# Mobile Phones

There are different types of mobile phones including; Contract, Pay as you go and SIM only

**Contract**

A mobile phone contract is a way of paying for your mobile phone calls, texts and other services. You agree to pay a fixed monthly amount to cover your phone services for a set period of time. A mobile phone contract will last for at least 12 months, but phone companies aren’t allowed to offer contracts that last longer than 24 months.

You will usually get a bill every month for the services you used the previous month. If you have spent more than the fixed amount agreed in your contract, you’ll be charged extra.

Your contract will often include the cost of your phone or you’ll pay a reduced rate for it. This is usually the case with more expensive smart phones. When your contract ends you’ll be able to keep your phone.

 A mobile phone contract could be a good idea for you if:

* You make lots of calls or texts – for example more than an hour of calls a month.
* You use your phone for other things – for example sending emails or accessing the internet.
* You’ve already got a pay-as-you-go phone and you are topping up your credit several times a month.

**The advantages of mobile phone contracts**

* There are some advantages of having a contract for your mobile phone, rather than pay-as-you-go or SIM-only:
* You’ll have a big choice of different price packages.
* Overall the cost of your phone services may be cheaper than with pay-as-you-go.
* You’ll usually be able to choose from a range of phones and spread the cost in your monthly payments.
* You’ll usually be able to upgrade your phone as part of your contract meaning you can keep up-to-date with the latest models.

**The disadvantages of mobile phone contracts**

* You can lose track of the services you’ve used meaning unexpectedly high monthly bills
* You are tied into monthly payments for up to two years and if you want to end the contract early you will usually face huge penalties

**Is a contract right for you?**

To help you decide whether a contract is the right option for you, here are some things to think about:

* Do you want to be tied into a contract which might last as long as two years?
* Have you had problems paying bills in the past that make it difficult for you to get credit? If so it might be hard to get a contract.
* Are you on the electoral roll? If you’re not it might be hard to get a contract.
* Are you going to use all the services included in your package every month?
* Can you afford to make the monthly payments for the length of the contract?

If you decide you do want a mobile phone contract, it’s very important to get the right contract for you. Lots of people with contracts waste money every year because they are on the wrong kind of contract for the phone services they use.

**Make sure you know what you’re signing up for**

By law, your mobile phone service provider must make sure you get all the information you need to know before you sign up to or change a contract.

Depending on how you buy your contract, they can tell you the information or give it to you in writing. If you want to be sure of what you’re signing up for, you should ask for it in writing. The information should include:

* The key charges in the contract, including the minimum contract charge and any charges you’ll have to pay if you end the contract early
* What the payment terms are
* When the service will start and the length of the contract

If you don’t receive any of this information before you enter into a contract you can complain to either the service provider or the shop that is selling the contract.

**Monthly contracts vs buying outright and going with a SIM only deal**

The downside of monthly contracts is that over the course of the contract term, the total you pay out is much more than if you'd bought the phone outright and then signed up for a SIM only contract with the same allowance.

Our research shows the difference in cost over the two-year contract can be hundreds of pounds.

However, because new smartphones can cost £600-700 to buy outright, not many people have that sort of lump sum spare and prefer a monthly contract deal because they're able to spread their payments.

**Pay as you go**

Pay-as-you-go (PAYG) is when you pay for your mobile phone calls, texts and services such as emails and internet access, in advance. You’re not tied into paying for a certain amount of calls and texts each month and you can stop the service whenever you want. If you don’t use your mobile phone to make long calls, or you rarely use any free minutes that come with your pay-monthly contract, then switching to a cheap PAYG contract can save you money.

**How does pay-as-you-go work?**

Before you can start using a PAYG service, you’ll need to have a mobile phone. You can usually buy a phone as part of your PAYG deal along with your first top-up voucher which you use to buy credits. These are what allow you to make and receive calls or texts. Once the first voucher has run out, you will own the phone and can choose to keep topping up your airtime as PAYG or change to a SIM-only service.

If you choose to stay with PAYG, there are lots of ways you can top up your mobile phone’s credit, including:

* Buying vouchers from shops like supermarkets, petrol stations or newsagents.
* Through cash machines.
* Using a credit or debit card which you’ve registered with your mobile phone company.
* Making payments directly from your bank account.
* By text message.

**When is pay-as-you-go a good option?**

PAYG services are worth considering if you don’t make a lot of calls or texts and don’t want to use your phone for other things, like sending e-mails, downloading music or accessing the internet.

If you’ll use your phone for more than an hour each month, send lots of texts and want to use services for things like e-mail, downloading music or accessing the internet, you might want to think about taking out a mobile phone contract or a SIM-only service instead.

If you already use a PAYG service and find that you are topping up your airtime several times a month, it may be cheaper for you to take out a mobile phone contract.

**The advantages of pay-as-you-go**

There are advantages to paying for your mobile phone services as you go:

* You can end the service any time you want to.
* You only pay for the services you use, no monthly contract fee to pay.
* You can only use your phone when there's credit on it so you can’t run up unexpectedly big bills.
* You won’t have to have a credit check.

**The disadvantages of pay-as-you-go**

Think about the disadvantages, before you decide:

* You'll probably have to pay full price for a handset up front.
* There's often less choice of phone models.
* Calls per minute and texts may cost more than with a contract.
* You’ll have to top up every time your credit runs out.
* Other services such as accessing the internet may be more expensive.

**Is pay-as-you-go right for you?**

To help you decide if a pay-as-you-go service is a good option for you, here are some things to think about:

* How many minutes a month do you spend using your phone for calls, texts and other services? PAYG is best suited to light users – for example less than 50 minutes of calls and 50 texts a month.
* If you’re already using a PAYG service and you’re topping up your credit several times a month, it might be cheaper to switch to a contract or a SIM-only service.
* Are you under 18? You won’t have to sign a contract for a PAYG service.
* Have you had problems paying bills in the past that make it difficult for you to get credit? If so PAYG might be the best option.

If you decide you want a PAYG service, it’s important to make sure you choose the right deal which suits the way you use your phone.

A pay-as-you-go service is probably right for you if:

* You don’t use your phone to make long calls.
* You don’t use access the internet or download music on your phone.
* You’re not worried about having a big choice of handset or upgrading to the latest model.

**SIM only**

A SIM (subscriber identity module) card is a small card that fits into your mobile and contains your mobile’s IMEI number and identification information to allow it access to the provider’s network.

Every phone or mobile broadband device has a unique 15 digit code, called an IMEI number. You might need to find your IMEI number if you want to unlock your device to use with other networks. (Find your IMEI number by entering \*#06#, it will then appear on your phone’s display. You can also find it in your phone’s settings).

SIM-only services are a way of paying for mobile phone calls. Normally when you take out a SIM-only service you already own a mobile phone and just pay for a new SIM-card to go in it. A SIM card is the small microchip which contains all the information you need to make your mobile phone work. So you're just buying a network operator's mobile phone services and you’ll usually have to provide your own phone handset.

**How does a SIM-only deal work?**

A SIM-only contract lasts a minimum of 30 days. You only need to give one month’s notice to cancel the deal if you want to switch to another provider or end the service. You also get to keep your own phone number.

There are longer SIM-only contracts on offer, which can range from 12 to 18 months but you might pay a penalty if you end the service early.

If you want to go for a SIM-only service, you may have to get your phone unlocked first unless you’re switching to a SIM-only deal offered by your existing mobile phone service provider. A mobile phone shop should be able to take out the old SIM card for you but they may charge you for doing it.



**When is a SIM-only deal a good option?**

A SIM-only deal could be a good idea for you if:

* You already have a phone you’re happy to carry on using.
* You don’t want to be tied into a long contract.

**The advantages of SIM-only deals**

There are advantages of a SIM-only deal:

* Cheaper calls, texts and other phone services than with a full contract because the cost doesn’t include the price of your phone.
* You’re not tied into a long contract so if you have problems with reception you can change provider easily.
* They usually offer more call minutes and more texts than a mobile phone contract or pay-as-you-go (PAYG) service.
* You don’t have to spend time topping up your phone like you do with a PAYG service.
* You can call other networks at a flat rate, so you don’t have to pay premium call charges. You may also be allowed to call people on the same network as yourself for free.
* You can often get extras such as internet access or access to social networking sites included as part of the monthly fee.

**The disadvantages of SIM-only deals**

Think about the disadvantages before you decide:

* You’ll have to provide your own phone.
* Some phones need to be unlocked if you switch provide.

**Is a SIM-only deal right for you?**

To help you decide whether a SIM-only deal is the right option for you, here are some things to think about:

* Do you want to use the latest handset? If you do, you’re probably better off getting a contract which includes the price of the phone. Buying a new handset without a contract can be very expensive.
* Have you had problems paying bills in the past that make it difficult for you to get credit? If so it might be hard to get a SIM-only deal.
* Are you on the electoral roll? If you’re not, your credit rating may be affected making it harder to get a SIM-only deal.

If you decide you want a SIM-only deal, it’s important to make sure you choose the right deal which suits the way you use your phone.

Compare mobile deals at:

www.uswitch.com