In a similar incident last fall, Verizon abandoned a planned fee for settling phone bills through last-minute credit-card payments after customers complained.

AT&T Inc. caved to complaints that it's placing unreasonable limits on the "unlimited data" plans it offers smartphone subscribers.

The cellphone company said on Thursday that from now on, it will only slow down service for its "unlimited data" subscribers when they hit 3 gigabytes of usage within a billing cycle.

Previously, the company had been slowing down service when subscribers entered the heaviest 5 percent of data users for that month and that area.

There was no way for subscribers to find out ahead of time what the limit was. AT&T would send a warning by text message to people who approached the limit. The data throttling would then kick in a few days later. Thousands of subscribers complained about the policy online.

"Our unlimited plan customers have told us they want more clarity around how the program works and what they can expect," AT&T said in a statement Thursday.

AT&T doesn't sell the "unlimited data" plan any more, but subscribers have been allowed to keep it. The company charges $30 per month for the plan, the same amount it charges for 3 gigabytes of data on a new "tiered" or limited plan. AT&T has about 17 million "unlimited" smartphone subscribers, most of whom use iPhones.

AT&T's reversal comes less than a week after iPhone user Matt Spaccarelli won a small claims lawsuit against the company for slowing down his service. A Simi Valley, Calif. judge awarded Spaccarelli $850, agreeing that "unlimited" service shouldn't be subject to slowdowns. AT&T argued that it never guaranteed the speed of the service, just that it would provide unlimited downloads. The company said it will appeal the decision. It bars subscribers from bringing class

action suits.

As part of the new policy, the Dallas-based phone company said subscribers with "unlimited" plans and smartphones capable of using the new "LTE" data network would see the slowdown at 5 gigabytes rather than three. The LTE network is faster and doesn't have many users yet.

T-Mobile USA is already up front about the usage levels where throttling kicks in for its data plans. Verizon Wireless has a "5 percent" formula similar to AT&T's, but doesn't throttle unless the particular cell tower a heavy user is communicating with is congested at that moment. By contrast, AT&T and T-Mobile throttle speeds for the rest of the billing cycle, regardless of local conditions. Verizon's policy has drawn few complaints.

Alone among the Big Four national wireless carriers, Sprint has an unlimited data plan that isn't subject to throttling. However, it reserves the right to cancel service for those who use excessive amounts of data.

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