

Notification of intention to grant permission to provide society lottery services without strict adherence to rule 6.2.1 (the requirement for network operators to withhold payment due to any provider for a period of 30 days after the use of the PRS to which the payments relate) of the PSA Code of Practice

Background

Paragraph 2.6.2 of the PSA Code of Practice (15th edition) (“the Code”) allows registered providers to apply for written permission from the PSA (which may be given subject to conditions) for their service to be provided by means other than strict adherence to the Code provisions. Such permission can be withdrawn or varied by the PSA subject to the giving of reasonable notice.

This Notice sets out the details of the permission scheme and the criteria that mobile network operators must meet to be allowed to operate under the scheme.

Society lottery services¹

The PSA is aware of a current misalignment between rule 6.2.1 in the PSA Code of Practice, and the Gambling Commission’s Licence Conditions and Codes of Practice (LCCP), specifically rule 11.1.9 which requires a promoter of a society lottery to be paid the price for a ticket before it or right to prizes can be given or allocated to a person.

By offering permission to depart from rule 6.2.1 on a limited basis, the PSA is able to support compliance with the LCCP for Society Lottery Services paid for via phone-payment.

In order for permission to be given network operators must be able to demonstrate that the following conditions will be met:

- each party that the network operator contracts with in a value chain that will operate under this permission remains registered with the PSA and that each such contracted party is able to ensure that those they contract with in the relevant value chain remain registered with the PSA
- thorough DDRAC is performed in respect of each party the network operator contracts within a value chain that will be operating under this permission
- all reasonable steps are taken to ensure that each party in a relevant value chain that a network operator contracts with continues to comply with their obligations under the Code and that each such party takes reasonable steps to ensure that those in the value chain that they contract with continue to comply with their obligations under the Code:

¹ Society lottery services are defined in the Code as PRS services that enable consumers to participate in a “lottery” operated by, or for the benefit of, a “non-commercial society”, such terms being defined in the Gambling Act 2005.

- where there are other intermediary providers and value chains seeking to benefit from the permission, the network operator must inform the PSA of this and provide details at least five working days before the service goes live otherwise permission cannot be extended to them. The PSA retains the right to refuse the extension of permission at its discretion and instead require an application for permission in respect of a different intermediary provider.
- transaction limits of £40 per single transaction and no more than £240 per calendar month apply, as required by the Payment Services Regulations 2017
- each network operator seeking to operate under this permission must provide data in respect of each value chain and Society lottery service setting out, and broken down by each payment method being used, the:
 - total number of entries
 - number of unique consumers who engaged with the Society lottery service
 - the number of complaints received about each Society lottery service
 - the number and aggregate value of refunds made.
- this data should be reported to the PSA on a monthly basis for the first three months, and thereafter, on a quarterly basis, unless an alternative period is agreed with the PSA
- the network operator providing an escalation pathway for any unresolved complaints.

Each network operator must also confirm the customer care and refunds processes in place for each value chain operating under the permission.

In accordance with paragraph 2.6.3 of the Code, details of the permission granted (e.g. details of the applicant, relevant Code provision and conditions but excluding any confidential information) as well as a record of all networks and companies operating under the permission, will be published on the PSA website.

The PSA reserves the right, following reasonable notice, to withdraw or vary the operation of this permission, including in relation to any specific value chain or service. Prior to any withdrawal or variation, the PSA will engage with the network operator and, as appropriate, others in the value chain. Where a formal investigation is opened into any party that forms part of a value chain operating under the permission, this will automatically trigger consideration of whether the permission as relates to the service(s) affected or as a whole should be withdraw or varied.

How to apply for this exemption

Network operators who wish to apply for this exemption should write to compliance@psauthority.org.uk, setting out details of each value chain that it intends will operate under this permission.

Applicants may be asked for further evidence which demonstrates how they will comply with the conditions set out in the exemption.

The PSA will consider any applications received and will endeavour to provide a written decision within six weeks. For each successful applicant the permission will commence once they have received notification from the PSA accordingly.