

**Notification of intention to grant permission to provide society lottery services without strict adherence to rule 3.5.1 (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.**

This Notification should be read by all Network operators who are involved, or intend to be involved, in the provision of Society Lottery Services.

### **Society Lottery Services**

Society Lottery Services are defined as follows:

*A premium rate service ('PRS') that enables consumers to participate in a "lottery" operated by, or for the benefit of, a "non-commercial society". Such lotteries and societies meet the respective definitions set out in the Gambling Act 2005.*

A society is non-commercial if it is established and conducted:

- for charitable purposes
- for the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity
- for any other non-commercial purpose other than that of private gain.

The PSA is aware of a potential misalignment between rule 3.5.1 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 3.5.1 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 to benefit from the exemption, Network operators are required to apply to the Phone-paid Services Authority setting out details of each value chain that it intends will operate under this permission.

Network operators must demonstrate that the following conditions will be met:

- each party that forms part of a value chain seeking to operate under this permission continues to comply with its obligations under the PSA Code of Practice and the Special conditions for Society Lottery Services (that apply to both single purchases and purchases made on a subscription basis)<sup>1</sup>
- the Network operator will undertake thorough due diligence processes for each of the Level 1 providers and value chains seeking to operate under this permission, and any other Level 1 in a value chain benefitting from the permission. Where there are such

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<sup>1</sup> And any other requirement that applies in respect of the Society Lottery Service.

other Level 1 providers and value chains seeking to benefit from the permission the Network operator must inform us of this and provide details at least five working days before the service goes live otherwise permission cannot be extended to them. 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 Level 1 provider

- Each Level 1 and Level 2 provider that forms part of a value chain operating a Society Lottery Service under the permission remains registered with the PSA
- Each Level 1 and Level 2 provider that forms part of the value chain operating under the exemption has an ongoing good compliance record<sup>2</sup> with the PSA
- Each party in a value chain that is operating under this permission cooperates fully in responding to all requests from the PSA that are made in accordance with the Code, for example in providing information to PSA
- If the PSA opens a Track Two investigation in respect of any party that forms part of a value chain operating under the permission, the permission for the affected value chain(s) and service(s) will be suspended until the Track Two investigation is concluded
- Transaction limits of £40.00 per single transaction and no more than £240.00 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 utilised, 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.
- After the first six weeks, the data set out above is to be provided monthly.
- 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 3.10.5 of the Code, a record of all Networks and companies operating under the permission will be placed on the Phone-paid Services Authority website.

In accordance with paragraph 3.10.4(b) the Phone-paid Services Authority may withdraw or vary permissions subject to the giving of reasonable notice.

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<sup>2</sup> For the purposes of this permission, a Level 1 or Level 2 provider will be considered to have a good compliance record if they have not been the subject of a PSA Tribunal adjudication in the five years preceding the making of any application to operate under this permission.

### **Applying for a permission**

Permission will be granted for an initial six-month pilot period after which time the PSA will undertake a review.

Network operators can apply for the permission set out in this Notice by setting out their request in writing, to: [compliance@psauthority.org.uk](mailto:compliance@psauthority.org.uk)

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