



Telecom Regulatory Policy CRTC 2026-43

PDF version

References: 2024-294, 2024-294-1, 2024-294-2, and 2024-294-3

Gatineau, 12 March 2026

Public record: 1011-NOC2024-0294

Prohibition of fees that are a barrier to switching cellphone and Internet plans

Summary

Through its [Consumer Protections Action Plan](#), the Commission is working to help protect and empower Canadians in their dealings with Internet, cellphone, home phone, and television service providers.

The Commission created the [Wireless Code](#) and the [Internet Code](#) (the Codes) to make it easier for Canadians to understand their contracts, prevent bill shock, and switch service providers. The Codes are used by the [Commission for Complaints for Telecom-television Services Inc.](#) to help resolve customer complaints.

Recent changes to the *Telecommunications Act* (the Act), which came into force on 30 October 2025, require the Commission to implement new consumer protections. As part of its Consumer Protections Action Plan, the Commission launched a series of public consultations to implement the changes, including Telecom Notice of Consultation 2024-294, which focused on prohibiting fees that are a barrier to switching cellphone and Internet plans.

As part of this consultation, the Commission received a wide range of views, including from individuals, consumer groups, accessibility groups, and service providers. Based on the public record, and in accordance with the changes to the Act, the Commission is setting out the types of fees that are prohibited.

The Commission is also amending the Codes to include new consumer protections that empower Canadians to modify or cancel their cellphone and Internet service plans without incurring fees that may discourage them from doing so.

The Commission is implementing these protections by updating its existing regulatory framework, as set out in the Codes, to help minimize the administrative burden being imposed on service providers.

These new consumer protections will come into effect on **12 June 2026**.

This is the first in a series of Commission determinations that address the changes to the Act.

Background

1. The Commission established numerous consumer protection measures in the [Wireless Code](#) and the [Internet Code](#) (the Codes). These measures include requiring that all fees be disclosed to customers; ensuring that early cancellation fees are not a barrier to customers switching service providers; and prohibiting key contract terms, including the minimum monthly price, from being changed during the commitment period.¹
2. The [Commission for Complaints for Telecom-television Services Inc.](#) (CCTS) is an independent, not-for-profit organization that assists in resolving issues between telecommunications and television service providers and their customers. It is also responsible for administering the Codes.
3. In the 2023 Policy Direction,² the Government of Canada directed the Commission to take measures to ensure that consumers can promptly, affordably, and easily cancel, downgrade, transfer, or otherwise change their services.
4. On 20 June 2024, the *Telecommunications Act* (the Act) was amended to include the following provisions:³

Prohibition

27.04 (1) A telecommunications service provider must not charge a fee to a subscriber that is related to the activation or modification of a telecommunications service plan, or any other fee whose main purpose is, in the opinion of the Commission, to discourage subscribers from modifying their service plan or cancelling their contract for telecommunications services.

Type of fees

27.04 (2) The Commission must specify the types of fees for the purposes of subsection (1).

Exemption

27.05 The Commission may, subject to any conditions that it may specify, exempt any telecommunications service provider or class of telecommunications service providers from the application, in whole or in part, of sections 27.01, 27.02 and 27.04.

5. To implement these amendments, on 22 November 2024, the Commission issued Telecom Notice of Consultation 2024-294. In that notice, the Commission considered how it could amend the

¹ See sections B, D, and G of the Codes.

² *Order Issuing a Direction to the CRTC on a Renewed Approach to Telecommunications Policy*, SOR/2023-23, 10 February 2023.

³ See division 37 of the *Budget Implementation Act, 2024, No. 1*.

Codes to prohibit fees that could be a barrier to Canadians cancelling or modifying their service plans; how those fees should be defined; and what, if any, fees should be exempt from the prohibition.

6. The amendments to the Act came into force on 30 October 2025, through an [order in council](#).

Issues

7. The Commission has identified the following issues to be addressed in this regulatory policy:
 - What types of fees should be prohibited and what types of fees should be exempt?
 - How should these new consumer protections be applied?

What types of fees should be prohibited and what types of fees should be exempt?

Positions of parties

8. There was broad consensus across the public record that any fees prohibited by the Commission should be clearly defined for transparency, implementation, and compliance purposes.

Activation and modification fees

9. Individuals and consumer groups submitted that high activation fees act as a barrier to switching cellphone and Internet service plans, especially when multiplied by the number of people in a household or an organization who have their own plan. They similarly considered that fees related to the modification of a service plan were a barrier to switching plans.
10. Consumer groups recognized that service providers may be recovering costs through some of the fees they charge. However, they argued that some of the fees charged seemed excessive. For example, they highlighted that activation fees had increased significantly in recent years.

Cancellation fees

11. Service providers indicated that the Codes already regulate early cancellation fees through robust consumer protections that limit their amount and require the service providers to disclose those fees to consumers.
12. Consumer groups and accessibility groups submitted that, while the Codes already regulate early cancellation fees, the Commission should prohibit any early cancellation fee that is not related to a device subsidy.
13. Consumer groups further expressed concern that device rental plans were not fully addressed under the early cancellation fee protections in the Codes. They cited, for example, the fact that the payment a customer must make at the end of their contract (if they want to keep their device) does not gradually decrease over the commitment period, which could act as a barrier to switching plans. The CCTS also submitted that complaints about device rental plans are on the rise.

14. Service providers indicated that device subsidies, device financing plans, and device rental plans are optional services that respond to market demand. They added that changes to the early cancellation rules are not required because, in their view, device rental plans as currently offered comply with the Wireless Code.

Other fees

15. Consumer groups indicated that the following fees could reasonably be exempt from a fee prohibition because they represent real costs to service providers:

- fees related to the purchase of a device;
- fees related to a physical installation at a customer's premises; and
- fees related to a product or service that otherwise provides enough added value to a consumer that they would choose to pay for it.

Commission's analysis

16. Section 27.04 of the Act prohibits service providers from charging certain fees related to the activation or modification of a service plan. Accordingly, the Commission is implementing these amendments to the Act.

17. While section 27.04 of the Act broadly prohibits activation and modification fees, the Commission recognizes that prohibiting fees related to installation services at a customer's premises could have a negative effect on future broadband Internet rollout because those installation services represent actual, necessary, and sometimes significant costs.

18. Similarly, service providers may offer optional services (e.g., Wi-Fi configuration at a customer's premises) or products (e.g., additional equipment that is not required for the delivery of the telecommunications service to the customer's premises) that consumers may expressly agree to purchase. The Commission considers that fees related to optional services and products do not fall under the category of "activation or modification fees" related to the telecommunications service itself.

19. In light of the above, the Commission amends the Codes to include the following definition:

Activation or modification fee

Any fee incurred as a result of activating a new retail telecommunications service plan or modifying an existing one, except for reasonable fees related to the physical installation of a telecommunications service at a customer's premises or fees related to additional products or services the customer has explicitly chosen to purchase.

20. The Commission also analyzed fees whose main purpose is to discourage customers from modifying their service plan or from cancelling their contract for telecommunications services. In the case of fixed-term contracts where there is no device subsidy, the Wireless Code currently

allows service providers to charge early cancellation fees not exceeding the lesser of \$50 or 10% of the remaining monthly charges. By contrast, when there is a device subsidy, early cancellation fees are based on the value of the subsidy. In light of the amendments to the Act, the Commission considers that early cancellation fees when there is no device subsidy fall under the category of fees whose main purpose is to discourage customers from switching service providers.

21. Accordingly, the Commission amends section G.3.i. of the Wireless Code as follows (changes indicated in bold):

3. Early cancellation fees – No subsidized device

i. When a subsidized device is not provided as part of the contract, **a service provider must not charge an early cancellation fee.**

22. The Wireless Code and the Internet Code have been modified to reflect these changes.

23. The Commission intends to consider how consumer protections related to early cancellation fees, as they apply to device rental plans, would be better addressed as part of the Commission's proceeding to harmonize the Codes. In its [Consumer Protections Action Plan](#), the Commission outlined its intention to launch a proceeding to combine the Codes into a single code that is more clear, simple, and consistent across all services. The Commission encourages all interested persons to participate in that future proceeding.

How should these new consumer protections be applied?

Positions of parties

24. Large service providers and consumer groups generally argued that any prohibition of fees should apply equally to all service providers to prevent confusion and ensure that regulatory requirements are applied in a fair and consistent manner.

25. Smaller Internet service providers (i.e., those that are not currently required to comply with the Internet Code), expressed concern regarding the administrative burden that updating their billing and customer-management systems would represent, given their more limited resources. Wholesale-based providers (also known as resellers) submitted that a prohibition of fees could undermine their business model because they would incur costs from their own wholesale service providers, through Commission-approved tariffs, that could not be recovered from retail customers.

26. Service providers also submitted that the prohibition of activation fees should only apply to individual customers because the set-up requirements for business accounts, including those for small businesses, are more complex and expensive than those for personal accounts.

27. The CCTS submitted that the Commission should aim to have these new consumer protections apply to all service providers that are subject to the Codes.

28. Regarding the implementation timeline, service providers indicated that they would need time to implement any new regulatory requirements. However, large service providers indicated in their responses to a request for information that they can already manually waive fees as needed, allowing them to comply with the new prohibition of fees while they update their systems to make these changes automatic.

Commission's analysis

29. The Commission's determinations in this regulatory policy will be implemented by amending the Codes because it is the most efficient mechanism that balances the requirements of the Act with the Commission's ongoing efforts to reduce administrative burden on the industries it regulates, including on smaller service providers. Any service provider that is subject to the Codes will be required to comply with these amendments. For further clarity, the new consumer protections will apply to:

- individual and small business customers of mobile wireless services offered by all wireless service providers; and
- individual customers of home Internet services offered by Internet service providers that are subject to the Internet Code.

30. The Commission intends to examine whether to expand the application of the Codes to other service providers as part of the Commission's future proceeding to harmonize the Codes, which was signalled in its Consumer Protections Action Plan.

31. The Commission recognizes that implementing these new consumer protections will require time. However, since service providers have noted on the record of this proceeding that fees can be manually waived at the time of purchase, the Commission considers that this would allow service providers to comply with the new provisions while they update their systems to remove the prohibited fees.

32. Although the amendments to the Act came into force on 30 October 2025, the Commission will only enforce the amendments to the Codes starting on **12 June 2026** to allow service providers the time to implement them.

33. Given that the CCTS administers the Codes, it will also administer these new provisions. The Commission requests that the CCTS report on complaints received about activation and modification fees in its annual and mid-year reports, as it already does for other complaints it receives.

34. The Commission will use all available tools to monitor and ensure compliance within the industry, including conducting compliance exercises, reviewing the CCTS's reports, issuing notices of violation, and imposing administrative monetary penalties.

Red tape reduction

35. In this regulatory policy, the Commission has implemented the amendments to the Act by updating its existing regulatory framework, as set out in the Wireless Code and the Internet Code, instead of developing new regulatory frameworks.
36. Similarly, the Commission is using existing industry reporting mechanisms to monitor industry compliance by requesting that the CCTS report on complaints received about these types of fees in the mid-year and annual reports it already publishes on its website.
37. With respect to the prohibition of fees, the Act prohibits fees related to the activation or modification of a service plan. The Commission exercised its discretion to ensure that this prohibition applies only to fees whose main purpose is to discourage customers from switching plans. The Commission took this measure to ensure that this prohibition does not apply to reasonable fees related to the physical installation of a telecommunications service at a customer's premises or to fees related to additional products or services the customer has explicitly chosen to purchase.

Conclusion

38. In light of all of the above, the Commission amends the Wireless Code and the Internet Code to include the following definition:

Activation or modification fee

Any fee incurred as a result of activating a new retail telecommunications service plan or modifying an existing one, except for reasonable fees related to the physical installation of a telecommunications service at a customer's premises or fees related to additional products or services the customer has explicitly chosen to purchase.

39. The Commission also amends section G.3.i. of the Wireless Code as follows (changes indicated in bold):

3. Early cancellation fees – No subsidized device

- i. When a subsidized device is not provided as part of the contract, **a service provider must not charge an early cancellation fee.**

40. These amendments will take effect on **12 June 2026**.

2023 Policy Direction

41. The 2023 Policy Direction states that the Commission should consider how its decisions would promote competition, affordability, consumer interests, and innovation.
42. This regulatory policy aligns with paragraphs 2(a) to (d) and subparagraph 17(b)(iv) of the 2023 Policy Direction; it will foster affordability and protect the rights of consumers by

prohibiting fees that could be a barrier to Canadians switching plans. It will also allow service providers to charge reasonable fees for installation services at a customer's premises and for optional products or services a customer expressly agrees to purchase. In doing so, this regulatory policy will maintain competition or investment while ensuring it furthers the Commission's policy goals.

Secretary General

Related documents

- *Call for comments – Making it easier to choose a wireless phone or Internet service – Removing barriers to switching plans*, Telecom Notice of Consultation CRTC 2024-294, 22 November 2024, as amended by Telecom Notices of Consultation CRTC 2024-294-1, 20 December 2024; 2024-294-2, 14 February 2025; and 2024-294-3, 28 February 2025
- *The Internet Code*, Telecom Regulatory Policy CRTC 2019-269, 31 July 2019, as amended by Telecom Regulatory Policy CRTC 2019-269-1, 9 August 2019