The Smartphone Swindle

Why are some people overpaying for their mobile phone?

In partnership with Age UK London, Virgin Media O2 has launched its campaign ‘**The Smartphone Swindle**’ to help consumers avoid overpaying for their mobile phones.

This overpayment problem is costing people over the age of 65 on average **£170** every year and collectively over **£87m**.

A big reason consumers end up overpaying for their phones is because of the type of contract they buy from a mobile network operator.

Mobile phone operators generally sell two main types of contracts:

* **Split contracts –** where the cost of the phone and the airtime (data, minutes and texts) are split into two separate payments.
* **Bundled contracts –** which combine the cost of a phone and airtime into one bill.

**What difference does the type of contract make?**

**Bundled contracts** - providers can continue to charge customers the same monthly amount even after they’ve reached the end of their contract and paid off their phone. This means customers are being charged for a phone they already own.

**Split contracts** - customers will automatically stop paying for their phone when they reach the end of their contract term, meaning an instant saving and no risk of overpayment.

Any annual price rises also won’t apply to the device repayment – unlike on bundled contracts where a percentage price increase is typically applied to the whole bill.

**Here’s an example of how this works:**

**Bundled contracts** – a customer takes out a phone contract for £50 a month for 24 months, paying one combined monthly cost for their phone and their airtime. Once that initial contract comes to an end, unless a consumer takes action, their bill remains at £50 a month even though the phone has been paid off. This results in handset overpayments.

**Split contracts –** a customer takes out a phone contract for £50 a month for 24 months, paying £30 for the phone and £20 for the airtime. Once that initial contract comes to an end their bill is automatically reduced to £20 a month as they have paid for their device and only pay for what they now use, the airtime.

We know consumers over the age of 65 are likely to stay out of contract for up to a year. Using the example above a customer on a bundled contract could overpay by more than £300 a year compared to a customer on a split contract who would overpay by £0.

That’s a big difference.

**How can I check which type of contract I’m on?**

You can check your monthly bill to see whether you’re on a split or a bundled contract.

If you can see two separate parts of your bill (one for your device and one for your airtime), you’re on a split contract and should automatically get a cheaper bill at the end of your contract.

If you get one bill that covers both your phone and airtime, it’s likely you’re on a bundled contract and unfortunately set to continue paying more than you should when your deal’s up.

**What if I’m out of contract?**

You can check your mobile phone bill to see if you’re out of contract. If you can’t check your mobile phone bill, contact your provider and they will explain your options.

Remember, if you are out of contract and overpaying for your phone you can switch to a SIM only plan or if you’d like to upgrade, be sure to ask for a split contract to avoid overpaying in the future.

To find out quickly if you’re out of contract you can also text 85075 with the word INFO.

**Overpayment Calculator**

Worried you might have overpaid? Use the Virgin Media O2 overpayment calculator to find out if you could have overpaid: (URL)

**Details you’ll need before using the calculator:**

* Network provider (e.g. EE, Vodafone, Three)
* Make/ model of your smartphone (e.g. iPhone 12)
* How much you spend a month
* How much you paid up front
* When you took out your contract
* The length of your contract

All of these details should have been provided to you when you took out the contract, if you can’t find them, please contact your provider.

If you think you have overpaid for your smartphone, please contact your provider to discuss your options to ensure you stop paying for the phone you already own.

If you’d like to share your experiences to help raise awareness of this issue so others can avoid overpaying for their smartphone, please contact –

ALL RIGHTS RESERVED

This is an unpublished work. No part of this document may be copied, photocopied, reproduced, translated or reduced to any electronic or machine readable form without prior permission of VMED O2 UK Ltd