



Report from the Gambling Related Harm All Party Parliamentary Group

Online Gambling Harm Inquiry

Final Report

June 2020

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All Party Parliamentary Group for Gambling Related Harm

Final Report into the Online Gambling Sector

Introduction

Over the past year, the Gambling Related Harm All Party Parliamentary Group (the APPG) has undertaken an inquiry into the online gambling industry. Our interim report was published in October 2019. This final report is based on evidence given in public inquiry sessions, closed inquiry sessions and on submissions from stakeholders ranging from people who have been harmed by online gambling to online gambling operators themselves.

Since the publication of the Interim Report in October, we have continued to hear about the harmful effects that online gambling can have on people, their families and communities. We have met some very courageous women (some mothers with young children) who have come forward to talk publicly about their gambling addiction, some of who are now even facing prison as a result of crimes committed to feed their addictions. We have heard many stories of gambling leading to mental health problems, financial loss and, as we heard very powerfully from the charity Gambling with Lives, in some tragic cases suicide. We have also met with the Minister for Gambling, the Gambling Commission, the Advertising Standards Association and others who study or work on the causes and impacts of gambling related harm (a full list of participants in our inquiry is attached at annex A.)

It is important to note that we recognise that many people gamble without any problems at all and enjoy gambling. We are not against gambling or as some have said 'prohibitionist', this is to debase ours and others concerns. The APPG is now a group of over 50 prominent parliamentarians. The position we have consistently taken is that where there are clear instances of harm, where vulnerable people and children are at risk, of course the Government, the regulator and the industry must act to prevent this harm in a proportionate and evidence-based way.

The backdrop to our inquiry is the significant growth of online gambling over the past decade. According to information provided by the Gambling Commission to the National Audit Office (NAO), licensed gambling operations in the UK saw a 57% growth in the ten years to 2018-19. Also, the overall gross gambling yield, excluding the National Lottery, generated by gambling companies in 2018-19 amounted to £11.3 billion.¹

The significant increase registered in licensed gambling in this country represented is largely considered to be due to a rise in online and mobile gambling operations. According to the analysis provided by the NAO, gambling companies' yield from licensed online gambling operations increased from £1 billion to £5.3 billion in the ten-year period from 2009 to 2019.²

With the growth of online gambling there has also been a significant growth in online gambling harm. The Gambling Commission estimates that there are an estimated 395,000 problem gamblers in Great Britain, with 1.8 million more gamblers at risk who may also be experiencing harm, although a recent survey by GambleAware suggests that this figure could be far higher³. The impact of online gambling harm goes well beyond the gambler themselves of course, it impacts families, communities and leads to increased costs for wider society through the cost of treatment, welfare payments, the impact on the NHS etc. Given the extent of gambling harm, many have said it should now be treated as a public health issue: a proposition that we agree with.

At the same time, the regulation of online gambling in this country is behind that of many other countries. Unlike elsewhere we have more limited restrictions on online products, no restrictions on stakes or deposit limits and limited restrictions on advertising.

¹ <https://www.nao.org.uk/report/gambling-regulation-problem-gambling-and-protecting-the-vulnerable/>

² . <https://www.nao.org.uk/report/gambling-regulation-problem-gambling-and-protecting-the-vulnerable/>

³ <https://about.gambleaware.org/media/2191/treatment-needs-and-gap-analysis-in-great-britain-a-synthesis-of-findings1.pdf>

In this report, we set out a number of recommendations for the Government, the regulator and the industry to regulate the online gambling industry and to limit the harm it can cause. In doing this, we outline changes to the regulation of online gambling and also to the wider gambling environment to better protect gamblers and the vulnerable.

Some of our recommendations reinforce the recommendations set out in our Interim Report and in a number of areas we now see a need to go further in light of developments over the past six months.

We hope for the better protection of vulnerable people, their families and communities and that these recommendations will be carefully considered and acted upon.

Some of our preeminent findings are that:

- An urgent review of stakes, deposit and prize limits online as well as a complete review and classification of online products. There are currently no limits at all.
- The stake for online slots content should be no higher than £2 given the potential to cause harm.
- VIP schemes and inducements should be banned. These schemes are highly profitable for gambling companies offering very high stakes gambling and they continue to lead to significant harm.
- A ban on all gambling advertising as was the case before 2005.
- A complete overhaul of gambling regulation in the UK. The Gambling Commission is not fit for purpose
- A Gambling Ombudsman for consumer redress must be set up.
- A 'smart' levy should be paid by gambling operators to fund independent research, education, protection and treatment.
- A new Gambling Act is urgently required. While some immediate changes can be made through secondary legislation and the Government should consider what changes can be made in the short-term, an overhaul of the 2005 Gambling Act is required - fit for our digital age.

We would like to underline again that we are very grateful to all those who have taken the time to participate in our inquiry, all of whom have added greatly to the knowledge of the group. We are particularly grateful to those people who have spoken of their own personal experiences, who have themselves been harmed by online gambling or lost loved ones due to gambling addiction.

The Gambling Related Harm All Party Parliamentary Group, June 2020

Executive Summary

Gambling in the UK has grown rapidly over the past decade seeing a 57% increase. The overall gross gambling yield, excluding the National Lottery, generated by gambling companies in the UK in 2018-19 amounted to £11.3 billion.⁴

The significant increase registered in licensed gambling in this country represented a £4.1 billion growth and was largely considered to be due to a rise in online and mobile gambling operations. Gambling companies' yield from licensed online gambling operations increased from £1 billion to £5.3 billion in the ten-year period from 2009 to 2019.

In 2019, £5.3bn was lost by gamblers on online gambling⁵ and in a number of cases this money was lost by vulnerable people or those who gambled more than they could afford. The large scale of losses is an indication of the growing size and scale of the industry and the number of people who are gambling online. Excluding the National Lottery, an estimated 9 million people gamble each year in the UK and last year more than half of those did so online, including via a mobile or tablet.

Progress

Since the publication of our Interim Report in October 2019, there have been some positive developments towards greater regulation of online gambling. The APPG were pleased that the Government took forward our recommendation to review gambling legislation in its manifesto and agreed that the current act is indeed 'analogue legislation' in a digital age.

In line with the APPG's recommendation, the Gambling Commission also announced that gambling with credit cards would be banned from April 2020. The APPG strongly welcomed this; although it is regrettable that it took the Gambling Commission two years to make this very simple change that stakeholders

⁴ <https://www.nao.org.uk/report/gambling-regulation-problem-gambling-and-protecting-the-vulnerable/>

⁵ Gambling Commission, Industry Statistics - May 2019

including ourselves had been calling for. In addition to this, we welcome the recent guidance from the Gambling Commission, which again followed a request from the APPG, to ensure that people are not able to gamble on credit cards through payment systems such as PayPal or through their mobile phone bill⁶. **Gambling with other forms of credit such as loans and overdrafts should also be prohibited in line with the sentiment behind the credit card ban that people should not be gambling on credit of any kind.**

We also welcomed Starling bank's extension of its gambling block introducing a 48-hour delay to reactivate gambling payments after someone has turned on a 'gambling block' so there is a 48 hour delay before it's possible to gamble again. We would urge other banks to follow suit.

A need for greater regulation

But, the last few months have also shown even more clearly that far greater regulation of online gambling is needed to deal with the harms that can be caused by the industry and also that there needs to be a step-change in the pace of regulation. This year alone we have seen numerous cases of the industry acting irresponsibly in our view.

It has been reported in the national press that the owners of one prominent gambling operator have received profits from a company that treats public sector staff for health problems including gambling addiction, although it is understood that these owners deny this allegation.

It was revealed that some FA Cup games were being exclusively streamed via the betting company Bet 365 and that viewers were being required to open a gambling account to enable them simply to watch these games.

The Gambling Commission has also issued a number of fines for malpractice reflecting ongoing concerns around the use and abuse of VIP accounts (accounts

⁶ <http://www.gamblingcommission.gov.uk/news-action-and-statistics/News/guidance-on-credit-card-payments-made-through-money-service-businesses-msbs>

with inducements to gamble for high spend or frequent players) and other inducements and potential instances of money laundering. These include fines for companies such as FSB technologies who did not have sufficient oversight of three third-party or 'white-label' websites or effective anti-money money laundering and social responsibility policies and procedures in place between January 2017 and August 2019⁷. Triple Bet has had its licence suspended. Online gambling business Betway (who's ownership structure is opaque and has not been revealed to this group or publicly despite ongoing inquiries about this) was fined £11.6m, alongside implementing a package of measures, for a series of social responsibility and money laundering failings linked to dealings with seven of its high spending gamblers. In one instance, the operator failed to carry out source of funds checks on a 'VIP' customer who deposited over £8m and lost over £4m during a four-year period. In another, Betway failed to carry out effective social responsibility interactions with a customer who deposited and lost £187,000 in two days.

Whilst this action from the regulator is welcome, the fines also demonstrate the depth of malpractice in the sector. We are also concerned that the fines do little to deter large multi-national online gambling companies who make significant profits each year. In a number of cases that we have seen, the actions of the operator also suggest that rather than a fine, that operator should have had its license revoked for licencing breaches.

Actions to raise standards by the Gambling Commission

In an effort to raise standards and reduce harm, earlier this year, the Gambling Commission asked the industry to come forward with proposals for reform in relation to game and product design, advertising technology and high-value

⁷ <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/regulator-issues-warning-to-operators-over-third-party-responsibilities-as-fsb-receive-sanctions-for-failings>

customer incentives to gambling or VIP rooms.⁸ On 1 April, the industry and the Gambling Commission put forward their proposals. These were:

- Under 25s to be restricted from joining VIP schemes
- Tightened controls to be introduced for other VIP customers
- Online advertising rules strengthened to better protect vulnerable groups
- Progress made on safer product design, but the gambling commission noted that the industry must go further

The APPG welcomed these proposals as some first steps towards providing greater protections. They are also an acknowledgement by the industry that VIP scheme and advertising are harmful and need to be kept in check. Unfortunately, however, the proposals put forward are only a partial remedy.

In relation to VIP schemes, preventing under 25s being recruited to these schemes, enhanced due diligence and audit trails of reward programmes are limited proposals and are likely to do little to limit the extent of the potential harm which VIP schemes can cause. The Gambling Commission itself has just released a report on the tragic case of Chris Bruney who took his own life after being made a VIP at 25. These proposals would not have helped him.

A report obtained from the Gambling Commission by the Guardian newspaper earlier this year, showed the industry's reliance on VIP gamblers and underlined how keen the industry is to keep these schemes going. These schemes drive profit for the industry and the report set out that the Commission itself has seen the dependence of the gambling industry on VIP customers of those who are disproportionately likely to be addicts. One firm is said to have taken 83% of all deposits from just 2% of its customers through VIP schemes. The award of VIP status has been cited as a factor in seven out of ten regulatory penalties issued to companies by the Commission for failures to prevent problem gambling⁹.

⁸ <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/gambling-commission-and-industry-collaboration-makes-progress-on-safer-gambling>

⁹ <https://www.theguardian.com/society/2020/jan/02/gambling-report-shows-industrys-reliance-on-loss-making-customers>

We understand from these reports that the Commission is indeed itself looking to ban these VIP schemes. The Commission took the unusual decision of asking the industry to make its own assessment of the changes that are required and unsurprisingly, given the money they make from these schemes, they have suggested very limited changes. **Rather than relying on the industry, the Commission must act decisively and take steps to end these highly problematic VIP schemes.**

Advertising

In relation to the safer advertising proposals from the Commission's industry working groups, again we welcomed the concept of further restrictions. As we set out further in this report, however, there needs to be much stricter regulation of advertising in this country.

We all continue to be bombarded with gambling adverts, on TV (despite some reductions during the Covid-19 lockdown), it is now a dominant feature in our TV and sport viewing, around the football pitch, on shirts, online and often directly to us in emails or pop ups. Half of the Premier League's shirts featured gambling company logos in the 2019-20 season. The online football game FIFA which many young children play for hours on end also feature gambling adverts on the players' shirts. This means that that all of us, including vulnerable people and children, are continually being exposed to adverts and incentivised to gamble on a daily basis.

There is now an inextricable link between gambling and sports that has led many to rightly talk of the 'gamblification of sport.' Young people are at football matches not enjoying the game but live betting on the next goal or corner.

The APPG supports the work by the Big Step gambling charity, Tranmere Rovers and Lewes Football Club's excellent football charter which is seeking clubs' support to end the promotion of gambling in Football.

Some gambling companies have already come forward calling for a complete ban on advertising saying that they will no longer advertise on football shirts and provide more money for treatment. This is welcome although of course for the

larger companies who already have market dominance this is to their advantage against small companies.

From the evidence we have heard on the harm gambling can cause and given that the point of advertising is to encourage people to gamble, there is a clear case for ending all gambling advertising, marketing and inducements and adopting more stringent restrictions such as those soon to be adopted in Spain¹⁰. The Government has a duty to protect vulnerable people and also children and is out of step with the stringent restrictions and interventions in other jurisdictions. In addition to ending all gambling advertising is it also imperative that gambling advertising is also banned in online games such as FIFA which young children are playing often for many hours daily.

We discuss gambling advertising in more detail later in this report.

Safer products

The Gambling Commission also rightly asked the industry to look at how to make online gambling products safer. We agree with the Gambling Commission's view that the industry needs to go further and faster than the proposals that were put forward in April this year.

The APPG has done further work into the regulatory actions which are required to ensure online gambling products are less harmful.

As set out in table 2, on p64, there are no limits to online slots games. As we have heard, this is particularly problematic where vulnerable players are playing highly addictive casino or slot games. There are no mandatory stake limits, jackpot limits or restrictions on speed of play. In land-based venues such as Adult Gaming Centres or casinos there are clear limits set on each of these and they are systematically reviewed by the Government. Land-based venues also have far more restrictions placed on them to ensure player safety and they have people on

¹⁰ <https://calvinayre.com/2020/02/21/business/spain-new-rules-prohibit-online-gambling-advertising/>

their premises on-hand to spot the signs of risky play. This is not the case online and there should be greater regulation to reflect this.

The industry has explained to us that they do not need such restrictions as they are able to gage risk through assessing the gambling levels which are affordable to individuals. Yet, when we spoke to the companies they explained that affordability assessments were not yet fully effective, and they could not tell us what an affordable level of gambling was. Equally, assessing affordability is inherently difficult. Someone may have a full source of funds after being paid but it is very difficult for a virtual gambling company to assess the full range of financial commitments that person and their family faces in the coming month or what that person should ideally be seeking to save to protect themselves moving forward.

In this report we recommend:

- **An immediate independent review of how online products are regulated, tested, and classified.** Regulation of products seems to be weighted in favour of the industry and not the consumer. Products are allowed that are considered too dangerous elsewhere. The system needs to change. This review should also feed into the Gambling Act Review with a series of regulatory measures for current products to make them safe, as well as setting out a new regulatory framework for the future.
- **Restricting In-Play Sports Betting** to venues or via the telephone, to bring it in line with regulation in Australia.
- **Significantly slowing down the Speed** of 'Random Number Generated' digital slots and roulette. (e.g. online roulette much faster than land based which is supervised). **There should be no Free Spins, Turbo Spins, or Reel Stop play.**
- **Providing Accurate Information to consumers** on chances of winning and whether it is skill based or random chance.

Stakes

In our interim report, the APPG recommended that a review into online stake limits should be urgently undertaken and that a £2 stake limit on slots would be appropriate.

The APPG welcomed Neil McArthur, the Chair of the Gambling Commission's, announcement at our meeting in February¹¹ that the Commission will be forming a view on gambling advertising and online stake limits in the next six months. These are very important developments, and both are very serious issues which it is right that the Commission addresses urgently. We look forward to hearing reports from the Commission on these by September 2020 as promised.

In this final report the APPG again recommends that a £2 stake on riskier slot content should be implemented. We also support the Government's own Safer Gambling Advisory Board recommendations which rightly look at stakes, prizes, and speed of play, published in February 2020. These set out that the Gambling Commission should be "planning how a regime of stake, prize and speed of play limits could be implemented for online gambling" and they note that "unless significant progress is made by operators on player protection" the Gambling Commission should begin "working with government to introduce online limits on stakes, prizes and speed of play".¹²

The Gambling Industry has continued to resist any stake limits online at all. The newly formed Betting and Gaming Council trade body, which represents the online industry, and individual companies such as GVC holdings have been very outspoken on resisting a limit on slot content or any stake limits online.

As well as setting out that stake limits are not needed as limits can be based on affordability assessments (which as noted above are not yet effective) the industry has also resisted online stake limits on the basis that any limit at all would drive

¹¹ <http://www.grh-appg.com/wp-content/uploads/2020/03/GRH-APPG-Minutes-12.02.20.pdf>

¹² <http://www.rgsb.org.uk/News/2020/Advice-to-the-Gambling-Commission-on-actions-to-reduce-online-harms.aspx>

players to illegal sites. This is an argument that the industry has used before, particularly against the regulation of Fixed Odds Betting Terminals. In fact, when stakes were reduced to £2 there was no evidence of gambling users being driven to illegal sites.

Further, Neil McArthur, Chair of the Gambling Commission commented recently at the Public Accounts Committee:

“I know that the question of a burgeoning black market is often put forward as a concern— that somehow if the Gambling Commission keeps pushing standards, players will be pushed into the illegal market. That is not what we are seeing, and in any event I would suggest that you couldn’t possibly lower standards in the legal market as an encouragement for people not to set up illegal operators.”

He also commented:

*“The Gambling Commission does not see a lot of evidence— certainly not on the scale that has been claimed in some of the reports produced by the industry—of this burgeoning black market.”*¹³

The Government should not be swayed but large multi-national companies who are resistant to regulatory change and who are concerned about their profits. The Chief Executive of GVC Holdings, Kenny Alexander commented, for example, recently to investors that the introduction of a £2 limit online was “not going to be a good day in the office for ourselves”¹⁴.

Instead, rather than being swayed by an industry that in inevitably going to resist change given the profits they make, the Government should be taking heed of their own advisory board and question marks would be raised if they were not. In

¹³

<https://committees.parliament.uk/download/file/?url=%2Foralevidence%2F310%2Fdocuments%2F5421%3Fconvertiblefileformat%3Dpdf&slug=oe00000310pdf>

¹⁴ <https://seekingalpha.com/article/4330140-gvc-holdings-plc-gmvhf-ceo-kenny-alexander-on-q4-2019-results-earnings-call-transcript>

addition, the likes of experts in the field such as Prof. Henrietta Bowden Jones have pointed out that stake limits and other forms of 'friction' do tend to slow the pace of gambling and reduce problematic behaviour. Rather than rejecting limits out of hand, as we saw the bookmakers do in the case of Fixed Odds Betting Terminals, we would welcome bookmakers coming forward with proposals themselves to constructively engage in this discussion or deposit and stake limits.

Scrutiny of the Gambling Commission

Meanwhile, the regulator itself, the Gambling Commission, has also come under increasing scrutiny in recent months. It was heavily criticised in an unusual intervention by the National Audit Office (NAO), the Government's own Auditor in its recent report¹⁵. The NAO noted that the Gambling Commission is effectively being outrun by betting companies and warned that the Gambling Commission is struggling to protect people from gambling-related harm.

The report says that the Gambling Commission has not adjusted to technological change such as the rise of online and mobile gaming and that while the regulator has increased enforcement against gambling operators it needs to do much more to ensure they raise standards and be more systematic and detailed in recording and analysing information and developing its knowledge.

The report also notes that there is insufficient funding for the Gambling Commission, which has an annual budget of £19m but is expected to regulate an industry that took £11.3bn from gamblers last year.

When the APPG met Neil McArthur, the CEO of the Gambling Commission, who met with the APPG in February, in some cases he was unable to answer even the most basic of questions about the work of his organisation. The APPG expressed its concerns about the capacity of the regulator as it is currently formed to keep pace with the industry it is tasked with regulating.

¹⁵ <https://www.nao.org.uk/report/gambling-regulation-problem-gambling-and-protecting-the-vulnerable/>

The NAO report also says the Gambling Commission is “constrained by factors outside its control, including inflexible funding and a lack of evidence on how developments in the industry affect consumers”.

The NAO note that even if the Gambling Commission makes improvements “it is unlikely to be fully effective in regulating a challenging and fast-changing industry within the current system”.¹⁶This is totally unacceptable and is a matter of public concern and raises issues about the safety of the 1.8 million ‘at risk’ gamblers and 395,000 problem gamblers including some 55,000 children, some of whom are as young as 11.

Overall, the NAO’s report is a major intervention by the Government’s own auditor and organisation which holds the Government to account. **The APPG is concerned the Gambling Commission is not fit for purpose and recommends an urgent review of the Gambling Commission and its capacity to effectively regulate the burgeoning online gambling industry. The Government must commit further and more flexible funding for the Gambling Commission to enable it to cope with the growth in its responsibilities and there must be rigorous oversight as to how this is money is spent.**

The NAO report also highlights that consumers need to know much more about how to resolve disputes and that a Gambling Ombudsman is needed.

Covid -19

Of course, the emergence of the Covid -19 pandemic has had profound effects on us all. It has also created a new dynamic in the online gambling debate. The APPG has set out its concerns about the potential exposure of vulnerable people who are isolated at home to online gambling harm to the industry, the Government and the Gambling Commission.

¹⁶ <https://www.nao.org.uk/wp-content/uploads/2020/02/Gambling-regulation-problem-gambling-and-protecting-vulnerable-people.pdf>

During the lockdown people are at home and are severely restricted in their movements, with access to mini casinos on their laptops or mobile phones. As the Gambling Commission has identified, this period of isolation has real potential to encourage at risk and problematic gamblers and entice those who may be more vulnerable to gamble. The APPG therefore called for stringent protective measures to be put in place to protect vulnerable gamblers during this period.

Our concerns were unfortunately well founded. The Gambling Commission identified at a recent Public Accounts Committee hearing¹⁷ that the risks for gambling across the profiles of players, product and environment have increased. They identified that as there is no sport to bet on, gamblers may be moving to gamble on 'riskier' and more harmful products such as online casinos or slot content. They also noted that at risk gamblers are more likely to gamble and spend longer periods of time gambling during the Covid -19 lockdown. They said 15% of players have increased the time they spent gambling and this rises to 60% 'for the most engaged', especially young men who are likely to have increased their spend and the time they spend gambling. The Chief Executive of the Gambling Commission also noted that they were anticipating Covid -19 would accelerate the shift to online gambling. There had already been an increase of online gambling yield by 3% and this could increase by 7% to 10% depending how long the lockdown continues for.

The Commission has subsequently put out further data noting that during the Covid -19 lockdown:

- 64% of engaged gamblers are spending more time or money
- There is increased play on more addictive online slots (25%), online poker (38%) and virtual sports (40%)
- Sessions of more than 1 hour are up 23% year on year¹⁸

¹⁷ <https://www.parliamentlive.tv/Event/Index/34ace252-86bd-4423-b4b0-355844a4596f>

¹⁸¹⁸ <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/gambling-commission-instructs-tighter-measures-to-protect-consumers-during-lockdown>

Search interest in online casinos is also reported to have hit an all-time high since lockdown began. Google Trends shows gambling has moved online amid the closure of physical gambling venues and cancellation of sports events.¹⁹

The APPG has also received correspondence from a number of banks, many of which show there has been a surge in gamblers seeking to use gambling blocking devices available through online banking which suggests gamblers are concerned about their gambling habits at this time.

Industry response

In response to concerns, the industry's representative body, the Betting and Gaming Council trade body subsequently put forward ten pledges to improve protections for online gamblers during the lockdown²⁰. Unfortunately, all of these pledges were very weak; a number need further explanation and others are obligations were already set out within the Licence Conditions and Codes of Practice (LCCPs). The APPG noted our concerns that all these fell well-short of what was required to properly protect people²¹.

Instead, we urged the industry to adopt five measures to properly support people's safety and wellbeing, to support our society, protect the vulnerable and to put public interest ahead of gambling companies profit. These were to:

1. Commit to implement deposit limits for the duration of the crisis
2. Implement a £2 stake per spin limit on slot content online to reduce the harm that this highly dangerous content can have
3. End VIP accounts which encourage high levels of expenditure
4. End gambling advertising and sign up offers for bonuses

¹⁹ <https://www.bbc.co.uk/news/uk-england-52633355>

²⁰ <https://bettingandgamingcouncil.com/news/10pledges-safergambling/>

²¹ <http://www.grh-appg.com/wp-content/uploads/2020/04/Letter-to-Nigel-Huddleston-MP-COVID.pdf> and <http://www.grh-appg.com/wp-content/uploads/2020/04/BGC-letter-3-April-2020.pdf>

5. Companies should make their data available to ensure independent research can be undertaken to assess the scale of harm being caused by the industry at this time and the need for further harm prevention measures

We were pleased to see the industry respond in part to our concerns by announcing they would end TV and radio advertising during the pandemic and replace these ads with 'safer gambling messages'. They said "Existing TV and radio advertising slots will be replaced by safer gambling messages, donated to charities or removed from broadcast where contracts permit"²². This would have been an important first step and is also a clear acknowledgement by the industry of the harm that advertising can cause.

Unfortunately, Betting and Gaming Council members were subsequently not true to their word. Firstly, while they had pledged to end the adverts by 7th May, a number continued to be aired after this time. Secondly, the 'safer gambling messages' which replaced the adverts were effectively just adverts themselves. As Professor Sam Thomas from Deakin University in Australia commented : "They replaced adverts with adverts". The safer gambling messages also:

- promote the brands both verbally and visually at least once, but often multiple times.
- The taglines in the ads are specifically related to gambling rather than 'safer gambling' – and often prompt people to enjoy the company's products and visit their website.
- When you follow the advice from Coral on their message – you are taken straight to the launch page of their website which has no information about safer gambling on it.
- None of the ads offer information about self-exclusion schemes.

²² <https://bettingandgamingcouncil.com/news/gaming-advertising-removed/>

There are also reports of gambling companies ramping up their social media advertising at this time²³.

Given the failure of this self-regulation by the industry at this critical time, the APPG wrote to the Government asking them to urgently intervene to ensure the Betting and Gaming Council trade body acts responsibly and does indeed fulfil their commitment to end TV and radio advertising and call on them to also end social media advertising during the Covid-19 lockdown.

Following Neil McArthur's appearance at the Public Accounts Committee where MPs persistently asked why the Gambling Commission had not given any guidance to operators during the Covid-19 period, the Gambling Commission issued guidance "in light of the risks that some players may be experiencing harm while in lockdown"²⁴. This guidance was to:

- Prevent reverse withdrawal options for customers until further notice
- Cease to offer bonuses or promotions to all customers who are displaying indicators of harm
- Interact with customers who have been playing for an hour in a single session of play
- Review thresholds and triggers for new customers to reflect the operator's lack of knowledge of that individual's play and spend patterns
- Conduct affordability assessments for individuals picked up by existing or new thresholds and triggers which indicate consumers experiencing harm - limiting or blocking further play until those checks have been concluded and supporting evidence obtained, and;

²³ <https://www.theguardian.com/world/2020/may/10/gambling-firms-social-messages-are-thinly-veiled-adverts-say-mps> and <https://www.campaignlive.co.uk/article/online-gambling-ad-impressions-almost-triple-during-lockdown/1682440>

²⁴ <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/gambling-commission-instructs-tighter-measures-to-protect-consumers-during-l>

- Implement processes that ensure the continual monitoring of their customer base – identifying patterns of play, spend or behaviours have changed in recent weeks.

We welcome the recommendations in this guidance including the prevention of reverse withdrawal options and the cessation of bonuses and promotions. Given that the Gambling Commission has identified these areas as potentially being harmful it is intuitive that this guidance should be made permanent as should not offer bonus promotions to customers who are displaying indicators of harm. **The APPG recommends that, if the Gambling Commission accepts that reverse withdrawals and the offering of bonus promotions who are displaying markers of harm are harmful practices, they should be stopped permanently not just for the duration of the Covid-19 lockdown.**

The Gambling Commission guidance as a whole, however, is too partial and too vague. In particular, there is no guidance on the critical issue of what is an affordable level of losses and this is left to the operators' discretion to determine. Gauging affordability cannot be left to gambling operators, given the majority of their revenue comes from people who are losing more than they can afford.

Levels of harm in online gambling

There are now more diverse online gambling products and experiences on offer than ever before, including in-play betting and mobile casino gaming. These are relatively new products that differ from traditional bookmaking, so there are understandably concerns raised about player safety and protection, particularly for the vulnerable.

In terms of the scale of the remote gambling industry in Britain there are around 317 unique licensees (B2B as well as B2C) and 1,375 distinct websites and apps. The statistics reveal a picture of supply fluidity. Since 2015, a total of 198 remote operators have received licences from the Gambling Commission. This fluidity is part of the problem, operators are disappearing and emerging in the market all the time with a continued supply of new games and software. The regulator must be equipped with the necessary means, powers and responsibilities to keep pace with a rapidly changing and evolving online market.

Scale of gambling related harm

We agree with the proposition that problem gambling in the UK should be treated as a public health issue. New research from YouGov, commissioned by the charity GambleAware, estimates that up to 2.7% of adults in Great Britain, or nearly 1.4 million people, are 'problem gamblers'. While caution has been voiced over these figures and some suggest that the true addiction rate is likely to be closer to the health survey figures of 0.7% cited by the Gambling Commission, the findings still indicate that the number of problem gamblers may be significantly above current estimates. The report also found that as many as 7% of adults, or 3.6 million people, report having been negatively affected by someone else's gambling problem. Overall, the research suggests that nearly 5 million British people have experienced harm linked to gambling, even accounting for the overlap between problem gamblers and those they affect.

In an article in the British Medical Journal²⁵ the widely respected academic who specialises in the field of treating gambling addiction, Dr Henrietta Bowden-Jones OBE, Director of the National Gambling Clinic, stated that “pathological gambling is a serious public health problem. Around half a million people are pathological gamblers but an estimated two million are at risk of developing the illness, defined as repeated gambling that causes significant negative financial, social, and personal consequences. As with other addictions, genetic vulnerability interacts with environmental factors and people whose parents gambled when they were young are at higher risk of becoming pathological gamblers.”

Dr Bowden-Jones has said: "Pathological gamblers don't have track marks on their arms. They are not walking around with an unsteady gait. They are not shaking while they're talking to you. It's very hard to know one". This may be why, when gamblers do confront a problem, it is often only after getting into serious trouble. At the clinic in London run by Dr. Bowden Jones, which the APPG has visited, to help those with gambling addiction, the average patient has lost over £150,000, half have lost a partner, and 84 per cent of them have committed some illegal act to support their gambling. Other leading clinicians in the field such as Dr. Matt Gaskell identify this as 'gambling disorder'.

Online Harm

Online gambling, in particular, has grown significantly in recent years.

According to information provided by the Gambling Commission to the National Audit Office, licensed gambling operations in the UK saw a 57% growth in the ten years to 2018-19.²⁶

The significant increase registered in licensed gambling in this country represented a £4.1 billion growth and was largely considered to be due to a rise in online and mobile gambling operations. According to the analysis provided by

²⁵ <https://www.bmj.com/content/361/bmj.k2240.full>

²⁶ <https://www.nao.org.uk/report/gambling-regulation-problem-gambling-and-protecting-the-vulnerable/>

the NAO, gambling companies' yield from licensed online gambling operations increased from £1 billion to £5.3 billion in the ten-year period from 2009 to 2019.

In 2016, the Gambling Commission estimated that 57% of adults (aged 16 and over) in Great Britain had gambled in the past year, 9% of adults in Great Britain participated in any online gambling with men more likely than women to have gambled online in the past year (15% and 4% respectively).²⁷ That number could well have increased since then as our online usage has increase. The rest of the gambling market has been broadly flat, with some sectors such as Bingo in decline.

Millennials aged 25-34 accounted for the biggest increase in online gambling of any age group last year, according to the Gambling Commission.²⁸ They are now the most likely of any age group to hold more than five online gambling accounts, are more likely to have gambled at least once in the past four weeks (disregarding the National Lottery) and the most likely of any age group to gamble via mobile phone. Betting before and during sports matches is now common among younger gamblers with revenue from sports betting outstripping that from online poker or slot games (except of course during the Covid period).

In terms of measuring the harm caused by online gambling Professor Heather Wardle has advised us on the scale of harm. She notes that according to recent reports of British gambling behaviour, the prevalence of problem gambling among those who gamble online on casino, slots or bingo style games is similar to those who played FOBTs. In 2015, the estimates were: 10.6% of those who gambled online on casino games were problem gamblers vs 11.5% for FOBTs. In 2016, the estimates were 9.2% for those who gambled online on casino games vs 13.7% for FOBTs. The differences between them are not statistically significant, she says, so you can reasonably say the rates are very similar and that around 1 in 10 people who play online casinos, slots or bingo are problem gamblers.

²⁷ <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/gambling-commission-publishes-latest-combined-health-survey>

²⁸ <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-behaviour-in-Great-Britain-2016.pdf>

Dr. Henrietta Bowden Jones explained to our group that the availability of online gambling was a major issue – nearly everyone has an electronic device which means that gambling is “with people at all times.” She said nearly all her patients gambled online and the majority of them were men.

Dr. Bowden-Jones said there are a number of people who gamble safely, however, those with a certain neurobiological profile tend to be the most at-risk. This is because they are impulsive and are higher risk takers based on research.

The likes of Gerda Reith, a professor of social sciences at Glasgow University, sees the online gaming industry as sharing many of the characteristics of the social-media giants, such as Facebook and Twitter, whose aim is to design addictive products that encourage users to spend time on them. “You can see it in the way many of the games are structured,” she says. “The speed with which the spins come round are nothing like a physical casino and seem designed to get users hooked on the action. They play on people’s cognitive biases, with lights and sounds and ideas such as ‘losses disguised as wins’ and ‘near misses’.” A simple example of the former is commonly found in online slot machines. When a player stakes £10, the sum is deducted silently from their on-screen credits. But if they then lose half of that on a spin, recovering only £5, the machine will still make a celebratory dinging sound as if the loss were a victory and show the credits marching back into the player’s account.²⁹

Dr. Matthew Gaskell, a Consultant Psychologist & Clinical Lead for the NHS Northern Gambling Service, who spoke to our group, said addiction evolves over time and the brain circuits are reinforced constantly if an individual is finding an activity rewarding. As the process evolves and circuits continue to be rewarded in the brain, over time the mind narrows in its focus and an individual can become more preoccupied with this activity. All the other important responsibilities and concerns in an individual’s life can become secondary.

Recently, and particularly during the Covid -19 period, there has been more emerging evidence on potential risks of online gambling. These risks are

²⁹ As quoted in the Financial Times, Jonathan Ford, July 2019

particularly heightened by the nature of online gambling, which is accessible 24/7 and allows continuous play without breaks, therefore making certain product categories riskier.

In off-line or land-based gambling, staff are given training on how to interact with customers and how to spot the signs of more problematic gambling. Money laundering regulations require checks if an individual gambles more than £1,500 a day in online and offline casinos. In the land-based sector, this is enabled by staff monitoring, table limits, and random checks by the Gambling Commission. In the remote sector, checks tend to be retrospective rather than preventative, and on the occasions they do take place, it can be when a gambler is attempting to withdraw money after a win.

Furthermore, the ease of deposit and the electronic nature of money spent, as well as the slowness of withdrawals, the ability to reverse withdrawal and targeting of gamblers with offers when they win to encourage further play, all have the potential of creating a harmful gambling environment online.

Dr. Bowden-Jones said from a medical perspective addiction often depends on the individual's vulnerability. For example, if a family has a problem with alcohol addiction and the child has a sip of alcohol, they are more likely to become addicted. This is the same for gambling where the genetical risks linked to problem gambling are "big" she said.

Kings College London also provided thorough and helpful research to us around the propensity for online harm and at-risk groups. They noted that 'online gambling can lead to vulnerable adults experiencing gambling related harm'. They also note that online gambling can be appealing to vulnerable people living with autism or those with mental health issues.

The APPG also heard how more work is required to understand female problem gamblers and addiction and that a large-scale piece of work is needed in this area. We strongly support this proposition.

Case study - George

The APPG heard very powerful evidence from 'George' alongside Dr Clare Mills from the charity Headway, which is supporting him.

George had tragically suffered from a brain injury in an unproved attack. He subsequently received a compensation package to help him rebuild his life. Ten years on, that money and more has gone – much of this on online casinos.

George explained to our group how he had, after his accident, developed several mental health issues including depression, anxiety and obsessive behaviour which consequently led to a gambling addiction. He received compensation payments following his accident but then went on to gamble away much of this online.

Bank statements showed he spent over £60,000 on two occasions with the same online casino. He mentioned that when he gambled that amount of money, no checks were required. While some companies have apologised and refunded him after he pointed out he had brain damage, others have refused to pay him back.

He has been unable to recover much of the estimated £210,000 he spent in a four-month period last year, despite telling the casinos, after he had gambled, about his brain damage.

Luke Griggs of Headway has commented:

"This deeply worrying case, and many others like it, illustrates the vulnerability of brain-injury survivors to the addictive nature of gambling,"

"A brain injury can leave survivors prone to impulsive behaviour, impaired reasoning and suffering from a lack of insight into how their brain injury affects them.

"These are often compounded by social isolation and can open the door to the high-risk world of gambling.

"This is a hugely well-resourced industry that could and should be doing so much more to identify and protect vulnerable people who do not possess the skills to fully recognise the dangers or comprehend the implications of their actions."

We would like to see online gambling operators treat such cases more sympathetically and return money in cases where money was clearly gambled when it should not have been. Gambling operators should also simplify their terms and conditions so that vulnerable adults are better able to understand them.

Kings College London has sensibly suggested that operators should be encouraged to produce documents using plain English, diagrams and pictorial information such as those produced by insurance companies to make terms and conditions more accessible.

Gambling and suicide

The risks of online gambling addiction increasing the risk of suicide has been powerfully set out by the courageous work of the charity Gambling with Lives which was set up by Liz and Charles Ritchie after they tragically lost their son Jack to an addiction to FOBTs and online gambling in 2017.

Problem gamblers are significantly more likely to attempt suicide, according to a study commissioned by GambleAware, which found that problem gamblers were six times more likely to have suicidal thoughts or try to take their own life – and could be 15 times more likely to do so.³⁰

The APPG also heard from a number of respondents that in order to fully understand the scale of the problem, a prevalence study is needed which must be independently funded. The knowledge about the numbers affected by gambling-related harm, the types of harm that individuals experience, and how such

³⁰ The research, commissioned by the charity GambleAware which is funded by bookmakers, was based on an analysis of data from the Adult Psychiatric Morbidity Survey in 2007.

numbers change over time, is hampered by the absence of a recent British Gambling Prevalence Survey (the last survey was conducted in 2010) and questions about gambling participation and behaviour not regularly being included in the Health Survey for England (questions were last asked in 2012, 2015 and 2016). Whilst the Gambling Commission collects and publishes statistics about gambling participation and problem gambling, we lack longitudinal data about gambling-related harm in respect of the trajectory of individuals' gambling participation and behaviour over time, the products and modes of gambling most associated with harm, and individuals' help-seeking behaviours (aside from data collected by GamCare).

We strongly support re-commissioning of a large-scale gambling prevalence study to provide a foundation for an assessment of the appropriate legislation, regulation and treatment of harm caused by the online gambling industry.

Access to data

We have also heard from many in the academic community who say that gambling operators must do more to protect at-risk or problem gamblers from experiencing gambling-related harm through permitting access to data. The data that gambling operators collect from their customers would enable extensive research to be conducted to facilitate studies into how to protect vulnerable individuals from experiencing gambling-related harm. Rebecca Cassidy has noted to us “for the quality of research to improve, independent researchers must be given access to industry data, provided as a condition of licensing”. Basic data-sets – like sales, consumption, tax and revenue data – should be made publicly available as a matter of course, as it is in other jurisdictions, including Australia. Research could also be conducted to examine the effectiveness of customer interactions with online gamblers and the impact of such interactions on gambling behaviour.

We urge gambling companies to give greater access to their data to enable the facilitation of research to protect the vulnerable or the Gambling Commission should consider making this a condition of licensing.

Academics such as Rebecca Cassidy have also underlined to us one of the critical problems facing policy makers in the UK is the lack of high-quality, robust and independent gambling research. Many gambling scholars will not take funding from industry supported organisations like GambleAware and so fully independent structures which are transparent and meet ethical standards are needed. **An independent body should be responsible for commissioning research.**

Dealing with Online Harm

In this section we set out recommendations for dealing with online gambling harm.

Greater regulation of online products

The APPG has undertaken further work into the regulatory actions which are required to ensure online gambling products are less harmful. It is essential that game and product design rules should apply and be consistent in the land-based sector and online. Currently, content is available online which is prohibited in land-based venues. This is unacceptable.

Dr Matt Gaskell, Consultant Psychologist & Clinical Lead at the NHS Northern Gambling Service has advised that when looking at online gambling harm, it is instructive to look at the top three most prevalent products that addiction patients use:

- 1) In-Play Sports Betting
- 2) Slot Machines (online and land-based)
- 3) Roulette (principally digital roulette)

These games, he says, have harmful characteristics in common, and they are associated with the largest gambling losses and problem gambling. He has noted to us that these games:

“Are immersive, keep gamblers in continual play betting frequently, provide frequent reinforcement, lead to excessive play without the time to reflect, cloud their judgement and decision making, & confuse them about their probability (known as gambler’s fallacy) of winning and ability to influence this (known as the illusion of control). They undermine the concept of ‘responsible gambling’.

My patients tell me they are immersed in continual play, usually at high speed, with highly frequent opportunities to bet, getting a quick result, motivating them to bet again with no time to reflect.

For example, my patients tell me that In-Play Sports Betting has turned their love of sports or their favourite football team into a slot machine. Where betting on football was a discontinuous gambling activity they get hooked into the constant flow of events & they will play to exhaustion.”

Practitioners such as Dr. Gaskell and Dr. Bowden Jones note that in game design features confuse players and distort their judgement and motivate them forward by reinforcing losses via the ‘near miss’ or ‘losses disguised as wins’ features.

Any winnings are often immediately available to put back in the game, constrained by a lack of time to reflect, they continue with play, even though these so called ‘winnings’ are usually less than what was staked.

The playing characteristics that patients that Dr. Gaskell and other clinicians see are to be considered irrespective of the individual’s psychological, physiological, and socioeconomic status. In Dr. Gaskell’s clinics, 40% of patients have what he describes as no psychopathology. Academic research has called this group ‘behaviourally conditioned’ gamblers. In other words, their addiction is best understood as a consequence of the transaction with the products and the gambling experience.

Game features which should be urgently reviewed are set out below in table 2:

Table 2

Characteristic	Description
Event Frequency	How fast a person can gamble, get the result, & gamble again. Problem Gambling is associated with games of high event frequency, such as slots & digital roulette, which have many events per minute, whereas the lottery has two events per week.
Event duration	The speed of the game (slots at 2 seconds per spin can be contrasted in betting on the outcome of a 90-minute football game). There are design features that aggravate this such as QUICK SPIN/TURBO PLAY that speeds up play considerably to an already fast game, SLAM STOP or STOP REEL features that give an instant result without a reel spin or roulette spin at all, and AUTOPLAY – where the game plays continuously without the need to press a button to start each spin.
Bet frequency	The number of bets or gambles you can have in a given time period. So, you are frequently gambling if you are betting in-play, playing slots, or with digital roulette say for 1 hour.
Pay-out Interval	The time between the end of the game and when winnings are received. This means the loss period is brief with little time given to financial considerations, & winnings can be re-gambled almost immediately.
Losses disguised as wins (LDWs)	This is where you are rewarded even though the prize falls below the stake (e.g. slots or scratch card). This contributes to play persistence & higher play excitement in high risk gamblers. Audio effects hide monetary losses & lead players to overestimate their real wins.
The Near Miss Effect	Problem gamblers appear to be more stimulated by near misses than non-problem gamblers, prompting play persistence, & is erroneously considered closer to a win than a loss by gamblers.
Free Spins & no of free spins	Associated with gamblers exceeding limits and produce high play excitement.
Size of jackpot	Moderate and problem gamblers look for Slots with high jackpots, including linked jackpots.

In this report we therefore recommend:

- **An independent review of how online products are regulated**, tested, and classified. Regulation of products seems to be weighted in favour of the industry and not the consumer. Products are allowed in the UK that are considered too dangerous elsewhere. The system needs to change. This review should also feed into the Gambling Act Review with a series of regulatory measures for current products to make them safe, as well as setting out a new regulatory framework for the future.
- **Restricting in-play sports Bbetting** to venues or via the telephone, to bring it in line with regulation in Australia.
- **Significantly slowing down the Speed** of 'Random Number Generated' digital slots and roulette. (e.g. online roulette much faster than land based which is supervised). **No Free Spins, Turbo Spins, or Reel Stop play.**
- **Providing accurate information to consumers** on chances of winning and whether is skill based or random chance.

Stakes and prize limits

Whilst we support independently assessed affordability checks in the online sector, a critical way to limit harm is to limit the amount that can be spent in the first place.

Unlike the land-based gambling sector, there are no stakes, prize or speed limits in the online gambling world. The Government agreed that the way to limit the harm from Fixed Odds Betting Terminals was to limit the stake to £2. **It is clear that stake limits are needed in the online world to limit harm.**

In their advice in relation to the DCMS review of gaming machines and social responsibility measures, the Responsible Gambling Strategy Board (RGSB)

described the "absence of any regulatory limits on stakes and prizes on remote platforms, including those which offer games identical to those on B2 (or FOBT) gaming machines" as "anomalous, given the wide accessibility of such platforms and the rapid pace with which they are developing". They note that: "The remote sector needs swiftly to demonstrate that the risks associated with remote gambling are being managed effectively and comprehensively. If they fail to do so, controls should be placed on stake and prizes on remote platforms comparable to those on similar land-based products".³¹

Online operators are strongly resistant to stakes and prize limits online. They have reported that stake limits are not needed as they have the data they need to identify those who are at risk of harm.

Yet, when we asked operators about levels of affordability, they all reported that they did not yet have a clear view of what was an affordable level to gamble. This is inconsistent with operators saying that they do not need online stake limits as they have the data to assess where gamblers are gambling more than they can afford.

One operator we spoke to, Tombola, already has low stake limits and we commend this approach.

We recommend that in line with the RGSB advice, given that the risks associated with remote gambling are clearly not being managed effectively and comprehensively, that an urgent review of stakes and prize limits online is undertaken. These stakes should be reviewed through a triennial review as was previously the case.

There should also be deposit limits that are informed by affordability checks. A number of stakeholders spoke to us about the need to increase 'friction' or slow down the gambling process to reduce harm.

³¹ <https://www.rgsb.org.uk/PDF/Advice-in-relation-to-the-DCMS-review-of-gaming-machines-and-social-responsibility-measures.pdf>

Parity between online and offline gambling

Content control can be a very useful tool in addressing gambling related harm and we recommend that the Gambling Commission takes a far more rigorous approach to regulating the content of online games. There is a clear disparity between online and offline, or land-based, games. Game speed, for example, can drive levels of risk in gambling. Online games should not be played at a faster pace than offline games.

Given the content of offline or land-based slot games is subject to stake limits, there is no justification for the same content online not to be subject to commensurate stake limits. There should clearly be parity of stake limits for the same game content regardless of whether it is online or offline. We would be interested to know the Gambling Commission's view as to why this is not the case.

Addressing affordability and limit setting

There are a number of gambling operators who allow their customers to set limits on their spending in relation to their losses. For example, Betfair allows their customers to set loss limits for individual products and a global loss limit across a range of products.

Yet despite the existence of these tools, there is little evidence to establish the effectiveness of the use of operator led responsible gambling tools. The Behavioural Insights Team and others have identified that gamblers setting limits themselves were generally perceived as ineffective as they could easily be reset within a relatively short time period.

We note that gambling firms will be required to establish how much customers can afford and to set limits on their spending. The Gambling Commission, which can impose unlimited fines on firms that breach the rules, wants them to introduce new systems that enable them to identify those who may be gambling beyond their means. It suggests they could use household earnings and wealth data from the Office of National Statistics (ONS) to assess what a customer can afford.

The Rank Group has become the first operator to sign up to an affordability-checking service with online credit checking company Experian. The Experian Open Banking service allows operators to access account information including weekly income and expenditure and how much they spend with other gambling websites. Whilst we welcome this, we are concerned that there is potential conflict of interest if gambling operators are permitted to access the financial data of customers who opt into open banking. We support the contention that the Gambling Commission should have a clear role in overseeing the use of affordability checks by operators.

We are concerned the operators we spoke to, four of the top 5 in the market, namely Bet 365, Flutter, Skybet and William Hill all did not seem to yet have a clear system to assess a customer's level of affordability. This seems inconsistent with the levels of sophistication that these companies operate at technologically, and the vast amounts of data they hold. They have algorithms where if you are spending significant sums, they can make you a VIP, or send you a bonus email, both of which are to their commercial advantage. So, there is no reason why this data cannot be used to prevent gambling harm.

We are also concerned that operators reported clear variations in their estimates of the levels of harmful gambling by their customers. Either some operators have higher levels of harmful play, there are flaws in the data, or their reports to us were incorrect.

Improved affordability checks are urgently needed. When there are high levels of gambling related harm in the online sector and there are no stake and spend limits, it is simply not good enough for the online operators to say they are 'developing affordability checks'. Gauging affordability cannot be left to gambling operators, given the majority of their revenue comes from people who are losing more than they can afford. Moreover, operators should have a clear understanding of what is affordable to online users based on the proportion of a gambler's income, and this should be underpinned by the Gambling Commission. The average level of disposable income in Britain is £450 a month yet screening for affordability often only comes into play after thousands of pounds have been lost – in many cases

tens of thousands of pounds. A number of challenger banks and traditional banks have introduced a gambling transaction block. We welcome these and the positive response we have had from a range of financial institutions. Given the breadth of data at their disposal, banks could also better assist operators in carrying out affordability checks through open banking.

The use of credit cards

In line with the APPG's recommendation, the Gambling Commission announced that gambling with credit cards would be banned from April 2020. The APPG strongly welcomed this; although it is regrettable that it took the Gambling Commission two years to make this very simple change that stakeholders including ourselves had been calling for. In addition to this, **we also welcome the new guidance from the Gambling Commission, which followed an APPG request, to ensure that people are not able to gamble on credit cards through payment systems such as PayPal or through mobile phones.**³² **Gambling with other forms of credit such as loans and overdrafts should also be prohibited in line with the sentiment behind the credit card ban that people should not be gambling on credit of any kind.** This cannot take two years as was the case with the credit card ban.

A number of banks including Monzo, Starling Bank and Barclays allow customers to block online gambling transactions. We have also heard from a number of other banks including RBS that are introducing similar software. Mobile phone companies also reported to us that they have introduced a number of measures to restrict the amount a customer can spend through their mobile phone account on gambling activities. We welcome these moves. We would also urge other online payment systems and e-wallets such as PayPal to adopt similar mechanisms for customers to block gambling transactions.

³² <http://www.gamblingcommission.gov.uk/news-action-and-statistics/News/guidance-on-credit-card-payments-made-through-money-service-businesses-msbs>

Incentives to bet

We have heard how online companies are actively seeking to drive large-scale bets to ensure their profitability.

One media outlet reported that Bet365 was offering cash incentives to those who were losing large amounts of money to keep them gambling. Players were said to be rewarded with weekly cash returns of up to 10% so they could keep playing. Reports of this nature suggests companies are exploiting vulnerable customers to keep them in a cycle of betting.³³

Equally, young and vulnerable gamblers are more likely to be impressionable and attracted by bonus sign-ups and offers of credit. This model encourages participating at higher stakes over longer sessions during a short time, encouraging addictive behaviour.

We were also concerned to hear reports that undergraduates are being offered money and drinks to sign up to betting apps. Students at prestigious universities are being recruited to promote betting apps on campus and, in some cases, are reported to be handing out money to entice others to gamble.

We recommend a review is undertaken of the use of bonuses and incentives by gambling operators to determine whether they contribute to harmful gambling. Our view is that these promotions should not be permitted.

VIPs

The APPG is also deeply concerned about the upgrading of customers to VIP status. Most gambling companies offer VIP membership for players who wager large amounts of money. Players get their own VIP manager who oversees their account. Customers are also invited for free day trips to football matches and concerts.

³³ <https://www.dailymail.co.uk/news/article-6715159/Addicts-paid-gambling-UKs-online-betting-firm-Bet365-gives-losers-cash.html>

Through granting a customer VIP status the companies are using inducements to ensure regular and often heavy gamblers gamble more regularly and at higher stakes. VIP customers are given free bets, special offers and bonus schemes that reward them for betting with larger stakes. As a result, addicts are building up large debts through these accounts.

We welcome the Gambling Commission calling for greater affordability checks before upgrading customers to a VIP status but are concerned that these checks are not vigilant enough. Firstly, operators have reported to us that they still do not have clear affordability checks or thresholds in place. Secondly, operators told us that a much higher proportion of VIP accounts are closed (one operator said around 30% were closed last year) which strongly indicates that the issue of problem and at-risk gamblers being permitted these accounts is widespread.

We recommend that VIP accounts and incentives should be banned. Rather than relying on the industry, the Gambling Commission must act decisively and take steps to ban highly problematic VIP schemes. The Gambling Commission itself has identified the dependence of the gambling industry on VIP customers of those who are disproportionately likely to be addicts. We are concerned that fines to companies for offering inducements inappropriately have very little impact on this well-resourced and well-funded industry.

Case study - Joe

Joe, who has depression, was made a VIP when he won £60,000 on online betting website Vernons.com. The company delayed paying Joe his winnings while it verified his account but made him a VIP member and sent him prompts to bet, which Joe believes encouraged him to gamble away his winnings.

"I felt groomed, I felt that they were almost a family to me. I probably logged in and out of their website on my mobile phone over 100 times a day," he said.

"There are probably bets I'd placed at 03:00 after betting all day on an Algerian League 3 match that I would not know anything about. I felt totally out of control with everything."

Joe ended up £30,000 in debt after taking out loans and borrowing money from friends and family. After You and Yours aired his story, Vernons.com paid off his debts.

Advertising and Marketing

Since 2014, betting companies have increased their marketing spend by 56% with five times more being spent online than on television advertising. The industry spent £747m in direct online marketing, £301 million through 'affiliate' websites and £149m on social media advertising. Around 80% of gambling marketing spend is now online.³⁴

Numerous studies have reported recently on the proliferation of online gambling adverts. A study has found gambling logos are on screen for 70% of the time during 'Match Of The Day' in the UK, with half of the premier league clubs having gambling companies sponsoring their shirts³⁵.

Analysis of live sports on television found that gambling adverts are particularly prominent during football matches. During one game between Scottish teams Rangers and Celtic, there were 920 occasions on which gambling brands were visible – equivalent to once every 10 seconds.

Half of the Premier League's shirts will be emblazoned with a gambling company's logo during the 2019-20 season. Premier League clubs stand to earn a record £349.1 million from shirt sponsorship deals in the coming season, a rise of more

³⁴ <https://about.gambleaware.org/media/1857/2018-11-24-gambling-marketing-online-five-times-tv-ad-spend.pdf>

³⁵ Cassidy, R, & Ovenden, N. (2017) Frequency, duration and medium of advertisements for gambling and other risky products in commercial and public service broadcasts of English Premier League football.

than 10% compare to £315.6 million in 2018-19. Ten of the 20 top clubs will display the branding of a gambling company, up from nine last season and the joint highest number ever, after signing deals worth a combined £69m. Betting's dominance is even more pronounced in the Championship, where 17 out of 24 club shirts will show a betting logo, meaning 27 of England's top 44 clubs have agreed to do so.

Moreover, as publicised last year, Wayne Rooney will wear the number 32 shirt when he joins Derby County in January as part of the club's partnership with 32Red.

The gambling industry has maintained its close links with football and other sports despite growing concern among MPs, campaigners and even GVC-owned Ladbrokes, which has pledged to end shirt sponsorship – despite sponsoring the Scottish Football League. But while none of the top six clubs have a gambling sponsor, the industry accounts for the vast majority of the rest of the 14 remaining clubs' shirt deals, with Malta-based Betway the biggest contributor via its £10m deal with West Ham United.

Specialists such as Dr Bowden-Jones and Dr Heather Wardle, note that they would like to see gambling advertising banned all together, arguing that the targeted advertising and marketing is particularly dangerous.

While there is a lack of research into the impact of social media and online advertising on the amount customers spend on online gambling, there are very strong concerns about its detrimental impact.

The impact of advertising on incentivising vulnerable people to gamble is a growing concern. The Responsible Gambling Strategy Board (now the Advisory Board for Safer Gambling) has said that by not taking action to limit the exposure of young people to gambling advertising “we are in danger of inadvertently

conducting an uncontrolled social experiment on today's youth, the outcome of which is uncertain but could be significant.”³⁶

Children and young people are also exposed to gambling adverts and sponsorships. In 2018, 33% of 11-16-year olds had seen gambling advertising at least once a week. Whilst, 60% of young people have seen gambling advertisements on social media and 12% of young people follow gambling companies on social media.³⁷

A recent by GambleAware found companies were not doing enough to stop exposure to ads on social media. The research, led by Ipsos Mori, found that an estimated 41,000 children under 16 follow gambling-related accounts, while children replied to or retweeted those accounts 13,000 times. While children were not being directly targeted, the report said some of the ads included features likely to appeal to them, while little was being done to screen them out of gambling ads.³⁸

The research highlighted the prevalence of gambling adverts on the internet, particularly social media sites such as Twitter. The researchers created 11 “avatars”, fake internet user profiles with identities such as “problem gambler” or a “child under 13”, based on browsing history. The “child under 13” avatar saw more online gambling adverts per month than the adult with a gambling problem. Both saw more than a neutral avatar with no browsing history. The report said there was “no evidence” that advertisers had taken significant steps to screen out children and gambling addicts, such as by analysing their browsing history.³⁹

The sector urgently needs to adopt a more responsible approach on advertising, particularly during sports programmes in order to protect children and the vulnerable. While Paddy Power (Flutter) made a joke out of

³⁶ <http://www.rgsb.org.uk/PDF/Gambling-and-children-and-young-people-2018.pdf>

³⁷ Gambling Commission statistics 2018

³⁸ <https://www.ipsos.com/ipsos-mori/en-uk/effect-gambling-advertising-children-young-people-and-vulnerable-adults>

³⁹ <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/latest-report-reveals-complex-nature-of-advertising-exposure-to-children-young-people-and-vulnerable-individuals>

football shirt sponsorship last year, that such a joke could be made is an indictment of the current state of gambling sponsorship proliferation. We welcomed the "whistle-to-whistle" television advertising ban. Yet, for the advertising ban to be truly effective, these companies need to go even further to include shirt and league sponsorship and digital advertising around a pitch. Otherwise, children and vulnerable adults will continue to be bombarded with gambling adverts.

Research in Australia has shown that despite the 'whistle to whistle' ban their children still saw a great deal of gambling advertising. They saw this before and after sporting matches and also saw gambling advertising outside of sporting programmes including on social media platforms. They saw promotions on team shirts, gambling logos on hoardings and embedded advertising on signage on sports courts or fields. This is an important finding which suggests that there is no evidence that gambling advertising outside of sport is any less influential than advertising within live sporting matches.⁴⁰

In addition, academics such as Prof. Samantha Thomas, Dr Hannah Pitt and Emeritus Professor Mike Daube of the Deakin University in Australia have highlighted the marketing strategies which have aimed to "normalise gambling as an activity that is embedded in everyday life". They note that:

"similar to other products, such as tobacco, the aim is to ensure that gambling is available and accessible, is regularly engaged in, and is socially and culturally accepted."

Their research highlights the issue that young people are exposed to promotions for gambling in a range of different environments and that we can no longer assume that young people only see these promotions within television commercial breaks. Policy makers and the regulator also need to fully recognise that young

⁴⁰ Research provided in submission from Prof. Sam Thomas, The Deakin University Australia.

people recall seeing gambling adverts in a range of media and sporting environments.

Research also shows that young people have very clear recall of gambling brands – particularly if they are fans of sport. This recall starts from a very young age -as young as 8 years old in some studies. Young people are also positively influenced by the gambling advertising that they see during sport. Inducement marketing also appears to influence young people's attitudes towards betting and the risk associated with betting.

It has been also suggested, notably by the industry that educational and awareness programmes are an appropriate response to warn people of the dangers of gambling advertising and gambling itself. There is limited evidence to support the effectiveness of these current education strategies. In order to be effective, research from other areas of public health shows that such educational strategies must be independent of industry influence, sustained and adequately funded, based on research evidence, and backed up by broader regulatory frameworks which restrict both exposure and access to products, as well as significant restrictions on the marketing of these products.

From the evidence we have heard and given that the point of advertising is to encourage people to gamble, there is a clear case for ending all gambling advertising, marketing and inducements and adopting more stringent restrictions such as those soon to be adopted in Spain⁴¹ or Italy. The Government has a duty to protect vulnerable people and also children and is out of step with the stringent restrictions and interventions in other jurisdictions. In addition to ending all gambling advertising is it also imperative that gambling advertising is also banned in online games such as FIFA which young children are playing often for many hours daily.

⁴¹ <https://calvinayre.com/2020/02/21/business/spain-new-rules-prohibit-online-gambling-advertising/>

It is also worth bearing in mind that it is the broadcasters that have been most resistant to the clampdown on advertising. The TV companies have an important role to play in this too.

We are also concerned that online gamblers who have self-excluded may continue to receive incentives to bet and marketing from betting companies, through either direct marketing or social media advertising. This would clearly be outside the Licence Conditions and Codes of Practice which operators are required to comply with. **We recommend that operators ensure they do not market to those that have self-excluded and the Gambling Commission take steps to ensure it is more vigilant in this area.** Our group has heard evidence that the technology is readily available to reduce the targeting of vulnerable people and instead for operators to use 'Ad-Tech' to de-target them.

Self exclusion systems

We are concerned about the flaws which have been highlighted in the national self-exclusion scheme GAMSTOP and these should be immediately addressed. Despite registering with the scheme, in an investigation by the BBC, gamblers were able to make bets online by simply changing their user details.⁴² We have heard similar reports from many addicted gamblers who were easily able to get around the system.

In addition, whilst there are a range of online gambling self exclusion tools our inquiry suggests that there is low awareness of these amongst gamblers as well as of blocking software schemes and gambling support services.

In the UK gamblers are largely expected to take responsibility for their gambling behaviour, the feasibility of family exclusion orders, where family members apply for an individual to be excluded, could be considered.

⁴² <https://www.bbc.co.uk/news/uk-46830810>

There also needs to be greater awareness amongst health services – including GPs – of the signs of gambling addiction, as well as local and national services on offer to provide support with gambling addiction.

A "single sign-on" (SSO) mechanism should be considered: which would essentially be a third-party software platform that creates a profile for a user which is used to sign on to every gambling site. The SSO platform would verify the user's identity and enable the user to set mandatory deposit limits that would apply across all operators. These limits could be informed by affordability checks using services such as Experian.

A complete overhaul of the UK Gambling Regulatory Structure is urgently needed

The Gambling Commission has taken action numerous times this year and fined online gambling firms for 'systemic failings' to protect problem gamblers. For example, in July this year it was announced that Ladbrokes Coral had transgressed on numerous occasions between 2014 and 2017 and failed to 'protect customers from gambling harm' and prevent money laundering. The company was fined £5.9m.

Whilst the online companies tell us they have moved on and improved their protections for vulnerable gamblers this is not borne out in the mass of correspondence we have had about what could be termed exploitative behaviour by a range of online gambling firms. We are also concerned that while fines in the region of £6m sound a huge sum to most of us, they are a drop in the ocean when compared to the profits these firms make – and so act as little deterrent. To put this fine into perspective, in 2018 GVC holdings, the owners of Ladbrokes Coral, had a £435m pre-tax profit.

Meanwhile, the regulator itself, the Gambling Commission, has also come under increasing scrutiny in recent months. It was heavily criticised in an unusual intervention by the National Audit Office (NAO), the Government's own Auditor in

its recent report⁴³. The NAO noted that the Gambling Commission is effectively being outrun by betting companies and warned that the Gambling Commission is struggling to protect people from gambling-related harm.

The report says that the Gambling Commission has not adjusted to technological change such as the rise of online and mobile gaming and that while the regulator has increased enforcement against gambling operators it needs to do much more to ensure they raise standards and be more systematic and detailed in recording and analysing information and developing its knowledge.

The report also notes that there is insufficient funding for the Gambling Commission, which has an annual budget of £19m but regulates is expected to regulate an industry that took £11.3bn from gamblers last year.

Neil McArthur, the CEO of the Gambling Commission, who met with the APPG in February, in some cases was unable to answer even the most basic of questions about the work of his organisation. The APPG has expressed its concerns about the capacity of the regulator as it is currently formed to keep pace with the industry it is tasked with regulating.

The NAO report says the Gambling Commission is “constrained by factors outside its control, including inflexible funding and a lack of evidence on how developments in the industry affect consumers”.

Further and more flexibly funding is clearly urgently required for the regulator and there must be rigorous oversight as to how this is spent by someone competent to do so.

The NAO note that even if the Gambling Commission makes improvements “it is unlikely to be fully effective in regulating a challenging and fast-changing industry within the current system”⁴⁴. This is totally unacceptable and is a matter of deep

⁴³ <https://www.nao.org.uk/report/gambling-regulation-problem-gambling-and-protecting-the-vulnerable/>

⁴⁴ <https://www.nao.org.uk/report/gambling-regulation-problem-gambling-and-protecting-the-vulnerable/>

public concern and raises issues about the safety of the 1.8million 'at risk' gamblers and 395,000 problem gamblers in the UK including some 55,000 children, some of whom are as young as 11. Overall, the NAO's report is a major intervention by the Government's own auditor and organisation which holds the Government to account. **The APPG is concerned the Gambling Commission is not fit for purpose and recommends an urgent review of the Gambling Commission and its capacity to effectively regulate the burgeoning online gambling industry.**

Limiting pay-outs to winners

Equally, while companies continue to bombard customers who have asked to be self-excluded, they are able to identify and potentially block those who are successful and become winners. We heard numerous cases of people who are rightly owed money by online operators, but the companies refuse to pay out. It seems those who lose can continue to do so but it no so possible to continually win. Brain Chappell from Justice for Punters has helpfully provided us with numerous case studies where customers have not received the pay-outs that were due to them. In effect, some operators are happy to encourage those who regularly lose to gamble more. On the other hand, they restrict the accounts of more successful players. The message is clear he says, you should not go into online gambling with the expectation that you will win. One gambler commented to us:

“How can they invite you to bet then tell you to go away if you win? They only want customers who are losers.”

It is also clear from the accounts we have heard that there are often limited mechanisms for customers to lodge complaints or have their case effectively dealt with. The alternative dispute resolution process and the Gambling Commission are often not best placed to deal with individual challenges to gambling operators.

The NAO report also highlights that customers need to know much more about how to resolve disputes and that **a Gambling Ombudsman is needed. This is a recommendation of this Group and one that we underline again in this report.**

Licensing

It is our understanding that the 2005 Gambling Act allowed 'white-listed' jurisdictions to access British Gamblers. It was not until the 2014 Licensing and Advertising Act that UK licensing was required, but inadequate due diligence has led to the phenomenon of "white label" licensees. These effectively act as license wholesalers for operators, which pay a fee to these licensees to access the benefits of a Gambling Commission license – such as advertising in Britain – without going through the application process, nor deriving any revenue from this jurisdiction. As a result, some affiliates of larger gambling companies have never been subject to direct Gambling Commission oversight. This practice appears wholly unsatisfactory and the Gambling Commission should urgently investigate the use and appropriateness of white labels.

In addition, following concerning reports about the practices of some online operators in countries such as Kenya, which are engaged in enticing young children to gamble, it should be a condition of a remote gambling licence that gambling companies wishing to operate in Britain are required to ensure they are protecting children and the vulnerable in all jurisdictions they derive revenue from.

Duty of Care

Given the scale of harm that can be caused by online gambling and the harm that can be caused by other forms of gambling, it is important that there is a functioning 'duty of care' to gamblers. This duty of care should lie with both the operators, who agreed with this when they spoke to the APPG, and the state. The regulator needs to ensure this through significantly improving its oversight of operators. **We recommend urgent legislation to equip the Gambling Commission with adequate enforcement powers, and a "duty of care" on operators to not exploit those with addictions.**

Age verification

We support stronger measures to verify the age and identity of online gamblers. A recent survey commissioned by the Gambling Commission found

that 2% of 11-16 year olds had spent their own money on online gambling in the past week and 7% of young people had gambled online using a parent or guardian's account (either with or without permission). These figures suggest the current system of checks are not working and that more needs to be done by gambling operators to safeguard children and young people.)⁴⁵ . **All online gambling, including the National Lottery, should also be restricted to those over 18.**

Non-Disclosure Agreements

Last year the Gambling Commission was compelled to issue a warning notice around the use of Non-Disclosure Agreements (NDAs) between gambling companies and individuals. They noted that some licensees have been including NDAs within settlement agreements with consumers. Some of these agreements may have had the effect of preventing those consumers from reporting regulatory concerns to the Gambling Commission, by either excluding disclosure to any third party or, in some cases, explicitly preventing people from contacting the Gambling Commission.

When the online gambling companies appeared before our committee we explicitly asked if they had used NDAs in settlement agreements with gamblers. A number of the companies told us they did not. We do however have evidence that this is not the case and we are concerned that their responses to us were misleading.

It is essential that NDAs do not result in consumers feeling they are unable to notify the Gambling Commission, other relevant authorities or law enforcement agencies of conduct which might otherwise be reported or that they prohibit those suffering gambling-related harm from freely discussing their gambling history with treatment providers.

⁴⁵ <https://www.gamblingcommission.gov.uk/PDF/Young-People-Gambling-Report-2019.pdf>

Greater action to deal with the inappropriate use of NDAs must be taken by the Gambling Commission. A change in the law regarding the use of NDAs is also urgently required. It should not be possible for them to cover-up wrongdoing or curtail the work of the regulator.

A mandatory levy

Last year, The Times revealed that online casinos that pay almost £120 million to sponsor Premier League football clubs are contributing as little as £50 per team to Britain's biggest gambling charity. Some companies gave nothing, while others gave as little as £5.

We welcome the moves by the big 5 gambling companies to commit to pay 1% of gross gambling yield towards safer gambling initiatives by 2023. But the APPG is concerned that this money may not be forthcoming and that not all companies will follow suit and that a mandatory levy should be applied. The big five only represent half of the remote gross gambling yield in Britain.

There needs to be continuity and security in the funding, which will enable planning for the provision of treatment and services, as well as independence in the commissioning process. **Steps should be taken to put a mandatory levy in place with immediate effect. This should be set on the basis of the 'polluter pays' principle, so those companies and sectors of the market causing the greatest harm should pay the most. The level of financial contribution should be under constant review and increased if greater demand for services arises.**

While the proposal from the big 5 operators in committing to a 1% contribution is a welcome first step, far greater measures should be taken to ensure that harm does not occur in the first place, with more robust action on restricting advertising, marketing and the other measures to prevent harm that have been set out here.

We support independent commissioning of the services with the increased funds now available, and we are unconvinced about the Gambling Commission and GambleAware's suitability in enacting this role.

A mandatory levy of should introduced to fund harm prevention projects, support for those who have been harmed by gambling and to fund research into gambling research. We advocate the imposition of a graduated or 'smart levy' where those in the gambling sector who cause the most harm pay the most.

Children and Young People

Assessing the harm to young people from online gambling and in particular the rise of gaming and the use of loot boxes among young people merits further investigation. We touch on this in relation to advertising above and we will be looking at this in further detail in our next inquiry.

According to the Gambling Commission, participation in online gambling for young people is low: 3% of 11-16 year olds had spent their own money on online gambling in the past 7 days in their survey. This figure indicates a slight increase since 2018.⁴⁶ Overall, however, 1.7% of 11-16 year olds are classified as problem gamblers and 2.7% as 'at risk' gamblers⁴⁷. That 1.7% equates to approximately 55,000 11-16 year olds in England, Scotland and Wales and for boys in particular the prevalence of problem gambling is three times that of the population at large. Many of the measures outlined in this report would better protect children, young people and vulnerable adults from harm. These include greater restrictions on advertising including via social media, a crackdown on the 'normalisation of gambling', the relationship between sports and gambling firms and better identity, age and verification checks.

⁴⁶ <https://www.gamblingcommission.gov.uk/PDF/Young-People-Gambling-Report-2019.pdf>

⁴⁷ <https://www.gamblingcommission.gov.uk/PDF/Young-People-Gambling-Report-2019.pdf>

Teachers and the education system more widely have a role to play too, as has been identified by the work of YGAM which educates young people and teachers about the dangers of gambling. We welcome the compulsory inclusion of gambling harm in PHSE lessons in schools from September 2020.

Given the risks to young people from gambling we very much welcomed the inclusion of gambling related harm in the NHS Long-Term Plan and the announcement on 24 June 2019 that the NHS is to open its first gambling clinic for children and young people. The new clinic for young people will open this year in London as part of an expansion of NHS services across England. Fourteen other clinics for adult gambling addicts are set to open, the first in Leeds this summer, followed by others in Manchester and Sunderland. Until now, specialist face-to-face help has only been available in London at a clinic focused on addicts aged 16 and over.

Loot boxes which allow players to spend money on in-game rewards such as special characters or equipment, without knowing what they will get must also be regulated as a gambling product. **We agree with the view of the Digital, Culture, Media and Sport Select Committee that loot boxes that contain the element of chance should not be sold to children playing games. The Secretary of State himself has also labelled these as ‘gambling games’. We welcome the Department for Digital, Culture, Media and Sport call for evidence on loot boxes and urge the Government to take firm action⁴⁸. Again, this is an area where regulation in this country lags behind that in other jurisdictions.**

We urge the Gambling Commission to undertake further work to assess the risks to children from online gambling, gaming and loot boxes. This is a subject which the APPG will return to in future sessions.

⁴⁸ <https://publications.parliament.uk/pa/cm201719/cmselect/cmcmums/1846/1846.pdf>

Summary of recommendations

Below we provide a full summary of the recommendations contained within this report:

A new Gambling Act is urgently needed:

- A new Gambling Act is urgently required. While some immediate changes can be made through secondary legislation and the Government should consider what changes can be made in the short-term, an overhaul of the 2005 Gambling Act is required - fit for our digital age.

This legislation should focus on prevention of harm and retrospective concerns but also assess the kind of industry we would like to have in the future.

Greater regulation of the industry is needed:

- The APPG has undertaken further work into the regulatory actions which are required to ensure online gambling products are less harmful. It is essential that game and product design rules should apply and be consistent in the land-based sector and online. Currently, content is available online which is prohibited in land-based venues. This is unacceptable. In this report we recommend:
 - **An independent review of how online products are regulated,** tested, and classified. Regulation of products seems to be weighted in favour of the industry and not the consumer. Products are allowed in the UK that are considered too dangerous elsewhere. The system needs to change. This review should also feed into the Gambling Act Review with a series of regulatory measures for current products to make them safe, as well as setting out a new regulatory framework for the future.
 - **Restricting in-play sports betting** to venues or via the telephone, to bring it in line with regulation in Australia.
 - **Significantly slowing down the Speed** of 'Random Number Generated' digital slots and roulette. (e.g. online roulette much

faster than land based which is supervised). **There should be no Free Spins, Turbo Spins, or Reel Stop play.**

- **Providing accurate information to consumers** on chances of winning and whether is skill based or random chance.

- Stakes, prize and deposit limits are urgently needed online. The Government has accepted the principle that stake limits can prevent harm in introducing the dramatically reduced stake for FOBTs to £2. If the amount which can be spent in one transaction is limited, this will also limit the harm these products cause. It is not a panacea but a critical step in reducing harm. We recommend that, in line with the Advisory Board for Safer Gambling advice, an urgent review of stakes, deposit and prize limits online is undertaken. It is not at all clear to us why the Gambling Commission has failed to prioritise this other than it being objected to by the online gambling industry. The APPG welcomed Neil McArthur, the Chair of the Gambling Commission's, announcement at our meeting in February ⁴⁹ that the Gambling Commission will be forming a view on gambling advertising and online stake limits in the next six months. These are very important developments, and both are very serious issues which it is right that the Gambling Commission addresses urgently. We look forward to hearing reports on these by September 2020 as promised.

- In this final report the APPG also recommends that a £2 stake on riskier slot content should be implemented as well as clear deposit limits which are in place in other jurisdictions.

- Improved affordability checks are urgently needed: When there are high levels of gambling related harm in the online sector and there are no stake and spend limits, it is simply not good enough for the online operators to say they are 'developing affordability checks'. Gauging affordability cannot

⁴⁹ <http://www.grh-appg.com/wp-content/uploads/2020/03/GRH-APPG-Minutes-12.02.20.pdf>

be left to gambling operators, given the majority of their revenue comes from people who are losing more than they can afford. Moreover, operators should have a clear understanding of what is affordable to online users based on the proportion of a gambler's income, and this should be underpinned by the Gambling Commission. The average level of disposable income in Britain is £450 a month yet screening for affordability often only comes into play after thousands of pounds have been lost – in many cases tens of thousands of pounds. A number of challenger banks and traditional banks have introduced a gambling transaction block. We welcome these and the positive response we have had from a range of financial institutions. Given the breadth of data at their disposal, banks could also better assist operators in carrying out affordability checks through open banking.

- A "single sign-on" (SSO) mechanism should be implemented: A third-party software platform that creates a profile for a user which is used to sign on to every gambling site. The SSO platform would verify the user's identity and enable the user to set mandatory deposit limits that would apply across all operators. These limits could be informed by affordability checks using services such as Experian.
- Extending the gambling on credit ban: We welcomed the ban on gambling with credit cards and also the recent action to ensure that people are not able to gamble on credit cards through payment systems such as PayPal or via their mobile phone⁵⁰. Again this change came about due to a direct request from the APPG. Gambling with other forms of credit such as loans and overdrafts should also be prohibited in line with the sentiment behind the credit card ban that people should not be gambling on credit of any kind. This cannot take two years as the credit card ban did.

⁵⁰ <http://www.gamblingcommission.gov.uk/news-action-and-statistics/News/guidance-on-credit-card-payments-made-through-money-service-businesses-msbs>

- VIP accounts and incentives should be banned: Rather than relying on the industry, the Gambling Commission must act decisively and take steps to ban highly problematic VIP schemes. The Gambling Commission itself has identified the dependence of the gambling industry on VIP customers of those who are disproportionately likely to be addicts. We are concerned that fines to companies for offering inducements inappropriately have very little impact on this well-resourced and well-funded industry.
- Reverse withdrawals and bonus promotions: The APPG recommends that, if the Gambling Commission accepts that reverse withdrawals and the offering of bonus promotions who are displaying markers of harm are harmful practices, they should be stopped permanently not just for the duration of the Covid-19 lockdown.
- Ban on gambling advertising: From the evidence we have heard and given that the point of advertising is to encourage people to gamble, there is a clear case for ending all gambling advertising, marketing and inducements and adopting more stringent restrictions such as those soon to be adopted in Spain⁵¹ or Italy. The Government has a duty to protect vulnerable people and also children and is out of step with the stringent restrictions and interventions in other jurisdictions. Beyond advertising and marketing all forms of communication from gambling companies should be strictly regulated. In addition to ending all gambling advertising is it also imperative that gambling advertising is also banned in online games such as FIFA which young children are playing often for many hours daily.
- We recommend that operators are prohibited from marketing to those that have self-excluded.
- Online companies should commit to fund blocking software and offer it for free to gamblers who self-exclude from their site: They should also fund a

⁵¹ <https://calvinayre.com/2020/02/21/business/spain-new-rules-prohibit-online-gambling-advertising/>

“self-exclusion group” that would constitute all operators, but also other sectors that can assist with restricting access to gambling sites – such as GamStop, Gamban, the financial services sector, internet service providers and mobile networks. Software platforms such as iOS and Android should allow blocking software to be shared across all of an individuals’ devices.

- The effectiveness and people’s awareness of self exclusion systems should be reviewed. We are concerned about the flaws which have been highlighted in the national self-exclusion scheme GAMSTOP and these should be immediately addressed. In addition, whilst there are a range of online gambling self exclusion tools our inquiry suggests that there is low awareness of these amongst gamblers as well as of blocking software schemes and gambling support services.
- Greater action to deal with the inappropriate use of NDAs must be taken by the Gambling Commission. A change in the law regarding the use of NDAs is also urgently required. It should not be possible for them to cover-up wrongdoing or curtail the work of the regulator.
- We support stronger measures to verify the age and identity of online gamblers. A recent survey commissioned by the Gambling Commission found that 2% of 11-16 year olds had spent their own money on online gambling in the past week and 7% of young people had gambled online using a parent or guardian’s account (either with or without permission). These figures suggest the current system of checks are not working and that more needs to be done by gambling operators to safeguard children and young people.⁵²
- All online gambling, including the National Lottery, should also be restricted to those over 18.

⁵² <https://www.gamblingcommission.gov.uk/PDF/Young-People-Gambling-Report-2019.pdf>

- Gambling companies need to significantly improve the measures they take to protect vulnerable or at-risk gamblers. We would like to see online gambling operators act far more sympathetically and return money in cases where money was clearly gambled when it should not have been, for example a person has been shown to have been vulnerable through an acquired brain injury. Gambling operators should also simplify their terms and conditions so that vulnerable adults are better able to understand them.
- Access to data should be made a condition of licensing to ensure high quality, independent research can be undertaken to assess the scale of harm being caused by the industry.
- It should be a condition of licence that gambling companies that wish to operate in the UK should be required to ensure they are protecting children and the vulnerable in all countries in which they operate. In approving licenses, the Gambling Commission should also consider activity in other jurisdictions. A licensee operating in the Great Britain should be adhering to codes of practice both within Great Britain and to those set in local jurisdictions internationally.

A new regulatory structure is needed

- The Gambling Commission is not fit for purpose: The system of gambling regulation in this country and the Gambling Commission must be overhauled. As has been shown by the highly critical report from the National Audit Office, we find that the Gambling Commission is effectively not fit for purpose. The NAO note that even if the Commission makes improvements “it is unlikely to be fully effective in regulating a challenging and fast-changing industry within the current system”. This is totally unacceptable and is a matter of deep public concern and raises issues

about the safety of the 1.8million 'at risk' gamblers and 395,000 problem gamblers in the UK including some 55,000 children, some of whom are as young as 11. Overall, the NAO's report is a major intervention by the Government's own auditor and organisation which holds the Government to account. **The APPG recommends an urgent review of the Gambling Commission and its capacity to effectively regulate the burgeoning online gambling industry.**

- Further regulation is also required in certain key areas:
 - Spread betting should fall under the auspices of the Gambling Commission instead of the Financial Conduct Authority, and subject to the same social responsibility protections as gambling operators;
 - There should be increased protection against accessing unregulated gambling sites by enacting internet service provider and financial transaction blocking to unlicensed operators; and
 - Gambling Commission licensees should cease active trading in jurisdictions that have not formally legalised remote gambling.
- We recommend legislation to equip the Gambling Commission with adequate enforcement powers, and a “duty of care” is placed on operators to not exploit those with addictions.
- A Gambling Ombudsman is urgently needed: The NAO report also highlights that gamblers need to know much more about how to resolve disputes and that a Gambling Ombudsman is needed. The APPG continues to strongly support this.
- Regulatory Settlements: We recommend that where regulatory settlements are achieved with gambling companies, following a gambling related suicide, that, given the exceptional circumstances, the bereaved family should have a say in where and how that regulatory settlement is allocated. It should not be immediately directed to GambleAware.

- The APPG also heard how more work is required to understand female problem gamblers and addiction and that a large-scale piece of work is needed in this area. We strongly support this proposition.

Research, Education and Treatment must be reviewed

- There should be a rapid and thorough assessment of the prevention, research and treatment needs that exist in all parts of the UK. The APPG strongly supports the re-starting of a national large-scale gambling prevalence study to provide a foundation for an assessment of the appropriate legislation, regulation and treatment of harm caused by the online gambling sector.
- A 'smart' mandatory levy of 1% should be introduced to fund harm prevention projects, support for those who have been harmed by gambling and to fund research into gambling research, including on the link with suicide. We advocate the imposition of a graduated or 'smart levy' where those in the gambling sector who cause the most harm pay the most.
- The treatment of gambling addiction and support for gambling related harm should be part of the NHS remit and be attributed to those with experience of commissioning and assessment of treatment services.
- The commissioning of research should be transferred from GambleAware and the Gambling Commission to independent UK research councils, an approach that is taken for other public health issues in the UK.
- Skins and Loot boxes require greater regulation: Whilst our inquiry has focussed on the harm that can be caused by online gambling, it is clear that a closer analysis is required of the emergent world of gaming and loot boxes. We agree with the view of the Digital, Culture, Media and Sport

Select Committee that loot boxes that contain the element of chance should not be sold to children playing games and welcome the Department for Digital, Culture, Media and Sport call for evidence on loot boxes and urge the Government to take firm action⁵³. Again, this is an area where regulation in this country lags behind that in other jurisdictions. The Gambling Commission must take a closer look at the regulation of this area. At present the lack of a cash out feature will preclude social and casino gaming falling within the Gambling Commission's remit. However, this could be addressed by a change in the law that would classify gambling as "wagering for an item of value" rather than "money's worth", bringing these new forms of gambling under the legal definition, and enabling the regulator additional powers and sanctions.

⁵³ <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomeds/1846/1846.pdf>

Table 1

	B1	B3	Category C	Online
Maximum Bet	£5	£3	£1	Unlimited
Maximum Win	£10,000	£500	£100	Unlimited
Minimum Game Time	2.5 seconds	2.5 seconds	2.5 seconds average (1.5 seconds individual game)	No minimum
Linked Progressive Jackpot	Local Area network only (i.e not linked across venues) £20,000	Not allowed	Not allowed	No limitations
Holdover (e.g. hold reel symbols, build trail to win or feature trigger from game to game)	50% chance	50% chance	100% chance after losing game. 50% chance after winning game	No limitations
Simultaneous games	Not allowed	Not allowed	Not allowed	No limitations
Additional stake within a game	Not allowed	Not allowed	Not allowed	No limitations
Enriched Period (Series or forced wins with 100% control)	Not allowed	Not allowed	Not allowed	No limitations
Raking Periods (Series of games returning <target RTP with 100% control)	Not allowed	Not allowed	Not allowed	No limitations
Transparency (undocumented game features or elements, player hints)	Not allowed	Not allowed	Not allowed	No limitations
Playing positions	20 (1968 Act Casino) 80 (2005 Act Small Casino)	20% of playing positions in an AGC	Not limited in AGCs/bingo halls. Limited by local authorities in pubs.	No limitations

Annex A - Witnesses Gambling Related Harm APPG

Wednesday 27th March, 2pm

Assessing the Impact on people harmed by online gambling

- Former Online Gamblers
- Liz and Charles Ritchie, Gambling with Lives
- Dr Clare Mills and Luke Griggs, Headway
- 'George' an individual who had experienced harm and is being supported by Headway

Wednesday 24th April, 2pm

Assessing the Current Harm Prevention Provision

- Micah Willbrand, Managing Director, Experian
- Steve Moffatt, Public Policy Manager, Addaction
- Sarah Williams-Gardener, Director of Public Affairs, Starling Bank
- Stuart McFadden, Head of Financial Difficulties, Monzo Bank
- Fiona Palmer, CEO, The National Online Self Exclusion Scheme
- Matt Zarb-Cousin, Director, GamBan
- Robin Caller, CEO, Overmore Group

Wednesday 8th May, 2pm

Assessing the Current Treatment Provision

- Lee Willows, Founder and Chief Executive, Young Gamblers Education Trust
- Anna Hemmings, Chief Executive, GamCare
- Dr Stephen Sharman, University of East London
- Helen Undy, Chief Executive, Money and Mental Health

- Duncan Stephenson, Director of Marketing and External Affairs, Royal Society for Public Health
- Caroline Norrie, Research Fellow, King's College London

Wednesday 12th June, 2pm

Assessing the Impact – The Gambling Industry

- Dr Heather Wardle, Assistant Professor, LSHTM
- Wes Himes, Interim Chief Executive, Remote Gambling Association
- Gillian Wilmot, Chair, Senet Group (Invited)
- Nigel Railton, CEO, Camelot
- Aisling Ni Chonaire, Senior Adviser, The Behavioural Insights Team

Wednesday 10th July, 1pm

Assessing the Impact

- Kate Lampard CBE, Chair, GambleAware
- Dr Henrietta Bowden-Jones, Founder and Director of the National Problem Gambling Clinic and Spokesperson on Behavioural Addictions for the Royal College of Psychiatrists
- Matthew Gaskell, Consultant Psychologist & Clinical Lead, NHS Northern Gambling Service
- Dr Stephanie Bramley, Research Associate, NIHR Health and Social Care Workforce Research Unit, King's College London
- Simon Miller, Head of Government Affairs, Three UK
- Ben Clay, Senior Associate Solicitor, Lupton Fawcett LLP
- Katie Fry, Gambling Support Service Project Manager, Citizens Advice Bureau

Wednesday 4th September, 2pm

Assessing the Impact – The Gambling Industry (Operators)

- John Coates, Joint Chief Executive, Bet365
- Philip Bowcock, CEO, William Hill Plc
- Peter Jackson, CEO, Flutter Entertainment
- Richard Flint, CEO, Sky Betting and Gaming (Invited)

Wednesday 12th February 2020, 2pm

Assessing the Impact – The Policy and Regulatory Landscape

- Neil McArthur, CEO, Gambling Commission

Monday 4th May 2020, 9am

Advertising harm

- Professor Sam Thomas, Deakin University in Australia
- James Grimes, The Big Step, Gambling Charity

Monday 11th May 2020, 9am

Treatment and online restrictions which would prevent harm

- Dr Matt Gaskell, Clinical Lead & Consultant Psychologist for The NHS Northern Gambling Clinics
- Danny Cheetham, former gambler

Monday 18th May 2020, 9am

Gambling Advertising

- Shahriar Coupal, The Advertising Standards Association

Annex B – List of Submissions Received

- Advertising Standards Authority
- Alex Macey
- Anonymous
- Bernard Henry
- Brian Chappell
- Camelot
- Chris Jones
- Conservative Christian Fellowship
- Dr Philip Newall - University of Warwick
- Dr Steven Sharman
- Experian
- Gamcare
- GamStop
- Dr. Matt Gaskell
- Goldsmiths University
- Gregg Armstrong
- GVC Holdings
- Headway
- Jackpotjoy Group
- Justin Graham
- Matt Corcoran
- Money and Mental Health
- National Casino Forum
- NIHR Health and Social Care Workforce Research Unit - The Policy Institute, King's College London
- Paul Maguire
- Remote Gaming Association
- Revealing Reality
- Royal Society of Public Health
- Simon Booth
- UK Gambling Commission
- Associate Professor Samantha Thomas, Dr Hannah Pitt and Professor Mike Daube – The Deakin University Australia

Annex C – Committee Members of the All Party Parliamentary Group for Gambling Related Harm

Chair – Carolyn Harris MP

Vice Chair – Ronnie Cowan MP

Vice Chair – Rt Hon. The Lord Foster of Bath

Vice Chair – Rt Hon. Sir Iain Duncan Smith MP

Vice Chair – Sir Mark Hendrick MP

Vice Chair – Stuart McDonald MP

Vice Chair – Sammy Wilson MP

Vice Chair – Rt Hon. Sir Mike Penning MP

Treasurer – Rt Hon. Stephen Timms MP

Secretary – Gerald Jones MP