

# CCTS Annotated Guide to the Deposit and Disconnection Code

## Abbreviations

The following abbreviations appear throughout this document:

<b>CCTS</b>	Commissioner for Complaints for Telecommunications Services
<b>D&amp;D</b>	Deposit and Disconnection Code
<b>TOS</b>	Terms of Service
<b>PSP</b>	Participating Service Provider

## Important Considerations

Please note the following while reviewing the CCTS Annotated Guide to the D&D Code:

- CCTS annotations to the D&D Code and complaint summaries appear highlighted in turquoise.
- **When reviewing the complaint summaries:**
  - Each complaint summary provides the facts necessary to explain the breach of that particular section of the Code. We recognize that some complaints may disclose additional breaches beyond the ones identified. For the purposes of this document, the complaint summaries have been drafted to focus on the breach related to the section under which they appear.
  - We consider a complaint to be resolved when a customer and a PSP agree to conclude the complaint in a manner that is satisfactory to both. Some of the complaint summaries in this document describe the manner in which the complaint was concluded. In those cases, it should be noted that the outcome does not necessarily reflect the recommendation that CCTS would make following a formal investigation and based on a full analysis of the Code's application to the facts of that complaint.

## Article 1: General

**1.1** This deposit and disconnection code (“**Code**”) applies to residential primary exchange services (“**Services**”) provided by the Company in forborne markets. References to time and statutory holidays in the Code refer to the customer’s local time and statutory holidays.

### **Annotation: Clarifying residential primary exchange service**

A residential primary exchange service is a local telephone service<sup>1</sup> that provides customers with unlimited local calling within a defined area at a flat monthly rate, as well as access to a long distance network of the customer’s choice.

## Article 2: Deposits

**2.1** If the Company chooses to offer the option of a deposit, the total amount of any deposit provided by or for a customer to the Company in relation to the Services shall not exceed the sum of:

- (a) three months of anticipated charges for the Services; and
- (b) the total cost of any equipment provided by the Company to customer in respect of the Services.

### **Complaint Summary #1: Confirmed breach of Article 2.1**

**Facts:** Following the disconnection of her home phone service in January 2014, a customer complained about the \$200 security deposit that her PSP required her to pay as a condition of being reconnected. The customer refused to pay and complained to us about it.

**Investigation:** Article 2.1 of the Code provides the formula for calculating the maximum deposit that a PSP may demand from a customer. Using that formula, we calculated that the maximum amount that the PSP was permitted to demand was \$88.

**Conclusion:** We confirmed that the PSP had breached Article 2.1 of the Code because it demanded a security deposit that exceeded the maximum amount permitted by the Code.

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<sup>1</sup> See the [CRTC definition](#).

**2.2** If the Company requests a deposit, the Company shall provide the customer with the reasons for requesting a deposit and shall keep a record of those reasons for as long as the Company is holding the customer's deposit.

**2.3** The Company shall review the continued appropriateness of the customer's deposit at six month intervals. When the Services are terminated or the conditions that originally justified the deposit are no longer present, the Company shall promptly refund the deposit, with interest calculated in accordance with Section 2.4, retaining only any amount then owed to it by the customer.

**Complaint Summary #2: Confirmed breach of Article 2.3**

**Facts:** In June 2015, a customer ordered home phone service and was required to provide a \$250 security deposit. The PSP's technician went to his house to install the service, but was unable to complete the installation, and the customer never received the service from the PSP. The customer requested a refund of the \$250 security deposit, but the PSP didn't provide it at the time. A couple of months later, the customer complained to us that the PSP still had not refunded his security deposit.

**Investigation:** The PSP wasn't able to demonstrate that it mailed the refund cheque to the customer. The customer ended up getting his \$250 back by the end of September and the complaint was resolved.

**Conclusion:** We confirmed a breach of Article 2.3 because:

- the conditions that originally justified the PSP's request for a security deposit were no longer present; and,
- the PSP failed to promptly refund the security deposit to the customer.

**Complaint Summary #3: No breach of Article 2.3**

**Facts:** The customer signed up for home phone service in October 2013, and his PSP demanded that he provide a security deposit of \$300. He and the PSP agreed that if he paid all of his bills on time for six months, the PSP would return the security deposit. The customer alleged he paid all of his bills on time, as agreed. In April 2014, he asked the PSP to refund his security deposit and the PSP refused. The PSP alleged that the customer had not paid his bills on time, and this was the basis for its refusal to return the deposit.

**Investigation:** The PSP showed us that in fact, the customer did not pay all of his bills on time and that's why it didn't return the deposit to the customer in April 2014.

Therefore, we concluded that the PSP was not obligated to refund the security deposit

until after the customer had paid his bills on time for 6 consecutive months, which occurred in March 2015.

**Conclusion:** We concluded that the PSP had not breached the D&D Code.

**2.4** For the purposes of Section 2.3, the interest on the customer's deposit shall be calculated, using at the Company's discretion either:

(a) the overnight rate of the Bank of Canada that is then in effect plus 1.25%, on the basis of the actual number of days in a year, being 365 or 366, as the case may be, accruing on a monthly basis, or

(b) the deposit interest rate applicable to deposits for regulated Services in the Company's CRTC approved tariffs if the Company has such tariffs.

## **Article 3: Disconnection of Services**

**3.1** If the grounds for disconnecting the customer are failure to pay, the Company may disconnect a customer's service only where the customer:

- (a) fails to pay an account of the customer that is past due, provided it exceeds fifty dollars or has been past due for more than two months;
- (b) fails to provide or maintain a reasonable deposit or alternative when required to do so pursuant to this Code; or
- (c) agreed to a deferred payment plan with the Company and the customer fails to comply with the terms of a deferred payment plan.

**3.2** At least 14 days prior to disconnection, unless the circumstances contemplated in Sections 3.3(b) or 3.3(c) exist, the Company must provide reasonable notice to the customer, stating:

- (a) the reason for the proposed disconnection and the amount owing (if any);
- (b) the scheduled disconnection date;
- (c) where the reason for disconnection is a failure to pay, the availability of a deferred payment plan if the Company typically offers such plans;
- (d) the reconnection charge, if any; and
- (e) the telephone number of a Company representative with whom the disconnection or any dispute may be discussed.

If the customer has provided the Company with an email address where they can be notified and where the customer has provided express consent to this form of notification in relation to disconnection, the Company may elect to provide the disconnection notice by email to such email address.

**3.3** At least twenty-four hours prior to disconnection, the Company must advise the customer that disconnection is imminent, except where:

- (a) repeated attempts to advise the customer of imminent disconnection have failed;
- (b) immediate action must be taken to protect the Company from network harm;
- (c) the Company has a reasonable suspicion that fraudulent activity has occurred, is occurring, or is likely to occur with respect to customer's Services (For the purposes of this section and the Code generally, a failure to pay arrears for the Services is not, by itself, to be considered "fraudulent activity"); or
- (d) otherwise required by the order of a competent public authority.

**Annotation: Providing Code-compliant notice prior to disconnection**

**Our Comments:** Article 3 describes the circumstances under which a PSP may disconnect a customer's home phone service for non-payment, and prescribes the information that it must give to the customer before doing so. Consistent with [Telecom Decision CRTC 2015-376](#), our interpretation is that no matter how the PSP interrupts a customer's wireline service – whether it "suspends" or "disconnects" – the PSP must provide notice before interrupting the service.

**Complaint Summary #4: Confirmed breach of Articles 3.2 and 3.3**

**Facts:** The customer complained that the PSP disconnected her home phone service without notice in September 2015. She had a service bundle and disputed the charges for one of her other services. She continued to pay the portions of her bills that were not in dispute but did not pay the disputed amount.

**Investigation:** The PSP explained that it disconnected the customer's home phone service for non-payment and wasn't able to demonstrate it provided proper notice at least 14 days before the disconnection. In other words, the PSP didn't inform the customer of the information required in Section 3.2 a-e. The PSP also conceded that it had not notified the customer at least 24 hours prior to disconnecting her home phone service.

**Conclusion:** We confirmed breaches of Article 3.2 and 3.3 as the PSP failed to demonstrate that it provided Code-compliant notice to the customer at least 14 days and 24 hours prior to disconnecting her home phone service.

**3.4** Except with customer consent or in exceptional circumstances, disconnection may occur only on weekdays days between 8 a.m. and 9 p.m. or on weekends between 9 a.m. and 5 p.m., unless the weekday or weekend day, as applicable, precedes a statutory holiday in which case disconnection may not occur after 12 noon.

**Complaint Summary #5: Confirmed breach of Article 3.4**

**Facts:** The customer complained about her home phone service disconnection in March 2015.

**Investigation:** While investigating the complaint, we determined that the PSP had disconnected her home phone at 7:55AM, which is not within the timeframe described in the Code. There were no “exceptional circumstances” to justify the disconnection outside the prescribed hours.

**Conclusion:** We confirmed a breach of Article 3.4 as the PSP failed to demonstrate that it properly disconnected the customer’s service.

**3.5** Where it becomes apparent that disconnection occurred in error or was otherwise improper, the Company must restore the Services during business hours on the next working day, at the latest, unless exceptional circumstances do not permit this, and no reconnection charges shall be levied.

**3.6** The Company may not disconnect the customer’s Services where there is a dispute regarding the basis of the proposed disconnection, provided:

- (a) payment is being made for the undisputed portion of the Services; and
- (b) the Company does not have reasonable grounds for believing that the purpose of the dispute is to evade or delay payment.

**Complaint Summary #6: No breach of Article 3.6**

**Facts:** A PSP suspended a customer’s home phone service in January 2015. It explained to her that it did so because she had an unpaid balance of over \$1,300 on her account. She had previously called the PSP and disputed some of the charges on her bills.

**Investigation:** After we investigated the complaint, the PSP demonstrated that the customer had not paid all of the undisputed portions.

**Conclusion:** We concluded there was no breach of Article 3.6.

**3.7** If the customer has a dispute relating to the disconnection of Services, the reason for the disconnection of Services, or any other issue relating to a deposit, and the customer has not been able to resolve the dispute with the Company, the customer can lodge a complaint with the Commissioner for Complaints for Telecommunications Services Inc. (CCTS), an independent third-party complaints resolution service. Information about the CCTS is available at [www.ccts-cprst.ca](http://www.ccts-cprst.ca) or by calling 1-888-221-1687.