

The great freebie trap



We all know the saying—there's no such thing as a free lunch.

Unfortunately, many people still believe they will be given expensive extras for free when signing up for a mobile phone.

Bonus extras or free calls can be enticing hooks when comparing mobile phone plans. But taking a closer look at these offers can reveal a host of hidden costs, as revealed by recent ACCC action.

Late last year Dodo Australia began advertising free offer plans on its website, promising customers a free laptop, fuel card or cash for signing up to one of the company's plans.

While appearing on the surface to represent a good deal, investigation by the ACCC found the cost of the extras was being built into higher fees associated with the plans. In some cases the plans were found to be up to \$30 a month more expensive than other comparable Dodo plans that did not include the free offers.

Dodo customers who took up one of the offers advertised between October and March have since been offered refunds in the form of credits and reductions on their monthly bills.

Likewise, the offer of a cap on the cost of a monthly bill can also be attractive for heavy phone users, but there are traps for those who fail to check the fine print.

TPG Internet recently promised in court-enforceable undertakings it would change its advertising after it was found some of its customers may have been misled over its unlimited cap saver plans.

The unlimited plans failed to properly inform customers of a number of exclusions to their monthly cap. These exclusions included calls to 1800, 13 and 1300 numbers; directory assistance; international calls; SMS; premium SMS; and calls for operator assistance.

Customers were also unable to take up the offer at the advertised price of \$59.99 a month without first paying an extra \$20 SIM card fee upon registration.

In short, a number of people who thought they were getting an unlimited phone service for \$59.99 a month discovered a host of additional—and unexpected—charges on their bills.

While going through the details in a contract can be tedious, it's important when signing up for a mobile phone deal to check exactly what you are getting and how it compares to other offers on the market. Failing to check the fine print in



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a contract can lock you in for several years to an expensive deal that doesn't suit your needs.

Changes to the law in May mean that when phone service providers advertise a price they must give you a total minimum cost of your entire contract, making it easier for you to compare offers.

Few businesses will give away expensive items like laptops or mobile handsets out of the goodness of their hearts. The cost of these items is typically built into the overall price paid by the customer, so it is worth considering how and when you will be paying for these extras—and whether it might be cheaper and easier just to buy them outright.

Finally, ask yourself: Do you really need the extras being offered with the plan? A simple, no-frills contract may not be as exciting as one that offers unlimited calls or free accessories—but it may cost you a lot less at the end of the day.