

# Free Broadband Hits Carphone Warehouse

Unprecedented demand for its free Broadband service has been blamed for a 10% fall in annual profits for the Carphone Warehouse. The company, which owns Talk Talk, has stores in Broad Street and The Oracle as well as other branches throughout the county.

The company reported almost a 10% drop in annual pre-tax profits for the year up to March 31st 2007, equating to £123.1 million. The troubled free broadband offer (through Talk Talk) has been blamed for £80.5 million of losses incurred during this period which also coincided with the launch of its Virgin Mobile joint venture in France.

**Costs spiraled as customer service problems piled up following the unprecedented demand for the free broadband package. The Talk Talk offering proved incredibly popular upon its launch last year and the company struggled to keep up with customer service issues as a result of the demand. Customers could have free high-speed internet to customers paying £20 a month for a landline phone.**

Bosses admitted the offer created service problems for the company. Chief executive Charles Dunstone said it created a service 'nightmare' for the firm, but added: "The customer service issues which arose from the unprecedented response to our free broadband offer have now substantially been addressed." The company have also cut their line rental prices by 50p for their Talk Talk service.

**Carphone is the UK's third biggest broadband provider following the expansion of its operation with the addition of AOL UK – the biggest deal in the firm's history.**

