



February 8, 2018

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Springtel Communications Inc.  
6750 Davand Drive, Unit 9  
Mississauga, Ontario  
L5T 2L8

**Re: CCTS file number #798612**

On January 5, 2018, we issued a Recommendation regarding the above complaint. As ██████████ ██████████ rejected our Recommendation, I am required to issue a Decision under section 13 of our Procedural Code (“the Code”).

**Our Recommendation**

In September 2017, ██████ was billed \$13,059.59<sup>1</sup> for over 1,179 long distance calls that it did not make (the calls were placed mainly to Africa on a single day). Both ██████ and Springtel Communications Inc. (“Springtel”) agree that these calls were made fraudulently by a third party.

█████ claimed that it had a verbal agreement with Springtel under which the cost of all of its long distance calls would be included with its service at a total price of \$125/month.

█████ also alleged that it would be impossible for anyone to make so many calls in approximately three hours, as occurred in this case.

For these reasons, ██████ requested that the cost of all these fraudulent long distance charges (along with a \$500 administration charge on its September 2017 invoice) be credited.

Springtel confirmed that it had a verbal agreement with ██████ to provide it with 5 SIP trunk lines at the price of \$125/month but claimed that its agreement did not include the cost of long distance calls.

Springtel stressed that its Terms of Service specify that customers are solely liable for all charges incurred. Incidentally, Springtel also pointed out that it notified ██████ of the fraudulent calls swiftly and suspended ██████ service as a precaution, thus limiting the extent of the fraud.

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<sup>1</sup> The September 2017 invoice indicates that the long distance charges were \$13,059.77 but we found 14 legitimate long distance calls billed at \$0.18 in total.

For these reasons, Springtel felt that it should not be held responsible for the cost of the fraudulent calls placed through [REDACTED] equipment.

Our analysis determined that the calls in dispute originated from [REDACTED] equipment (which Springtel did not provide, install or maintain). We also found no evidence to support [REDACTED] claim that the fixed price of the service included unlimited worldwide long distance calls.

We noted that Springtel had failed to put the terms of its agreement with [REDACTED] in writing and did not provide [REDACTED] with its Terms of Service. In our view this deprived [REDACTED] of the opportunity to understand its responsibility, and its potential liability, in the case of fraudulent long distance calls. Thus we recommended that both parties share the responsibility for the fraudulent charges equally and that Springtel adjust its September 2017 invoice to \$6,655.06 (taking into account the valid long distance charges and fixed-monthly fee, and removing the unwarranted \$500 administration charge).

### **Objections**

Springtel accepted our Recommendation and retroactively adjusted [REDACTED] September 2017 invoice.

However, on January 23, 2018, [REDACTED] rejected our Recommendation. In its objection, [REDACTED] repeated its previous claim that it would be impossible for anyone to make over 1,000 calls on 5 lines in about 3 hours on a single day<sup>2</sup>.

[REDACTED] also alleged that our Recommendation did not take into account the profit that Springtel would have made as a result of this fraud.

Finally, [REDACTED] claimed that Springtel initially informed it that the amount of the fraudulent charges would be \$4,000 but later the amount went up significantly without any explanation.

### **Analysis of the Objection**

Springtel was providing 5 SIP trunk lines to [REDACTED]. SIP trunking is a Voice Over Internet Protocol (VoIP) technology.

The risk of toll fraud with VoIP is higher than with an older phone system, where the volume of calls that fraudsters can place is limited by the number of lines. With VoIP technology, fraudsters who gain access are able to open up each phone line to make multiple simultaneous calls.

Should [REDACTED] need a more detailed technical explanation, we invite it to contact its security provider and/or the installer of its phone system.

In complaints of this type, CCTS has generally taken the position that the service provider should not be entitled to profit as a result of the fraud. Springtel informs us that its estimated cost for these fraudulent calls, i.e. the amount it had to pay to its wholesale provider, was about \$8,700.

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<sup>2</sup> The 1,179 fraudulent calls occurred on August 20, 2017 between 1:09 pm and 4 :33 pm.

As Springtel adjusted the balance of the September 2017 invoice below that amount, we are confident that it did not profit from this fraud. Our Recommendation reflects that key objective.

We did not investigate the allegation that Springtel provided [REDACTED] with multiple and increasing estimates of the cost of the fraudulent calls. We are satisfied from the evidence provided that the long distance calls in dispute originated from [REDACTED] equipment. We are also aware that the final billing information of long distance calls is often delayed as such calls transit on different foreign networks. Thus, it is possible that the information initially provided to [REDACTED] by Springtel was incomplete and that the final amount of these long distance charges was not known until a later date.

### **Decision**

Section 13.2 of our Procedural Code provides that in formulating a Decision, the Commissioner shall consider whether there is substantial doubt as to the correctness of the original Recommendation.

In my opinion, [REDACTED] has not raised a substantial doubt as to the correctness of the Recommendation. Accordingly, I confirm the Recommendation in this Decision.

Further to sections 13.4, 13.5 and 13.6 of our Procedural Code, [REDACTED] may accept or reject this Decision within 20 days of receipt. Should [REDACTED] decide to reject this Decision and pursue this complaint through another forum, Springtel shall be released from the Decision.

A copy of our Procedural Code is attached for reference.

Sincerely,

Howard Maker  
Commissioner