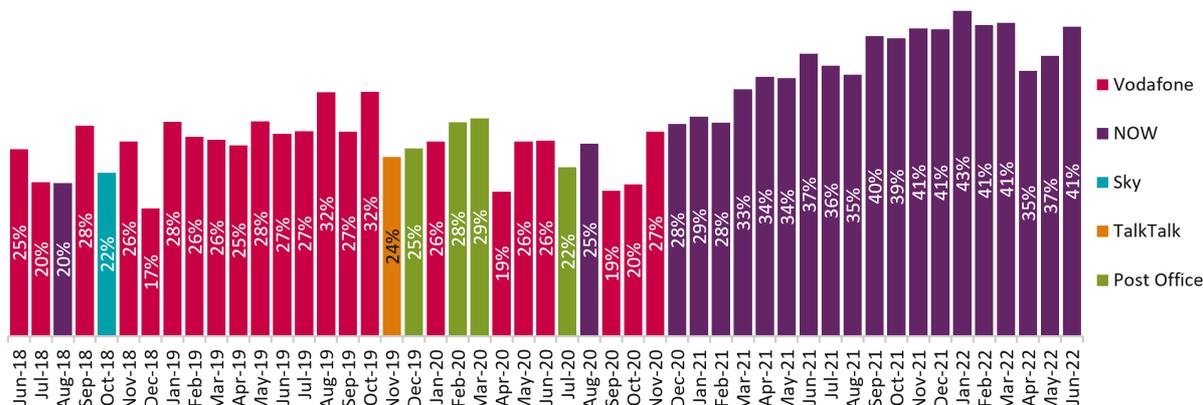
Using this data, we calculated an average price across all superfast dual-play services and an average price for each of the providers with superfast dual-play services. We then identified the provider with the lowest average price and compared it to the average across all services in the category to calculate a percentage saving. This saving is represented in the charts below by the height of each bar: the higher the bar, the greater the discount.

Our analysis shows that NOW offered the lowest average prices for these services from December 2020 to the end of our analysis in June 2022. In the year to June 2022, the range of prices available has continued to increase, as have the savings available to consumers who shop around. In H1 2022, the lowest available prices were, on average, 40% lower than the average price of services analysed, compared to 35% in 2021 and 25% in 2020.²⁴

²³ Pure Pricing’s October 2022 Monthly Broadband Pricing Tracker report includes the dual-play landline and fixed broadband tariffs offered by BT, EE, Plusnet, Sky, NOW, TalkTalk, Virgin Media, Vodafone, Community Fibre, Hyperoptic, KCOM, Shell Energy and Zen Internet. Other providers may offer lower prices.

²⁴ These averages are unweighted; all contract lengths are included.

Figure 8: Dual-play superfast fixed broadband: bar heights show the percentage difference in price between lowest-priced provider and average price



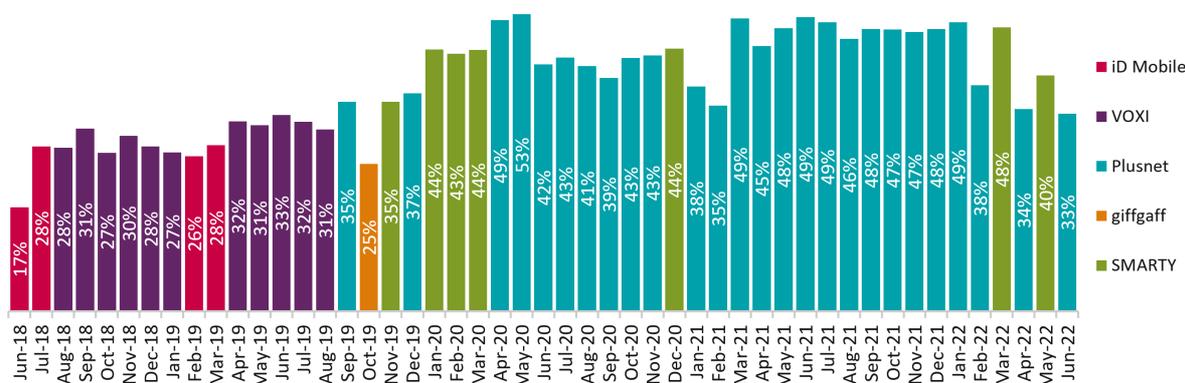
Source: Ofcom / Pure Pricing's Monthly Broadband Pricing Tracker reports.
 Note: All figures are rounded to the nearest percentage.

SIM-only mobile services

To understand which providers are the price challengers in the mobile market, we undertook similar analysis using tariff data for SIM-only mobile phone services offering more than 10 GB and up to 100 GB of inclusive monthly data. Unlike in our previous report, which focused on post-pay services, we have included both pre-pay and post-pay SIM-only packages this year.

None of the mobile network operators' (MNO) main brands had the lowest average prices in any of the months covered by our analysis, although MNO budget brands offered the lowest available prices for most of the period. Plusnet (a BT brand) had the lowest average price for these services in all but three months between April 2020 and June 2022, while SMARTY (a Three brand) took this role for four months in 2020, as well as in March and May 2022. In H1 2022, prices were on average 40% lower than the average price of services analysed, compared to 46% in 2021 and 44% in 2020.²⁵

Figure 9: Pay-monthly SIM-only mobile with >10GB and ≤100GB monthly data allowance: bar heights show the percentage difference in price between lowest-priced provider and average price



Source: Ofcom / Pure Pricing's Monthly Mobile Pricing reports.
 Note: All figures are rounded to the nearest percentage.

²⁵ These averages are unweighted; all contract lengths are included.

Support for those on low incomes and vulnerable consumers

Ensuring people can access affordable broadband services remains a priority for Ofcom. Ofcom's [latest Affordability Tracker research](#) found that around a third of UK households (about 9 million in total)²⁶ were struggling to afford their communications services in October 2022. This continued the upward trend in reported household affordability issues observed since April 2021, and is the highest level seen since the research began in June 2020.

In our [Affordability of Communications Services report: September 2022 update](#) we provided an update on the provision and take-up of social tariffs and introduced research on barriers to social tariff take-up. In September 2022 we also published our [Statement on changes to our Treating vulnerable customers fairly](#), a guide to strengthen protections for consumers in debt or those struggling to pay.

In addition to rules set within our General Conditions, which include conditions to protect the interests of consumers, our *Treating vulnerable customers fairly* guide suggests measures that providers could adopt to ensure the fair treatment of vulnerable customers, including financially vulnerable people. That includes those who are facing problem debt or who are struggling to pay. The guide sits alongside Ofcom's [Fairness for Customers](#) commitments, which the main providers have signed up to and which commits them to strengthening the fair treatment of their customers.

Raising awareness of social tariffs

In our September affordability report, we identified those providers offering broadband social tariffs which can help ensure that broadband remains affordable for customers receiving benefits.²⁷ All broadband social tariffs are available to those on Universal Credit, and most are also available to those on other benefits such as Pension Credit. Since the publication of our September 2022 affordability report, Vodafone has also launched a new fixed broadband social tariff, Virgin Media has introduced a second, higher speed fixed broadband social tariff and EE has introduced a mobile social tariff. A list of social tariffs is available on the [Ofcom website](#). Some price comparison sites, such as Money Supermarket and Uswitch, have added social tariffs to the list of products they cover. We would encourage other price comparison sites to do the same.

The fixed broadband social tariffs from major providers currently available are priced at between £12 and £20 a month and offer a price below that of comparable commercial products.²⁸ Currently, more than 75% of eligible consumers can access a social tariff provided by their existing fixed broadband supplier. We have previously estimated that eligible households could lower their annual bills by £144 on average by taking up a social tariff.²⁹ Social tariffs offer a range of other protections

²⁶ We estimate that in October 2022 about 9.1 million households (+/- 800,000) were experiencing affordability issues with a communications service.

²⁷ These tariffs are offered voluntarily by providers. Ofcom does not have the power to introduce regulated social tariffs without being directed to do by the Government. For more details on the legal framework for our work on affordability see Background section of our July 2021 report on [Affordability of communications services](#).

²⁸ BT and Hyperoptic both offer two social tariffs with higher and lower specifications. Their higher specification tariffs are priced at £20 and £25 a month respectively.

²⁹ In our February 2022 Affordability report, we estimated that the value of a social tariff to a customer was £144 per year, based on a social tariff of £15 per month and a commercial price of £27 per month.

for consumers, including price stability with no in-contract price rises, minimal set-up costs and no early termination charges to either enter or exit the social tariff from a customer's existing provider. They should also offer market competitive speeds that are adequate for consumers' needs.

However, take-up of broadband social tariffs remains low. In August 2022, 136,000 households took a broadband social tariff, representing just 3.2% of eligible households. Our research on barriers to take-up of broadband social tariffs highlighted that there continues to be a lack of awareness of these tariffs among eligible customers, with almost seven in ten eligible customers unaware that they exist.³⁰ The research also found that perceptions of social tariffs could be a barrier to take-up; some eligible households believed that as social tariffs were cheaper, they were likely to be less reliable, and many eligible households did not think social tariffs were aimed at them.

Ofcom has called for all fixed broadband providers to offer a social tariff and to do more to promote them by raising awareness, making them easy to find on their websites and ensuring that contact centre staff are trained to identify which customers might benefit from social tariffs. Providers should consider more targeted awareness-raising initiatives among households that are more likely to benefit, such as those who are younger, with lower incomes, have someone in the household with a limiting condition, or who either work part-time or are not working.³¹

Monitoring levels of debt and disconnection in the fixed and mobile telecoms sector

In this section we analyse the overall levels of debt and disconnection in the fixed and mobile telecoms sectors. These give us an indication of whether providers are following our suggestion in the *Treating vulnerable customers fairly* guide that disconnection should be used only as a last resort.³² Our analysis uses data requested from providers who collectively account for around 90% of UK fixed broadband and mobile customers.

The proportion of customers who are in arrears has been stable since 2020

Our analysis shows that 1.8% of fixed telecoms customers and 2.4% of mobile customers were in arrears in June 2022, compared to 1.6% and 2.2% respectively in January 2021. Overall, the proportions of both fixed and mobile customers in arrears have remained broadly stable since the beginning of 2020.

The proportion of customers in arrears by two or more payments indicates how many customers have longer-term debt and are therefore at risk of loss of service through disconnection for non-payment. Our analysis shows that the proportions of fixed and mobile customers who had missed two or more regular payments were 0.5% and 0.8% respectively in June 2022. These were both

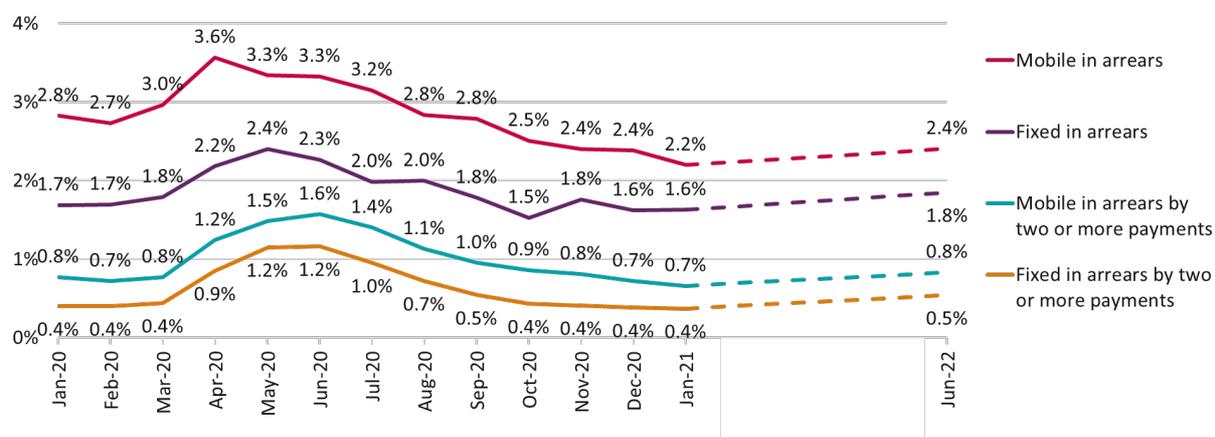
³⁰ Online omnibus research, among 2,067 UK adults aged 18+, 499 of them in households eligible for a social tariff. Fieldwork conducted between 13 and 14 April 2022.

³¹ Ofcom, 29 September 2022. [Affordability of Communications Services: September 2022 update](#).

³² This good practice recommendation formed part of our guide since it was originally published in July 2020. The current list of updated steps providers should take before disconnection can be found here: Ofcom, 29 September 2022. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers \(2022 update\)](#), pp 23-25.

slightly higher than in January 2021, although lower than in April 2020 (the start of the initial Covid-19 lockdown period).

Figure 10: Proportion of customers in arrears and in arrears by two or more payments, fixed and mobile³³



Source: Ofcom / provider data.³⁴

Note: The dotted lines between January 2021 and June 2022 measurements are interpolated and do not represent values between these periods.

The proportion of fixed telecoms customers disconnected for non-payment has fallen

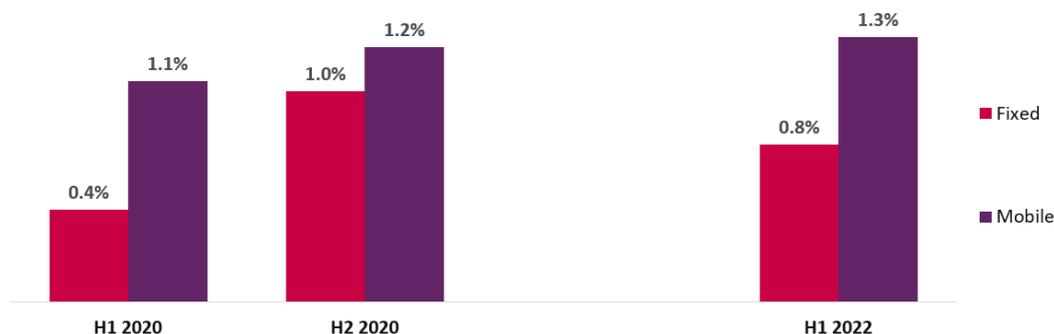
The proportions of fixed and mobile telecoms customers who were disconnected for non-payment in H1 2022 (0.8% for fixed, 1.3% for mobile) were both higher than in H1 2020, although the proportion of fixed telecoms customers who were disconnected for non-payment fell between H2 2020 and H1 2022. Disconnections for non-payment returned to pre-pandemic levels in H1 2022, following a significant drop in disconnections during the initial lockdown period (the period from April to June 2020) when several providers paused disconnections for customers in arrears.³⁵

³³ The dashed part of the lines in the figures appearing in this section represent the months when we have not collected data from providers.

³⁴ One provider has been excluded in the totals for fixed and mobile to keep consistent with the previous review. Also, three providers have been excluded from the fixed figures as data was not provided for full time-period and one provider was not included in mobile figures due to a change in its accounting practices.

³⁵ As noted in our December 2020 report and the July 2021 report, the proportion of customers disconnected for non-payment was lowest between April and June 2020.

Figure 11: Proportion of customers disconnected for non-payment, fixed and mobile

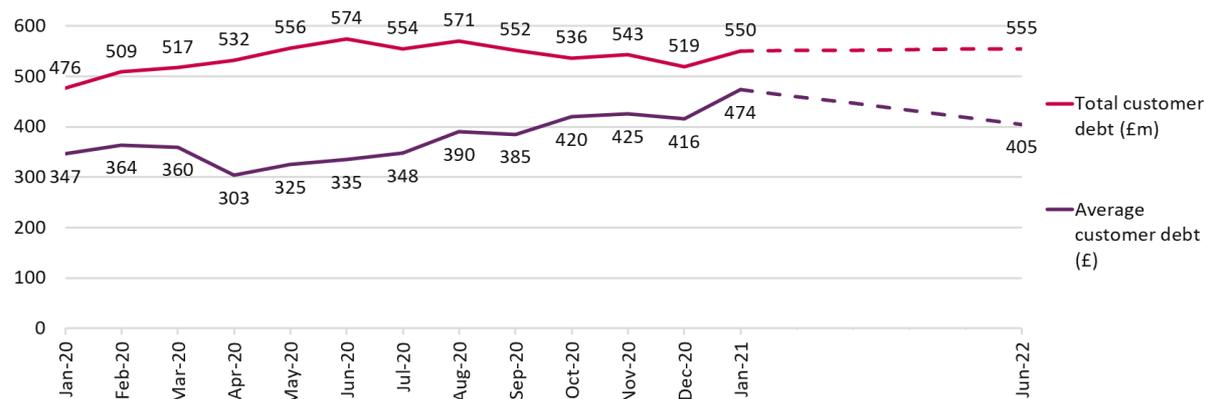


Source: Ofcom / provider data.³⁶

Total customer debt has increased slightly since early 2021

Between January 2021 and June 2022, total customer debt increased slightly, but the average debt of customers who were in arrears in June 2022 (£405) was lower than in January 2021 (£474).

Figure 12: Total customer debt and average customer debt of customers in arrears, fixed and mobile



Source: Ofcom / provider data.³⁷

Note: The dotted lines between January 2021 and June 2022 measurements are interpolated and do not represent values between these periods.

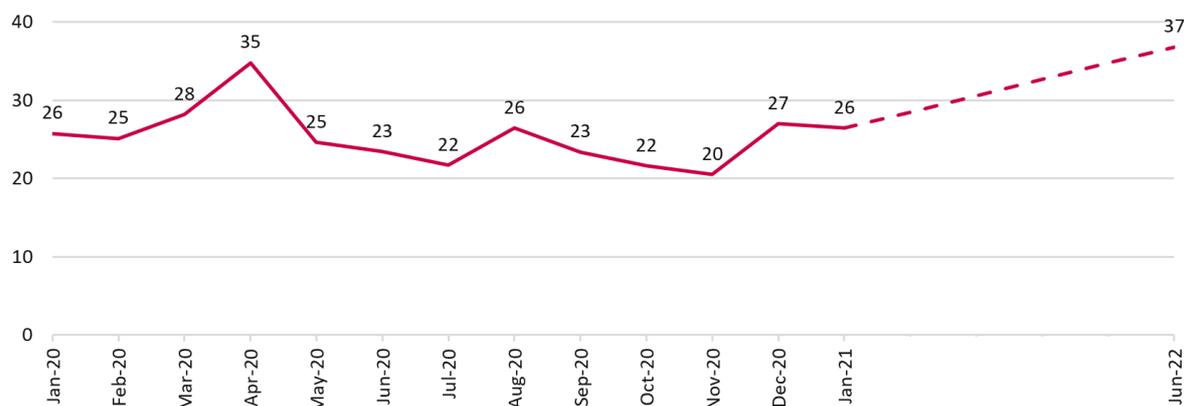
³⁶ One provider has been excluded for both mobile and fixed, to maintain consistency with previous report. Another three providers have been excluded for fixed as their data were not available for the full time period.

³⁷ Two providers have been excluded from the total debt figure, one because data was not available for the full time period, and the other for consistency with our July report. One provider told us that a direct debit drawdown pulled from July into the June figures has artificially reduced customer debt by c£20m and we have adjusted the figures to take this into account. Three providers have been excluded from the average debt figures, two because their data were not available for the full time-period, and one to keep in line with methodology and accounting practices from the previous report.

Around 1% of total residential fixed and mobile revenue was written off

The amount of customer debt that was written-off as bad debt³⁸ by communications providers in June 2022 was over 40% higher than in January 2021 (up from £26m to £37m). This equates to around 1% of total residential fixed and mobile revenue.

Figure 13: Total customer bad debt, fixed and mobile (£m)



Source: Ofcom / provider data.³⁹

Note: The dotted line between the January 2021 and June 2022 measurements is interpolated and does not represent values between these periods.

Ongoing monitoring

The analysis here shows that overall levels of customer debt and rates of disconnection for non-payment have not changed materially since 2021, although customer debt written off as bad debt has increased materially.

However, these metrics may not fully capture the present situation regarding consumers who are currently at risk of falling into arrears in relation to communication services and/or those having affordability difficulties with communication services, because (i) the most recent data is from June 2022; and (ii) the number of customers in arrears is a backwards-looking indicator of people's financial difficulties.

Therefore, we acknowledge that given the cost-of-living pressures consumers are facing, this data may not fully capture those currently at risk of falling into arrears in relation to communications services and/or those having affordability difficulties with communication services.

We will continue to closely monitor levels of customer debt, rates of disconnection for non-payment and providers' practices against the good practice set out in our [Treating vulnerable consumers fairly guide](#). We will review our approach when necessary.

³⁸ Bad debt figures represent the amount of customer debt that was written off by providers in a specific month. This metric shows the severity of the affordability issues faced by customers.

³⁹ Three providers have been excluded from the total bad debt figures, one because data were not available for the full time-period, and two to keep in line with methodology and accounting practices from the previous report.

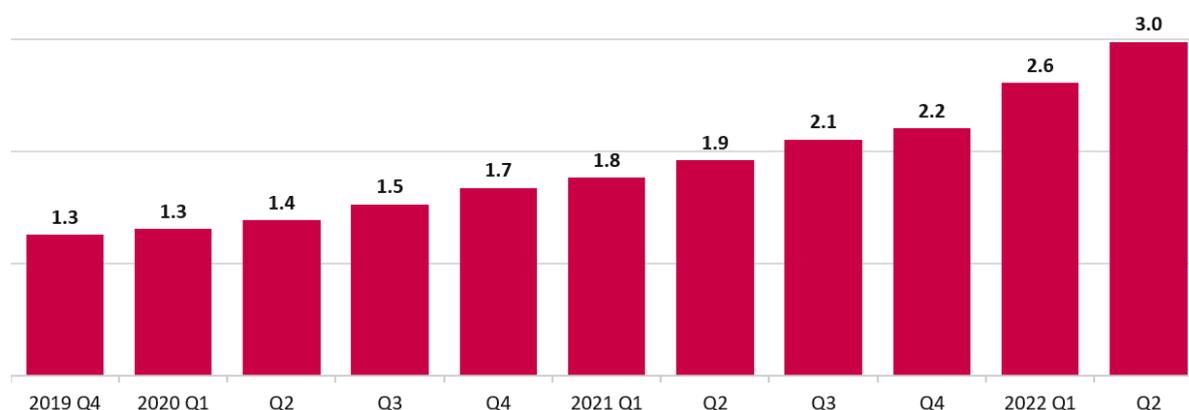
4. Bundles and broadband

Standalone fixed broadband take-up is accelerating

Until recently, residential fixed broadband was typically sold with a voice service, and all copper-based asymmetric digital subscriber line (ADSL) and fibre-to-the-cabinet (FTTC) broadband services required a landline. However, standalone fixed broadband tariffs have become more common as full fibre roll-out has progressed (full fibre broadband is frequently sold on a standalone basis) and following the launch of new Openreach wholesale tariffs which enable retail broadband providers to offer copper-based broadband services without a voice connection.⁴⁰

Data collected by Ofcom from the UK's largest fixed broadband providers show that about 3 million UK homes took a standalone fixed broadband service at the end of Q2 2022, this figure having more than doubled over the previous two years. There has been an acceleration in the number of connections over recent periods: in the first half of 2022, the increase in the number of standalone fixed broadband lines was 0.8 million, compared to a 0.2 million a year previously.

Figure 14: Standalone residential fixed broadband lines (millions)



Source: Ofcom / provider data.

Customers can save money by opting for standalone fixed broadband

The availability of standalone fixed broadband wholesale services from Openreach, together with the growing availability of full fibre, has resulted in many leading providers starting to offer these services. Fixed broadband customers who do not require a landline can often save money by buying standalone fixed broadband services only. Pure Pricing data shows that average list and promoted prices for standalone superfast broadband services were £33.70 and £36.63 respectively in June

⁴⁰ In 2020 Openreach has launched single-order generic ethernet access (SOGEA) services, which allow retail providers on the Openreach network to offer FTTC broadband without a landline service.

2022, representing savings of 13% and 18% compared to taking fixed broadband with a landline service.⁴¹

The table below gives examples of the differences in price between some of the UK's larger ISPs' standalone fixed broadband and dual-play landline and fixed broadband bundles. The table only shows those ISPs which offered the same fixed broadband service on a standalone and dual-play basis in October 2022, and the figures are calculated using the average monthly price for each service, thereby taking account of promotional discounts.

Our analysis found that most providers offered lower prices to fixed broadband customers buying their service on a standalone basis: for BT the saving was £5 per month, while EE and Hyperoptic standalone customers could save about £2 per month. The largest saving was £10 per month for Community Fibre (whose bundled landline service includes unlimited calls to UK geographic numbers and mobiles).

Virgin Media was notable as it was significantly more expensive (up to £22 per month) to buy most of its fixed broadband services on a standalone basis. This was because although it offered generous promotional discounts on its dual-play bundles, most of its standalone services were not subject to any discounting. The only exception was its 1.1 Gbit/s service, which was £4 per month cheaper when purchased on a standalone basis.

Figure 15: Differences between selected residential standalone fixed broadband and dual-play landline and fixed broadband prices, for providers which offer both: October 2022

| | Advertised download speed (Mbit/s) | | | | | | |
|-----------------|------------------------------------|---------|--------|---------|--|---------|-----------|
| | 30-49 | 50-64 | 65-99 | 100-199 | 200-499 | 500-899 | 900-1,200 |
| BT | £-5.00 | £-5.00 | £-5.00 | £-5.00 | - | £-5.00 | £-5.00 |
| EE | £-2.28 | - | £-2.28 | £-2.28 | - | - | - |
| Plusnet | - | - | £-4.83 | - | - | - | - |
| TalkTalk | - | - | £0.00 | £2.05 | - | - | - |
| Virgin Media | - | £10.00 | - | £18.00 | £20.00 ¹ / £22.00 ² | £24.00 | £-4.00 |
| Hyperoptic | - | £-2.00 | - | £-2.00 | - | £-2.00 | £-2.00 |
| Community Fibre | - | £-10.00 | - | £-10.00 | - | - | £-10.00 |

Source: Ofcom / Pure Pricing's UK Monthly Broadband Pricing Tracker October 2022.

Notes: Negative figures indicate a saving when purchasing fixed broadband on a standalone basis; ¹ 213 Mbit/s broadband service; ² 362 Mbit/s broadband service.

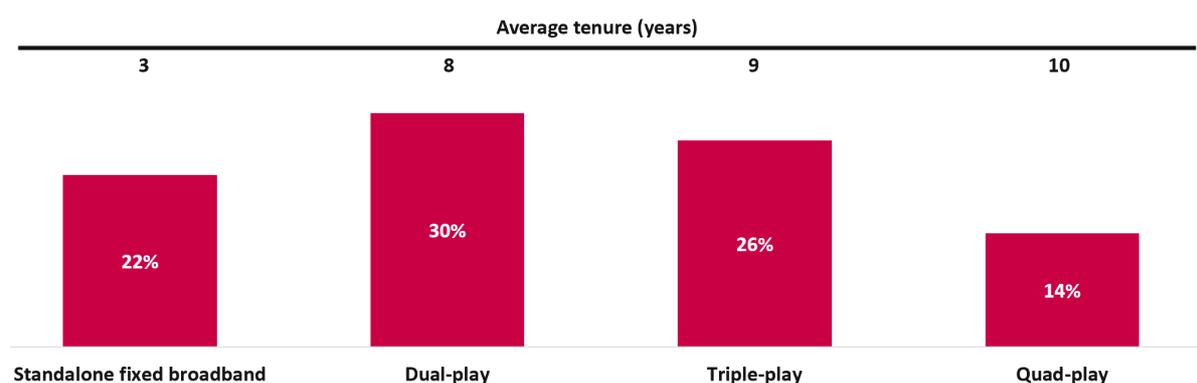
⁴¹ Based on tariffs from BT, Community Fibre, EE, Hyperoptic, Plusnet, TalkTalk, Virgin Media and Zen Internet.

Standalone fixed broadband customers are less likely to be out of contract than dual- and triple-play bundle customers

Using operator data collected for this report, we can look at the proportion of customers who are out of contract and the average customer tenure.⁴² Our analysis shows that standalone fixed broadband customers had a lower average tenure (3 years) than dual-play (landline and fixed broadband), triple-play (landline, fixed broadband and pay-TV) and quad-play (landline, fixed broadband, pay-TV and mobile) bundle customers. Standalone broadband customers also had the second-lowest proportion of users who were out of contract in Q2 2022 (22%) after quad-play customers (14%).

The low average tenure, and low proportion of out-of-contract customers among standalone broadband customers is probably because many of these customers have signed up recently as the availability of these services (both full fibre and FTTC) has increased.

Figure 16: Proportion of fixed broadband customers who are out of contract, by service type: Q2 2022



Source: Ofcom / provider data.

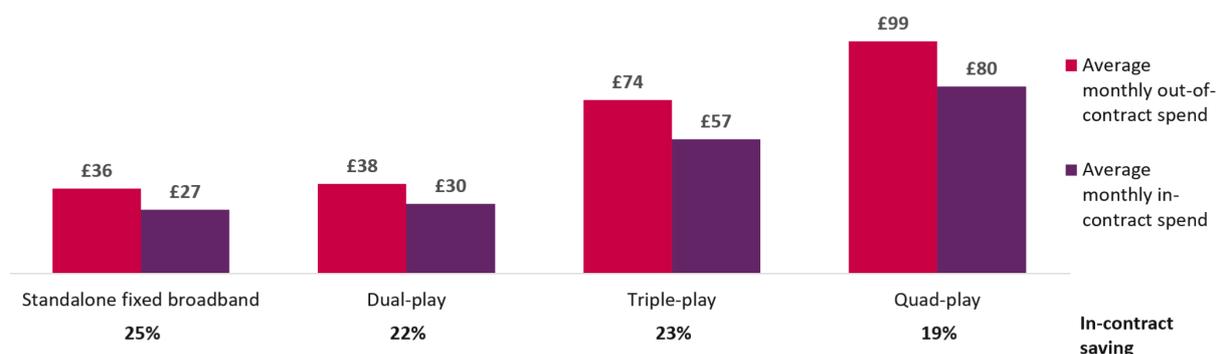
Note: Dual-play refers to landline and fixed broadband bundles, triple-play to landline, fixed broadband and pay-TV bundles, and quad-play to landline, fixed broadband, pay-TV and mobile phone bundles.

⁴² Average customer tenure since first activation of their current service (this refers to account tenure rather than product tenure) with current supplier.

In-contract standalone fixed broadband customers can save more

In-contract standalone fixed broadband customers also gained higher average proportional savings compared to out-of-contract customers than customers taking dual-play, triple-play or quad-play bundles in Q2 2022.

Figure 17: Average monthly in-contract and out-of-contract spend for standalone and bundled fixed broadband customers, by type of service: Q2 2022



Source: Ofcom / provider data.

Note: Dual-play refers to landline and fixed broadband bundles, triple-play to landline, fixed broadband and pay-TV bundles and quad-play to landline, fixed broadband, pay-TV and mobile phone bundles.

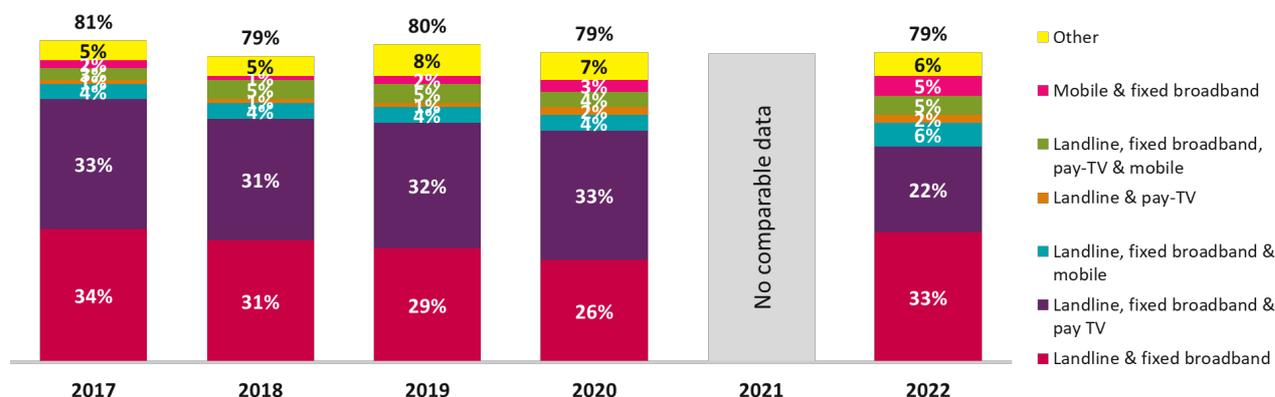
Four in five households take bundled communications services

The high household take-up of bundled communications services means that bundle prices are more relevant than standalone prices in most UK homes. Ofcom's Technology Tracker research shows that 79% of UK households purchased two or more communications services from the same service provider as part of a bundle in 2022, unchanged since 2020.⁴³

A third of homes (33%) took a dual-play bundle of landline and fixed broadband services in 2022, up from 26% in 2020, while the proportion taking a triple-play bundle of landline, fixed broadband and pay-TV fell from 33% to 22% over the same period. The decline in the use of triple-play bundles may be related to some homes using separately purchased over-the-top (OTT) SVoD streaming services as their main source of TV, instead of traditional pay-TV services.

⁴³ A change in research methodology in 2021 as a result of the Covid-19 pandemic means that 2022 figures are not directly comparable to the previous year but can be compared with data for 2020 and earlier.

Figure 18: Take-up of bundled services, by bundle type



Source: Ofcom Technology Tracker 2022.

QL4. Which of these is your main supplier for your landline? QM4. Which mobile network do you use most often? QE8. Which internet service provider (ISP) does your household currently use as its main supplier at home? QT3. Which – if any – of these TV services are used in your household to watch programmes, shows or films?

Base: All respondents.

Note: Comparable data is not available for 2021 due to a change in research methodology as a result of the Covid-19 pandemic.

Savings can be made by buying bundled services

One of the ways in which we analyse the price of communications services is by looking at the cost of ‘baskets’ of services that are designed to represent the usage of four ‘typical’ households.

We then use a pricing model provided by pricing specialists, Teligen/Strategy Analytics, to identify the lowest available prices for these households using different combinations of bundled and/or standalone services, and calculate weighted average prices based on different providers’ prices and market shares. The model uses the prices available to new customers on providers’ websites, as opposed to the prices charged to existing customers, and excludes social tariffs. More details of the methodology can be found in the [Methodology](#).

The long-term trend in pricing for our households is downwards, and the weighted average standalone and bundled prices of all four fell in real terms in the five years to 2022. There were similar real-term price decreases for all households between 2020 and 2022 with the exception of the ‘affluent-two-person household’, which experienced a £5 per month (3%) increase in its bundled price during this period. In nominal terms, this increase was much larger (16%), and there were also increases of between 3% and 12% in the standalone and bundled prices of the ‘low-use couple with basic needs’ and ‘late adopter couple’ households.

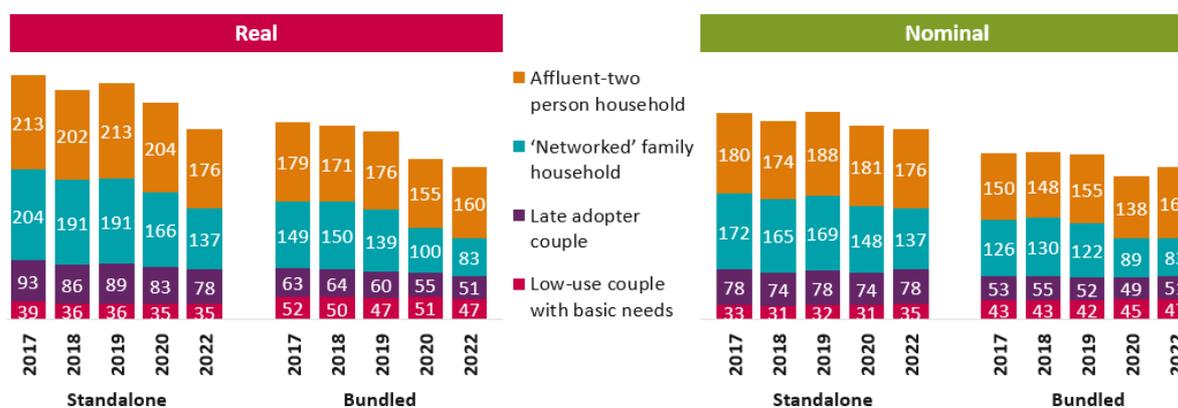
Our analysis shows that it is usually cheaper to buy a bundle of services than purchase the same services on a standalone basis from multiple providers. In 2022 it was cheaper for all households that require a fixed broadband connection to purchase bundled services, with average savings ranging from 9% to 39%. However, the ‘low-use couple with a basic needs’ user profile, which

requires only landline and mobile phone services, cost an average of £12 per month more (34%) when services were bought as a bundle.

This is because in this scenario the household is buying a service they do not need (fixed broadband, which continues to be a core element of most bundles) and because bundling means they cannot take advantage of low-cost line rental services available to people who do not take fixed broadband over the same line.

Our rules requiring providers to send their customers end-of-contract notifications and annual best tariff advice, which came into force in February 2020, include the requirement to inform consumers that they might get a better deal if they purchased their services as a bundle.⁴⁴

Figure 19: Weighted average monthly price for standalone and bundled services (£/month)



Source: Ofcom / Teligen, Strategy Analytics.

Notes: Analysis is based on weighted average tariffs for primary providers; includes promotional discounts; data relates to July in each year except 2020, when it relates to October; households are designed to reflect different usage patterns, each requiring set amounts of landline, mobile phone, fixed broadband and pay-TV services; the 'affluent two-person household' requires 5G mobile services from 2020 onwards; the increase in 2019 is primarily driven by increases in TV pricing from both Sky and Virgin Media, and a rise in broadband pricing from 2018 to 2019, the cumulative effect of these changes was an increase in 2019, then a gradual decrease; real-terms figures are adjusted for CPI (July 2022 prices).

Dual-play bundle prices have fallen in real terms over five years

Our analysis shows that the average list and promoted prices for new dual-play landline and fixed broadband bundle customers declined in real terms between June 2017 and June 2022, including standard, superfast and ultrafast⁴⁵ fixed broadband packages.⁴⁶ The largest fall (15%) was in the

⁴⁴ Ofcom announced [rules to require broadband, phone and pay-TV providers to tell their customers when their contract is coming to an end, and what their best available deals are](#), in May 2019.

⁴⁵ In this analysis, standard broadband products are those with an advertised speed <30Mbit/s, superfast ≥30Mbit/s and <300Mbit/s, and ultrafast ≥30Mbit/s (superfast usually refers to all connections with an advertised speed ≥30Mbit/s).

⁴⁶ It is difficult to read too much into average ultrafast bundle prices as these services are relatively new and, as new products are launched, changes in the product mix mean it is difficult to monitor prices on a like-for-like basis over time.

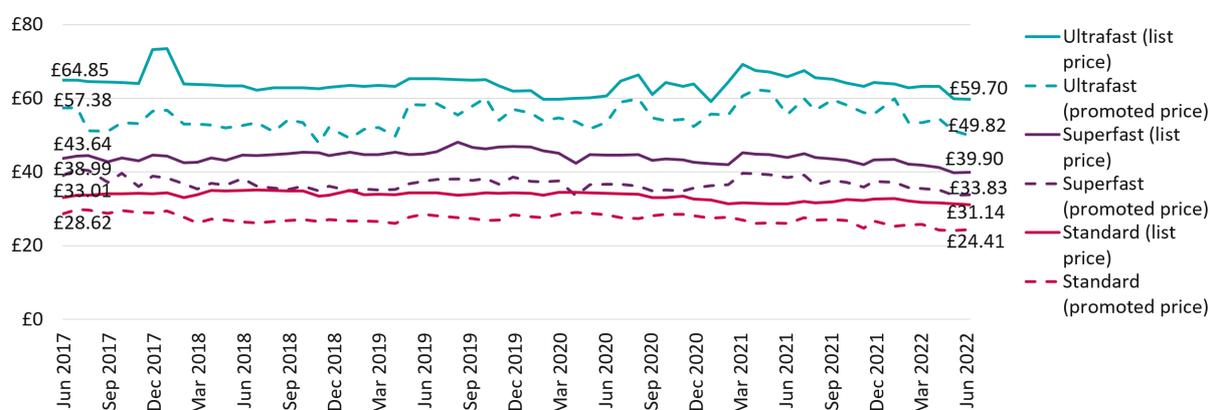
promoted price of dual-play bundles with standard broadband. However, there are variations across providers that are concealed when using average pricing.⁴⁷

In nominal terms, average list and promoted new customer prices for dual-play landline and fixed broadband bundle services with standard, superfast and ultrafast broadband all increased between June 2017 and June 2022.

The inflation-plus price increases that some existing customers are subject to usually come into effect in March/April each year. There was a real-terms increase in average prices for superfast and ultrafast dual-play bundles for new customers when these came into effect in 2021, after which prices fell back to previous levels. When similar existing customer price rises were introduced in 2022, new customer list and promoted prices for dual-play bundles with standard and superfast broadband fell in real terms, while the increase for ultrafast services was much smaller than in 2021. This indicates that existing customer price increases were not applied to new customer prices to the same extent in 2022 as in 2021.

There were increases in nominal list and promoted prices of superfast and ultrafast dual-play bundles of £3-7 per month when annual existing-customer price increases were introduced in 2021. However, when these were introduced in 2022 the price increases were smaller (less than £1 per month for superfast bundles and £2-3 per month for ultrafast services).

Figure 20: Average monthly real-terms prices for residential dual-play landline and fixed broadband bundles



Source: Ofcom / Pure Pricing's Monthly Broadband Pricing Tracker reports.

Notes: Represents monthly average of list and promoted available tariffs for new customers from BT, Community Fibre, EE, Gigaclear, Hyperoptic, NOW, KCOM, Plusnet, Post Office, Shell, Sky, TalkTalk, Virgin Media, Vodafone, Zen when available promotions include the promoted price and any 'gifts' offered; Community Fibre, Gigaclear and Hyperoptic data from February 2022; across all call plans, contract terms and data allowances; in this analysis, standard broadband products are those with an advertised speed <30Mbit/s, superfast ≥30Mbit/s and <300Mbit/s, and ultrafast ≥30Mbit/s; adjusted for CPI (June 2022 prices).

⁴⁷ This analysis is based on new customer prices and so is unweighted.

Narrowing gap between superfast dual-play list and promoted prices

A price differential is the difference in price charged by a provider to different customers for equivalent services. In broadband, price differentials occur because promotional prices are offered to attract new customers and result in out-of-contract customers paying the 'list' price paying more than those who are in contract, as the promotional price is typically offered for the whole of the minimum contractual period.

The price differential widened for both standard and ultrafast dual-play products in real terms between June 2020 and June 2022, increasing by 16% and 37% respectively to £6.73 and £9.89 per month. Over the same period the price differential narrowed for superfast dual-play services, falling by 24% to £6.06 in real terms.

Figure 21: Dual-play residential landline and fixed broadband bundle pricing, in real terms: June 2022

| Broadband | Promoted prices | | | List prices | | | Price differential | | |
|------------------|-----------------|--------|-------|-------------|--------|-------|--------------------|--------|--------|
| | £/mth | 2 yr Δ | 2yr % | £/mth | 2yr Δ | 2yr % | £/mth | 2yr Δ | 2 yr % |
| Standard | £24.41 | −£4.01 | −14% | £31.14 | −£3.08 | −9% | £6.73 | £0.93 | 16% |
| Superfast | £33.83 | −£2.76 | −8% | £39.90 | −£4.73 | −11% | £6.06 | −£1.96 | −24% |
| Ultrafast | £49.82 | −£3.64 | −7% | £59.70 | −£0.95 | −2% | £9.89 | £2.69 | 37% |

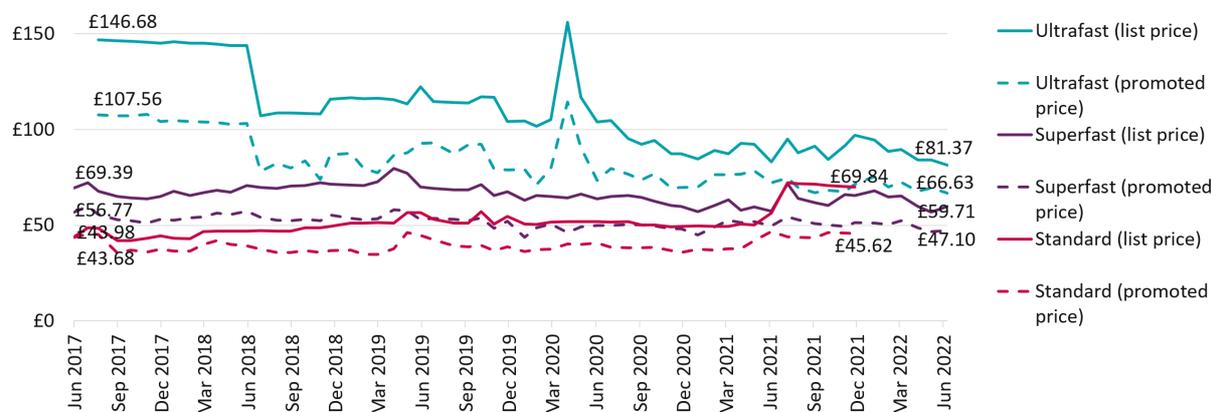
Source: Ofcom / Pure Pricing's UK Monthly Broadband Pricing Tracker June 2022.

Notes: In this analysis, standard broadband products are those with an advertised speed <30Mbit/s, superfast ≥30Mbit/s and <300Mbit/s, and ultrafast ≥300Mbit/s; figures are adjusted for CPI (June 2022 prices).

Promotions offer savings when buying triple-play bundles

In June 2022, the average promotional price for a triple-play bundle with superfast broadband was £12.61 per month lower than the average list price, while it was £14.73 for ultrafast broadband triple-play bundles. This compares with average price differentials of £13.83 and £30.70 respectively in June 2020, indicating that the gap between list and promotional prices for these services has narrowed. Data relating to standard broadband triple-play bundles is not available after December 2021, as most providers have now stopped selling these.

Figure 22: Average available monthly real-terms prices for residential triple-play landline, fixed broadband and TV bundles



Source: Ofcom / Pure Pricing's Monthly Broadband Pricing Tracker reports.

Notes: Represents monthly average of list and promoted available tariffs for new customers from BT, EE, Sky, TalkTalk, Virgin Media, Vodafone (no standard Virgin Media or Vodafone service; no ultrafast Sky or TalkTalk service); promotions include the promoted price and any 'gifts' offered; in this analysis, standard broadband products are those with an advertised speed <30Mbit/s, superfast ≥30Mbit/s and <300Mbit/s, and ultrafast ≥30Mbit/s; the peak in ultrafast package pricing in April 2020 was due to some providers withdrawing their services; adjusted for CPI (June 2022 prices).

Ultrafast broadband can be cheaper from alternative providers

Our [Connected Nations Update: Autumn 2022](#) report shows that 68% of all UK homes (20.2 million) had access to gigabit-capable broadband networks in May 2022, with full-fibre coverage available to 37% of homes (just over 11 million homes).

The ultrafast (advertised download speeds of 300 Mbit/s and higher) broadband prices offered by the UK's independent full-fibre network operators are frequently lower than those offered by established broadband providers, and operators such as Community Fibre, Gigaclear, Hyperoptic and G.Network offer challenger pricing within their network footprints as a market entry strategy.

In addition to the monthly service price, some providers charge installation, set-up and/or activation fees which can vary considerably by provider and by contract length. If a customer is eligible, they may be able to claim vouchers worth up to £1,500 towards the costs of installing gigabit broadband through the [Gigabit Broadband Voucher Scheme](#) (part of the Government's 'Project Gigabit'). Up to £210m worth of voucher funding is being made available to homes and businesses connecting to gigabit networks through a registered provider.

Figure 23: Selected full-fibre broadband service pricing: October 2022

| | 30Mbit/s ¹ & 50Mbit/s | 100Mbit/s ¹ & 150Mbit/s | 300Mbit/s ¹ & 350Mbit/s | 900Mbit/s ¹ & 1Gbit/s | Set-up fees | Contract length (months) |
|-------------------------|----------------------------------|------------------------------------|------------------------------------|----------------------------------|--------------------------------|----------------------------|
| | (Promoted price) list price | | | | | |
| B4RN | - | - | - | £33.00 | £60 ² | 1 |
| BT | (£27.99) £29.99 | (£30.99) £35.99 | - | (£50.99) £55.99 | £29.99 (free for 50 Mbit/s) | 24 |
| Community Fibre | (£20.00) £22.50 | (£17.99) £26.50 | - | (£25.00) £49.00 | - | 24 ³ |
| County Broadband | £28.00 | (£30.00) £40.00 | (£33.60) £48.00 | (£40.00) £80.00 | (-) | 24 |
| Gigaclear | - | - | £20.00 | £49.00 | - | 18 |
| G.Network | - | £22.00 | £28.00 | £48.00 | - | 24 ³ |
| Hyperoptic | (£17.99) £20.00 | £25.00 | - | £35.00 | £29.00 (free for 1 Gbit/s) | 24 ³ |
| Jurassic Fibre | - | (£20.00) £35.00 | - | (£40.00) £80.00 | - | 1 (fixed for 24 months) |
| KCOM | £29.99 | £39.99 | £49.99 | £69.99 | £24.99 | 24 |
| Lightning Fibre | - | £24.00 ¹ | - | £44.00 | £44.00 (free for 1Gbit/s) | 24 ³ |
| Swish Fibre | - | (£20.00) £30.00 | - | (£50.00) £75.00 | £50.00 | (18, 6 months free) 1 |
| TalkTalk | - | £32.00 | - | £49.00 | - | 24 |
| Toob | - | - | - | £25.00 | - | 18 |
| Trooli | - | - | (£35.00) £50.00 | (£68.00) £80.00 | (-) £80.00 £155.00 | 18 (first month free) |
| Truespeed | - | (£20.00) £40.00 | (£24.00) £50.00 | (£44.00) £70.00 | - | 12 |
| Virgin Media | £28.00 | £26.00 | £56.00 | £60.00 | (£15.00) £35.00 | 18 ³ |
| Vodafone | £20.00 | £25.00 | - | £45.00 | - | 24 |
| WightFibre | - | £24.95 | £27.95 | £54.95 | - | 1 |
| Zzoomm | - | £33.00 | - | £66.00 | - | 24 (six months free) |

Source: Ofcom / provider websites.

Notes: Prices as of October 2022 and include VAT; ¹providers offer one of these broadband speeds; ²Set-up fees can be waived under the GBVS (Government Broadband Voucher Scheme) or other exclusion reasons; Virgin Media and WightFibre also use DOCSIS-based infrastructure; ³other contract lengths are also offered.

5. Landline

Five per cent of landline users took a standalone service in 2022

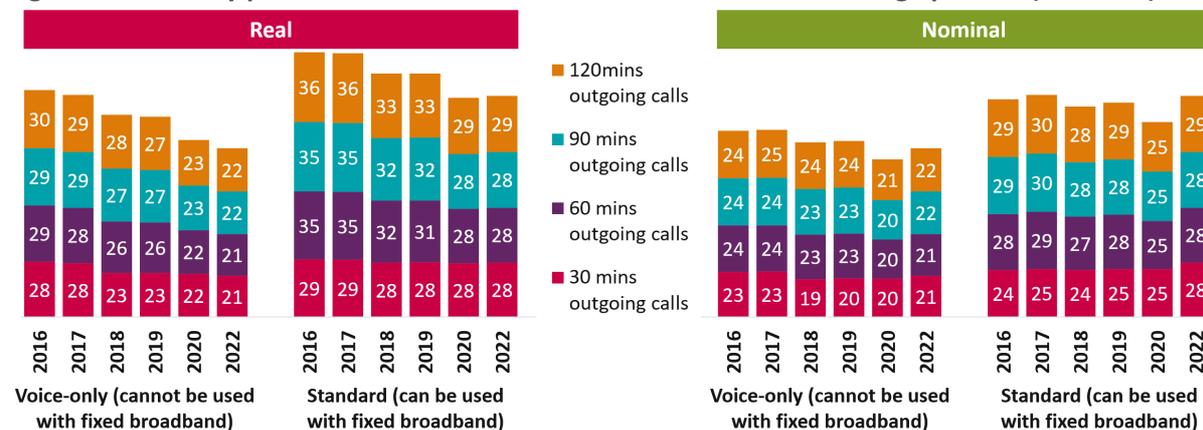
Landline services are usually bought as part of a bundle, and operator data collected for this report shows that only 5% of landline customers purchased them on a standalone basis in June 2022.

Customers who purchase standalone landline services are more likely to be older. Standalone landline customers are also more likely to be out of contract (89%) and have a longer customer tenure compared to other standalone or bundled services (average of 26 years).

Although those who purchase a standalone landline service may buy fixed broadband from another provider, it is unlikely that many people do this, as it is much cheaper to purchase landline and fixed broadband services together than to buy them separately. BT’s Home Phone Saver service cannot be used with a fixed broadband service and is offered at a lower price than its standard standalone landline services.

Based on data from the three leading operators offering standalone landline services,⁴⁸ our analysis shows that average 2022 prices for standalone landlines that cannot be used with fixed broadband were cheaper than for those that can. Average landline-only standalone tariffs (for lines that cannot be used with fixed broadband) fell by 4% in real terms between 2020 and 2022, while standard standalone tariffs (for those that can be used with fixed broadband) rose by 1% in real terms over the same period. In nominal terms, both landline-only and standard standalone line rental prices increased between 2020 and 2022, up by 7% and 13% respectively.

Figure 24: Monthly price of standalone landline services for different usage profiles (£/month)



Source: Ofcom / Teligen, Strategy Analytics.

Notes: Tariff data collected in July each year except for 2020 when it was collected in October; includes promotional discounts where available; outgoing call splits are 90% to UK landlines and 10% to UK mobiles; 60% during daytime, 25% in the evening and 15% at weekends; BT included for all years; 2018, 2019, 2020 and

⁴⁸ BT has a standard standalone landline tariff that can be used in conjunction with broadband provided over the same line by another service provider, and Home Phone Saver – a tariff which cannot be used with broadband from BT or any other provider. Virgin Media and Shell Energy, which acquired the phone and broadband customers of Post Office in March 2021, both offer a landline without fixed broadband.

2022 includes Virgin Media; 2019, 2020 additionally includes Post Office, and Shell Energy has been included from 2022; voice-only standalone tariffs include BT Home Phone Saver and exclude BT Line Rental Saver and BT Basic; standard standalone tariffs exclude BT Home Phone Saver, BT Line Rental Saver and BT Basic; real-terms figures are adjusted for CPI (July 2022 prices).

Average line rental prices have fallen in real terms in 2022

Due to concerns that regular landline line rental increases were disproportionately affecting people who did not take fixed broadband, Ofcom launched a [review into the market for standalone landline telephone services](#) in 2017. Our concern was that people buying standalone landline services tended to be older and less likely to shop around for a better deal.

Following the review, BT agreed to reduce the monthly line rental price for customers who only take landline services from £18.99 to £11.99 from April 2018, and it committed to limit subsequent line rental price increases. Separately, Post Office (which sold its telecoms business to Shell Energy in 2021) reduced its line rental price for new customers who only took landline services to £11.50 in May 2018.

BT's initial commitments in relation to standalone landline customers expired at the end of March 2021 and, before this date, Ofcom accepted BT's new voluntary commitments which included applying an inflation-linked control (CPI+0%) on the basket of line rental and call charges for standalone landline products, an annual CPI+0% limit on prices for its Home Phone Saver product and a safeguard cap of CPI+2.5% for its line rental product.⁴⁹

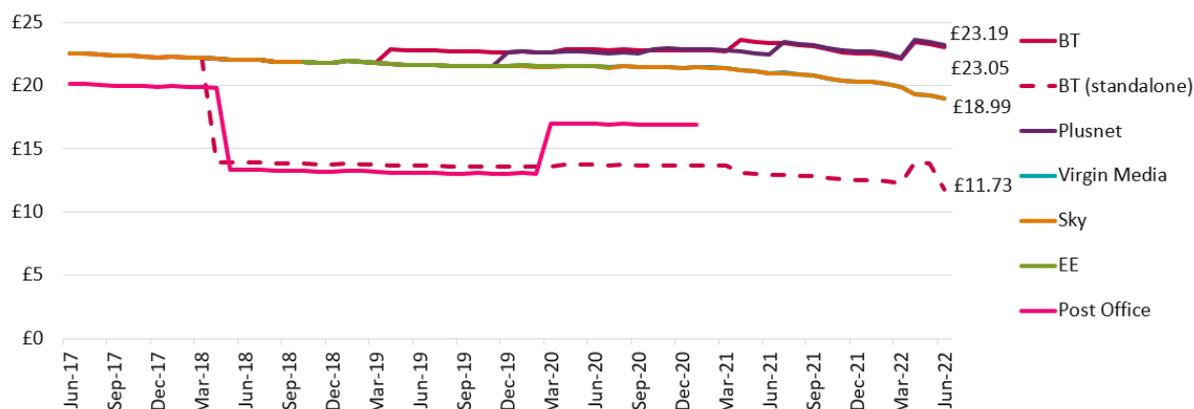
In March 2022, BT raised its standard line rental price to £23.05, and the price for customers taking standalone landline services to £13.68, but a larger discount for standalone customers (£11.32 per month) was implemented from May 2022, taking the monthly line rental price down to £11.73.

Line rental charges are no longer relevant to providers that have stopped offering standalone landline services in favour of bundles, including TalkTalk and Shell Energy. Of those which continue to identify a standalone landline line rental charge, Sky and Virgin Media have not raised their charge in recent years: Sky's line rental has been £18.99 since March 2017 and Virgin Media's £19.00 since September 2016.

Among the providers which identified a landline line rental charge in June 2022, the average monthly standard line rental prices (i.e. those for services that can be used with fixed broadband provided over the same line) fell by £0.87 (4%) to £21.06 in real terms in the year to June 2022, and were £0.85 (4%) lower than three years previously. In nominal terms, the annual and three-year increases were 6% and 9% respectively.

⁴⁹ [Protecting voice-only landline telephone customers.](#)

Figure 25: Residential line rental prices in real terms (£ per month)



Source: Ofcom / Pure Pricing's Monthly Broadband Pricing Tracker reports.

Notes: Excludes line rental saver pre-payment tariffs; includes promotions; Virgin Media is not visible on the chart because its pricing is similar to Sky's e.g. June 2022 Virgin Media charge is £19.00; adjusted for CPI (June 2022 prices).

Out-of-bundle landline prices and set-up fees fell in real terms year on year

Per-minute call charges for outgoing residential fixed calls to UK landlines and mobiles decreased in real terms in the year to June 2022, both down by one penny, although in nominal terms they both increased by a similar amount. Over the same period, the average call set-up fee across all leading providers fell by two pence to 19 pence in real terms (in nominal terms it increased slightly).

TalkTalk has not charged call set-up fees since May 2021 and BT stopped charging them in October 2019 (although it still charges set-up fees for calls to non-BT mobiles and some other destinations). Excluding BT, the average set-up fee fell by two pence to 20 pence in real terms in the year to June 2022 (it was unchanged in nominal terms).

Figure 26: Average out-of-bundle cost of national calls from landlines, in real terms



Source: Ofcom / Pure Pricing's Monthly Broadband Pricing Tracker reports.

Notes: Represents average per-minute price of residential fixed calls to landlines and mobiles outside bundles, and average call set-up fees (connection charges); includes BT, EE, Plusnet, Sky, TalkTalk, Virgin Media, Vodafone from 2016, NOW from 2018, Post Office and Zen from 2019, with Shell replacing Post Office in March 2021, and Hyperoptic and KCOM from 2022; peak call price included where peak/off-peak prices vary; adjusted for CPI (June 2022 prices).

Decline in landline call package prices in real terms in 2022

The average price of call packages decreased in both real and nominal terms in the year to June 2022. Tariff information shows there were real-terms price falls of 3% in the average monthly cost of evening and weekend call packages, down £0.14 year on year to £5.01. However, over five years, prices rose by 2% in real terms. The average cost of anytime call packages declined by 9% year on year to £9.66 in real terms, but over five years charges rose by 4%. In nominal terms, the cost of anytime call bundles was unchanged in the year to June 2022, while the cost of evening and weekend call bundles increased by 35 pence per month (7%).

Figure 27: Average landline call package prices in real terms

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|------|------|------|-------|-------|------|
| Evening and weekend call package (£/month) | 4.93 | 4.83 | 4.96 | 5.26 | 5.16 | 5.01 |
| Anytime call package (£/month) | 9.31 | 8.99 | 8.98 | 10.65 | 10.67 | 9.66 |

Source: Ofcom / Pure Pricing's Monthly Broadband Pricing Tracker reports, data as of June of each year.

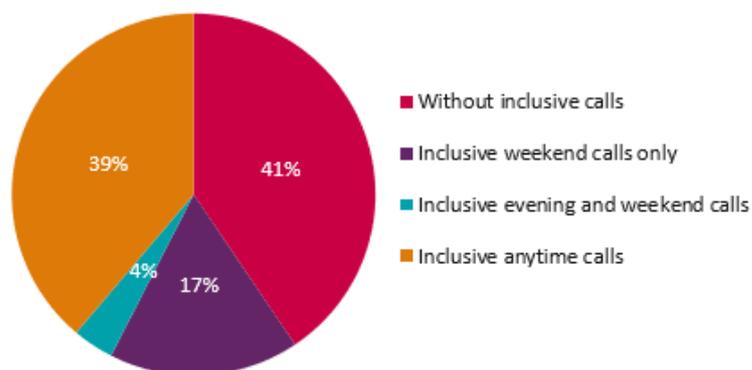
Notes: Figures are the average of prices offered by BT, EE, Plusnet, Sky, TalkTalk, Virgin Media, Vodafone, NOW from 2018, Post Office from 2019, with Shell replacing Post Office in March 2021; Zen from 2021 for Anytime packages; Hyperoptic, KCOM and Community Fibre from 2022 for Anytime packages; adjusted for CPI (June 2022 prices).

Two in five landline customers do not have a call package

Operator data shows that 41% of landline customers did not have an inclusive call package in Q2 2022. Landline services without inclusive calls have grown in popularity since their launch, as many people who bundle a landline service with their fixed broadband do not use it. Data collected from

the UK’s largest providers shows that 68% of people who purchased landline and fixed broadband services from the same provider (with or without other services) did not make an outgoing call in Q2 2022, up from 51% in the three months to November 2020. Among those who had an inclusive call package, anytime call packages were most popular and were taken by 39% of landline users.

Figure 28: Proportion of residential landline customers, by call package types: Q2 2022

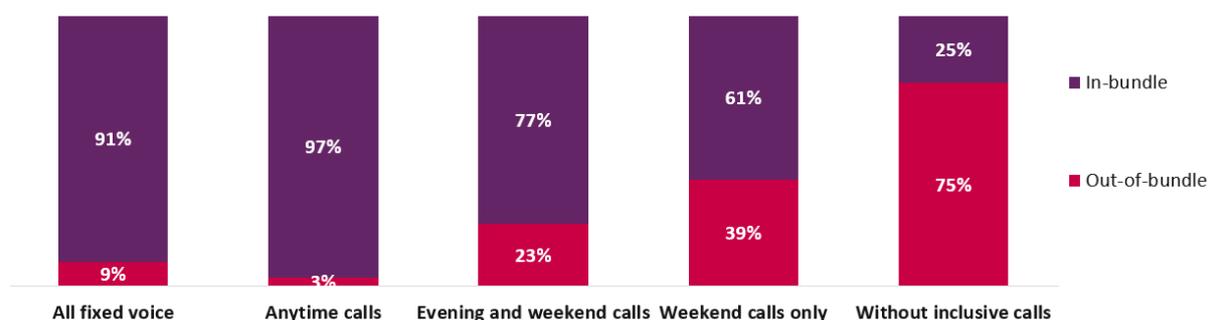


Source: Ofcom / provider data.

One in ten outgoing landline calls are outside a call package

Operator data collected for this report shows that 9% of outgoing call minutes from landlines were outside a call bundle in Q2 2022, with this proportion varying according to the call package purchased. While just 39% of landline users took an anytime call package, these customers accounted for 89% of outgoing calls from landlines.

Figure 29: Proportion of outgoing calls in-bundle and out-of-bundle, by call package types: Q2 2022



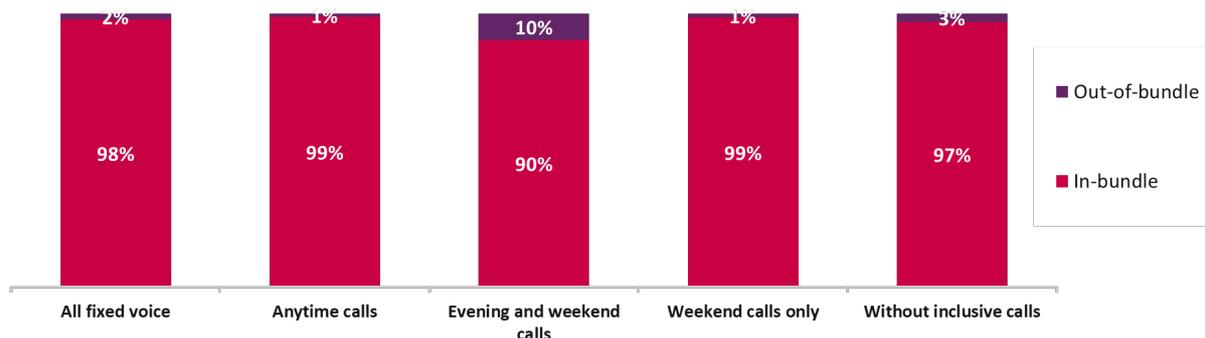
Source: Ofcom / provider data.

Note: Packages without an inclusive call allowance include freephone calls, for example, classified as being in-bundle.

Highest out-of-bundle spend for evening and weekend call users

Spend data collected from operators shows that across all landline customers, average monthly out-of-bundle spend (£0.61) represented 2% of total spend in Q2 2022. The highest proportion of this spend was by consumers using evening and weekend call packages, at 10% (£2.22 per month) of total spend on this type of package.

Figure 30: Proportion of average monthly spend, in-bundle and out-of-bundle, by call package types: Q2 2022 (%)



Source: Ofcom / provider data.

VoIP availability increases with full-fibre roll-out

As full-fibre infrastructure continues to be rolled out, digital voice services using voice over internet protocol (VoIP) are becoming more common; many providers now offer such products. Some, such as Vodafone, Sky and Hyperoptic, currently only offer VoIP as part of their full-fibre broadband packages. There are over-the-top service providers such as Vonage, which offers phone-only packages with VoIP. Across providers, pricing appears to have remained stable since last year, with no noticeable differences.

The availability of this service will widen as home phone users need to move to a digital system when Openreach moves away from its analogue network to a fully digital network by December 2025. BT is planning to move all its UK phone customers to its Digital Voice product by 2025. However, in March 2022 BT announced that it was pausing all further Digital Voice switchovers for customers who do not want to move to the new technology straight away. This was to enable it to work on installing better backup solutions to counter service disruption by storms and power cuts.⁵⁰

⁵⁰ <https://newsroom.bt.com/were-pausing-our-digital-voice-plans-for-consumers-while-we-work-on-a-more-resilient-rollout/>

Figure 31: VoIP pricing from selected providers: August 2022

| Provider | Service | Price per month 2022 | Comments |
|------------------------|---|--|---|
| BT | Digital Voice | No difference in price for legacy PSTN fixed-line voice. | Free to switch to Digital Voice for existing BT customers, with previously charged services included. |
| Community Fibre | Everyday Landline & Mobile | £10 for unlimited calls to UK landlines and mobiles on a 24-month contract. | No alternative to VoIP offered. Free mobile app. Free to keep existing number. |
| Hyperoptic | Range of packages | Extra (£2 promoted price) £3 on top of broadband-only packages. | Current number porting available. Offer a battery back-up unit (BBU) as optional add-ons for an additional one-off cost of £25. |
| Vonage | Talk UK | £10.25, unlimited calls to UK landlines, 10p/min to UK mobiles, £5 delivery charge, £10 activation charge. | |
| Vodafone | Range of packages | Digital Voice included with broadband packages which start at £20. | |
| Sky | On certain packages | Internet calls currently included only with the Ultrafast and Ultrafast Plus broadband packages. | No additional charge for internet calls on these broadband packages. |
| TalkTalk | Currently carrying out a Digital Voice trial. ⁵¹ | | |

Source: Ofcom / operator websites, August 2022.

Note: Includes providers that offer the service through a telephone adapter which converts the home phone signal to VoIP.

⁵¹ [Digitalvoice - TalkTalk Help & Support.](#)

6. Mobile

Over three-quarters of mobile users have a pay-monthly service

Data collected from the UK’s largest mobile providers shows that more than three-quarters (78%) of residential mobile phone customers took a pay-monthly service at the end of Q2 2022.

Pay-monthly subscriptions where the customer acquires a mobile handset along with their mobile service, were the most frequently-used type of service, representing 43% of the total. This was followed by SIM-only subscriptions, where the user buys their airtime from a mobile provider and uses it with a separately acquired device, which made up 35% of subscriptions.

People who prefer to acquire a mobile handset from their mobile provider with their mobile airtime contract can do so in two ways: in a single (combined) contract that covers both the phone and airtime or as separate (split) contracts (where there is one contract for the airtime and one for the handset). Our data shows that at the end of Q2 2022, combined-contract customers made up two-thirds (67%) of handset and airtime contract customers, while 33% were using split contracts.

Pre-pay services accounted for 22% of residential mobile connections at the end of Q2 2022. Ofcom research suggests that older and less affluent consumers are more likely to use pre-pay. According to our Technology Tracker research, customers who take pre-pay mobile services are more likely to be older and/or less affluent groups (27% of 65-74-year-olds, 39% of over-75s and 32% of consumers in the DE socio-economic group).

Figure 32: Mobile take-up, by subscription type: Q2 2022



Source: Ofcom / provider data.

Note: Based on data provided by BT (inc. EE and Plusnet), TalkTalk, Sky Mobile, Three, VMO2 (inc. O2 & Virgin Mobile), Vodafone, Tesco Mobile, iD Mobile and SMARTY.

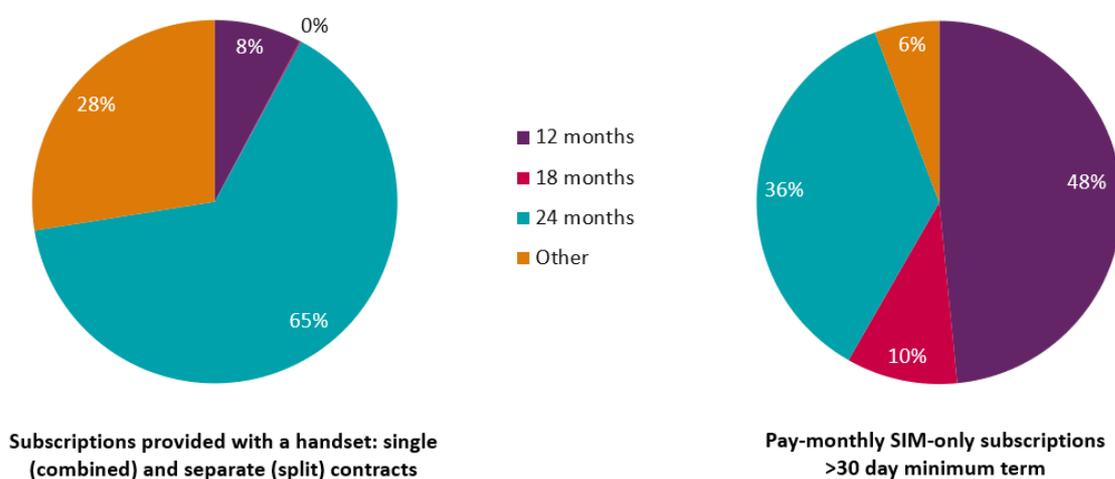
Contracts tend to be longer for airtime and handset contracts than for SIM-only

Operator data also shows a marked difference in minimum contractual periods (MCPs) for handset and airtime contracts (including both combined and split contracts) and SIM-only services, with SIM-only services tending to have shorter minimum contractual periods (MCPs). This is unsurprising: for airtime and handset services the provider must recover the cost of the handset through the monthly payments and by offering longer MCPs they can reduce the monthly cost, making their services more attractive to potential customers.

Just under two-thirds of customers with airtime and handset contracts (65%) had a minimum term of 24 months. Rules limit the length of telecoms service contracts to a maximum of 24 months, but this is not the case for the handset element of split contracts. As premium smartphones can cost well over £1,000, some providers have started to offer split contracts with a 36-month handset contract to reduce the monthly cost, and these represent a large proportion of the ‘other’ connections which make up 28% of subscriptions with a handset.

Just under half of SIM-only customers with a minimum contractual period of more than 30 days (48%) had a minimum term of 12 months, with a further 10% having an 18-month minimum term. The trend in pay-monthly SIM-only plans is towards longer MCPs coupled with increasing inclusive allowances, and customers who commit to stay with a provider for longer often receive more generous inclusive allowances than those with shorter MCPs.

Figure 33: Proportion of residential pay-monthly mobile phone customers, by minimum contractual period: Q2 2022



Source: Ofcom / provider data.

Note: Based on data provided by BT (inc. EE and Plusnet), TalkTalk, Sky Mobile, Three, VMO2 (inc. O2 & Virgin Mobile), Vodafone, Tesco Mobile, iD Mobile and SMARTY.

Mobile customers can get more data at a lower cost

Teligen’s pricing model identifies the lowest-cost service for customers taking out new contracts from each of the mobile providers whose tariffs are included in the model and meet the requirements of a basket of mobile services, excluding the handset cost (where applicable). We then calculate an average price across mobile providers, weighting by retail market share.

However, unlike in most basket-based pricing analysis, this basket is based on average calls, texts and data use in each year and changes from year to year to reflect shifting usage patterns. As can be seen from the chart, over the period covered by the analysis, average data use has risen rapidly, while average call use has risen more slowly, with a large bump in use in 2020 due to the Covid-19 pandemic, and SMS use has declined significantly.

Our analysis shows that the average monthly cost of a mobile service (excluding handset cost), based on average use across all mobile users, was £10.77 in 2022, a fall of £1.54 (12%) in real terms compared to the cost of a basket of mobile services based on average use in 2020. In nominal terms, the fall was £0.19 (2%). This was despite an estimated 2.1 GB (52%) increase in data use, showing that mobile users can now receive much more data for a lower monthly cost.

Figure 34: Weighted average monthly prices for average mobile use, excluding handset cost (£/ month)



Source: Ofcom / Teligen, Strategy Analytics.

Notes: Based on prices excluding handset costs; includes promotional discounts; data relates to July in each year except 2020, when it relates to October; average mobile data use includes residential and business customers; average call and messaging use includes handset connections only; average data use includes handset, mobile broadband (MBB) and machine-to-machine (M2M) connections; 2022 usage figures are estimated based on H1 2022 operator data; real-terms figures are adjusted for CPI (July 2022).

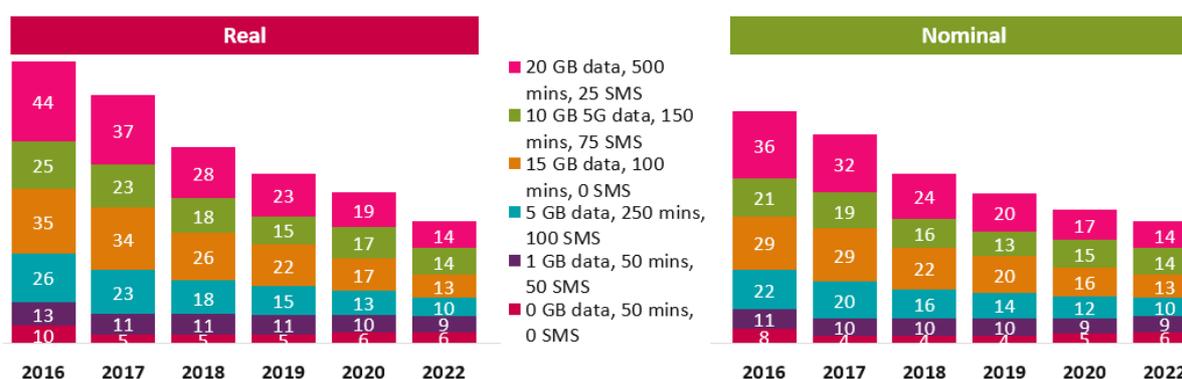
Prices for lower-use customer profiles are increasing in real terms

We also use Teligen’s model to understand how prices are changing for different types of mobile users, based on six mobile user profiles created to represent a range of mobile consumer usage types, and calculate a weighted average price for each one.⁵²

Our analysis shows that average prices continued to decline in real terms for most mobile connections in 2022, with the average costs of our six mobile connections falling by 19% between 2020 to 2022. For the five mobile connections with a data requirement, the average prices reduced by between 12% and 28% in real terms, however, the average price for the lowest-use mobile connection, with no data allowance, increased by £0.53 (9%) in real terms over this period.

In nominal terms, prices fell by an average of 9% across our six mobile connections between 2020 and 2022. Again, only the lowest-use mobile connection with no data allowance experienced a price increase during this period, although this was higher in nominal terms (£1.17 or 22%).

Figure 35: Weighted average monthly prices of standalone mobile services (£ per month, excluding handset cost)



Source: Ofcom / Teligen, Strategy Analytics.

Notes: Data relates to July in each year except 2020, when it relates to October; the 10 GB data, 150 mins, 75 SMS basket requires 5G connectivity from 2020 onwards; real-terms figures are adjusted for CPI (July 2022 prices).

Cost of buying a handset is cheaper outside a contract

As shown previously, 43% of residential UK mobile users purchase their handset and airtime from the same provider, either in split or combined pay-monthly contracts. Obtaining a mobile phone from a mobile provider can be convenient and enables a customer to spread the cost of the device over their minimum contractual period. However, the total price paid by pay-monthly users may be more than if they bought the handset outright and used it with a SIM-only plan.

Our analysis, using Teligen’s pricing model, shows that the average monthly price of buying a handset outright and using with a SIM-only plan was cheaper than acquiring it from a mobile

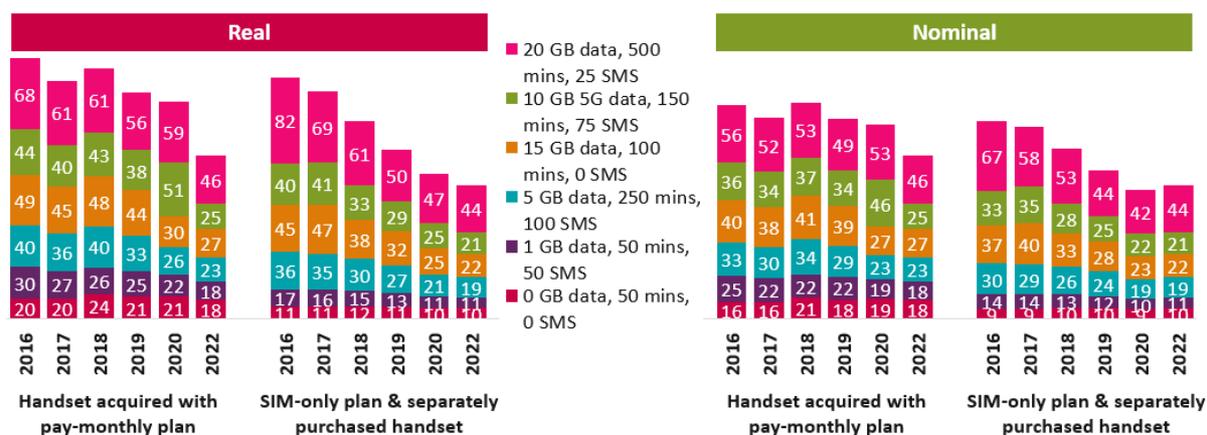
⁵² Using the Teligen model, we calculated the average price to fulfil the usage requirements of each use profile (excluding the cost of a handset). More details of the methodology can be found in [Annex 1](#).

provider alongside airtime as part of a combined pay-monthly contract, for all six of our mobile connections in 2022.⁵³ Across the six connections there was an average saving of £4.86 per month (19%) when purchasing a SIM-free phone and using it with a SIM-only deal, or around £120 over the duration of a typical 24-month mobile contract. However, the analysis does not consider any additional benefits that may be provided along with a handset.

We have also undertaken separate analysis of operator tariffs to compare the cost of acquiring a 128 GB Apple iPhone 14 with an airtime contract to that of purchasing the phone separately and using it with a pay-monthly SIM-only plan. To do this we looked at the 24-month tariffs offered by the four UK mobile network operators (EE, O2, Vodafone and Three) for services with unlimited calls, texts and data and the fastest data connection speeds available.

Our results show that it was more expensive to acquire the handset along with airtime from all four providers than to buy it separately and use it with the same provider’s equivalent SIM-only service. As before, this analysis does not take account of any additional benefits that may be provided. We found that the difference between the two prices was equivalent to paying an APR (annual percentage rate) of between 14% and 31% for their handset ‘loan’ when SIM-only promotional offers were included, and between 9% and 16% when they were excluded.⁵⁴

Figure 36: Weighted average monthly price of handset with pay monthly, or purchased separately to use with SIM-only plan (£/month)



Source: Ofcom / Teligen, Strategy Analytics.

Notes: Weighted average tariff for primary providers; the 10 GB data, 150 mins, 75 SMS basket requires 5G connectivity from 2020 onwards; data relates to July in each year except 2020, when it relates to October; prices excluding additional usage charges; real-terms figures are adjusted for CPI (July 2022 prices).

⁵³ Details of how these costs are calculated are set out in the [Methodology](#).

⁵⁴ The APR is lower when SIM-only promotions are excluded from the analysis as excluding promotions gives a higher total cost for a SIM-only package and subtracting this higher SIM-only cost from the cost of the equivalent handset and airtime contract gives a lower estimate of the cost of the handset when purchased with airtime. This in turn gives a lower estimated monthly handset payment and therefore a lower APR.

SIM-only prices continue to fall in real terms for all but the lowest data tiers

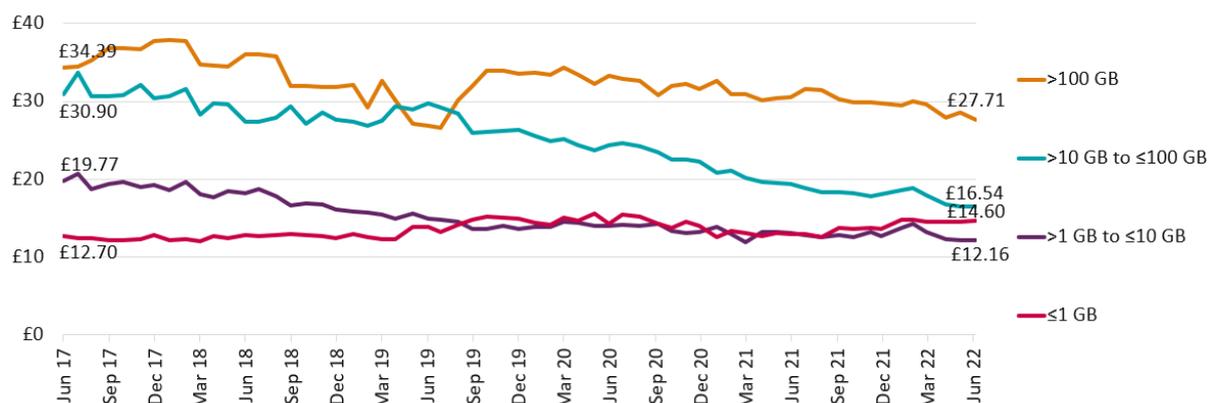
Analysis of pay-monthly SIM-only mobile prices shows declining prices in real terms in the five years to June 2022, except for tariffs offering up to 1 GB of inclusive data.

As providers have focused on tariffs offering larger inclusive data allowances, there has been a reduction in the number of tariffs with lower data allowances. This has resulted in the average price of tariffs offering 1 GB or less of data per month increasing by 13% in real terms in the year to June 2022 and by 15% over five years (23% and 36% respectively in nominal terms). On average, SIM-only tariffs offering 1 GB or less of data per month were 20% more expensive than tariffs offering between 1GB and 10 GB in June 2022.

In the year to June 2022, the average monthly promoted prices of SIM-only pay-monthly mobile services with over 1 GB of inclusive data continued to decline in real terms. Promoted prices for packages with over 1 GB and up to 10 GB of inclusive data fell by 7%, while those offering more than 10 GB and up to 100 GB declined by 15% and those offering more than 100 GB fell by 9%.

In nominal terms, the average price of services with between 1 GB and 10 GB of inclusive monthly data increased by 2% over this period, while there were price falls of 6% for those with between 1GB and 10 GB of data and 1% for those with more than 100 GB.

Figure 37: Average pay-monthly SIM-only promoted mobile charges in real terms: (£/month)



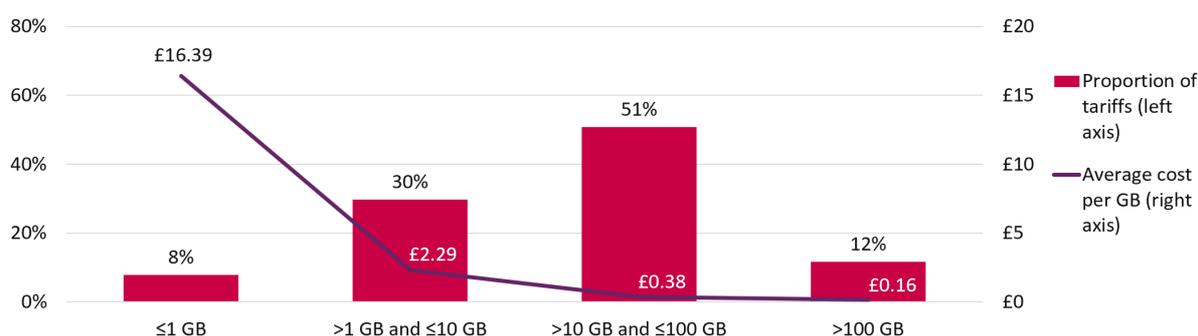
Source: Ofcom / Pure Pricing's Monthly Mobile Pricing reports.

Notes: Represents average monthly promoted prices for available tariffs for new customers from BT, EE, iD Mobile, O2, Plusnet, Sky, Tesco, Three, Virgin Mobile, Vodafone; excludes promotions and any 'gifts' offered; across all packages in terms of minutes and text allowances; <=1GB excludes zero data tariffs; includes price promotions where offered, although these are not commonplace in the mobile market and the difference between list and promoted prices is minimal; adjusted for CPI (June 2022 prices).

More value per GB gained from monthly allowances above 1GB

The average cost per GB of data on SIM-only pay-monthly tariffs, across all services, was £0.37 in June 2022. However, the cost per GB ranged from £0.16 for tariffs with >100 GB of data to £16.39 for tariffs with 1GB of data or less. Over half of the tariffs (51%) were concentrated in the ‘more than 10 GB up to and including 100 GB’ range. For context, our analysis of operator data shows that average monthly mobile data use across all mobile users was 5.0 GB in 2021,⁵⁵ up from 3.9 GB in 2020.

Figure 38: Distribution of SIM-only pay-monthly tariffs, by data allowance and average data cost/GB: June 2022



Source: Ofcom / Pure Pricing's UK Monthly Mobile Pricing Update June 2022.

Notes: Using the analysis in Figure 37 above; pricing for June 2022; ≤1GB includes tariffs without any inclusive data; average cost per GB and average data allowance in the >100GB category assumes a 250GB allowance for tariffs with unlimited data.

Pre-pay was cheaper than pay-monthly for all mobile connections in 2022

Most pre-pay tariffs are now ‘hybrid’ tariffs, which enable customers to buy a pack of inclusive calls, texts and data for a set monthly fee that typically expires after a month. Pure Pricing’s September 2022 Monthly Mobile Pricing Database shows that of the 60 pre-pay tariffs then on offer, only two were traditional pre-pay services and the rest were hybrid tariffs. With hybrid tariffs, the cost of any use outside the inclusive allowances is deducted from a pre-pay credit balance, as is the case with traditional pre-pay services. Hybrid pre-pay tariffs offer people the chance to avoid annual in-contract price increases, in many cases include EU roaming and have seen a move towards including access to 5G services.

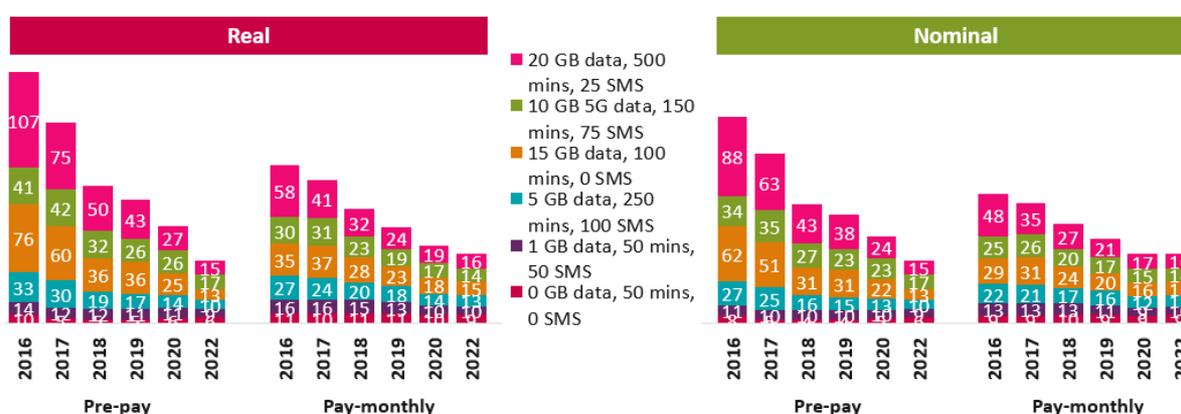
The weighted average pre-pay prices were lower than the weighted average pay-monthly prices for five of the six mobile connections used in our analysis in 2022. The exception was the connection requiring 10 GB of 5G data, 150 minutes of calls and 75 SMS messages per month, which was £2 per month (14%) more expensive when bought on a pre-pay basis. This may be due to the fact that several of the larger mobile providers do not offer 5G pre-pay services.

⁵⁵ In Figure 34 we use an estimated average monthly data use per mobile user of 6.0 GB for 2022. This estimate is based on operator data to H1 2022.

The weighted average pay-monthly price of all six connections and the pre-pay prices of those mobile connections with a data requirement fell in real terms between 2020 and 2022. However, the average pre-pay price of the lowest-use connection (which does not have a data requirement) increased by 7% over this period.

In nominal terms, there were increases in the pay-monthly prices of the three lowest data use connections between 2020 and 2022, with these increases averaging 7%. Conversely, the pay-monthly prices of the three higher data use connections fell by an average of 4% year-on-year. Pre-pay prices fell by an average of 28% in nominal terms between 2020 and 2022, with only the lowest data use connection seeing its average price increase (up by 20%).

Figure 39: Weighted average monthly pre-pay and pay-monthly mobile price, excluding handset cost (£/month)



Source: Ofcom / Teligen, Strategy Analytics.

Notes: Data relates to July in each year except 2020, when it relates to October; the 10 GB data, 150 mins, 75 SMS basket requires 5G connectivity from 2020 onwards; real-terms figures are adjusted for CPI (July 2022 prices).

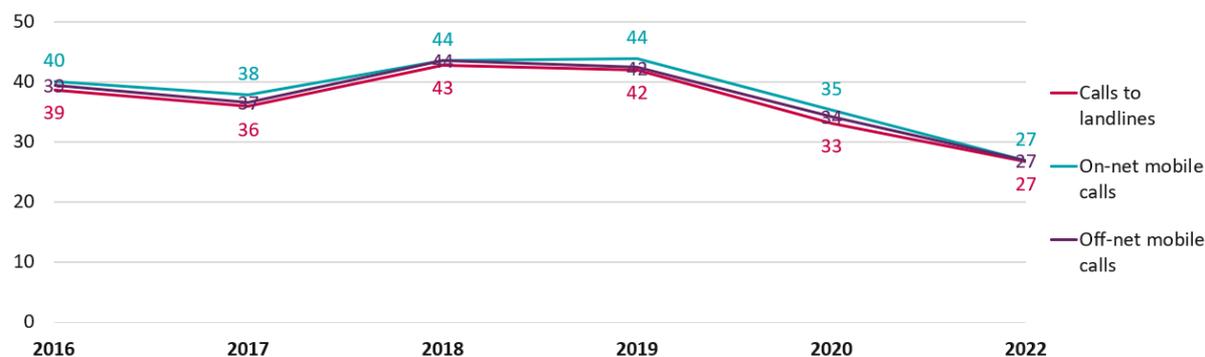
Mobile out-of-bundle call charges continue to decline in real terms

Average pence per minute prices for out-of-bundle calls to UK landlines and mobiles (both on-net and off-net calls) from pre-pay and pay-monthly mobile phones declined by between 19% and 24% in real terms between 2020 and 2022, and by around a third over the past five years. In nominal terms, the price of out-of-bundle calls landlines fell by 9% from 2020 to 2022, while those for calls to on-net and off-net mobiles fell by 14% and 12% respectively.

Using Teligen tariff data collected in July 2022, analysis shows that 84% of all mobile phone tariffs (both pre-pay and pay-monthly) offered unlimited minutes, up from 83% in 2020. This means that most mobile users do not incur out-of-bundle UK geographic and mobile call charges. Those customers without unlimited minutes and making calls outside their allowance can protect themselves from 'bill shock' by specifying a billing limit. All mobile providers must give new

customers, and existing customers who extend their contract or enter a new contract, the option to limit the maximum cost of their bills.⁵⁶

Figure 40: Average out-of-bundle call charges for calls from mobile phones in real terms (pence/minute)



Source: Ofcom / Teligen, Strategy Analytics.

Notes: Excludes tariffs for which out-of-bundle call charges are not relevant; includes pre-pay and pay-monthly tariffs; based on tariffs offered by BT, EE, Orange, T-Mobile, O2, GiffGaff, Plusnet, Vodafone, Three, Tesco Mobile, Virgin Mobile, Lebara, iD Mobile, Sky and LycaMobile; includes VAT; data relates to July in each year except 2020, when it relates to October; on-net calls are made between customers on the same network, while off-net calls are made between different mobile networks; adjusted for CPI (July 2022 prices).

Large inclusive allowances minimise out-of-bundle mobile spend

Average monthly spend data provided to Ofcom by the UK’s largest mobile providers shows that the generous inclusive allowances of calls, texts and data drove down out-of-bundle mobile spend to a small proportion of total mobile spend in Q2 2022, averaging £1.26 per month (or 7% of total spend) across all subscription types.

This was even the case for pre-pay mobile services, where the popularity of hybrid pre-pay tariffs means that average out-of-bundle spend was just £1.62 per month in Q2 2022 (or 28% of average monthly spend). This was higher than the proportion across all pay-monthly subscriptions, where out of bundle spend averaged 6% of total spend.

⁵⁶ This requirement was implemented on 1 October 2018 as a result of the Digital Economy Act 2017. Further information is available at <https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/costs-and-billing/mobilebill-limits>.

Figure 41: Average monthly in-bundle and out of bundle spend, by subscription type: Q2 2022



Source: Ofcom / provider data.

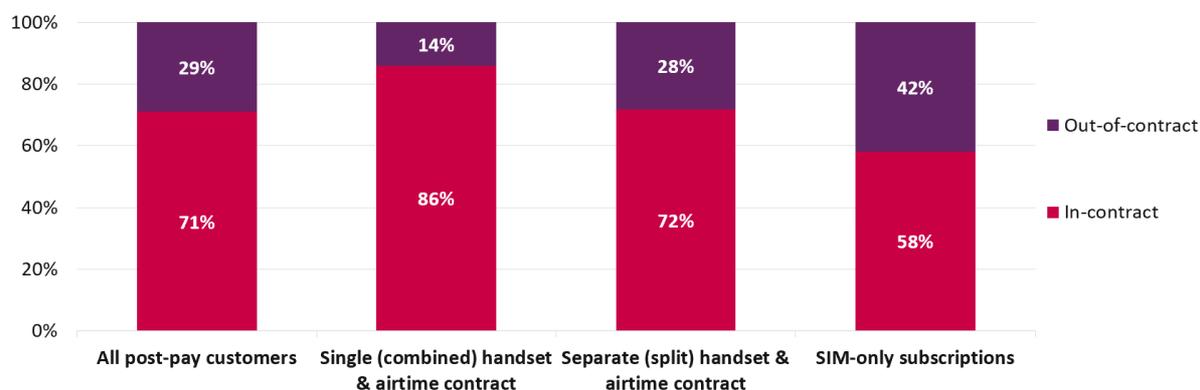
Note: Based on data provided by BT (inc. EE and Plusnet), TalkTalk, Sky Mobile, Three, VMO2 (inc. O2 & Virgin Mobile), Vodafone, Tesco Mobile, iD Mobile and SMARTY.

More than a quarter of pay-monthly mobile customers are out of contract

Data collected from the UK’s largest mobile providers shows that, overall, 29% of post-pay mobile customers were out of contract at the end of Q2 2022.

Among the different types of pay-monthly contracts, SIM-only customers had the highest proportion of customers who were out of contract at the end of Q2 2022, at 42%. This is unsurprising given that 10% of SIM-only customers take a service with a minimum contractual period of 30 days and are therefore classed as being out of contract. But even when these customers were excluded, SIM-only customers continued to have the highest proportion of out-of-contract customers (37%). Fourteen per cent of pay-monthly mobile customers with a combined handset and airtime contract were out of contract at the end of Q2 2022.

Figure 42: Proportion of pay-monthly mobile customers, by contract type and status: Q2 2022



Source: Ofcom / provider data.

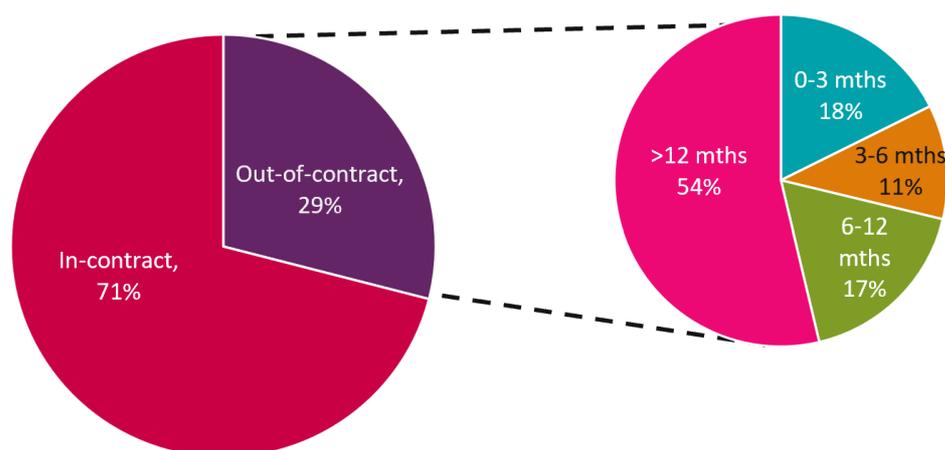
Note: Based on data provided by BT (inc. EE and Plusnet), TalkTalk, Sky Mobile, Three, VMO2 (inc. O2 & Virgin Mobile), Vodafone, Tesco Mobile, iD Mobile and SMARTY.

Over half of all out-of-contract pay-monthly customers' contracts ended more than a year ago

The operator data collected for this report shows that just over half (54%) of out-of-contract pay-monthly mobile customers have been out of contract for over 12 months. Some of these will be mobile users on SIM-only services with a minimum contract period of 30 days (who are always classed as being out of contract), while others will be customers for whom there is little or no benefit in re-contracting or switching provider.

However, some of these people will be consumers who have not engaged with the market. In order to help [consumers engage with telecoms markets](#) and take advantage of the deals that are available, Ofcom has introduced several rules and initiatives. We would expect the overall proportion of mobile customers who are out-of-contract to continue to reduce as more people receive annual best-tariff notifications (ABTNs). We will also continue to monitor the impact of end-of-contract notification and ABTNs in improving customer engagement over time.

Figure 43: Proportion of all pay-monthly mobile customers, by contract status and average length of time out of contract: Q2 2022



Source: Ofcom / provider data.

Note: Based on data provided by BT (inc. EE and Plusnet), TalkTalk, Sky Mobile, Three, VMO2 (inc. O2 & Virgin Mobile), Vodafone, Tesco Mobile, iD Mobile and SMARTY.

Out-of-contract pay-monthly mobile users pay less than in-contract users

Operator data provided to Ofcom for this report shows that in-contract pay-monthly mobile customers paid an average of £27.67 per month in Q2 2022, £11.01 per month (66%) more than the £16.66 per month average paid by out-of-contract customers.

The main driver of this difference was mobile users who acquired a handset from their mobile provider along with their airtime contract, either as part of a combined or split contract. These customers, on average, pay more while they are in contract, as during the minimum contractual period they are paying for their handset in addition to their airtime.

Our analysis also showed that in-contract pay-monthly SIM-only mobile customers paid more than those who were out of contract. This is not what we would anticipate; all other things being equal, we would expect in- and out-of-contract SIM-only customers to pay broadly the same (or for in-contract customers to pay slightly less due to the availability of a limited number of promotional SIM-only tariffs).

As such, it is likely that the higher spend among in-contract SIM-only users is due to differences in the tariffs purchased: in-contract SIM-only customers will have purchased their service more recently than those who are out of contract, and may have bought a service with a larger inclusive data allowance and a higher monthly price.

Figure 44: Average monthly in-contract and out-of-contract pay-monthly mobile spend, by subscription type: Q2 2022



Source: Ofcom / provider data.

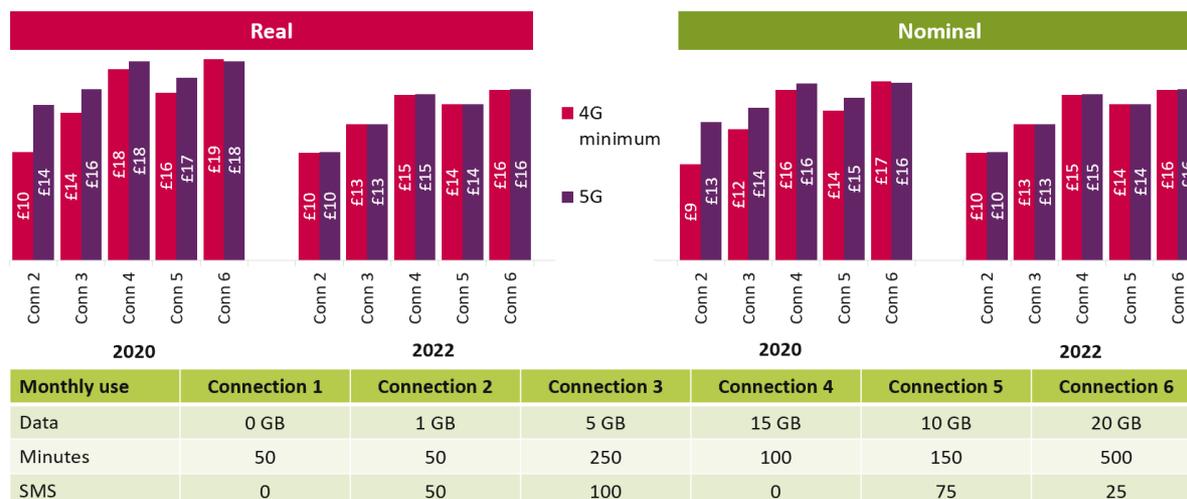
Note: Based on data provided by BT (inc. EE and Plusnet), TalkTalk, Sky Mobile, Three, VMO2 (inc. O2 & Virgin Mobile), Vodafone, Tesco Mobile, iD Mobile and SMARTY.

The price premium for 5G has almost disappeared

All the UK's mobile network operators now offer fifth-generation (5G) mobile services, and in 2022 most mobile tariffs offer either 4G or both 4G and 5G connectivity. Using Teligen's pricing model, we separately analysed the cost of our six mobile connections using 4G and 4G and 5G-enabled mobile tariffs, and compared the results.

This shows that the average price premium to receive 5G mobile services has almost disappeared, as 5G is commonly offered as standard by mobile providers. In fact, in 2020, the average price to receive 5G services for our highest data-use connection (connection 6) was lower than that using 4G services, indicating that for larger data allowances there has not been a price premium. The average monthly price premium to receive 5G in addition to 4G services across the five of our mobile connections that require mobile data use fell by 98% in real terms between 2020 and 2022, from £1.70 to £0.04. In nominal terms, the fall was 97%, from £1.52 per month in 2020.

Figure 45: Comparison of major operators' 4G and 5G SIM-only mobile pricing in real terms, by mobile connection (£/month)



Source: Ofcom / Teligen, Strategy Analytics.

Notes: Data relates to October in 2020 and July in 2022; 5G service availability depends on 5G coverage and a 5G device; adjusted for CPI (July 2022 prices).

Zero rating is now focused mainly on non-commercial services

There are currently relatively few UK mobile tariffs with zero-rating offers relating to commercial content. Information obtained by Ofcom from the largest UK mobile providers as part of its [Net neutrality review](#) indicates that 19% of customers had a mobile contract that provided zero-rated access to certain commercial content at the beginning of 2022.⁵⁷

Some major mobile providers have withdrawn such offers in recent years. For example, O2 no longer offers its 'unlimited music streaming' service, Three has withdrawn its 'Go Binge' product for new customers, while Vodafone has withdrawn its zero-rated 'Vodafone Pass' and now only offers zero-rated access to video content under its VOXI brand.

In contrast to the limited take-up and availability of tariffs with zero-rated access to commercial services, zero-rated offers of non-commercial services have become more prevalent in recent years. For example, since mid-2020 all major mobile providers offer zero-rated access to websites supporting victims of crime, as part of a UK Government-coordinated initiative. During the Covid-19 pandemic, the major mobile providers also provided zero-rated access to the educational website Oak National Academy and certain NHS sites, as well as other non-commercial websites.

⁵⁷ This is 19% of their customers who have any type of mobile contract (including those with unlimited data or no data) that provide access to commercial content, which is mostly social media, video streaming or audio streaming content. This 19% does not include consumers who have purchased a temporary 'add-on', which provides them with zero-rated access for a given month. Some of these customers are on legacy contracts, meaning even mobile providers that have withdrawn contracts with zero-rated access for new customers, have continued to provide zero-rated access to content for ongoing contracts.

7. Pay-TV and subscription video on demand

Average prices fell in real terms for the TV element of triple-play bundles

The pay-TV market has evolved as customers have embraced over-the-top streaming services, and traditional pay-TV providers have moved to bundling TV with fixed broadband, landline and mobile services. Sky was the only traditional pay-TV provider to offer standalone pay-TV services in 2022, as Virgin Media had stopped selling pay-TV on a standalone basis. BT and TalkTalk also offer pay-TV services but, as is now the case with Virgin Media, only in conjunction with fixed broadband.

In order to estimate the cost of buying pay-TV as part of a triple-play bundle, we have subtracted the average price of a dual-play landline and fixed broadband bundle from that of the provider's triple-play landline, fixed broadband and pay-TV bundle that is similar in terms of broadband speed, data allowance, call package and minimum contractual period. Our assumption is that most of the difference between the two will relate to the pay-TV element of the triple-play package, although the result will partly be driven by other variations in services, so this calculation is approximate.

The estimated average list price of pay-TV when purchased as part of a bundle fell by £3.11 per month (13%) in real terms to £20.74 in the year to September 2022, while the price for new customers using promotional offers fell by £6.89 per month (43%) to £9.00 over the same period. In nominal terms, the percentage falls in list and promoted bundled pay-TV prices were smaller, at 4% and 38% respectively.

Figure 46: Average monthly list price of pay-TV as part of a triple-play bundle, in real terms



Source: Ofcom / Pure Pricing Monthly Broadband Pricing Tracker reports.

Notes: Average pay-TV subscription fee component of triple-play bundle; calculated as the difference between equivalent triple-play and dual-play tariffs; data for top four providers: BT, TalkTalk, Sky and Virgin Media; adjusted for CPI (September 2022 prices).

But customers buying triple-play bundles still save over standalone pay-TV

Consumers continue to make savings when purchasing pay-TV services as part of a bundle, and the average standalone price of pay-TV services tends to be higher than when it is bought in a bundle.

Our analysis shows that the list prices of both Sky and Virgin Media’s basic standalone pay-TV services (for its legacy customers) increased in real terms in 2020, as did Sky’s between 2020 and 2022. The price of Virgin Media’s most basic standalone pay-TV service more than doubled in 2019 because it stopped selling standalone pay-TV without premium sport and film content.

Figure 47: Weighted average monthly price of standalone basic pay-TV services in real terms (£/month)



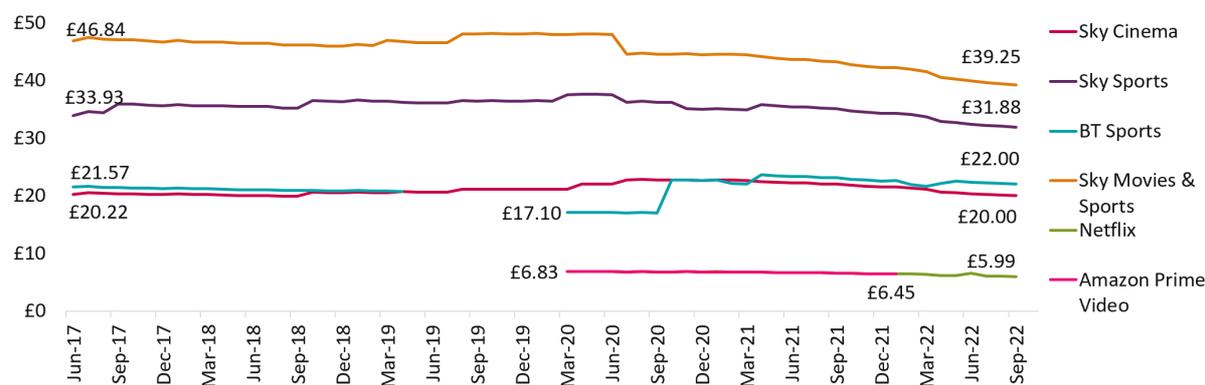
Source: Ofcom / Teligen, Strategy Analytics.

Notes: Basic pay-TV is defined as the cheapest service which includes channels that are not available on free-to-air (FTA) platforms; excludes promotional and retention discounts, DVR costs and the TV licence fee; averages are weighted by standalone pay-TV shares; Virgin Media no longer offers standalone TV (only available with broadband); data relates to July in each year except 2020, when it relates to October; adjusted for CPI (July 2022 prices).

Premium pay-TV add-on prices have fallen in real terms over the past year

We calculate the price of premium pay-TV add-on services by taking the tariffs offered by the four major TV providers, BT, Sky, TalkTalk and Virgin Media, and finding the average cost of adding the required premium content to a basic pay-TV service. Traditional pay-TV platforms have started to aggregate the most attractive over-the-top (OTT) services on their platforms. Average monthly prices for all of the premium TV add-ons shown below declined in real terms in the year to September 2022. In nominal terms the price of all services was flat, apart from BT Sport’s, which increased by £1 per month (5%).

Figure 48: Average monthly price of pay-TV premium add-ons in real terms



Source: Ofcom / Pure Pricing's Monthly Broadband Pricing Tracker reports.

Notes: Figures are derived by calculating the average price of adding the required content to the basic pay-TV service from those providers that offer relevant add-ons; Netflix is hidden by the Amazon Prime Video line; Amazon Prime Video was not offered between February and August 2022 as part of a one-bill solution from pay-TV operators, in September 2022 BT began offering it as an add-on; adjusted for CPI (September 2022 prices).

SVoD looks to new pricing models as subscriber growth stalls

Sixty-seven per cent of UK households subscribed to a subscription video-on-demand (SVoD) service as of Q2 2022. Netflix continued to be the most popular service, with 60% of households subscribing, followed by Amazon Prime Video (46%) and Disney Plus (23%).⁵⁸ Take-up of multiple subscriptions per household has become increasingly common, with several new SVoD services launching over the past few years. The average number of SVoD subscriptions per SVoD home increased to 2.0 in Q2 2022, compared to 1.8 two years earlier.⁵⁹

Although SVoD household penetration is high, subscriber growth has slowed, and there was a small decline in the total number of subscriptions in Q2 2022. Netflix and Amazon Prime Video both saw their base of subscribing households fall, probably due, at least in part, to increased pressures on household budgets.⁶⁰ In response to the maturing market, SVoD providers have sought to diversify their revenue streams, including by incorporating advertising into their offerings, which has made some services more affordable to consumers. Netflix launched an ad-supported tier ('Basic with ads') in November 2022, at a reduced price point of £4.99 per month.⁶¹ Hybrid business models are becoming more common across streaming services, with more tiers and options available to users.

⁵⁸ BARB Establishment Survey, as quoted in [Ofcom's Media Nations 2022](#).

⁵⁹ Ampere Analysis Markets.

⁶⁰ See [Ofcom's Media Nations 2022](#) for more detailed analysis of recent SVoD market dynamics.

⁶¹ Netflix, [Netflix Starting From £4.99 a Month](#). Before the launch of the new tier, the cheapest Netflix plan was 'Basic', priced at £6.99 per month.

Figure 49: Selected SVoD pricing in UK, November 2022

| Provider | Pricing | Free trial | Ad-supported tier |
|--------------------|---|--------------------|--|
| All 4+ | Ad-free on-demand content. £3.99 per month or £39.99 per year. | 14-day free trial | Content carries advertising as standard as part of All 4's free on-demand service. |
| Amazon Prime Video | £8.99 per month or £95 per year (includes one day delivery on items purchased on the Amazon website) | 30-day free trial | Freevee (previously branded as IMDb TV), a free ad-supported service launched in September 2021. |
| Apple TV+ | £6.99 per month | 7-day free trial | - |
| BritBox | £5.99 per month | 7-day free trial | - |
| Discovery+ | Entertainment: £3.99 per month or £39.99 per year Entertainment & Sport: £6.99 per month or £59.99 per year | 7-day free trial | Introduced a lower-priced 'Ad-Lite' tier (£3.99 per month) in March 2022, before removing the ad-free tiers and including advertising as standard. |
| Disney+ | £7.99 per month or £79.90 per year | - | Ad-supported subscription tier due for launch in the US in December 2022; set for international rollout in 2023. |
| ITV Hub+ | Ad-free on-demand content. £3.99 per month or £39.99 per year. | 7-day free trial | ITVX, a hybrid ad-supported and subscription streaming service consolidating ITV Hub, ITV Hub and BritBox, due to launch in December 2022. |
| Netflix | Basic with ads: £4.99 per month Basic: £6.99 per month Standard: £10.99 per month Premium: £15.99 per month | - | 'Basic with ads' tier was launched in November 2022. |
| NOW | Entertainment: £9.99 per month Cinema: £9.99 per month 3 months for £15 introductory offer for Now Entertainment and Cinema | - | Service is ad-supported without Boost add-on, priced at £5 per month. |
| YouTube Premium | £11.99 per month, including YouTube Music Ad-Free and offline | 1-month free trial | - |

Source: Provider websites.

Inflation outpaces SVoD price rises

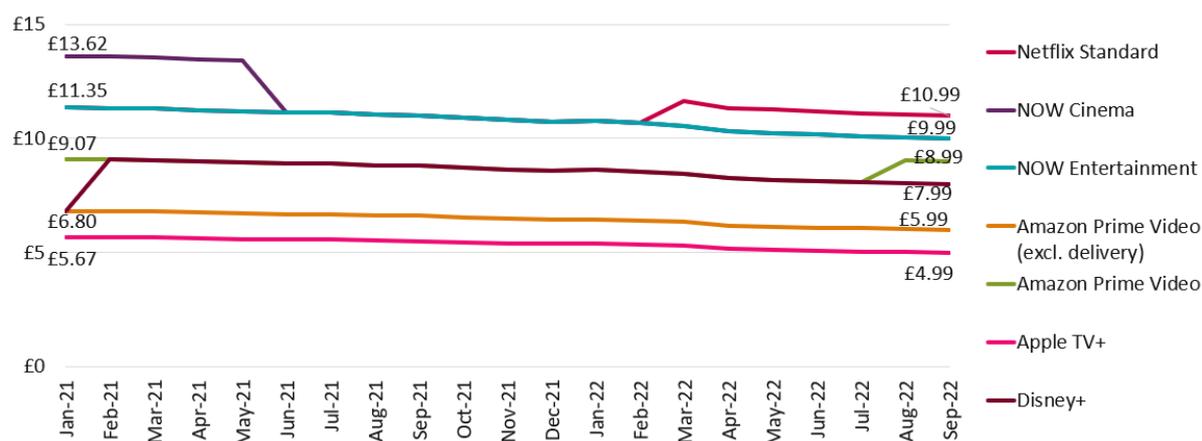
The price of most SVoD services fell in real terms in the year to September 2022, as providers maintained prices while inflation rose. New entrants have entered into the UK market in the past two years: Disney+ launched in March 2020 and Paramount+ in June 2022.

The price of Netflix's Standard tier, which is the most common subscription plan among Netflix customers, allowing households to watch on two screens simultaneously and view all content in HD, is shown in the chart below.⁶² Netflix increased its Standard plan by £1 to £9.99 and its premium tier

⁶² Ofcom VoD Survey 2022

by £2 in January 2021; the monthly price of Netflix’s Basic and Standard plans increased by £1 each, to £6.99 and £10.99 respectively, while the price of its premium tier rose by £2 per month to £15.99 in March 2022. The price of Disney+ increased by £2 to £7.99 per month in February 2021; Amazon increased the monthly price of its Prime service (which includes Prime Video) from £7.99 to £8.99 in August/September 2022⁶³; and in November 2022 Apple TV+ pricing increased by £2 per month to £6.99.

Figure 50: Monthly pricing of SVoD services in real terms (£)



Source: Ofcom / Pure Pricing's Monthly Broadband Pricing Tracker reports / provider websites.

Notes: Netflix also offers basic (£6.99) and premium (£15.99) services; NOW Cinema is £9.99 and is hidden on the chart by NOW Entertainment, NOW also offers Sports (£33.99) and Sky Sports Day Pass (£11.98 per day); Netflix price increase in December 2020 was for new customers and then applied to all customers in February/March 2021; Disney+ price increase in March 2021 was for new customers only, with prices rising for all customers in August 2021; adjusted for CPI (September 2022 prices).

⁶³ New Amazon Prime customers saw price increases from August 2022; existing customers saw price increases from September 2022.

8. International comparisons

The UK ranked fourth out of six countries for communications service pricing in 2022

As part of our programme of price monitoring work, we benchmark communications service prices in the UK against those in France, Germany, Italy, Spain and the US. This part of the report provides a summary of our findings regarding:

- standalone landline, mobile phone and fixed broadband prices; and
- dual-play (landline and fixed broadband); and
- triple-play (landline, fixed broadband and pay-TV) bundles.

Across all the services, bundles and pricing metrics included in our analysis, the UK ranked fourth among our six comparator countries in 2022 after Italy, France and Spain. This was a deterioration compared to 2021 (when it had ranked third) as the UK was overtaken by Spain during the year. Italy continued to have the lowest prices overall, while the US had the highest prices.

Overall, the UK had the lowest mobile prices and joint second-lowest (out of four) prices for triple-play bundles, third for landline prices and fifth for fixed broadband⁶⁴ and dual-play bundle pricing.

Figure 51: International comparison of overall, lowest available and weighted average standalone and bundled household usage prices: 2022

| | Landline | | Fixed broadband | | Mobile phone | | Dual-play bundles | | Triple-play bundles | | Overall rank across all metrics & services |
|-----|----------|--------|-----------------|--------|--------------|--------|-------------------|--------|---------------------|--------|--|
| | Average | Lowest | Average | Lowest | Average | Lowest | Average | Lowest | Average | Lowest | |
| GBR | 3 | 4 | 4 | 5 | 1 | 1 | 4 | 5 | 3 | 2 | 4 |
| FRA | 5 | 5 | 2 | 3 | 2 | 2 | 1 | 1 | 1 | 1 | 2 |
| DEU | 4 | 6 | 5 | 1 | 4 | 4 | 4 | 4 | 2 | 3 | 5 |
| ITA | 1 | 3 | 1 | 2 | 2 | 2 | 3 | 2 | n/a | n/a | 1 |
| ESP | 2 | 1 | 3 | 3 | 5 | 5 | 2 | 3 | n/a | n/a | 3 |
| USA | 6 | 2 | 6 | 6 | 6 | 6 | 6 | 6 | 4 | 4 | 6 |

Source: Ofcom / Teligen, Strategy Analytics.

Notes: Grey boxes denote the top-ranking country for each metric; the overall rank is calculated from the mean of the individual service and metric rank; Italy and Spain had no offers for triple-play landline, home broadband and pay TV with premium movies and we are therefore unable to rank them for triple-play bundles; data relates to August/September 2022.

⁶⁴ In some cases, providers do not offer standalone broadband services, or it is cheaper to purchase broadband services bundled with landline services than to buy standalone broadband. For this reason, our analysis of fixed broadband prices looks at the price required to be able to receive fixed broadband services, whether purchased on a standalone or as part of a bundle.

Landline services

- The UK had the third lowest prices for standalone landline services of the six countries included in our analysis when factoring in both weighted average and lowest available prices.
- It ranked third for weighted average landline prices across the three connections used in our analysis, and fourth in terms of the lowest available prices for these profiles.

Fixed broadband services

- The UK was placed fifth overall for fixed broadband prices, down from fourth in 2021.
- The UK was fourth across our three fixed broadband connections for weighted average prices, and fifth for lowest available prices, both down one place compared to 2021.
- UK superfast and ultrafast broadband prices tended to compare less favourably than those of standard broadband services.

Mobile services

- As was the case in 2021, the UK had the lowest standalone mobile prices in 2022, ranking first overall across the three mobile connections used in our analysis.
- The UK had the cheapest weighted average and lowest-available prices for standalone mobile services in 2022 (in 2021 it had the cheapest lowest available mobile prices and the second-cheapest weighted average mobile prices, after France).

Bundled services

- Across the three dual-play bundled services included in our analysis, the UK ranked fifth overall (fourth in terms of weighted average prices and fifth on lowest available prices).
- For the two triple-play bundles included in the analysis, the UK was placed joint second out of four (along with Germany) overall, ranking second for lowest available prices and third for weighted average prices.

9. Terminology used in this report

Standalone: A customer taking a single service from a communications provider, not a bundle of two or more services. For example, standalone mobile refers to a customer taking just a mobile service from their provider.

Bundle: A combination of more than one service from a single communications provider. This can include broadband and landline, or pay-TV and broadband, and can be provided under one or multiple contracts.

Dual-play: Two services delivered by a single communications provider, most commonly landline and fixed broadband.

Triple-play: Three services delivered by a single communications provider, most commonly landline, fixed broadband and pay TV.

Quad-play: Four services delivered by a single communications provider, most commonly landline, fixed broadband, pay TV and mobile.

Pay-as-you-go (PAYG): Also known as pre-pay. With a pay-as-you-go mobile service, customers pay in advance by topping up their phone with credit, and the charges for use are subtracted from this balance.

End-of-contract notification (ECN): A notification sent to a customer by their communications provider that outlines the date on which the customer's minimum contract period will end, the services currently provided and the price paid, any changes to the service and the price at the end of the minimum contract period (where relevant). It explains that the customer has options available to them (such as SIM-only deals for mobile) and may be able to make savings. End-of-contract notifications are sent between 10 and 40 days before the end of the customer's minimum contract period.

Annual best-tariff notification (ABTN): An annual notification sent by their communications provider to a customer who is out of contract, which includes information about their current contract and the best tariff for the services they use.

Inflation: Inflation measures how the prices of goods and services change over a certain period, usually a year. We use the Consumer Prices Index (CPI), based on a basket of regularly purchased goods and services and published by the Office for National Statistics (ONS), to calculate real-terms price changes across the period of data presented in this report.

Voice-over-IP (VoIP): VoIP services enable voice, data and content services to be provided over a broadband internet connection.