

HOUSE OF REPRESENTATIVES

House Bill No 0360



Introduced by Representative Victor A. Yap

EXPLANATORY NOTE

In 2017, there are approximately 119 million mobile phone subscriptions in the country—around 96% or 114 million of which are prepaid, according to a report by technology site Yugatech.com. This shows that subscribers prefer the convenience and affordability of prepaid subscription as it allows them to spend on credits suited to their actual needs.

There have been, however, rampant complaints from prepaid subscribers that they do not get the full value of the load credits that they paid for because of the expiration of prepaid call and text cards, and forfeiture of unused load credits. A memorandum circular issued jointly by the National Telecommunications Commission, Department of Information and Communications Technology and the Department of Trade and Industry, which took effect starting 2018, has required telecommunication companies to extend the validity period of any prepaid load regardless of amount up to a year.

This bill aims to put teeth into the memorandum circular by prohibiting and penalizing the imposition of an expiration period on the validity of unused load credit and the forfeiture of load credits. It likewise penalizes the enrollment and billing of subscribers, both prepaid and postpaid, to unauthorized value-added services without the subscriber's consent. This will ensure that all Filipino subscribers will get their money's worth.

In light of the foregoing, immediate passage of the bill is earnestly sought.

A handwritten signature in black ink, appearing to be "V. Yap", written over the printed name.

VICTOR A. YAP
Representative, 2nd District of Tarlac

HOUSE OF REPRESENTATIVES

House Bill No. 0360

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AN ACT
PROTECTING TELECOMMUNICATION SUBSCRIBERS AGAINST
UNAUTHORIZED SERVICES AND CONSUMPTION OF LOAD CREDITS

Be it enacted by the Senate and the House of Representatives of the Congress of the Philippines
in session assembled:

SECTION 1. *Short Title.* - This Act shall be known as the “Telecommunication
Subscriber’s Protection Act”.

SEC. 2. *Declaration of Policy.* -The State recognizes the vital role of telecommunication in
economic growth and development. Towards this end, the State shall implement measures to
achieve the following objectives:

- a) Safeguard telecommunication subscribers against deceptive, unfair and
unconscionable trade acts and practices;
- b) Provision for information, and education to facilitate sound choice and the proper
exercise of rights by the consumer; and
- c) Provision for adequate rights and means of redress for subscribers.

SEC. 3. *Definition of Terms.* - As used in this Act: the term

- a) *Account* refers to the financial credit of a subscriber;
- b) *Load credit* refers to the monetary value or the consumable amount loaded to a mobile
or landline phone via pre-paid cards or electronic transfers that enable a consumer to use
telecommunication or value-added services;
- c) *Pre-paid* refers to the type of mobile or landline phone account that requires its owners
to purchase load credit before services are used;
- d) *Pre-paid call and text card* refers to a card with corresponding peso value that has to be
purchased to enable a subscriber to use telecommunication services;
- e) *Unauthorized service* refers to a service for which a subscriber did not provide
expressed and informed consent; and

1 f) *Unsought services* refers to services which include ringing tones, polyphonic tones,
2 video and picture messages, etc., that a subscriber did not purchase under his postpaid or
3 prepaid account but is nonetheless sent or transmitted to him without permission.

4
5 **SEC. 4. *Obligation to Provide an Electronic Receipt.*** – Every telecommunication
6 company shall inform its subscribers via text message on the deduction to their load credit for
7 calls, data and value-added service usage.

8
9 **SEC. 5. *Prohibited Acts.*** – An entity issuing load credit in exchange for telecommunication
10 or value-added services shall be liable for any of the following acts:

- 11 a) Imposition of an expiration period on the validity of unused load credit;
12 b) Forfeiture of load credit stored on an active pre-paid phone account via pre-paid call and
13 text card or electronic transfer;
14 c) Refusal to give a refund to any pre-paid subscriber whose load credit was forfeited
15 without any valid cause;
16 d) Enrolling subscribers to unauthorized value-added services without the subscriber's
17 consent;
18 e) Billing subscribers' accounts for unauthorized value-added services which has the effect
19 of reducing the prepaid credit or increasing the postpaid amount due from a subscriber;
20 and
21 f) Failure to provide electronic receipt as provided under Section 4.

22
23 **SEC. 6. *Penalties.*** – Any director, officer, employee or agent of a telecommunication
24 company providing telecommunication services who shall commit any of the acts under Section
25 5 hereof, shall, upon conviction, be subject to the penalty of a fine of not less than One hundred
26 thousand pesos (P100,000.00) but not to exceed One million pesos (P1,000,000.00).

27 If the violation was committed by or in the interest of a juridical person duly licensed to
28 engage in business in the Philippines, the following penalty shall be imposed:

- 29 a) *First Offense* - Fine of Five hundred thousand pesos (P500,000.00);
30 b) *Second Offense* - Fine of One million pesos (P1,000,000.00) and suspension of license
31 to engage in business for a period of thirty (30) days; and
32 c) *Third Offense* - Fine of Two million pesos (P2,000,000.00) and immediate revocation
33 of license to engage in business.

34
35 **SEC. 7. *Disposition of Penalties.*** – All penalties under this Act shall be solely and
36 exclusively earmarked and used for the following:

- 37 a) Development and maintenance of a long-term strategic national development plan for
38 the telecommunication industry;

- 1 b) Providing adequate and efficient telecommunication facilities in unserved and
2 underserved areas; and
3 c) Monitoring, reporting and enforcement of compliance with mobile service regulations.
4

5 **SEC. 8. *Information Dissemination.*** - Every telecommunication company, in coordination
6 with the National Telecommunications Commission (NTC), shall ensure the proper and adequate
7 information dissemination of the contents and benefits of this Act to the general public,
8 especially to its intended beneficiaries.
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10 **SEC. 9. *Implementing Rules and Regulations.*** - Within ninety (90) days from the
11 approval of this Act, the NTC shall issue the necessary rules and regulations for its effective
12 implementation.
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14 **SEC. 10. *Separability Clause.*** - Should any part of this Act be declared unconstitutional or
15 invalid, other provisions hereof that are not affected thereby shall continue to be in full force and
16 effect.
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18 **SEC. 11. *Repealing clause.*** - All laws, decrees, executive orders, proclamations, rules
19 and regulations, and issuances, or parts thereof which are inconsistent with the provisions of this
20 Act, are hereby repealed, amended or modified accordingly.
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22 **SEC. 12. *Effectivity.*** -This Act shall take effect fifteen (15) days after its publication in
23 the Official Gazette or in any newspaper of general circulation.
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26 Approved,