Broadband firms asked to ‘urgently’ cancel price hikes for vulnerable customers

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roadband firms have been urged to cancel “exorbitant” mid-contract price rises for vulnerable customers less than two weeks before they are due to take effect.

Millions of broadband and mobile phone customers can expect to face monthly bill increases of at least 14% from April.

Providers often link their annual price rises to January’s consumer price index (CPI) or the retail price index (RPI), which were 10.5% and 13.4% respectively.

BT, EE, Plusnet and Vodafone broadband contracts allow prices to go up by CPI plus 3.9%. At TalkTalk, it is CPI plus 3.7%, while Shell Energy can add CPI plus 3%. Sky and Virgin Media contracts allow mid-contract price increases but they do not stipulate a pricing formula in the same way as rivals.

It’s hugely concerning that some providers have not taken action to protect financially vulnerable consumers from these hard to justify above-inflation price hikes

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BT has confirmed an increase this year of 14.4% – CPI of 10.5% plus 3.9%.

Which? is calling on telecoms firms to "urgently" cancel the hikes for their most financially vulnerable customers and allow all customers to leave without penalty if they face mid-contract price rises.

The watchdog said it was "completely unacceptable that during an unprecedented cost-of-living crisis, telecoms firms are profiting from those who can least afford it".

Vodafone has confirmed it is automatically exempting customers that it has identified as financially vulnerable from this year's price rises.

Which? calculated that low-income BT, EE, Plusnet, TalkTalk or Vodafone customers – earning £21,000 or less a year – could see their payments rise by up to £77 a year or an average of £52, paying £431 a year for their broadband or at least 2% of their annual income.

Low-income BT customers could also face the highest exit fees of £194.34 if they wanted to leave a year early, closely followed by Plusnet, TalkTalk and EE customers who could face exit fees of £133.12, £122.40 and £116.63 respectively.

TalkTalk has said it will automatically exempt its most financially vulnerable customers but has not specified its criteria for this.

Providers offer social tariffs with fixed prices that are exempt from annual rises.

Which? said the average low-income customer affected by the price rise could save as much as £220.32 – or £18.36 per month

– by switching to a social tariff.

But with less than a fortnight to go before the price rises take effect, take up of social tariffs is still low – largely due to a lack of awareness, the consumer group said. According to its most recent broadband survey, three quarters of low-income consumers are unaware of social tariffs.

Which? director of policy and advocacy Rocio Concha said: “With less than two weeks to go until April price increases take effect, it’s hugely concerning that some providers have not taken action to protect financially vulnerable consumers from these hard to justify above-inflation price hikes.

“Telecoms providers must urgently cancel the 2023 price hikes for financially vulnerable customers. They should work to proactively identify these customers and ensure they’re not financially penalised, even if they don’t take up a social tariff.”

A TalkTalk spokesman said: “This regulated CPI-linked price rise is preventable. There is still time for Ofcom to act and reduce the wholesale price increases that lead to these price rises.

“These are exceptional circumstances, and families and businesses across the UK need the regulator to act.”

An Ofcom spokesman said: “Providers – like all businesses – face a range of cost rises. Wholesale costs are just one of these. Ofcom limits some of Openreach’s wholesale price rises to inflation. It’s entirely up to providers whether they choose to increase their prices, and not all of them do.

“While Ofcom doesn’t set retail prices, inflation-linked price rises can be unclear and unpredictable, and we’re concerned that providers are making it difficult for customers to know what to expect. So we’re taking a thorough look at these types of contract terms to see whether tougher protections are needed.”