

Mobile Phone Spam Scams

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In the last couple of years, conventional spam text messages doubled to two billion (Gillan, 2004a). Thankfully, these have now become widely known by most mobile phone users following warnings from the Government regulator ICSTIS (Independent Committee for the Supervision of Telephone Information Services). However, "missed call marketing" (MCM) is the latest "spam scam" being used by unscrupulous individuals and companies in an attempt to exploit mobile phone users.

When challenged over the methods they are using, companies claim that what they are doing is a brand new and legal way of marketing. ICSTIS has already gone on record claiming that MCM is "completely inappropriate, unsolicited, unethical and illegal" and has started to crack down on this type of fraudulent practice (Gillan, 2004a). In the first six months of 2004, ICSTIS had received more than 7,000 complaints about spam text messages alone. In addition, Grumbletext.co.uk, a UK consumer complaints web site, has been inundated with complaints from people duped by MCM scams.

Those carrying out MCM scams use computer-generated calls to ring mobile phones with just one ring so that a number is left behind as a "missed call". When the mobile phone user rings the number to find out who has left the message, the call is answered by someone congratulating the caller winning a fantastic prize. The mobile phone user is then given a premium rate telephone number to call costing £1.50 a minute. It is only by ringing the number that the caller can find out more details of their prize. Predictably, the "winner" is never voluntarily told how much the call will cost them. Most scams promise cash prizes of around £1,000. However, these rarely materialize and the caller is left with a £15 telephone call.

In 2003, the Advertising Standards Authority ruled that telephone companies must seek the permission of the phone user before sending them any form of marketing material. Furthermore, under a 2003 European Commission directive, unsolicited marketing material can only be sent electronically if the receiver has previously notified their consent. Many companies claim that customers have opted in but most phone users claim that no consent has been given. Despite such protections, MCM appears to be growing and a number of newspaper reports have predicted that MCM scams could even surpass the cost and inconvenience caused by conventional spam text messages.

Many of the scams appear to be perpetrated by a single company (Greenbay Ltd) registered in the Virgin Islands. All have the same postal and e-mail address. ICSTIS say it cannot be coincidence that these companies are offering identical services, promoted in a unique way. Typically, all these companies claim there is an "amazing cash prize of £1,000 or a £2,000 equivalent in prizes". Although the "prize line" companies claim every return caller wins a prize, in reality, all people

usually win is a brochure of discount holiday vouchers from another company. Furthermore, the vouchers usually had very restrictive clauses making them almost unusable.

So how do the companies get hold of all the telephone numbers in the first place? There appear to be three main ways:

They buy telephone numbers: In these instances, list brokers buy and sell lists of mobile phone numbers. It is also thought that some unscrupulous vendors of mobile ringtones, games, and logos sell lists of valid mobile numbers to the fraudsters since the threat of detection and penalty is low. An ICSTIS investigation discovered that fraudulent companies get many of their numbers from *Intelliplus*, a network that supplies premium phone lines.

They con the telephone numbers out of consumers: In some instances when a caller phones a scam premium rate telephone line, they are often asked to punch in their mobile number (and in some cases other peoples' too). Many callers put in their real number, either because they do not suspect the promotion is a scam or because they have spent time on a premium rate line, and do not want to risk things going wrong.

They generate the telephone numbers randomly: In many cases, the fraudsters will use computers to send out text messages and make calls in their thousands by sequentially generating numbers which are random suffixes to any known mobile number stem (eg, 0871).

Thankfully, in May 2004, six companies (Vertical Media Ltd, Fast Way Holdings Ltd, Litmus Ltd, Indiano Communications, Greenbay Ltd and Quartel Ltd) perpetrating MCM scams received record fines of £75,000 and were barred by ICSTIS for breaching its code of practice (Gillan, 2004b). All six companies had the same operating agent in the UK and the same mailing address. ICSTIS has now brought the issue of MCM scams to the attention of the DTI, Ofcom and the police, and will itself continue to investigate the links between those involved and the case for further action against them.

References

- Gillan, A. (2004a) "New mobile phone scam promises prizes but could cost a small fortune". *The Guardian*, February 18, p.3.
Gillan, A. (2004b) "Record fines for 'call back' scams". *The Guardian*, Tuesday May 25, p.7

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