

The Fair Telephone Billing Act of 2012

The Fair Telephone Billing Act of 2012 was introduced by Senator Rockefeller on June 13, 2012. The legislation would prevent unauthorized third-party charges from appearing on telephone bills. Senator Rockefeller introduced the legislation in response to the findings of a year-long Senate Commerce Committee investigation completed in 2011.

The Committee's investigation showed that, over the past decade, millions of telephone users have been scammed out billions of dollars through the placement of unauthorized third-party charges on their telephone bills, a practice which is commonly referred to as "cramming." The prevalence of cramming showed that third-party billing through wireline telephone bills had largely failed as a method of payment. The consumer harm from third-party billing on wireline telephone bills has greatly outweighed the consumer benefit.

To address this harm to consumers, the legislation would prohibit third-party charges from appearing on wireline telephone bills, with two narrow exceptions. To ensure cramming does not spread further to other types of bills, the legislation would also apply this prohibition to bills for interconnected VoIP services and direct the Federal Communications Commission to develop rules designed to protect wireless subscribers from unauthorized third-party charges on their bills.

The provisions of the bill would:

Prohibit Most Third-Party Charges on Wireline Bills. The bill would prohibit any local exchange carrier or provider of interconnected VoIP services from placing any third-party charge on a customer's bill, unless the charge is for a telephone-related service, like long distance or collect calls, or is for a "bundled" service, like satellite television service, that is jointly marketed or sold with a company's telephone service.

Protect Consumers from Cramming on Wireless Bills. The bill would require the Federal Communications Commission, in consultation with the Federal Trade Commission, to promulgate rules that would provide additional protections to wireless telephone users. The rules would:

- provide wireless users with a means to avoid receiving third-party charges on their wireless bills;
- require wireless carriers to establish procedures that ensure any third-party charges appearing on wireless bills have been authorized by customers; and
- ensure wireless users receive timely reimbursements for any unauthorized third-party charges that appear on their wireless bills.