



**Communications Environmental Regulation Consortium (CERC)**

**Guidance on Procedures for the Recycling of Mobile Phones for the  
Avoidance of Fraud**

**FCS 2000: 2016**

A Federation of Communication Services (FCS) Code of Practice

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## Foreword

Mobile phones often retain considerable worth when recycled. This has in the past resulted in an unacceptably high number of attempts by criminal elements to illegally obtain money using the recycling industry and associated other industries. These attempts typically include fraudulent insurance claims, disposing of stolen property via the recycling industry and seeking to use service arrangements to obtain new equipment in replacement for the stolen goods.

This is a very complex issue. Guidance to date has been focussed on certain business models. Not all business models are included in that guidance. Business to Business and international trading are not included for example. Thus, by definition, entities who participate in business to business and international trading cannot claim compliance to that Code of Practice and therefore must seek to provide a defence against charges of handling stolen goods by other means. This issue presents the recycling industry with considerable difficulty and additional risk. In consequence, the FCS has developed these plain language procedures to assist recyclers to reduce crime and defend against charges of handling stolen goods etc. without undue cost.

In preparing these procedures the FCS has sought to give guidance in a form that shows the essential outcomes needed from the business process overall. It is not intended that an existing recycling process used by a particular company is replaced by the processes described in this document. Thus this document seeks to illustrate essential actions and the sequence in which they should occur. The detail of how this can be accomplished is left to the individual recycler to decide for their best convenience. It is accepted that some recyclers may already have all the necessary steps integrated within their procedures.

These procedures therefore have two prime objectives:

- That they provide a means for recyclers to demonstrate they have no intention of handling or dealing in stolen goods. Thus they have a defence against any such charge.
- To develop an environment that discourages attempts by criminal elements to commit fraud through recycling mobile phones.

These procedures form part of a wider FCS focus that seeks to address fraud in a number of sectors relating to the communications industry.

## Disclaimer

Whilst every effort has been made to ensure that these procedures are consistent with UK law, the CERC and FCS stress that these procedures do not replace any such UK law. They are merely advisory.

## Acknowledgement

The development of this guidance for recyclers on procedures to be adopted when recycling mobile phones has been undertaken with the help of the police<sup>1</sup>, a number of companies within the industry and colleagues from other related industries. Their help in preparing these procedures has been invaluable.

## History

V0.1 4 Mar 2015	PRE-RELEASE DRAFT for NMPCU & CERC (Internal)	
V0.2 14 April 2015	DRAFT for Consultation	
V0.3 31 July 2015	Draft for Review Out-put of Consultation (Internal to those participants of the CERC who attended the Extraordinary Meeting)	
V0.4 16 Sep 2015	Small editorial changes and re-format of front cover.	
V1.0 15 Oct 2015	Initial Issue Preparatory for release	Inclusion of Consultation outputs
V1.1 12 Jan 2016	Release Version – Pre-Launch	Assignment of FCS CoP Number: FCS 2000 Minor editorial changes to V1.0

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<sup>1</sup> National Mobile Phone Crime Unit. <http://www.nmpcu.police.uk>

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## Introduction

The millions of mobile phone devices in the marketplace, coupled with the fast churn in these devices have given rise to large-scale business activity to recycle mobile phones. These operations are conducted in accordance with relevant environmental law. However, due to the large volumes involved, the recycler community has been made vulnerable to being used by criminal elements to gain profit through either theft of mobile phones which are then sold into the re-cycling value chain and/or making false insurance claims on phones that have been offered for re-cycling rather than lost. There are many possible mechanisms for such illegal activity.

The arrangements necessary to significantly reduce the level of such criminal activity have been under study for some years. Although making a valuable contribution to the overall aim of crime reduction, the industry's earlier Code of Practice<sup>2</sup> has not been wholly successful in that several areas of recycling activity are not addressed and certain other unsustainable difficulties remain<sup>3</sup>.

The key objectives of the work to date:

- That it offers a means for recyclers to have a defence against a charge of handling stolen goods
- That all parties involved in the value chains are kept informed of the status of the devices.

These objectives have been only partially accomplished in that the earlier Code of Practice was limited to only those market participants who chose to participate in a membership scheme. This was a sub-set of the total market actors. Obviously, entities that had business models not addressed by the Code of Practice could not claim any defence against a charge of handling stolen goods based on adherence to that Code of Practice.

The FCS has prepared this set of Procedures to clarify several points in the existing Code of Practice and widen the scope of the efforts to detect and prevent crime by making it easier for market actors to participate in the arrangements.

Although the FCS has strenuously sought to maintain the policies underpinning the existing guidance, in the interests of simplicity and clarity of meeting objectives, changes have had to be made.

In offering these procedures to all members of the industry, the FCS seeks to achieve the following:

- To reduce the likelihood that the recycling industry will be used to illegally gain financially
- Clarity on processes and procedures providing a defence against a charge of handling stolen goods. This is accomplished through ensuring recyclers have evidence of 'acting in good faith'<sup>4</sup>
- Widen the number of market players who adopt these procedures
- Widen the processes to include business models that are currently not covered in the Code of Practice.
- Encourage a greater use of the information schemes that allow both the checking of the status of devices at the relevant points in the recycling value chain and also which serve to inform the relevant participants of the device status.

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<sup>2</sup> Code of Practice for the Handling of Mobile Phones and other Mobile Devices so as to ensure that those Devices identified as stolen are handled in accordance with the Agreed Guidelines. - TUFF

<sup>3</sup> A key such difficulty is the apparent ambiguity caused by the number of other causes whereby a device can become blocked for recycling purposes. Thus the recycler may not know if the device is under suspicion of being stolen or has been blocked for another reason.

<sup>4</sup> Torts Act 1977 Para 6, Acting in Good Faith.

- An improvement in getting the evidence to the police in the case of requested goods by routing the device directly to the appropriate originating police force area contact under a prior arrangement.

For user-convenience, these procedures are written in the form of a stand-alone ‘document’.

This document is considered a ‘Living document’. Thus the FCS/CERC will make suitable revisions in the future as required and in the light of new information received.

## Key Points for the Quality Management System

In addressing the prime objective to provide a defence against charges of handling stolen goods, these procedures identify key points that can be integrated into the Quality Management System<sup>5</sup> of the recycling company or any other company adopting them.

These procedures will result in the following points being recorded:

1. Confirmation that the device has been scrutinised at least once (probably 3 times).
2. Whether the outcome of the scrutiny of (1) resulted in the device appearing to be acceptable for recycling as-is or whether there was some block on it that prevented the device being immediately re-cycled.
3. A record of any devices that were or still are being held in quarantine.
4. A record of the notification of the intention to proceed with the recycling of a device in the past or currently held in quarantine at a given date.
5. A record of subsequent examinations of the status of devices and who conducted each examination.
6. A record of the model, serial number and IMEI number for each examination.
7. A record of the entity having, or claiming to have, title to the device at the time of the examination (if known).
8. Any notifications relating to the device to or from the police.

## Definitions

Block	A notice on the record of the device held by the automated tool that indicates that recycling cannot proceed without quarantine procedures.
Device	These procedures encompass all types of devices that currently or in the future occupy the mobile telephony market space. These include mobile phones, tablets, players and any other device subject to these kinds of fraud. The terms ‘device’, ‘mobile phone’ etc. are used interchangeably in these procedures.
Periodic Check	Devices passing through the recycling process are potentially subject to a maximum of three checks using the automated tool: The initial check, a second check (approximately <b>3 working days</b> after the initial check) and a final check (approximately <b>7 working days</b> after the initial check).

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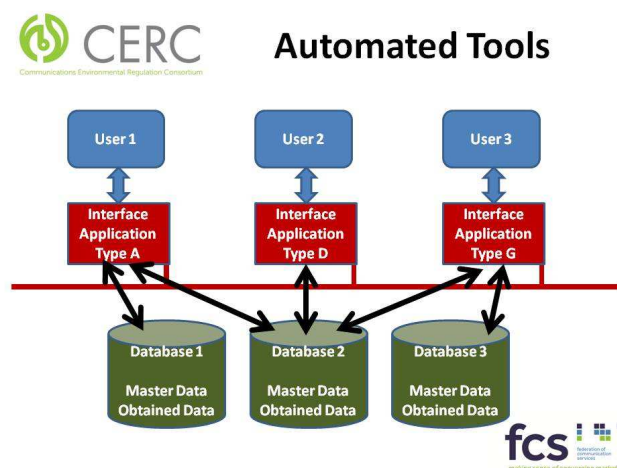
<sup>5</sup> A Quality Management System (QMS) is a management system called up by ISO9001. However, recyclers will generally need such a system in order to conduct their business even if they have elected not to become an ISO9001 company. Thus these procedures assume at least some kind of QMS will be on operation.

Recycling	These procedures use the term ‘recycling’ to encompass all possible activities to refurbish and/or repair a device to sell on as a device, to recover components from the device if it cannot be refurbished or repaired economically or to recover valuable substances from the device. All these possible outcomes are in accordance with current environmental legislation.
Trusted Source	A supplier of devices all of which have undergone at least one check using the automated tool and which have been found to be free of any block. As a special case, devices that are no longer needed in an investigation could be returned to the recycler by the police for recycling. The police might be considered a Trusted Source for the purposes of these procedures.
Quarantine	A store in which devices are held that have been reported as being blocked for any reason.
Quarantine Period	The time between the device being placed into quarantine by the recycler and first formal notification being given on the automated tool and the time when the device can be taken from quarantine by the recycler and passed into the recycling and onward sale of the results of the recycling process. This period is set at <b>28 working days</b> .
Repatriation	The return of a device to a person or entity who is the legal owner.

## An Automated Tool – Essential Requirements

The volume of examinations involved is expected to necessitate the employment of an easy to use and acceptably-priced automated tool that supports the required outcomes. It is expected that several different tools will be in use in the industry. The choice between automated tools is left to the user. However, certain essential requirements are defined here to ensure that all tools in use provide the necessary minimum functionality. The capabilities of the automated tools will generally considerably exceed these essential requirements to provide additional benefits to those users selecting a particular tool for use. These additional facilities, although very important to the user, are not defined in these essential requirements. An example of a typical benefit would be a facility within the tool that provides the user with the outcomes of the Periodic Checks without the need for the user to instigate those checks. By definition, this cannot be an essential requirement because it could (theoretically) be done with a more manual process.

These procedures assume that this automated tool will comprise of two basic parts. First, a data base of all the relevant information and secondly, some form of interface application that facilitates interrogation and reinterrogation of the data and also disseminates information between all



participants involved as required<sup>6</sup>. Thus a fairly normal modern system architecture is envisaged. Please refer to the diagram and the examples of use below.

The FCS notes that the different components of the automated tool may be provided by different entities. However, these procedures take the perspective of the user and so the 'automated tool' is referred to throughout these procedures as if it was a single entity.

This approach permits the unification of the service without the need for radical change to existing data bases already in use.

It is believed that there is more than one data base repository and several interface applications already in existence or under consideration. However, these procedures recognise that the number of such facilities is not expected to rise without limit and so these procedures do not at this time seek to impose standardisation of interfaces. Synchronisation of the data to the extent that all the data bases are all capable of providing all the necessary data to all the interface applications is highly desirable. The FCS believes that, at this time, these interfaces can be accomplished through negotiation between the parties. However, this approach will be kept under review as time goes on.

#### Examples of use

To assist the reader to understand how the automated tools may provide the required functionality, some examples of use are noted here. They follow the diagram above.

##### User 1

User 1 has an operational need that requires a defined set of facilities. They need to access the master records held by Database 1 and Database 2 and some data that Database 1 can reliably obtain from the master holder of that data (another database somewhere).

Through a normal procurement process, they have selected Interface application Type A from a supplier. This interface application is therefore configured to interface with Databases 1 & 2. Neither database need be disturbed other than to permit access for User 1.

##### User 2

User 2 can support all their current operational needs through access to Database 2. Because their needs are different to User 1, their procurement process results in them obtaining interface application Type D. This could be from a completely different supplier.

The necessary configuration is completed and they are able to operate. The appearance of the interface application to User 2 is very likely to be completely different to what User 1 sees on their application. The data sets displayed will (by definition) also be different.

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<sup>6</sup> At the time of writing, several possible interface tools are either in existence and use or under development. Furthermore, there are at least two potential sources of data which could be used. Thus these procedures foresee a fully competitive market in these tools.



### User 3

User 3 has different requirements also. As a matter of policy, they prefer to deal only with the master records. They need information from Database 2 & 3 and so their chosen interface tool (again different from Users 1 & 2) looks to them completely different.

From these examples the following advantages can be seen:

1. The interface tools can be obtained under normal market forces and can be configured to provide for the needs of the different users in terms of data they handle, the appearance and functionality.
2. The databases are not disturbed. Any data held that is not considered the master record on that particular database can be obtained by synchronisation but there is no imperative for that database to be changed such that it connected to another database. The interface tool can present the desired combinations of data to the user.
3. Databases that are considered to hold the master records simply continue as they are today. There is no imperative to revise the status of any record.
4. The structure allows for future diversification. Thus today a user may be only interested in seeing data relating to mobile phones. However, they may have plans to expand their operations to encompass bicycles as well (say). This structure allows that their interface application would simply be re-configured to look at a bicycle database and present that data in the desired way. Again, that bicycle database would not need to be altered except to allow access.

The diagram also includes a communication link between the interface applications. This foresees that users may need to communicate with each other on items or information that is not included in the database records. Obviously, most of the current process is included in the database records. However, this may not be always true in the future.

These procedures assume that the automated tool has sufficient capability to inform the user whether the device is registered as having been stolen or is under suspicion of having been stolen or lost, records all the necessary information to support the QMS scheme of the entity automatically and is configured such that various entities can have the information relating to the devices as required under suitable arrangements. Thus the automated tool provides the entire community of users with the status of a particular device with respect to suspicion of fraud at the time of the enquiry, and automatically performs the necessary communications between all relevant parties on status and transactions in relation to any particular device.

## Essential operating requirements of the Automated Tool

The essential requirements for the operation of automated tools are:

1. That all user-essential obtained contents of the data base component of the automated tool are synchronised with relevant master records<sup>7</sup>. This synchronisation shall occur at least daily.
2. The automated tool shall have a facility to accept and process data feeds from all UK Police Forces and other law enforcement agencies that can upload serial numbered crime data at least daily and preferably on a real-time basis. The data shall identify devices that have been stolen or are suspected as having been stolen and the associated crime reference number.
3. The automated tool shall have a facility to access data on blocked handsets from all UK mobile phone networks, including identification of handset type, IMEI number, network operator and reason for blocking.
4. The automated tool shall have a facility to access data supplied by the UK insurance industry members that upload claims data with relevant serial numbers of the claimed goods.
5. The automated tool shall have a facility to conduct real-time searches of mobile phone handset IMEI numbers to identify if the handset is subject to insurance cover or to an insurance claim, and provide details as at 4) above. The relevant insurer should be identified.
6. The automated tool shall have an automated facility to electronically inform the relevant law enforcement agency Single Point of Contact, telecommunications network, or insurer of any identified handset or device searched on the system.
7. The automated tool shall have a facility to upload the data within the system to the police
8. The automated tool shall provide 'real-time', downloadable certification of search on mobile phone IMEI including time/date stamp.
9. The automated tool shall record the details of the recycler having possession of the device being tested.
10. The automated tool shall have a facility for all use of the automated tool to be audited by law enforcement bodies and the Home Office
11. The automated tool shall have a facility to conduct searches against NMPR held data or other equivalent data resources as deemed acceptable
12. The automated tool shall have a facility to provide consolidated daily and weekly reports of handsets identified as registered with a crime reference from all UK police forces' Single Point of Contact.
13. The automated tool shall have sufficient capacity to store 7 years of historical data relating to all of the above.

This document does not include the assessment of the compliance of automated tools to the above essential requirements. This is the responsibility of the users who select a particular tool to be used.

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<sup>7</sup> For example, the current master record for the IMEI number is the GSMA database.

## **Blocking Code Definition**

It is noted that the current blocking code definitions do not give detailed information on the cause of blocking. This is something that may change in the future allowing the better routing of the device to the police for example. For now it is only possible to place a blocked device into quarantine and use the formal notice procedure to advise the entire community (including the police) that the device has been located.

The CERC supports that the blocking codes are adjusted to permit the identification of a police interest in a device. This would allow an immediate transfer of the device to the police, thus saving a lot of time and effort. At present, this does not seem to be possible.

## Procedures by Sector

The following sections provide procedures against fraud for the recycling industry. These procedures are constructed within a framework of actions that occur within other sectors such as the insurance industry.

### Recycling Industry

#### Recycling Industry Assumptions

1. That all recyclers having an interest in mobile phones have access to an automated tool.
2. That transit times of devices through the recycling process is typically less than two or three days for each recycling entity.
3. That devices are presented to recyclers through the following sources:
  - a. From phone operators' retail outlets
  - b. From charities
  - c. From retail sector actors in consolidated packs
  - d. From private citizens using the post to deliver phones one-at-a-time.
  - e. Via website systems followed by postal delivery
  - f. From other recyclers
  - g. From international sources
4. That payment for devices offered for recycling will occur very quickly following confirmation that the device is not subject to a block.
5. That business-to-business on-selling of devices will not require the automatic re-checking of devices on receipt if the seller is known to have checked the device within the previous three working days. i.e. the device has been obtained from a trusted source.
6. That all devices (including low-value items) are checked at least once during the recycling value chain<sup>8</sup>.
7. That title is passed to the relevant recycler on settlement of payment for devices which are not subject to a block on the automated tool.
8. That devices which are in the possession of a recycler and which are later found to be subject to a block on the automated tool will be immediately placed into quarantine and will undergo the quarantine procedures. These quarantine procedures have the following characteristics:
  - a. That the recycler is not obliged to pay anything to the supplier of the device if it is determined to be subject to a block.
  - b. That the recycler shall hold the blocked device in quarantine for the prescribed period then recycle the device if it remains unclaimed.
  - c. That the recycler shall pass the device to the police in the event they indicate they have an interest in it
  - d. Devices in quarantine are investigated to determine the person or entity which has undisputed legal title to the device. If such a person or entity can be identified the device is repatriated using the repatriation procedure.

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<sup>8</sup> Adding this stipulation means that virtually all devices will be checked at least twice as they pass through the process from initial presentation by the owner at a retail point (say) through to the final recycling completion.

9. Some devices presented for recycling may be so designed that the IMEI number cannot be read other than by electronically interrogating the device. If the device is malfunctioning such that the necessary information cannot be read from it, the check cannot be conducted. In such cases, these procedures assume that the recycling will proceed as if the device was free of block unless information to the contrary is received.

## Recycling Procedures

Recyclers have several distinct sets of procedures to follow. These depend on what the source of the device is and the desired outcome in each case.

### Trusted source

There are several examples of recycler companies having established business relationships with other entities that they trust. In these cases, the arrangement may be that the trusted source of the device may have already checked the device using the automated tool and found the device to be free of any block. The check might have been done immediately before shipment to the recycler entity.

In this case there is little advantage gained in checking the device again only a few hours after the previous check. Thus the recycler can immediately proceed to recycle the device and place it in outgoing stock.



## 1. Trusted Source

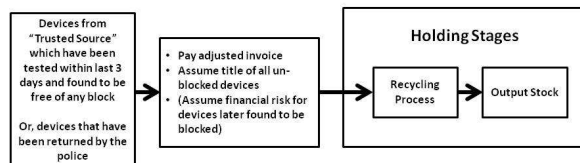


Diagram 1 illustrates the procedure.

- Devices are delivered to the recycler that are known to have been checked immediately before delivery and are free from block. Alternatively, devices that are no longer needed by the police are sent back to the recycler. Both of these sources are trusted.
- The recycler pays the invoice and assumes title as the devices are free of blocks. The devices can then be submitted to the recycling process and placed into output stock ready for onward trading. This process can have a variable time duration ranging from only a few hours to many weeks.
- In the case of longer holding by the recycler, further procedures are required (see below).

### Check Before Recycle

In cases where the devices are obtained from a non-trusted source, it is necessary to check them using the automated tool.

Diagram 2 illustrates the procedure.

Sources that are not trusted for the purposes of the detection of fraud may include sources that:

1. Do not offer a service of checking the device prior to delivery,
2. May have checked the device earlier but more than three days has elapsed since the check,
3. International sources who may operate in an environment that is outside UK controls

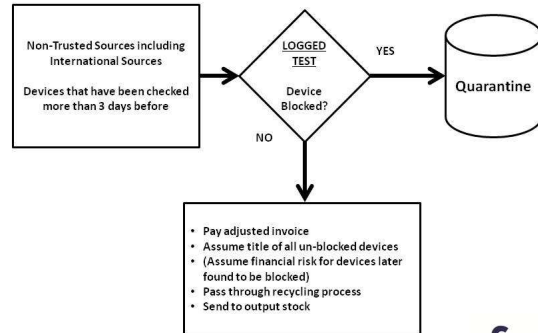
A number of other situations could arise.

The recycler is strongly advised to perform a check of the device as soon as possible on receipt of the device. Preferably before making payment to the supplier and before undertaking significant amounts of recycling (refurbishment) work.

- If the device is found to be free of any block it is passed to the recycling process and afterwards placed in output stock, ready for onward trading.
- If the device is found to have a block placed against it cannot be recycled immediately and must instead be placed into quarantine store.



### 2. Check Before Recycle



### Held Devices

Some devices may remain held in the possession of the recycler for a longer period. This could be a result of complications in the recycling process or simply that onward trading is slow. The procedures consider them as Held Devices.

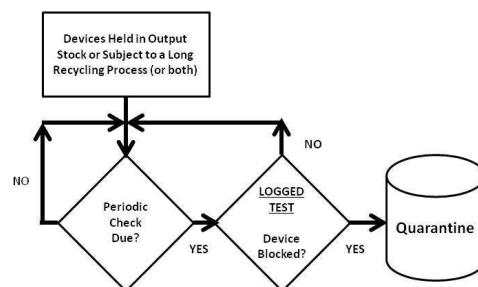
Because of the extended period at the recycler, these devices may become subject to additional checks of their status using the automated tool.

Diagram 3 illustrates the procedure.

Devices that are thought to be free from any block and which are held by a recycler are subject to two periodic checks.



### 3. Held Devices



- If the check on the device confirms it is clear of blocking, the recycling and onward trade process continues unaltered.
- However, if the check on the device returns a blocked result from a periodic check, the device is removed from the recycling or output stock and placed into quarantine.

### Quarantine Procedure

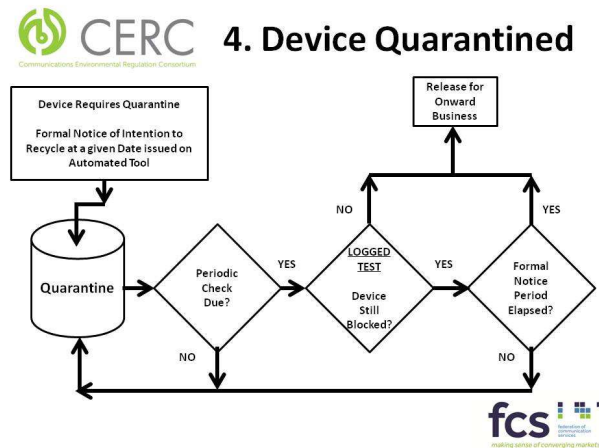
When a device is detected to be subject to a block other than for the reason of being stolen or suspected of being stolen, it is placed into a quarantine store.

Diagram 4 illustrates the process.

Immediately the device is placed into quarantine, a **formal notice of the intention to recycle** the device is issued using the automated tool. This formal notice conforms to the requirements of the Tort Act 1977<sup>9</sup>.

The essential components of the formal notice are:

1. Notice that you (the recycler) intend to recycle the goods at the close of the quarantine period.
2. The date at which the quarantine period closes.
3. Details of the devices and any accessories etc.
4. Notice of the obligation on the owner to collect the devices. (Note that for practical purposes, it is now taken that the owner can ask for the goods to be sent to them by post).
5. Your (the recycler) name and address
6. An explanation of the fees likely to be charged to the owner for the return of the device. These fees can comprise:
  - a. any refurbishment charge,
  - b. storage costs,
  - c. postal charges if the owner asks for the device to be sent to them,
  - d. any costs associated with the administration of the repatriation process.
7. (Optional but highly recommended) A clear warning that the fees charged could exceed the residual value of the device. The exact figure owed will not be known at this stage.



This notice is distributed using the automated tool. This is an inevitable step because, except in certain rare circumstances, the recycler is very unlikely to know at that time who the owner is or what their

<sup>9</sup> The Tort Act 1977 pre-dates many of the considerations of modern recycling of mobile phones. However, it remains the only known legal measure that addresses issues such as the return of devices from repair and the non-collection of such devices and the consequential onward sale. As recycling encompasses the potential refurbishment of devices, it is believed that the Tort Act 1977 can be taken as a good guide to the proper procedures in cases relating to the recycling industry. Annex 1 contains the essential elements of the Tort Act as interpreted by Trading Standards

address is. Furthermore, the recycler is also very unlikely to have any clear surety that any person claiming legal title to the device actually is the legal owner.

In those rare occasions that the address (known as the proper address) of the person or entity having legal title to the device is known, the above formal notice must be sent direct to that address. A proper address is the Registered Office of the Limited or Public Limited Company that has title or the last known address in any other case.

The device then stays in quarantine and is subject to whatever periodic checks remain to be done. If a periodic check reveals that the block has been removed, the device can be taken from quarantine and recycled and placed into output stock. Otherwise, the device stays in quarantine until the quarantine period expires. At the close of that period the device can be recycled and placed into output stock.

If as a result of the formal notice a response is received from an entity that the device is to be repatriated, the device enters the repatriation process (see below). This response must be received before the expiry of the quarantine period. These procedures assume that the recycling process and onward sale of the device can happen very quickly and so the device will no longer be available for repatriation very soon (perhaps only hours) after the expiry of the quarantine period.

These procedures assume that in the majority of cases, the above formal notice will not attract any response requiring repatriation. This will either be because the entity having interest in the device (an insurance company say) has no obligation on them that requires the device to be returned or because other factors apply.

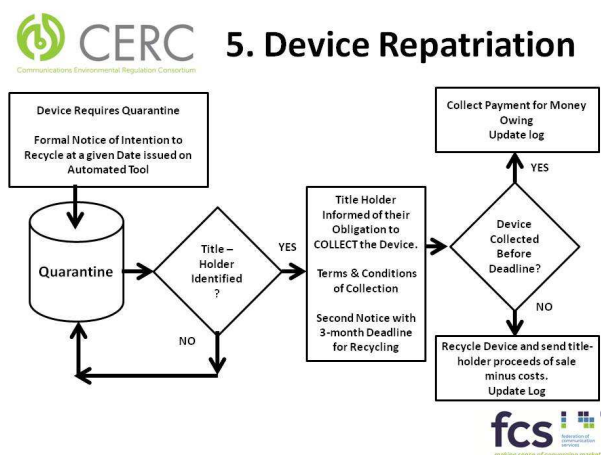
**The log on the automated tool of the formal notice is sent to everybody. Thus it is considered to be sufficient evidence that the recycler has taken reasonable steps to trace the owner. The lack of response to the formal notice records those efforts as unsuccessful and so the recycling and onward sale can proceed.**

**Note that the formal notice will also be sent to the police. They may indicate they have an interest in the device whilst it is in quarantine and also provide information on where and to whom the device should be sent (under normal arrangements for costs etc.).**

### Repatriation Procedure

Following the issue of the formal notice, a response may be received calling for the repatriation of the device either to an insurance company who will seek to repatriate the device to the legal owner or direct to the legal owner.

*Note: If there is no response to the Formal Notice, the recycler will not know anything about the title holder. Therefore the procedure for the repatriation of the device cannot start and so the device must continue with the quarantine procedures above.*





The direct repatriation of the device to the legal owner is not possible unless details of that person or entity are made known to the recycler.

Diagram 5 illustrates the process.

- On receipt of the request for repatriation, the recycler must first take a reasoned opinion whether the entity or person claiming title to the device actually is sufficiently well identified to allow the repatriation process to start. If not, the device will remain in quarantine while further details are sought from the entity that responded to the formal notice. If insufficient further details are obtained, the quarantine process continues until the quarantine period expires and the device is placed back into the normal recycling process.
- Once the recycler considers that a right and proper repatriation can be undertaken, the recycler issues a second notice to the person or entity requesting repatriation. This second notice has all the information that was in the first notice with an additional statement that the repatriation must be completed within **3 months** from the date of the second notice. After which time the device or its components will be recycled and made ready for onward sale as appropriate.
- The issue of this second notice must be in writing and can be via the automated tool if the requestor is content with that medium or via email by agreement on email address.
- At the time of the repatriation of the device to the entity or person who has title to that device, the recycler will issue an invoice to the entity or person having title in accordance with the scale of charges announced in the initial Formal Notice.
- If the requestor changes their mind and decides against requesting the repatriation, the device can be recycled normally. Proceeds from the onward sale must be sent to the requester but the recycler is entitled to deduct costs as detailed in the initial Formal Notice from the proceeds. As noted above, these deductions could easily reduce the proceeds to zero.
- If the requestor does not reply to the second notice the device can be recycled in the normal way at the end of the 3-month period. Proceeds from the onward sale must be sent to the requester but the recycler is entitled to deduct costs as detailed in the initial Formal Notice from the proceeds. As noted above, these deductions could easily reduce the proceeds to zero, especially as even more storage costs could have been accrued.

## Insurance Industry

### Insurance Industry Assumptions

1. That the insurance industry will have well-established procedures in relation to fraudulent claims.
2. That all insurance companies having an interest in the insurance of devices will secure access to a suitable automated tool or have some other satisfactory means of achieving the functions of the automated tool. The tool will be proactively used to identify actions relating to devices of interest to insurers.
3. That while objectives of using the automated tool may differ between companies, the highest priority is often not possession of the device itself but the information that a device in which they have an interest has been offered for recycling and has been the subject of a test using the automated tool.
4. That except in special cases, the recovery of the device from the recycler is not required (stressing the high priority placed on having the relevant information available).
5. That in the event that repatriation of the device to the owner is required, the insurance company will generally seek to progress this in accordance with their existing procedures and obtain the device from the recycler for that purpose.
6. If the insurer wishes the recycler to repatriate the device direct to the owner they will make suitable arrangements with that owner, and arrange payment of costs. Then instruct the recycler to repatriate the device in accordance with the repatriation procedure (above) and, subject to considerations relating to data protection, provide the necessary contact information on the owner of the person or entity having legal title.
7. In the event that the return of the device is required, the recycler will be compensated for costs incurred (see Annex 1).
8. That it is accepted that it is not possible for the recycler to identify the correct insurance company for a device. Thus the insurance company must identify itself to the recycler for those devices in which it has an interest.
9. That the insurance company accepts that very quickly (perhaps only a matter of hours) after the expiry of the quarantine period, the device may cease to be available.
10. In cases of disputed title to the device, the recycler will adopt the quarantine process and not the repatriation process as noted above.
11. That in the event that no repatriation of the device is required, the MNO will be requested to remove the block.

### Insurance Company Procedures

As noted above, because procedures are already established, this document does not specify procedures for the insurance companies.

## **Mobile Phone Operators and Virtual Mobile Phone Operators**

### **Assumptions for Mobile Phone Operators and Virtual Mobile Phone Operators**

1. That in general, most new phones are provided in replacement for existing phones under a recognised contract arrangement. Thus details of the person or entity are known to the operator. In these cases, there is little likelihood of fraud given correct identification of the individual involved.
2. That operators rarely accept mobile phones for recycling independent of a phone contract or some knowledge of the person offering the phone for recycling. There is no immediate payment for devices offered for recycling. A clearance process is undertaken.
3. Payment in cash is not done.
4. Some operators rarely check the device against the automated tool at the retail outlet at the time the device is offered.
5. That operators will place blocks on the records of devices for a wide variety of reasons.
6. That operators will usually outsource recycling services to recycling companies and that these services include all aspects of checking for fraudulent activity.
7. In common with insurance companies, the information that a mobile that they have placed a block on has been offered for recycling is highly valued.
8. That operators will almost never require devices to be returned to them by recyclers. Repatriation is not a frequent requirement.
9. Contact information held by operators is subject to data protection legislation and is not generally available to be passed on to recyclers.
10. Devices that are detected as being subject to a block will be placed into quarantine.

### **Operator's Procedures**

Operators have established procedures for recycling. In view of the practice to outsource most aspects of recycling services to recyclers, no additional procedures are offered in this document.

## **Retail Sector**

### **Assumptions for the Retail Sector**

1. Some traders in the retail sector may already have approved arrangements for the control of fraud. These procedures are compatible with the existing processes.
2. Devices are checked at the time of the initial offer.
3. Payment for the device is delayed to allow time for the device to be checked against the automated tool.
4. Devices may be stored at the retail unit for some time prior to being sent to the recycler in consolidated shipments.
5. Devices that are detected as being subject to a block will be placed into quarantine.

### **Retail Trade Procedures**

In consideration of the practice that the retail trade sends the devices to recyclers for onward processing, these procedures do not consider it necessary to propose any further detailed procedures for the retail sector.

## **Service Sector**

### **Assumptions for the Service Sector**

1. Devices are checked against the automated tool in cases where the device is deemed to be uneconomical to repair and thus a new, replacement device will be issued.
2. Where the service strategy calls for a replacement device to be issued, the incoming device will be checked using the automated tool.
3. Devices that can be repaired and sent back to the identified owners need not be checked as no obvious fraud is in progress.
4. Some devices presented for recycling may be so designed that the IMEI number cannot be read other than by electronically interrogating the device. If the device is malfunctioning such that the necessary information cannot be read from it, the check cannot be conducted. In such cases, these procedures assume that the replacement of the defective device will proceed as if the original device was free of any block unless information to the contrary is received.
5. Devices that are detected as being subject to a block will be placed into quarantine.

### **Procedures for the Service Sector**

Taking into account the above assumptions, it is not believed to be necessary to propose further detailed procedures for the service sector.

## **Annex 1 – The Torts (Interference with Goods) Act 1977**

There follows a copy of Guidance given by Trading Standards in a number of areas on the relevant parts of the Torts Act 1977. This Guidance (with slight variations) is readily available on a number of Trading Standards websites:

**The Torts (Interference with Goods) Act 1977** provisions apply any time after the goods are ready for collection, subject to any terms imposed at the time the goods were left for repair.

If you are in possession of a customer's goods and he/she is under an obligation to collect them (e.g. because you have repaired the goods for the customer), you are entitled to sell the goods if they remain uncollected and are not otherwise the subject of a dispute. Before doing so, you must satisfy two conditions:

1. You must first send the owner of the goods written notice of:

- their obligation to collect the goods;
- details of the goods to be collected and the address at which they are held;
- your name and address;
- details of any sum of money owing in respect of the goods at the time the notice is sent (e.g. repair charges, storage costs).

This notice may be delivered direct to the owner, left at his proper address or posted to it. The 'proper address' means:

- in the case of a limited or public limited company, the registered office or principal office;
- In any other case, the last known address of the owner.

2. If the notice does not result in collection of the goods you must send the owner, by recorded delivery post or registered letter:

- the same information as in the notice above, plus
- notice of your intention to sell the goods if they remain uncollected, and the date of the intended sale.

The period between the issue of the second notice and the date of intended sale must be reasonably sufficient for the owner to reclaim the goods. If any money is owed to you, this period must be at least three months.

If the owner still does not collect the goods by the date stated in your second notice, you can sell them. You must give the proceeds of the sale to the owner of the goods, but you are entitled to keep any money owed to you, including the cost of the sale (e.g. advertising).

If the owner of the goods is not at the proper address, you can still go ahead with the sale after you have taken reasonable, unsuccessful, steps to trace him/her.

## **CERC Mission Statement:**

A Communications Industry Consortium with the objectives of:

- Influencing & challenging environmental regulation
- Sharing information
- Leading industry best practice

The CERC works proactively on the industry's behalf to achieve commercially acceptable outcomes which match the regulators' intentions within the reality of the marketplace.

## **About the FCS**

FCS is the not-for-profit industry association for companies which deliver professional communications solutions to business and public sector customers in the UK. Be it voice or data; via radio, mobile, copper or fibre; the FCS Mission is to champion and defend the role of the professional communications provider in the converging market place.