

Fees sucking value of calling cards



With their promise of hours of talk for just a few dollars and charges of less than a cent per minute, international prepaid calling cards can seem like a blessing for those with family and friends overseas.

Yet investigations by the ACCC have revealed some card users are paying up to half the value of their card in hidden fees and charges.

In March the Federal Court found Tel.Pacific had misled customers over the true value of some of its phone cards. In May Cardcall was also found to have breached the Trade Practices Act for similar misleading advertising.

Tel.Pacific had advertised several of its cards, including Hello India, Hello China, Hello Middle East, UTSAV and Voice Thailand, with very attractive prices and long included call times.

However, some conditions, fees and hidden charges were so complicated it was virtually impossible for customers to make normal calls overseas for the advertised rate.

When the ACCC looked closely at some of the fine print of some cards, we found the only way customers could actually access the full call time at the advertised rate was by making one continuous phone call of up to 28 hours.

While cards were promoted as not carrying any fees, once they had been activated they charged a regular service fee—for example, the Hello India card deducted a fee of 90 cents every three days from the value of the card. As a result of this deduction, users who had bought a card, registered it and not used it for some time found large amounts of their credit had disappeared.

Some customers were charged a disconnect fee while others were charged a higher rate for some destinations—something that had not been clearly spelled out. In its statement to the court, the ACCC claimed that Tel.Pacific's fees accounted for between 20 to 49 per cent of the value of the card, with an average of \$2.70 on every \$10 phone card being used to pay fees.

While advertised as a certain price per minute, calls were rounded up so that, for example, a one-minute call would be rounded up to five minutes.

The Federal Court found both Cardcall and Tel.Pacific had misled and deceived customers.

Cardcall was ordered to place a corrective notice in various foreign language newspapers and on its website, as well as to produce a generic consumer guide to fees and charges on prepaid phone products.

The ACCC continues to investigate other phone card complaints, including businesses that claim they do not charge a connection fee, but instead charge an 'inter-call' fee that occurs during the call, rather than at the time of connection.

While international calling cards can be a cheap way to stay in touch, users need to be aware of the hidden costs that can be buried in the fine print. Before assuming the advertised call rate is accurate, check for a list of fees, charges and other costs that might be associated with a card and compare a couple of cards before deciding which one offers the best value.

Also consider alternatives available, such as calls over the internet. A little care and comparison could add up to big saving on your calling costs.

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