

# **IoF RESPONSE TO THE PHONE-PAID SERVICES AUTHORITY CONSULTATION ON SOCIETY LOTTERY SERVICES AND ADOPTION OF SPECIAL CONDITIONS**

**April 2018**

## **ABOUT US**

The Institute of Fundraising is the professional membership body for UK fundraising. Our mission is to support fundraisers through leadership, representation and education, and we champion and promote fundraising as a career choice. We have over 575 Organisational members who bring in more than £9 billion in income, and over 6,000 Individual members.

## **OUR RESPONSE**

### **General Comments**

#### **Innovation**

As PSA rightly acknowledges, donations via text message to short phone numbers have grown over recent years, raising £110 million for good causes last year alone.<sup>1</sup> At the same time, figures from the Gambling Commission show that society lotteries in the UK raised £255.6 million last year, up from £212.1 million in 2016 and £190.6 million in 2015.<sup>2</sup> There is clearly huge potential here for charities to benefit from the growth in income from societies lotteries, and the clear trend towards making transactions via text message.

The Institute of Fundraising therefore welcomes the new facilitation of phone-paid services for the purchase of society lottery tickets via the 72XXX phone number, and the added benefit of the same HMRC exemption from VAT.

#### **Trust and transparency**

That said, we recognise that there can also be potential risks to consumers in these developments. Transparency is key to ensuring good donor relations, and is an absolutely vital part of maintaining and building trust and confidence in fundraising.

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<sup>1</sup> <https://psauthority.org.uk/-/media/Files/PSA/For-Businesses/Our-role-in-the-industry/Public-consultations/2018/Consultation-on-society-lotteries-final.ashx?la=en>

<sup>2</sup> <https://www.thirdsector.co.uk/record-level-funds-raised-good-causes-society-lotteries/fundraising/article/1451938>

### **Avoiding duplication of work**

In general, the proposed approach is welcomed. However, as the consultation document recognises, society lotteries are already well regulated by the Gambling Commission – and much of that regulation does impact on the payment process. It is important that the PSA is able to avoid duplication of work where existing regulation is sufficient, and work closely/in consultation with the Gambling Commission to ensure that there are no contradictions.

### **Specific Comments**

**1. Does this definition of *society lottery services* suitably align with the gambling legislation and assist in identifying relevant phone-paid services that may be subject to specific PSA regulations?**

This seems appropriate in relation to the definitions given in the Gambling Act 2005.

**2. Do you agree with this approach to guidance development in relation to society lottery services?**

In principle, the approach to guidance development is welcomed. As PSA recognises in the consultation document, society lotteries are already sufficiently regulated. In light of this, as we have commented above, it would be preferable for the PSA to avoid duplication of work here, and avoid creating rules that could either be interpreted as contradictory or overly burdensome on the industry.

**3. Are there any other pieces of PSA guidance that you consider will require consideration that does not appear in the list above?**

No specific comment.

**4. To what extent do you agree with the risk assessment as set out about in section 2? Please give evidence to support your submissions?**

It is always important to assess risks of harm posed by individual services. However, it seems that the risk assessment provided in the consultation document is based on an understanding of society lotteries as general gambling products – indeed, the reasons given on page 8 to risk assess society lottery services relate to the risks that relate to gambling generally (e.g. financial harm and addiction/problem gambling). Society lotteries can be considered as one of the safest forms of gambling, with the latest figures indicating that problem gambling among society lottery players is and has remained low. Figures commissioned by GamCare in 1999 showed a problem gambling prevalence of 2% among 'any other lottery players', while the figures published by the Gambling Commission in 2012 estimated a problem gambling prevalence of

1.8% among players.<sup>3</sup> What is more, the Gambling Commission rate the overall risk of lotteries as 'low' in November 2017, recognising that within that the rating for society lotteries was even lower than for the National Lottery.<sup>4</sup> It is therefore worth remembering that context while risk assessing society lotteries specifically.

**5. To what extent do these provisions, SOL1 and SOL2, mitigate against any risks associated with under-age use of gambling services and address concerns associated with vulnerable groups?**

We agree that if a consumer is found to be under 16, they must be refunded and blocked from using the service until they are of the appropriate age to enter, and so agree that provisions SOL1 and SOL2 address these concerns.

**6. Do you agree with our assessment that ticketing requirements and wider gambling regulations are sufficient for users, including any vulnerable groups, tracking their usage?**

We echo the sentiment from PSA that vulnerable groups should be carefully considered. Participation in a society lottery should be a positive experience for all, and each user will be an individual with a unique background, experience and circumstance. We agree with the PSA's assessment that compliance with the Gambling Commission's requirements will be sufficient.

**7. Does the list in SOL3 contain the right type of information needed to give consumers adequate information associated with society lottery services? Please provide an explanation regarding any additional or amended requirements where you have suggested changes.**

The proposed list in SOL3 duplicates regulations from the Gambling Commission and the Advertising Standards Agency. Therefore, it would be worth the PSA considering whether this addition is necessary.

**8. To what extent do SOL4 and SOL5 offer clarity at the point of purchase and achieve a requisite level of consent to charge in relation to society lottery services?**

No specific comment.

**9. To what extent do SOL6 and SOL7 give consumers awareness of their phone-paid services and an ability to track spending over time?**

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<sup>3</sup>

<http://www.gamblingcommission.gov.uk/pdf/Gambling%20behaviour%20in%20Britian%20resuIts%20from%20the%20BGPS%202000%20-%20Jun%202007.pdf>

<sup>4</sup> Gambling Commission (2017) "Money laundering and terrorist financing risk within the British gambling industry"

With regard to SOL7, the Gambling Commission already has requirements in relation to the information which needs to appear on tickets in a society lottery, as set out at footnote 9 of your consultation. It would seem unnecessary for the PSA to require these as well. The PSA's requirements should focus only on those aspects unique to PRS, such as having instructions on the use of the STOP command.

**10. Do you agree that compliance with SOL7 reduces the need for a separate provision relating to subscription spend reminders? Please provide evidence in support of your submissions.**

No specific comment.

**11. Do you agree that spend caps are not required for society lottery services based on the information provided under SOL6 and SOL7 and that the notice issued under paragraph 3.12.6 should be amended accordingly?**

No specific comment.

**12. Does the list in SOL8 contain the right types of information to support the regulation of society lottery services and equip the PSA to handle any complaints and enquiries that may arise?**

No specific comment.