



# Gambling Related Harm APPG

## Gambling Related Harm APPG Evidence Session Minutes

**Date:** Wednesday 12<sup>th</sup> February 2020

**Time:** 2pm

**Location:** Grimond Room, Portcullis House

**Chair:** Carolyn Harris MP

**Minutes taken by:** James Olney, Interel UK

### Members Present

- Carolyn Harris MP
- Ronnie Cowan MP
- Rt Hon. Sir Iain Duncan Smith MP
- Rt Hon. Lord Foster of Bath
- Rt Hon. Stephen Timms MP (Left at 2:28pm)
- Gerald Jones MP
- Richard Holden MP (Joined at 2:30pm)

### External Guests

- Neil McArthur – (CEO, Gambling Commission)
- Bal Izzet – Gambling Commission
- Brad Enright – Gambling Commission
- Tamsin Morgan - Gambling Commission
- Katherine Morgan - Interel
- Holly Ramsey - Interel
- James Olney – Interel
- James Miller – bacta
- Leslie Macleod-Miller – LMM Associates
- Anthony Franklin
- Niamh McDade - RSPH
- Paul Terroni - Novomatic
- Simon Thomas - Hippodrome Casino
- John White – bacta
- Ann Webster – CCF
- Tony Parante – Individual with interest
- Tom Oldfield - DCMS
- Joseph Field - DCMS
- Mary Miller - DCMS
- Sue Harling - DCMS
- David Altaner - Gambling Compliance
- John Stergides - Electrocoin
- Aimee Horwood - Flutter
- Tiffany Trenner-Lyle - Camelot
- Mike Kenwood – Gamcare
- Stella Dalton - Betting and Gaming Council



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- Miles Baron – PLMR
- Kate Langston - Money and Mental Health
- Adam Avery – Individual with interest
- Shane Carmichael - Advisory Board for Safer Gambling
- Clare Rees - Gamble Aware
- Alyssa Owens – PHA Group
- Martin Jones – Gambling with Lives
- Nick Harding – Individual with interest
- James Noyes – Social Market Foundation
- Dan Waugh – Regulus Partners
- Jo Lloyd – Office of Carolyn Harris MP
- Iain Fraser - Office of Ronnie Cowan MP

### Minutes of the Meeting – 2:10pm – 3:10pm

**CAROLYN HARRIS MP** opened the meeting and welcomed attendees. She reminded them of the purpose of the Group's current inquiry looking at problem gambling, and welcomed Neil McArthur from the Gambling Commission.

**CAROLYN HARRIS MP** asked if **NEIL MCARTHUR** agreed that the 2005 Gambling Act was analogue legislation in a digital age, how gambling related harm has changed, and how legislation can ensure that vulnerable people are adequately protected.

**NEIL MCARTHUR** responded that the biggest change over the life of the legislation had been the move towards greater online gambling – which is why the Gambling Commission ('the Commission') worked with government to have the Gambling Act amended in 2014 to give the Commission the power to regulate all online gambling wherever the operators were based.

**NEIL MCARTHUR** said that the way the Commission approaches the whole question of risk minimisation is by looking at a combination of factors, including the provider (who must be licensed) and the individual gambling – one of the things that has become increasingly important in terms of the Commission's approach has been really to push the industry to know its customers in an holistic way to keep them safe.

**NEIL MCARTHUR** also pointed out that the products and the way people are playing has changed. They know that more people are playing online, more likely on their mobile then on a tablet or laptop. Products are changing, with customers increasingly playing on intense games like slots or in-play betting rather than match betting. This shifts the risks.

**CAROLYN HARRIS MP** asked what **NEIL MCARTHUR** means by 'Know Your Customer' (KYC) and how he envisages that functioning / looking like.

**NEIL MCARTHUR** responded that KYC as a principle has been integrated into gambling companies' approaches previously – such as the money-laundering team or the safer gambling team (compliance issues) or VIP teams (high value customer retention) – but none of their different functions talked to each other and so did not get a holistic view of the customer in which they knew the source of funds, that the player was gambling affordably and therefore never joined up the pieces in a way that interacted effectively.

**NEIL MCARTHUR** said that the Commission had found that too many enforcement cases had identified inappropriately close relationships between the VIP team and the customer where all objectivity has been lost.



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**RONNIE COWAN MP** asked how can the Gambling Commission convince the APPG that it is fit for purpose, noting that if it was, surely it wouldn't be chasing all these issues over the years.

**NEIL MCARTHUR** responded that the Gambling Commission is fit for purpose but believes there is always more to be done. He was clear that the Commission's number one goal and aim is to make gambling safer for consumers. He does not believe the issue is getting worse, and that there are areas where things are getting better. He says that part of the issue is that the Commission's positive work has exposed previous practise that is unacceptable.

**NEIL MCARTHUR** said that the purpose of the Commission's corporate strategy introduced two years ago was to make sure that gambling was being conducted "fairly and safely" and that operators were raising their standards. This had three strands – introducing a tougher compliance and enforcement regime in response to repeated compliance failures by operators.

**RONNIE COWAN MP** asked why such a system was not in place already.

**NEIL MCARTHUR** responded that the Commission's regulatory regime was always evolving to meet emerging risks and issues, like all regulatory regiments constantly are. In the context of online, he noted that up until 2015 the Commission did not regulate most online gambling in the UK, and has been working really hard since then to make sure that online gambling is safer and standards are being raised.

**NEIL MCARTHUR** said that he believes that you can never complete the work of making gambling safer and standards higher, but that the Commission's work online is happening in the context of their work to change company mindsets on the important of KYC to keep people safe. He noted that the Commission have also developed the National Strategy for Reducing Gambling Related Harm as a framework for better prevention, education, treatment and support, and that they are always looking for ways to tackle emerging risks in coordination with industry as the risk profile, given the changes in technology, is constantly shifting.

**RONNIE COWAN MP** asked when he talks about changing mindsets, if he means the mindsets of CEOs and big gambling companies.

**NEIL MCARTHUR** responded that he means across industry, but starting with CEOs and their Boards.

**RONNIE COWAN MP** asked if so, what's wrong with their mindsets now?

**NEIL MCARTHUR** responded that as a result of the work of the Commission and others pushing the industry in this new direction there has been a real shift in tone at the top of industry. However, that needs to work it's way through organisations to make a difference to reduce gambling related harm.

**CAROLYN HARRIS MP** asked if industry is more afraid of the Commission or the APPG.

**NEIL MCARTHUR** said that he hopes they're afraid of both. He feels that as a result of the enforcement action taken by the Commission, which has been much tougher, behaviours have changed.

**CAROLYN HARRIS MP** clarified her question asking if problem gambling would have been on the agenda if the APPG and others hadn't started raising it. She drew attention to the issue of credit cards used in gambling and notes that the APPG has brought it up many times previously, and yet it took the Commission 18 months to say that they should not be used for gambling.

**LORD FOSTER OF BATH** notes that evidence indicates that there is changing mindsets at the top of gambling organisations, however it must also be about the regulatory framework. He notes that by the witnesses own admission the greatest change has been to online, with online gambling now the biggest source of problem gambling. He notes that in land based gambling there are very clear limits on stakes and prizes and when they were changed (as with FOBTs) there were massive reductions in the numbers of



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gamblers and of, he suspects, problem gamblers, as a result - but there is still no stakes and prizes limit for online games. Equally there is a full assessment procedure for new land based games but no assessment procedure for new online-based games. He asks why online has been treated so very differently.

**NEIL MCARTHUR** stated that he does not accept that online is being treated differently and notes that since the Commission published the Review of Online Gambling in 2018 it has begun systematically working through the areas they believe will have the biggest impact to protect players, including increasing protections around age verification to protect children, placing free to play games behind age walls, and mandating improvements to custom identification to give a clearer picture of who the customer is to allow a system like GamStop to act more effectively.

**NEIL MCARTHUR** said that the Commission has worked with the Competition and Markets Authority to improve terms and conditions and to improve the way operators interact with the players. Additionally, the Commission has set out a forward work programme that included looking at the credit card ban, which the Commission has now introduced and examining how to tackle withdrawals of funds rules to stop operators doing their KYC checks at the point of withdrawal rather than deposit. The plan also flagged that they would look at online stakes and prizes.

**NEIL MCARTHUR** said that the reason the Commission are focussed on that work now and had not put it previously at the top of the list was that at the time their evidence showed that 93% of stakes online were already below £2. He said that the Commission is now focussed on online stakes and prizes and will respond to the emerging issue that more players are playing online slots since two years ago. He also said that the Commission is looking at how to protect players by getting a better overall look at them, and he drew attention to a technology event in Birmingham going on at the time with over a 100 people (inc gambling operators, tech providers and the Information Commissioners Office) looking at how they can get a better picture of customers online.

**NEIL MCARTHUR** said that both land and online games need to be tested and though there are some differences, it's not as stark as the APPG suggests.

**LORD FOSTER** asked **NEIL MCARTHUR** to clarify if an online game has to go through the same process as a land based game.

**NEIL MCARTHUR** responded that it is not the same process but there is a process, with remote technical standards set by the Commission that test houses must test against to ensure they operate in the way they are intended to operate. The Commission is also working with land and online games to make the information delivered to customers more meaningful to allow customers to better understand their level of risk and potential losses.

**LORD FOSTER** asked **NEIL MCARTHUR** to write to the APPG about the assessment process for new online games compared to land-based games, because the information provided today is contrary to the information he has been provided from other parts of the industry.

**LORD FOSTER** asked if **NEIL MCARTHUR** believes, from the information he has as the CEO of the Commission, it is likely that there will be the introduction of stakes and prizes for online games within the next relatively short period of time.

**NEIL MCARTHUR** replied that the Commission is looking at the issue and will make a decision soon, but does not want to prejudge the consultation process at this point. He pointed out that he has made it clear to the industry that they are looking at the issue.

**LORD FOSTER** asked for a timescale for the Commission's report on the matter.



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**NEIL MCARTHUR** replied that the issue of stakes will feature as part of the ongoing Challenge workstream around product features and product design, and that a roadmap for future action will be in place by the end of March. He declined to commit to a date on the spot.

**STEPHEN TIMMS MP** asked how much the Commission received in fines last year, and of that how much related to online activities.

**NEIL MCARTHUR** replied that he did not have that data to hand, but would be happy to write to the committee with it. He clarified that significant fines were imposed last year. On the second part of the question, he responded that over the last 18 months online compliance activity has been a “significant” feature of the Commission’s work.

**STEPHEN TIMMS MP** asked what proportion of total fines were derived from online operators.

**NEIL MCARTHUR** responded that he did not know that figure, but that he did know that of the 189 operators holding online licenses, 150 had been subject to detailed compliance assessments, with a very significant proportion required to create action plans to improve their standards, with a further significant number subject to enforcement action already and a number the subject of ongoing action.

**STEPHEN TIMMS MP** asked if it was correct that fines last year were at a record level.

**NEIL MCARTHUR** agreed that this was correct.

**STEPHEN TIMMS MP** asked what that tells the Commission about the state of the industry, and if the situation is it getting worse?

**NEIL MCARTHUR** responded that fines are levied based on the nature of the breach, the need to change behaviour and the requirement to deter and ensure that there can be no financial gain from non-compliance.

**STEPHEN TIMMS MP** asked why fines were going up.

**NEIL MCARTHUR** responded that the number of fines was going up because they were part of a strategy to make it clear to the industry that the Commission will not tolerate repeated incidences of lessons not being learned. This means that they have been tougher with the industry, they have produced an annual report for the last two years detailing the lessons that need to be learned across the industry as derived from their casework, and have produced compliance checklists to drive up standards. He also said that fines are not the only power the Commission has.

**STEPHEN TIMMS MP** asked if fines are going up, does that therefore mean that operators are committing repeat offences, raising the number of fines levied?

**NEIL MCARTHUR** responded that is a result of the Commission telling operators they would be tougher on repeated incidents of non-compliance.

**STEPHEN TIMMS MP** asked what the fines are used for.

**NEIL MCARTHUR** responded that there are two ways that financial penalties are imposed by the Commission, and wanted to make it clear that the financial quantum of a penalty does not change depending on which of the two streams it is levied under. The value of the fine is calculated the same way to ensure it represents an appropriate regulatory outcome. If the Commission uses its powers under Sec 121 of the Gambling Act, the fine is paid into the General Fund. However, the Commission has also developed an alternative system in which the penalty will remain the same but, if appropriate, operators will be allowed to make a voluntary settlement which may then be paid to either a gambling charity or, in situations with a clear victim directly back to them.



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**STEPHEN TIMMS MP** asked that when **NEIL MCARTHUR** writes to the APPG to clarify the number of fines issued last year, if he could indicate how those fines have been distributed across these two streams.

**CAROLYN HARRIS MP** asked **NEIL MCARTHUR** if he thinks fines work.

**NEIL MCARTHUR** responded that they help concentrate the minds of Boards and CEOs.

**CAROLYN HARRIS MP** asked if that was the case, why then are some companies repeat offenders?

**NEIL MCARTHUR** responded that enforcement was ramped up because the Commission was seeing repeat offences, and was now seeing fewer repeat offences.

**CAROLYN HARRIS MP** asked **NEIL MCARTHUR** if he agrees that if fines don't work, then the way forward is to suspend gambling licenses.

**NEIL MCARTHUR** responded that he absolutely agrees, this takes place and will continue to do so, as well as revoking licenses when necessary.

**CAROLYN HARRIS MP** asked specifically when the last time the Commission revoked a license was, pointing out that they had sent her many press releases on fining offenders, but she is yet to receive one about the suspension of a repeat offenders license.

**NEIL MCARTHUR** responded that he will write to the APPG with the details.

**SIR IAN DUNCAN SMITH MP** said that the logical derivative from the answer to **STEPHEN TIMMS MP's** earlier question is that if the Commission is now enforcing more this suggests that the Commission were not properly enforcing the rules previously, and therefore fines will go up as a result. However, you would then expect the number of fines to fall as operators become compliant as a result of enforcement. He notes that this has not happened. He added at what point the Commission expects to see fines falling, or if they expect them to continue to increase as operators pay the fine off as an insignificant cost.

**NEIL MCARTHUR** responded that he would be cautious in using the level of fines as a measure of success as the other reason fines may go down is as a result of firmer action being taken against repeat offenders by going after their operator license. Alternatively, he explained that the Commission has also focussed on the personal accountability of gambling execs and has gone after the personal licenses of repeat offenders.

**SIR IAN DUNCAN SMITH MP** responded that he looks forward to the moment when the Commission is clear on what repeated offender actually means.

**SIR IAN DUNCAN SMITH MP** asked how many times someone has to offend before the Commission regards them as a repeated offender. He clarified that the reason he is asking is relevant to the context of later questions on VIP gambling, and recalls that when the APPG heard from the heads of the major online betting companies, he noted that the level of control and observance of VIP rooms is minimal. He noted that when pressed they evaded the question, but it became clear that VIP schemes were about encouraging people who regularly lost money to lose further money – which is sound financial logic given that gambling companies make their money off of customer losses. The companies admitted that they don't check the source of customer funds, so **SIR IAN DUNCAN SMITH MP** asked why the Commission asked the industry to review the running of their own VIP rooms and did not engage an external panel.

**NEIL MCARTHUR** responded that he's glad that he was asked about the VIP review scheme, as he wasn't sure the Commission had explained what they were doing on this particularly clearly. What the Commission is trying to do is take the tone at the top about increasing customer safety and get the industry to put their own resources where their mouth is. He notes that VIP schemes have been too prominent in Commission enforcement work over a number of years, and have made it clear to the industry that behaviour must



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change. Until recently, VIPs have been identified based solely on their spend, rather than if they could afford their spend.

**NEIL MCARTHUR** noted that the company leading the review have been on the sharp end enforcement and know what the Commission's expectations are around the review and believe that they can come up with a code to satisfy the Commission. The Commission responded by inviting them to do so, and will judge it at the end and decide if it should be supported by bringing in further regulation.

**SIR IAN DUNCAN SMITH MP** asked if **NEIL MCARTHUR** is uneasy that gambling companies deliberately target those who spend most and lose most as part of a process to get them to spend more and thus lose more. He also notes that those who actually win money, or even in some cases merely break even, are quickly blocked from the platform. He asked if there is now a case to simply say that VIP rooms themselves are simply distinctly damaging and lead to abuses because by their very nature they are promoting a damaging process at an accelerated rate, including via incentive schemes. He asked if there is there a growing sense in the Commission that there needs to be serious thought about shutting them down entirely or if that is completely out of the question?

**NEIL MCARTHUR** responded that it's actually the other way around – VIP rooms are at the forefront of the Commission's mind and their point to the industry is actually that if you think they serve any purpose, you must explain what that is and how they can be managed better, otherwise the Commission will have no choice but to ban them. He said that it cannot continue to be enforcement case after enforcement case where operators get the handling of high-value customers wrong.

**NEIL MCARTHUR** said that the Commission's position is that the tone at the top tier of the industry is great, now is the opportunity for short, planned and purposeful exercise where they can show, as they said they could, how they can make VIP rooms work, and the Commission will judge those proposals, drawing on outside expertise. He was clear that this is not the industry marking it's own homework question, and the Commission will seek to bring in lived experiences – people who have been involved with and damaged by VIP schemes.

**NEIL MCARTHUR** noted that this is a complex question, and that in trying to be innovative in its approach to solving the problem the Commission has taken a risk, but it's a one-off chance to get it right, and if action isn't taken, the Commission will have no choice but to introduce outright bans.

**SIR IAN DUNCAN SMITH MP** asked if the Commission has a criteria for what they want to see in the continued use of VIP rooms.

**NEIL MCARTHUR** said they have set out very clearly to those conducting the review the features that, based on past casework, they need to address. His position is that if the companies can come up with a system that rewards customer loyalty among those who want to gamble, have the funds to do so and are making an informed choice, then let's see it. The Commission has not given them long, and is expecting to see the proposals by the end of March. Though he understands why people are concerned by its approach **NEIL MCARTHUR** is clear that this is an attempt to try a different approach to make a difference to consumers, but if the industry cannot come up with an acceptable solution that meets consumer need, then the Commission will act.

**SIR IAN DUNCAN SMITH MP** asked if he will give the APPG an undertaking that the Commission will publish the recommendations made by the industry group before the Commission makes its own decision and invite consultation on the proposals.

**NEIL MCARTHUR** responded that the outcome of the piece of work will be published once the Commission has formed a view on the proposals, but depending on the outcomes there will either end up with a published industry code – which he would regard as "significant progress" – or the Commission would have to consult on changes to license conditions and codes of practise to fix the issue through direct means.



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**SIR IAN DUNCAN SMITH MP** asked **NEIL MCARTHUR** to commit to consult on the proposals, as he believes that they have seen similar efforts obfuscated in the past. He says that the use of devices to get those on the margins to gamble more when they cannot afford to do so is such a critical part of the issue with the gambling industry, with minimal checks taken place and the abuse of the system doing a lot of damage.

**NEIL MCARTHUR** responded that if the Commission has to resort to license conditions and codes of practise to correct the issue, then he has a statutory obligation to consult on the proposals anyway. He notes that one of the complaints the industry has about the Commission is that it is always consulting about changes to the regime.

**SIR IAN DUNCAN SMITH MP** asked if the Commission has a view on the extent of gambling industry advertising in sporting events and on who they target.

**NEIL MCARTHUR** responded that he is on the record as saying that he understands why people are concerned about the volume of gambling related advertising. He noted that the regulatory framework governing gambling advertising involves the Commission and other partners – and though the Commission requires it's operators to advertise in a socially responsible manner and will take issue if they don't, the content of adverts are a matter for the Advertising Standards Authority. He says that the ASA does a lot of work on this, and the Commission cooperates closely with them, altering license conditions to allow them to take actions and impose fines if the ASA believes that there is evidence of non-compliance.

**NEIL MCARTHUR** noted that the Commission's own evidence demonstrates that though people are concerned about the volume of advertising, they are also concerned about the impact it has on other people rather than themselves. He says the core concern displayed is about volume, which **NEIL MCARTHUR** has expressed concern about to the industry, and said that they need to address public concerns about advertising.

**NEIL MCARTHUR** said that though many operators say they are for reducing advertising, it is a demonstration of the Prisoners Dilemma in which no-one will go first for fear that they won't get the optimum outcome.

**NEIL MCARTHUR** also added that the volume of advertising does not actually fall within his remit, nor within the ASA's remit and will ultimately need to be addressed by government. He said it is likely it will be at the forefront of any future gambling review.

**SIR IAN DUNCAN SMITH MP** asked if the Commission would like the powers to set the scale of gambling advertising.

**NEIL MCARTHUR** responded that that is one option, but he is not going to make a land grab to regulate advertising. His view is that the public are concerned about the volume of advertising and something should be done about that.

**SIR IAN DUNCAN SMITH MP** asked if they would be happy with the power to even outlaw gambling advertising around certain types of sporting event or events generally.

**NEIL MCARTHUR** responded that the Commission is a statutory regulator, and will do whatever Parliament and the law tells him to do within the remit he has been given.

**SIR IAN DUNCAN SMITH MP** notes that the Commission is a Commission, and is not just there to implement guidance but to take a view. If things are as **NEIL MCARTHUR** has described, then the view of the Commission must be that this is an abuse, and so surely the next step is to ask government for the powers to address the abuse.



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**NEIL MCARTHUR** clarified that at the moment, his current powers allow him to require advertising to be socially responsible, the content must meet the ASA's standards, and the question of where to draw the line around volume and sponsorship is a matter of public policy. The Commission's view, is that there is probably too much gambling advertising at the moment.

**SIR IAN DUNCAN SMITH MP** asked him to clarify if the Commission's view is that they would like to have the powers to control that advertising.

**NEIL MCARTHUR** responded that he hasn't yet had the conversation with the Commission's board as to whether the Commission would see itself as the right body to do so, or if another regulator would be better placed if the issue was to be regulated.

**SIR IAN DUNCAN SMITH MP** asked if the Commission will make a recommendation to government on how gambling advertising should be regulated and who they think should do so?

**NEIL MCARTHUR** responded that they will if they are asked.

**RONNIE COWAN MP** asked **NEIL MCARTHUR** if he gambles. **NEIL MCARTHUR** responded that he does.

**RONNIE COWAN MP** asked what he thinks would be an acceptable amount, percentage-wise, to lose.

**NEIL MCARTHUR** responded that he gambles very little, and one of the reasons he does it is to test out the regulatory structures put in place by the Commission. He notes that only has an online account, where he can track what money has been spent and won – and is permitted to do so – but does not gamble in land-based shops as he is prohibited from doing so. He states that he tested the newly implemented credit card ban, by loading his account with money from a credit card to test the processes that had been put in place.

**NEIL MCARTHUR** said that the question of what is a reasonable amount of money to gamble links back to his earlier point about the need to know your customers. He identifies one of the major challenges in relation to all gambling, and why he believes personalised protections are important, is that a single blanket number as a stake limit will likely still be too high for many people, even if set at a very low level.

**RONNIE COWAN MP** asked what constitutes affordable.

**NEIL MCARTHUR** responded that the issue of affordability must be managed by reference to the needs of the individual. He said that in terms of managing gambling related harm, financial harm is a very important part of that, but even with unlimited resources an individual may end up gambling more than they wanted to in a way that endangered their mental health.

**RONNIE COWAN MP** asked for a clear answer to how much would he be prepared to allow him to gamble with if he had a million in the bank.

**NEIL MCARTHUR** responded that he would expect to see an operator to interact with an individual to make sure that they're safe, gambling with money they wanted to gamble with and that they could afford what they're spending. He would also expect them to ensure that gambling was not consuming too much of an individual's time, and consuming other parts of their life.

**RONNIE COWAN MP** asked if he would take a million pounds, or would he say that maybe that isn't a smart thing to do, or £900,000

**NEIL MCARTHUR** responded that there is no number you can easily get to that addresses the whole issue of risk.

**RONNIE COWAN MP** pointed out that Kenny Alexander said that £20,000 would be acceptable.



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**NEIL MCARTHUR** reiterated that you could experience gambling related harm even with unlimited wealth if someone was gambling more than they wanted and had lost control. He noted that financial harm is really important, but not the whole picture – that's why he has been pushing the industry hard to recognise that harm is not just about wealth, in recognising that even a "high-roller in a Mayfair casino" can still be a problem gambler.

**RONNIE COWAN MP** asked if the Commission believes that the industry owes a duty of care to its customers.

**NEIL MCARTHUR** responded that the Commission is already pushing hard in that area.

**RONNIE COWAN MP** points out that Brigid Simmonds, Chair of the Betting and Gaming Council, said that the industry does not owe its customers a duty of care, and that the Commission will fine operators who break the rules is a sufficient check. **RONNIE COWAN MP** asked if **NEIL MCARTHUR** therefore disagrees with the BGC.

**NEIL MCARTHUR** responded that he promised at the Lords Gambling Industry Committee the previous day to go away and consider what additional protections a duty of care might offer over and above what the Commission already does. He reiterated his earlier point about the work the Commission is doing to push operators toward operator responsibility to keep their customers safe, and that KYC involves the obligation to keep your customer safe – even if it does not form a legally defined duty of care.

**LORD FOSTER** asked, following on from his question to **NEIL MCARTHUR** the previous day, if he had thought any further on introducing license conditions around the idea of KYC. He agreed that it's hard to pick a definitive numerical cut off for the point at which too much money had been spent, however the Commission is effectively telling operators that there is a financial trigger at some point, but not what that value actually is.

**NEIL MCARTHUR** responded that he understood **LORD FOSTER's** concern. He noted that there is a constant push from the industry for the Commission to set a hard limit for them to comply with, but the difficulty was that from the point of view of a consumer, the affordability question is relative.

**NEIL MCARTHUR** explained that he was cautious about talking about a formal duty of care because he was both a lawyer by trade and that the appropriate remedy to a breach would be therefore be via the courts. He explained that he was not yet convinced that the right way to help those affected by gambling related harm was via the courts – since any legal resolution would not provide the required assistance in an appropriate time-scale.

**LORD FOSTER** said that he recognised that the whole issue of affordability was clearly something that mattered to the Commission, and that it was difficult to come to a clear conclusion on limits, but that if it is such an important component of gambling related harm it should be a very high priority for the Commission to work with the industry to identify a clear way forward.

**NEIL MCARTHUR** clarified that the Commission was very focussed on resolving this issue. He explained that the Commission were working to push back on the idea of one size fits all angle rather than the whole approach. He gave an example of high-risk under-25 gamblers as an example of a live issue the Commission was currently trying to take steps to resolve. He reassured the APPG that they were very focussed on working to resolve the issue.

**LORD FOSTER** asked if the Commission agrees that the credit card ban, which the APPG was in favour of, goes far enough. He pointed out the numerous loopholes in the Commission's new rules and asked what the next steps were to prevent people from gambling on credit.



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**NEIL MCARTHUR** responded that alongside the ban, the Commission would evaluate the impact to identify any unforeseen effects like driving people to borrow more money to gamble with.

**LORD FOSTER** noted that this was unnecessary as it is already known that people do this.

**NEIL MCARTHUR** replied that all roads lead back to the questions of affordability and KYC. The way forward as he sees it is to ensure that operators are inquisitive about their customers. As part of this, he would expect operators to be looking for attempts by people to get around the ban and question unusual source of finance.

**GERALD JONES MP** said that the APPG has recommended a £2 stake limit for content online, and asked if the Commission agreed with that approach.

**NEIL MCARTHUR** responded with reference to the review the Commission carried out of online gambling in 2018 having regulated that market for two or three years by that point. He said that the reason online stakes and prizes was not an immediate priority was the fact that a lot of stakes online are already below £2. However, he said that the Commission is now focussed on that as the next area to understand, partly because more players are now playing slots, and therefore the risk is heightened.

**GERALD JONES MP** asked what the timescale was.

**NEIL MCARTHUR** responded that he expected the Commission to resolve that issue in the next six months.

**CAROLYN HARRIS MP** asked if the Commission will be agreeing with the APPG at some point in the next six months that stakes online should be exactly the same as stakes on land.

**NEIL MCARTHUR** responded that he would expect the Commission to have come to a view in that timeframe.

**CAROLYN HARRIS MP** asked if he would agree with a £2 limit.

**NEIL MCARTHUR** responded that he wanted to gather the evidence, noting that most online staking is under £2 anyway. However, he also recognised that on both gaming machines and online it's still possible to lose an awful lot of money even at a lower stake and so stake targets are an important of an overall risk profile about how people play.

**CAROLYN HARRIS MP** pointed out that when the APPG said a £2 limit for FOBTs, the Gambling Commission said £30. She asked why she should believe that Commission will not come to the view that £30 is an acceptable stake online.

**NEIL MCARTHUR** responded that the Commission's job is to give the best advice and the best evidence that it can. He clarified that what they advised on Fixed Odds Betting Terminals was that there should definitely be a substantial stake cut, below £30, but that then what needed to be born in mind was that the lower you went under £30, that would start changing the hierarchy that had been set up in the regime around stakes and prizes and machines and, and, ultimately they are matters for parliament.

**NEIL MCARTHUR** said that the Commission was happy that the decision was taken to set the limit at £2 but that was always a decision for government. He noted that from his perspective the position was more nuanced because it had an affect on the hierarchy of machines that parliament set out.

**NEIL MCARTHUR** reminded the APPG that he doesn't control gaming machine categories or numbers or the premises they can be in, but enforces those rules. The advice they gave was that it must be below £30, - £2 is therefore consistent with that advice.



## Gambling Related Harm APPG

**NEIL MCARTHUR** said that he realised that that wasn't the most popular piece of advice the Commission has ever given, but that he was still satisfied that it was the right advice to give. Once Parliament had taken that decision, the Commission was extremely clear with the industry that they shouldn't come up with any innovative ways of trying to get round the stake cut. He noted that he was disappointed that a couple of the companies attempted to do so, and he wrote to them warning them not to do this. When a number of them still tried to do so, they were dealt with.

**CAROLYN HARRIS MP** pointed out that **NEIL MCARTHUR** has said throughout that he believes that the industry is trying to understand its customers as it has been told to do by the Commission, but when the Commission advised the industry not to attempt to circumnavigate the FOBT cap, they did it anyway. She also noted that he has said that they fine them, yet they do it anyway.

**CAROLYN HARRIS MP** asked if the industry is actually interested in anything the Commission has to say.

**NEIL MCARTHUR** responded that he doesn't believe that that is right, and that over the last few years there have been substantial changes in response to the Commission's work. He gave the example that the Commission has pushed gambling as a public health issue, which is now widely accepted. He also noted that operators have said publicly that multi-million pound fines from the Commission have acted as a wake-up call for them, and that they now seem to want to get things right – though there will always be more to do to make gambling safer.

**CAROLYN HARRIS MP** noted that the changes given as examples by **NEIL MCARTHUR** were not driven by the Commission, but by the APPG itself – £2 stake, credit card ban and gambling as a public health issue. She said that the Commission may have gotten behind the changes, but they certainly weren't pushing them first.

**NEIL MCARTHUR** responded that he didn't accept that interpretation.

**CAROLYN HARRIS MP** asked how important it is that people who complain to the Commission are responded to, dealt with properly and feel that they receive a satisfactory service (especially given that there is no Ombudsman to complain to). She asked if the Commission feel that they should get answers.

**NEIL MCARTHUR** responded that he is very concerned about the gap in current consumer redress arrangements, but the Commission, as the regulator, is not in a position to provide individual consumer redress. He noted that the Commission led on shining a light on the gaps in the process, and that he was very concerned by the number of conversations with consumers where the Commission simply cannot help.

**CAROLYN HARRIS MP** invited those who complained to the Commission to copy her in to emails for a rapid response.

**CAROLYN HARRIS MP** asked if **NEIL MCARTHUR** would give the APPG an answer about who owned Betway.

**NEIL MCARTHUR** responded that he was not in a position to do so, and that though he has written to the relevant parties they have not consented to that information to be released and he is therefore not able to give an answer due to data protection laws.

**SIR IAN DUNCAN SMITH MP** asked if it was reasonable for gambling companies to operate in the UK, but for people in the UK to be unclear as to who owns and controls them.

**NEIL MCARTHUR** responded that the Commission scrutinises applications carefully, and that he knows who owns the company, but that he is not at liberty to make that information public. He also noted that the power to remedy that issue is not in the Commission's hands.



## Gambling Related Harm APPG

**SIR IAN DUNCAN SMITH MP** asked that if **NEIL MCARTHUR** believed that there ought to be full transparency about such arrangements.

**NEIL MCARTHUR** responded that he believes greater transparency is generally a good thing, but that in this case he did not have the power to set the rules.

**SIR IAN DUNCAN SMITH MP** raised the issue of Bet365's operations in China, where gambling is illegal. He noted that the Government has said that illegal operations in any jurisdiction should affect an operators eligibility to hold a license in the UK. He asked if the Commission has looked into this issue, to see if it is true, and if so what the response should be.

**NEIL MCARTHUR** responded that the Commission's position has been consistent and that they expect operators to conduct their business lawfully and that they should carry out appropriate due diligence to ensure they do so in foreign jurisdictions. He noted that it's not his responsibility to police the world, and though if an operator was the subject of law enforcement efforts overseas it would affect their suitability to hold a license in the UK, to his knowledge this had not been the case.

**SIR IAN DUNCAN SMITH MP** asked if it is the responsibility of the Commission to make enquiries into stories that emerge about a company who holds a UK gambling license engaging in illegal activity overseas. He asked if the Commission has a responsibility to scrutinise rather than simply wait to be told.

**NEIL MCARTHUR** clarified that the Commission does scrutinise license applications along these lines.

**SIR IAN DUNCAN SMITH MP** asked if they have actually asked Bet365 what involvement they have had in alleged overseas criminality.

**NEIL MCARTHUR** responded that they would have been asked as part of their license application.

**SIR IAN DUNCAN SMITH MP** asked him to write to the APPG with the information at a later date, to clarify whether the Commission has asked Bet365 to make a declaration about their activities overseas since the information about their alleged criminality emerged.

**NEIL MCARTHUR** agreed to do so.

**RONNIE COWAN MP** asked if it was found that Bet365 were operating illegally in China, would the Commission revoke their license, or just fine them.

**NEIL MCARTHUR** responded that that was a hypothetical question he could not answer – he would attempt to get to the bottom of the issue through the usual processes and make a decision based on proven facts.

**CAROLYN HARRIS MP** thanked **NEIL MCARTHUR** for appearing before the APPG, and noted that he was not prepared with the answers for a number of likely question. She said that they looked forward to receiving a follow up letter providing further information, which **NEIL MCARTHUR** agreed to provide.