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# MOBILE ROAMING

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# Executive summary

The cost of using a mobile phone abroad has long been an area of concern for consumers. Over the past few years, the EU has progressively capped the maximum rate mobile providers can charge for roaming services – a move which has dramatically altered the relative costs of using a mobile at home and abroad.

This report compares the prices UK consumers now pay for using their mobile for non-data services in the UK and when travelling in Europe. It reveals that the EU's caps on roaming costs have inadvertently skewed the market and resulted in a number of unintended consequences.

Bizarrely, we found on the majority of networks it now costs UK users significantly more to make calls and send texts at home than in Europe. For example, Vodafone pay-as-you-go customers pay 14p for each text to UK numbers when at home, compared to just 5p when roaming.

**“ ON THE MAJORITY OF NETWORKS IT NOW COSTS UK USERS MORE TO MAKE CALLS AND SEND TEXTS AT HOME THAN IN EUROPE ”**

The result of this is that, counter-intuitively, it can actually be cheaper to use a French or German Sim card in the UK than a domestic Sim, particularly on pay-as-you-go. For the same reasons, using a UK mobile elsewhere in Europe can cost less than using it at home.

It is also more expensive for UK mobile users to make an international call to a number in another European country when they are at home than when they are travelling in a third European country.

MoneySavingExpert.com is calling for mobile networks to reduce their domestic prices to reflect the EU cost cap. This will help simplify the complicated mobile phone market and ensure UK mobile users are offered the same price safeguards at home as they are when travelling in Europe.

# Background

Customers are charged additional fees when using their mobile phones outside their home country, a system that is known as 'roaming' in the industry. When used abroad, mobiles have to connect to a foreign mobile phone network before users can make a call, send a text or use data. If the user is calling internationally, the foreign operator will then route the call or text to an international transit network, which delivers it to the relevant network in the country the user is calling.

The user's home network will have a standing wholesale roaming agreement with the foreign operator which will determine the price that the user pays for calls or texts. This fee covers the services carried out by the foreign operator plus any additional costs it may have incurred, such as the charges levied by the international transit network for passing on the call. The fee paid by the home network is in turn passed onto the customer – the supposed justification for much higher roaming charges, historically or where they remain uncapped.

## PHONING HOME: HOW CALLS ARE ROUTED FROM MOBILES ABROAD



European Union roaming regulations<sup>1</sup>, often dubbed the Eurotariff, determine the maximum price mobile providers in countries within the European Economic Area (EEA) can charge for roaming services in the region.

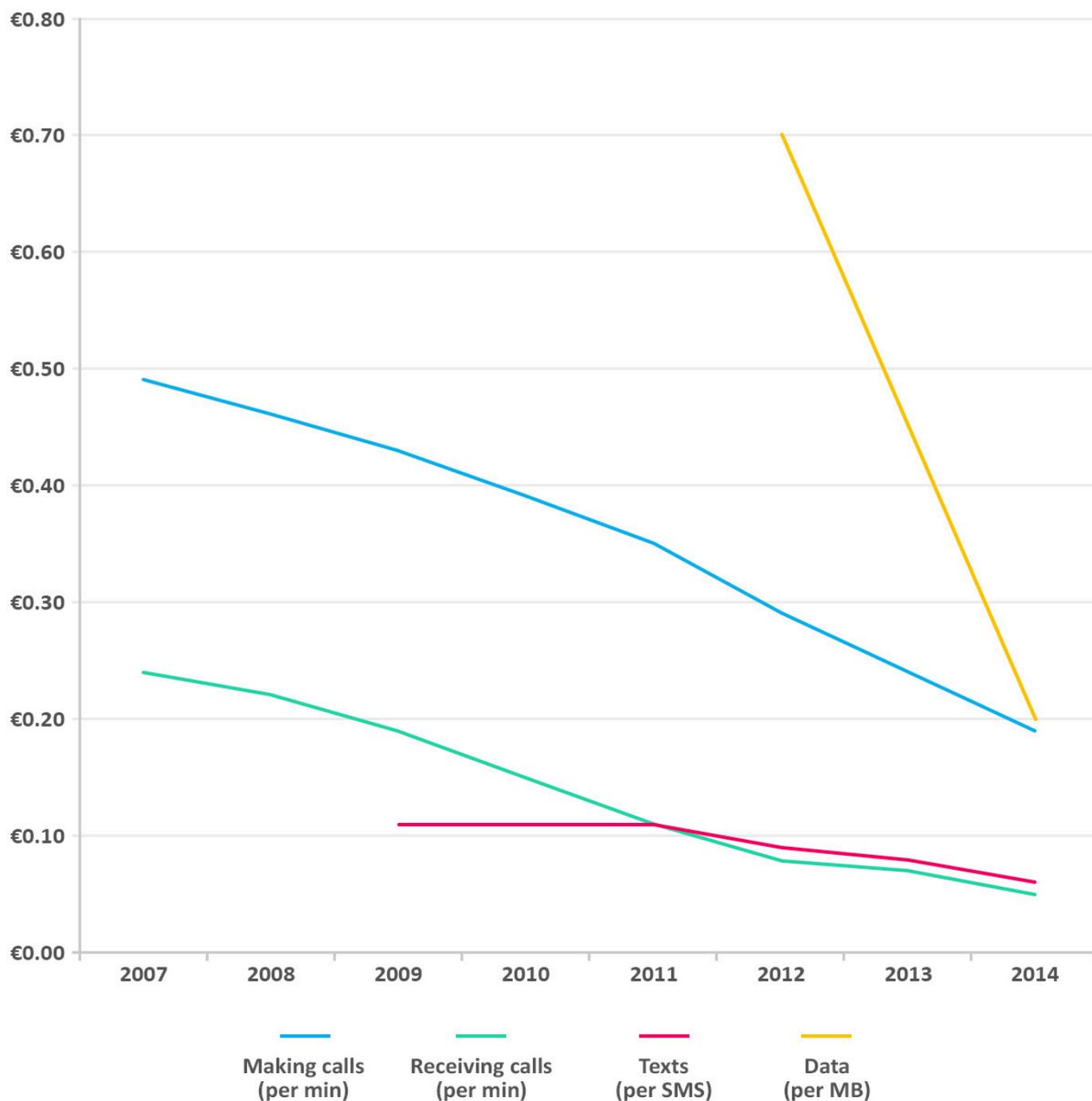
The caps apply to mobile calls and texts from one EEA country to any other EEA country, as well as any mobile data use in any part of the EEA except the user's home country. For example, if a UK Sim-holder were to travel to Austria and make a call to France, the cap would apply. Similarly, if the same user were to send a text to a UK number while travelling (regardless of where the recipient is located at the time), the cap would again apply.

The caps do not apply to calls and texts made or sent when the user is not roaming - i.e, when they are in their home country - hence why a call from a UK mobile in the UK to another number (UK or otherwise) is uncapped.

<sup>1</sup> Regulation No. 717/2007

Introduced in 2007 and incrementally reduced every year to date, these caps have made it around 80% cheaper for customers to use their phones while roaming in the region<sup>2</sup>.

EUROPEAN ROAMING CAP REDUCTIONS BY YEAR



<sup>2</sup> Found on the European Commission website for the Digital Agenda for Europe: <http://ec.europa.eu/digital-agenda/en/roaming>

Mobile operators typically charge the maximum permitted by the regulations. Orange, Vodafone, T-Mobile and Telefonica O2 challenged the legislation upon introduction, with the case ultimately going to the European Court of Justice. However the court ruled that the caps were beneficial to the functioning of the EU internal market and thus justified<sup>3</sup>.

This MoneySavingExpert report looks at the impact these roaming regulations have had on consumers' costs, and suggests how users can adopt some counter-intuitive approaches to cut the cost of calls and texts, both across the EEA and also domestically.

Data services were not included within the scope of this research, however. Within the UK it is extremely uncommon for data to be paid for on a pay-as-you-go basis, which makes comparisons with roaming rates problematic.

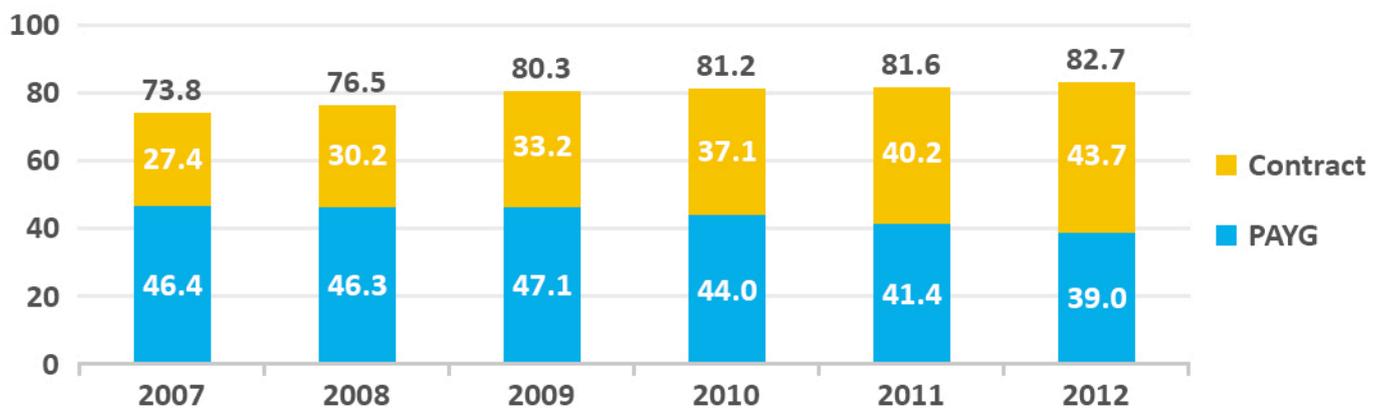
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<sup>3</sup> *Case C-58/08, Vodafone Ltd and Others v. Secretary of State for Business, Enterprise and Regulatory Reform, Judgment of the Court of Justice (Grand Chamber) of 8 June 2010 (2010).*

# Research

MoneySavingExpert has compared the costs UK pay-as-you-go users face domestically and when travelling in the EEA, for calls and texts not included in any bundles they may have purchased. Pay-as-you-go users, who account for nearly 50% of UK mobile subscriptions, are hit the hardest by higher costs for using their phone within the UK.

No. of active mobile subscribers (millions)



Source: Ofcom

We also compared the cost for contract customers beyond their monthly allowance.

We looked at data from the six mobile network operators in the UK (EE, O2, Orange, T-Mobile, Three and Vodafone), plus the virtual mobile network operator GiffGaff as it provides the lowest pay-as-you-go rates among the most-subscribed operators.

## The Eurotariff cap

The current Eurotariff cap was introduced on 1 July 2014 – including VAT and rounded to the nearest pence, it is 19p per minute for outgoing calls, and 6p per text. All of the mobile operators we looked at currently charge at or near the current cap for calls and texts while roaming.

With all providers, the cost of calling and texting while roaming in the EEA is the same for users whether they are contacting a UK number or a non-UK EEA number. However the cap does not apply where customers are calling or texting non-EEA numbers.

There is also a maximum charge of 5p per minute for incoming calls while roaming, which all the big operators charge. This has been not included in our comparison as no such charge exists domestically.

## The cost of texts

A text, or 'SMS' as it is officially described by the European Commission, consists of 160 characters.

### Texting UK numbers

On every mobile network we looked at, bar Three's pay-as-you-go service, it is cheaper to send a text to a number in the UK while holidaying in Europe than it is when in the UK.

Typically, sending a text to another UK number can cost up to three times more from within the UK than it does when roaming in Europe. For example, contract customers on Vodafone face an 18p-per-text charge when at home compared to just 5.8p when roaming.

*Pay-as-you-go standard text costs (outside of bundles) to **UK number**, max cost per text*

Provider	When in the UK	When in the EEA
EE	12p	5.9p
GiffGaff	6p	5p
O2	12p	5p
Orange	14p <sup>4</sup>	4p
T-Mobile	14p	5.9p
Three	2p	5.9p
Vodafone	14p	5p

*Pay monthly standard text costs (outside of allowance) to **UK number**, max cost per text*

Provider	When in the UK	When in the EEA
EE	15p	5.9p
O2	15p	5p
Orange	15p	5.9p
T-Mobile	15p	5.9p
Three	12p	5.9p
Vodafone	18p	5.8p

<sup>4</sup> On the Racoon plan.

## Texting foreign EEA numbers

Similarly, every mobile operator charges its customers more to text a foreign EEA number from within the UK than when they are abroad. The charge for texting foreign numbers using a UK mobile is sometimes six times the cost when in the UK compared to when travelling in the EEA.

*Pay-as-you-go standard text costs (outside of bundles) to **EEA number**, max cost per text*

Provider	When in the UK	When in the EEA
EE	25p	5.9p
GiffGaff	8p	5p
O2	20p	5p
Orange	20p	4p
T-Mobile	20p	5.9p
Three	25.2p	5.9p
Vodafone	24p	5p

*Pay monthly standard text costs (outside of allowance) to **EEA number**, max cost per text*

Provider	When in the UK	When in the EEA
EE	20p	5.9p
O2	20p	5p
Orange	20p	5.9p
T-Mobile	25p	5.9p
Three	25.2p	5.9p
Vodafone	35p	5.8p

## The cost of calls

Rates are listed in pence per minute - however since July 2009 the regulations have dictated that operators must pro-rata costs and charge in one-second increments from the 31st second of a call.

### Calling UK numbers

We found that on all networks, with the exception of Three and GiffGaff, pay-as-you-go users pay more to call UK numbers from home than when in Europe. On contract tariffs, Vodafone charges most for out-of-allowance calls, at a rate of 45p per minute.

Typically, calling another UK number will cost around twice as much from within the UK as it does when roaming in Europe.

*Pay-as-you-go standard call costs (outside of bundles) to **UK number**, max cost per minute*

Provider	When in the UK	When in the EEA
EE	30p	18.8p
GiffGaff	10p	18p
O2	35p	18p
Orange	30p <sup>5</sup>	18p
T-Mobile	35p	18.8p
Three	3p	18.8p
Vodafone	30p	18p

<sup>5</sup> On the Dolphin/Canary plans.

Pay monthly standard call costs (outside of allowance) to **UK number**, max cost per minute

Provider	When in the UK	When in the EEA
EE	40p	18.8p
O2	40p	18p
Orange	40p	18.8p
T-Mobile	40p	18.8p
Three	35p	18.8p
Vodafone	45p	18.7p

### Calling foreign EEA numbers

On every UK mobile network, it is cheaper to call an EU number (either mobile or landline) while roaming in Europe than it is when in the UK. In some cases, calling from the UK can cost more than eight times as much – O2, the most expensive operator by some way, charges a rate of £1.50 per minute for its pay-as-you-go users.

Pay-as-you-go standard call costs (outside of bundles) to **EEA number**, max cost per minute

Provider	When in the UK	When in the EEA
EE	£1	18.8p
GiffGaff	32p <sup>6</sup>	18p
O2	£1.50	18p
Orange	£1	18p
T-Mobile	£1	18.8p
Three	£1.02 <sup>7</sup>	18.8p
Vodafone	25p	18p

<sup>6</sup> GiffGaff charges different rates depending on which country you're calling. This is the maximum price charged for any EEA country, which is for calls to mobiles in Slovenia.

<sup>7</sup> Three charges different rates depending on which country you're calling. This is the maximum price charged for any EEA country, which is for calls to Austria, Denmark, Finland, Norway and Sweden.

Pay monthly standard call costs (outside of allowance) to **EEA number**, max cost per minute

Provider	When in the UK	When in the EEA
EE	£1	18.8p
O2	60p	18p
Orange	£1	18.8p
T-Mobile	£1	18.8p
Three	£1.02 <sup>8</sup>	18.8p
Vodafone	£1	18.7p

<sup>8</sup> Three charges different rates depending on which country you're calling. This is the maximum price charged for any EEA country, which is for calls to Austria, Denmark, Finland, Norway and Sweden.

# Findings

## **1** It can be cheaper to use a foreign Sim in the UK, even if only calling/texting within the UK

The combination of relatively low EU roaming caps and high UK charges means that counter-intuitively it can actually be cheaper to use a foreign EEA Sim card within the UK than a local one.

A report published by Ofcom last year found that on average, a UK pay-as-you-go user sends 135 texts and makes 51 minutes of calls in a month<sup>9</sup>. Paying the average UK pay-as-you-go rate<sup>10</sup>, this suggests the average user spends £26.91 a month. Making the same number of calls and texts would cost a maximum of £17.79 if using a Sim from another EEA country.

**“ IT CAN ACTUALLY BE CHEAPER TO USE A FOREIGN EEA SIM CARD WITHIN THE UK THAN A LOCAL ONE ”**

Although using a foreign EEA Sim in the UK allows customers to benefit from the lower EU-imposed rates, there are significant drawbacks. Crucially, users pay to receive calls. Assuming they receive a similar 51 minutes of calls a month, this would add a further £2.55 to their costs – taking the total to £20.34, still less than the £26.91 on a UK Sim.

Significantly, however, those calling them would also pay higher international rates for doing so – making getting a foreign Sim in the UK a somewhat selfish option. Furthermore the cost of data services, increasingly important to mobile users, is comparatively high under the regulations at 20p per megabyte.

In any event, for the cheapest equivalent rate per text or per minute on local calls and texts, it is still most economical to pay for a pre-set allowance. For low users though it may be better to stick to free or low-cost Internet services (see 2.b).

<sup>9</sup> Based on 2013 Ofcom report - data from 2012.

<sup>10</sup> Average PAYG rate calculated across all the major networks – 10.6p/text; 24.7p/min.

## 2 Consumers are charged more to call European numbers from their own country than from anywhere else in the EU

Despite the fact that greater costs are incurred by a home operator when one of its customers uses roaming services, customers are still charged more to call and text foreign-EEA and local numbers when they're at home in the UK than when abroad in Europe. This suggests that pricing is dictated much more by EU regulations than the costs involved.

The greatest differential we found was for pay-as-you-go customers with O2. For example, a ten-minute call to an Italian number from the UK would cost an O2 user £15, yet the same call made from Sweden with the same O2 Sim would cost only £1.80.

Operators sell add-ons that include international calls and texts, but these tend to be expensive. Instead consumers can consider the following options:

- a) Using an override provider from a landline or mobile can cost as little as 0.5p per minute. MoneySavingExpert's International Callchecker tool offers information on the providers with the best rates, which vary by country.
- b) Programs like Skype and Viber offer free calling and messaging via the internet. For calling and texting users without internet access, specialist mobile apps can offer low rates. Localphone, for example, offers calls to German mobiles for 3.8p per minute, compared to the average rate of 90p<sup>11</sup> when calling European numbers from a UK mobile.

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<sup>11</sup> Averaged across pay-as-you-go and contract prices on the major networks.

# Conclusion

The EU's mobile roaming regulations have significantly reduced the cost of using a UK mobile abroad in Europe. However while this is a welcome boon for those travelling on the Continent, it has paradoxically led to a situation where the cost of using a mobile phone within the UK and abroad seems illogically skewed.

The networks have been free to increase charges as they see fit since the EU has no jurisdiction to set the price of services wholly provided within the borders of a single member state. MoneySavingExpert believes networks should cut their domestic prices to bring them in line with the EU caps.

Typically, sending a text to another UK number can cost up to three times more from within the UK as it does when roaming in Europe – calls often cost around twice as much. Making calls to European numbers is also significantly more expensive from within the UK – in can cost up to eight times as much as when roaming.

In practice, getting a foreign Sim card to use within the UK may not be a realistic option for many - if only because of the extra charge for incoming calls and high cost of data services. But there are steps that consumers can take to cut costs.

For calling and texting local numbers, MoneySavingExpert recommends that heavy users invest in an allotment of minutes and texts, and that light users defer to free or low-cost Internet services. Similarly, international calls are best made using override providers from a landline or via web-based mobile apps that specialise in offering low-cost international rates.