

20th December 2007



Press Release

Channel 4 accepts Ofcom's premium rate rulings and sanctions

- **Broadcaster to donate further £600k to charity**
- **Channel to start legal proceedings to recover costs from Richard & Judy service provider**

Channel 4 will donate an additional £600,000 to charity after being found in breach of the Ofcom Broadcasting Code in its conduct of viewer competitions in **Richard & Judy** and **Deal or No Deal**.

The donation, to the Great Ormond Street Hospital Children's Charity, is in addition to £300,000 already pledged by Channel 4 to the same cause, which represents the profit the channel made on calls received but not entered into the You Say We Pay competition on *Richard & Judy* between September 2004 and February 2007.

In August, an investigation by Channel 4 in association with external law firm, Wiggin LLP, discovered that some 2.9 million calls to You Say We Pay were not properly entered during that period as a result of the winners' shortlist being sent by the phone service provider, Eckoh, to the production company, Cactus TV, before the phone lines had closed. As a result of this investigation, Channel 4 announced its intention to withdraw from the use of premium rate competitions for the purposes of profit making.

Channel 4 has been advertising a full refund to all viewers affected since February and has paid out £82,000. It will keep this offer open indefinitely.

The second donation, announced today, is intended to make reparation for the use of staggered winner selection procedures on the two competitions, which Ofcom has now ruled unfair. The use of staggered winner selection on You Say We Pay between 2001 and 2007 and on *Deal or No Deal* between August 2006 and May 2007 meant earlier entrants to the two competitions had a higher chance of being selected for the winners' shortlist, although all calls were entered.

Eckoh was fined £150,000 by premium rate phone regulator, PhonepayPlus (formerly ICSTIS), in July for the failure to enter all calls to the You Say We Pay competition correctly. The telephone service provider for *Deal or No Deal*, i-Touch, was fined £30,000 by PhonepayPlus in August for the use of the staggered selection procedure.

As a result of today's ruling by Ofcom that both competitions were in breach of its Broadcasting Code, Channel 4 has now been fined £1 million in relation to You Say We Pay and £500,000 in relation to *Deal or No Deal*. The channel has also been instructed to broadcast a summary of Ofcom's separate findings against the two competitions.

The channel will now instigate legal proceedings against Eckoh in order to recover costs incurred as a result of the You Say We Pay competition being operated in non-compliance with the relevant regulatory codes.

Anne Bulford, Channel 4's Group Finance Director, said: "As the broadcaster of these competitions we recognise that it was ultimately our responsibility to ensure they were

run fairly and transparently and in compliance with the regulatory codes. We accept Ofcom's view that Channel 4's reliance on separately regulated third parties to ensure compliance was misplaced, which is why we also accept today's ruling and the sanctions against us.

"There was absolutely no intention on Channel 4's part to mislead our viewers and we are pleased that the regulator has acknowledged our extensive efforts to make reparations since the problems came to light.

"Channel 4's own investigation, the results of which were advised to Ofcom, found no evidence that anyone at Channel 4 had any knowledge of or involvement in the improper handling of calls to You Say We Pay. It was also as a result of Channel 4's own monitoring and investigations that problems with the selection process on Deal or No Deal came to light and it was Channel 4 itself which brought this problem to the attention of the regulators while taking steps to rectify it.

"In the case of Deal or No Deal, we recognise that the phone service provider acted in good faith, believing the staggered selection procedure that it introduced was compliant with the regulatory codes. In the case of You Say We Pay, however, Eckoh has admitted in its evidence to the PhonepayPlus inquiry that it knew that the competition was being run in a non-compliant fashion but it took no steps to rectify the problems it had identified or to bring them to Channel 4's attention. Their failure to act promptly aggravated the harm caused to Channel 4 viewers, which is why we believe it is appropriate to initiate legal proceedings to recover the costs we have incurred.

"Channel 4 is no longer running any premium rate competitions and so we believe today's ruling brings this particular chapter to a close. We would like to apologise once again to those affected and to assure all our viewers that Channel 4 is committed to applying the lessons learned across all its activities and to doing everything in its power to regain and maintain their trust."

Both You Say We Pay and the *Deal or No Deal* viewer competition are no longer on air, in line with Channel 4's current policy of not running premium rate competitions. The channel will continue using phone voting in **Big Brother** but will only charge viewers sufficient to cover the cost of the call and any charitable donation. Premium rate voting will be subject to the stringent new monitoring regime introduced by Channel 4 in March, which includes independent live audits of the operation of each service.

Notes to editors

- In order to claim a refund in respect of calls not properly entered into the competition, viewers are invited to send a copy of any telephone bill to FREEPOST YOU SAY WE PAY, with nothing else written on the envelope and no stamp. Viewers can also ring the You Say We Pay refund information line on **0800 666 805** for further details. Calls from a landline will be free of charge.
- The charity donation of £600,000 in relation to the use of staggered selection on You Say We Pay and *Deal or No Deal* is in lieu of a viewer refund offer.