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F.A.I.R

Fighting Against Industry Rip-offs

A guide to fair and transparent telecom contracts

Telecom contracts – the red flags, navigating challenges and securing fair terms

The telecom sector is facing growing scrutiny over aggressive sales tactics and misleading contracts. We are determined to fight against that – to avoid leaving businesses out of pocket, and to preserve our industry's reputation.

This guide is about helping you protect your business against these tactics. We address the challenges and provide guidance to help stop businesses being mis-sold phone systems, covering:

Common challenges: hidden fees, restrictive clauses and unfavourable terms.

Key red flags: lack of transparency, ambiguous terms, and undefined upgrade costs.

Best practices: practical tips to negotiate contracts effectively and ensure fair terms.

Ethical leasing: advocating for trusted, long-term partnerships focused on customers.

Empowering businesses: insights to avoid pitfalls and secure value-driven agreements.

Executive Summary

Phone systems are a critically important technology for any business, and the industry that provides them is highly significant to the UK economy.

Unfortunately, some providers are giving that industry – our industry – a bad name.

Our sector has made headlines, with certain providers being exposed for mis-selling contracts with unreasonable terms, long tie-ins and often extortionate hidden costs and financing. These contracts have left businesses locked into costly, unfavourable agreements that are not fit for purpose.

We are determined to stop these practices. They're giving our industry a bad name, and more importantly they're cheating businesses out of hard-earned money. Businesses don't have consumer-grade protections here.
So, unfortunately, this leaves it down to them to protect themselves against these unscrupulous practices.

So, we've prepared this guide to help you do just that. Read on for practical, actionable tips on avoiding rip-offs.

Britt Megahey,
Founder and Managing Director,
Barclay Communications

Contracts in the telecom industry

Leasing can be an effective way for businesses to access essential equipment and services without the upfront capital expenditure. However, **serious concerns have been highlighted around the mis-selling of phone contracts and questionable sales practices.**

The problems we've seen

- Mis-selling contracts and tying customers in for lengthy periods
- Faulty equipment
- Equipment never provided
- Prices doubling after a year
- No cooling-off period
- Spending tens of thousands over the term of the contract
- Excessive termination fees costing tens of thousands

New data from the Communications Ombudsman reveals a 54% increase in complaints between 2023 and 2024.

(Source: ISPreview)

Red flags when signing a contract

Identifying red flags when signing a contract with a provider can be difficult, here's what to look out for:

Lack of transparency

Unclear contracts are often designed to obscure critical details about pricing, service levels and terms. Providers may deliberately avoid giving clear breakdown of costs or bury essential information in lengthy documentation.

Hidden fees and clauses

Contracts with hidden fees or unspecified clauses can lead to unexpected costs that inflate expenses over time. For instance, early termination fees, penalties for exceeding usage limits, or mandatory add-ons might not be immediately apparent.

Undefined upgrade costs

If the cost of upgrading services or equipment is not explicitly outlined in a contract, businesses may face extortionate charges when they attempt to scale their services. Undefined or vague upgrade terms can make it challenging to plan future budgets effectively.

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Ambiguous terminology

Ambiguity in contract terms can lead to disputes and misunderstandings. For example, phrases like 'reasonable notice' or 'as deemed necessary' can be interpreted differently by the provider and the customer.

Restrictive terms

Contracts with restrictive clauses can trap businesses into unfavourable terms such as long lock-in periods, exclusivity agreements or rigid cancellation policies. These clauses limit flexibility and make it costly or impossible to switch providers.

Aggressive sales tactics

Providers that employ high-pressure sales techniques to rush decision making are an immediate red flag. These tactics often involve creating a false sense of urgency or downplaying the importance of reading the fine print.

Best practices when signing a contract

Understand the full scope of the agreement

Ensure you understand every aspect of the contract, including services, timelines and responsibilities. **If anything is unclear, seek clarification and advice.**

Watch out for finance

Some providers will tie you to lease agreements for hardware that vastly exceed the value of what you're receiving. Sometimes it will be in your interests to finance hardware, but check the terms of any finance agreements very closely. You will also need to make sure you understand the retail price of the hardware, and whether you'll own it at the end of your contract.

Request a clear breakdown of costs

Ask for detailed, itemised pricing to identify all charges, including setup fees, maintenance costs and potential penalties. **Verify there are no hidden fees.** Totalling up the monthly cost over the term can help you evaluate the price you are paying compared to the number of users.

Negotiate terms where possible

Push for terms that align with your business needs whether that's certain lock in periods, flexible upgrade options or cancellation clauses.

Identify and address ambiguities

Look out for vague terms and insist precise definitions to avoid future disputes.

Include upgrade and scalability terms

Confirm that the contract specifies clear costs for upgrading or scaling services as your business grows.

Best practices continued...

Check equipment

Confirm the equipment in your contract matches what you are provided with.
Serial numbers of hardware should be in your contract and match what you receive.

Check the exit terms

Ensure the contract sets out details when it comes to termination – including clear costs, timelines and clauses.

Assess Service Level Agreements (SLAs)

Verify that SLAs clearly define metrics like uptime, response times and compensation for service failures.

Consult experts when needed

There is never a need to be pressured into signing a contract on the spot. If unsure, take time to speak to trusted advisors to review documents and highlight any potential risks.

Document verbal agreements

If any commitments are made verbally, ensure they are included in the written contract.

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Have you been ripped off?
Tell us your story.

We're determined to stop these unethical practices – and you can help us. We want to understand what businesses are going through, and gauge the scale of the problem. So, if you have had a bad experience with a business telecoms provider, we want to hear your story.

Please get in touch here: **barclaycomms.com/get-in-touch**