

U.S. cellphone users hit for 'hundreds of millions' in bogus charges -Senate study

WASHINGTON, July 30 (Reuters) - U.S. mobile phone users have likely paid hundreds of millions of dollars in unauthorized charges "crammed" onto their bills, according to a report released by the U.S. Senate Commerce Committee on Wednesday ahead of a hearing on the subject.

The cramming often originates with small companies that provide celebrity gossip, ring tones or similar services.

But the money is collected by cellphone providers, including [Verizon](#), AT&T, [T-Mobile US Inc](#) or Sprint, owned by [SoftBank Corp](#), which typically keep 30 to 40 percent of the revenue, the staff report found.

"Some carrier policies allowed vendors to continue billing consumers even when the vendors had several months of consecutively high consumer refund rates - and documents obtained by the committee indicate this practice occurred despite vendor refund rates that at times topped 50 percent of monthly revenues," the report found.

In early July, a federal court in California shut down six companies accused of cramming more than \$100 million in unauthorized charges on consumers' cellphone bills, according to the Federal Trade Commission.

The FTC also filed a complaint against T-Mobile, the fourth-largest U.S. wireless carrier, on July 1 accusing the company of charging customers for subscriptions to services, like flirting tips, for which they did not sign up. It is asking the company to refund the unauthorized charges.

T-Mobile CEO John Legere said that the FTC had "sensationalized" the problem. The company has stopped billing for text services and said in June it would help consumers recover unauthorized payments.

But [Senator Jay Rockefeller](#), Democrat from West Virginia, said companies must do more to combat fraud in phone bills.

"Industry representatives told us that their voluntary policies and practices provide consumers - and I quote - a 'robust process designed to protect customers from unscrupulous actors,'" Rockefeller said in a statement. "But this report makes it clear that is not the case. Cramming on wireless phones has been widespread and has caused consumers substantial harm."

Witnesses at the Wednesday's hearing will include FTC Commissioner Terrell McSweeney, Vermont Attorney General William Sorrell, Travis LeBlanc of the [Federal Communications Commission](#) and Michael Altschul, general counsel of CTIA - The Wireless Association.

