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### **36 MONTH MOBILE CONTRACTS CREEP IN - BUT WILL SOON BE CULLED**

*A study of mobile phone deals confirms that consumers are being locked in for longer. 39% of mobile users are now in a 24 month contract – three times the number of people in a 12 month deal<sup>[1]</sup>. New EU legislation will try to halt this trend, bringing back 12 month contracts and banning any contract longer than 24 months. As uSwitch.com reveals that over three thousand 36 months deals are already on the market<sup>[2]</sup>, the new law could be brought in just in time.*

- Locked in: 39% of mobile users are in a 24 month contract – just 12% have a 12 month deal<sup>[1]</sup>
- Nipped in the bud: 3,300 three year mobile contract deals have already snuck onto the market but will be slashed under EU laws in May<sup>[2]</sup>
- Back in the game: legislation also brings back 12 month contracts – but placing 'free' handsets in jeopardy

New EU laws less than three months away are set to cull the growing number of 36 month mobile deals being offered, according to independent price comparison and switching service, [uSwitch.com](http://uSwitch.com). The legislation comes as research of 4,000 mobile users confirms that customers are being locked in for longer. 39% of mobile users, some 12 million, are in a 24 month contract – three times the number of people in a 12 month deal<sup>[1]</sup>.

In fact, just 12% of mobile customers now have a 12 month contract. 34% are tied into an 18 month deal, but 24 months is now the most common contract length for new mobile deals<sup>[1]</sup>.

| Contract length | % of pay monthly customers | Total number of phone customers <sup>[1]</sup> |
|-----------------|----------------------------|--|
| Not in one      | 10%                        | 3 million                                      |
| 12 months       | 12%                        | 4 million                                      |
| 18 months       | 34%                        | 10 million                                     |
| 24 months       | 39%                        | 12 million                                     |
| Don't know      | 5%                         | 1 million                                      |

Source: research conducted by uSwitch.com of 4,000 pay monthly mobile users.

Data from the uSwitch.com website on the current deals on the market supports the findings, with just 279 12 month contracts now available. There are currently 676,000 18 month deals on offer, while the number of 24 month contracts has shot up to 939,000. Alarming, however, the deals do not stop at 24 months: there are now 3,300 36 month mobile contract deals on the market<sup>[2]</sup>.

In a bid to halt the increasingly lengthy contracts that mobile customers are finding themselves in, the EU has ruled that, from 1<sup>st</sup> May, phone retailers must offer consumers the option to take a 12 month contract. They are also not allowed to offer any contract that is longer than 24 months, effectively banning the 36 month deals currently on the market<sup>[3]</sup>.

**Ernest Doku, technology expert at [uSwitch.com](http://uSwitch.com)**, comments: “Without a doubt, smartphones are the biggest culprit in the plethora of longer term contracts to hit the market. These high-tech objects of desire are worth as much as £600 and there has to be a way for the phone retailer to claw back this cost if the consumer is unable to pay for the handset up front. Smartphones have proved great bait for providers in not only snaring new customers, but in making them commit to a longer contract.

“As a general rule, the longer the contract, the lower the monthly fee, so it’s not surprising that consumers are getting tied in, especially given the current financial constraints most are experiencing. But, while long contracts help spread the cost of expensive handsets, it’s alarming to see how popular 36 month deals have become. It’s no bad thing that the EU is culling these in their infancy – three years is a lifetime in the world of tech. Consumers could easily find themselves saddled with an obsolete phone, not to mention a contract that no longer suits their needs.

“Come May, providers will also have to offer a 12 month contract option. This may help those just after a basic handset to call and text from, but it will be very surprising to see best-selling handsets being offered for free on a 12 month deal. If you can afford to pay for your phone upfront, SIM-free could be the best option. But for those that can’t afford the initial outlay, a 24 month contract will remain the most cost effective way to lay your hands on a shiny new smartphone for free.”

**For more information visit [www.uswitch.com](http://www.uswitch.com) or call 0800 093 0607**

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**Notes to editors:**

1. Research conducted online by uSwitch.com in January 2011 amongst 4,000 mobile users on pay monthly contracts. Assuming that there are 48 million phone customers in the UK, 30 million (63%) are pay monthly.
2. Based on the number of deals tracked on [www.uswitch.com](http://www.uswitch.com). Correct as of 18/02/11.
3. EU Telecoms Reform <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/491>

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