

Public statement – October 2018

Regulatory settlement - The Rank Group PLC (t/a Grosvenor Casinos and online at www.grosvenorcasinos.com)

- Failed to comply with a code of practice issued under Section 24 Gambling Act 2005 - Social Responsibility Code 3.72 (Provision of credit)
- Failed to comply with a code of practice issued under Section 24 Gambling Act 2005 - Social Responsibility Code 3.5.1 (Self-exclusion)
- Failed to comply with a code of practice issued under Section 24 Gambling Act 2005 - Social Responsibility Code 3.4.1 (Customer Interaction)

Compliance with a social responsibility code provision (SRCP) is a condition of the Licence by virtue of section 82(1) of the Act.

Operators are expected to consider the issues contained in the public statement in respect of management of high value customers and review their own practices to identify and implement improvements.

Executive Summary

The Gambling Commission has completed an investigation into The Rank Group PLC's management of a very high net value customer who lived overseas. The investigation identified weaknesses in the licensed entities' Grosvenor Casinos and www.grosvenorcasinos.com social responsibility controls. The consumer was a long-standing Grosvenor Casinos customer whose gambling activity escalated rapidly in 2017 after he opened an online account with www.grosvenorcasinos.com.

Rank identified the issue and brought it to our attention, acknowledging shortcomings at an early stage. The weaknesses related to how Rank applied its responsible gambling controls to the customer, including:

- the arrangements for the provision of credit provided to the customer for use online;
- a 'keep in contact visit' carried out at the customer's home address whilst he was in a period of self-exclusion; and
- the failure to record customer interactions and make use of all available information when assessing whether the customer is showing signs of problem gambling.

In line with our [Statement of principles for licensing and regulation](#), Rank will pay £500,000 in lieu of a financial penalty. The payment will be used to analyse the data sets of customers deemed high value customers to identify risk indicators associated with harmful gambling. A breakdown of the regulatory settlement is set out below.

Findings - Socially responsible gambling

1. Failed to comply with a code of practice issued under Section 24 Gambling Act 2005 - Social Responsibility Code 3.72 (Provision of credit)

This code deals with the circumstances in which licensees can offer customers credit. In circumstances where remote operators choose to offer credit to consumers they must set out to the customer the terms and conditions associated with that credit.

Rank Digital's policy is not to offer credit to its digital customers. However, in this case the customer was encountering delays when trying to transfer offshore funds to his UK banking facilities. To ensure the customer play was not interrupted whilst the bank transfers were in tranche a request was sent by the customer's VIP manager to senior Rank members of staff requesting that an online credit facility be granted described as akin to a credit facility offered in Rank's land-based Grosvenor Casinos. Rank agreed the facility allowing him to draw down funds prior to the completion of the banking transfers. Rank put arrangements in place to monitor credit and repayment within the parameters approved and agreed with its executive group at the time. However, the credit facility arrangement was not formalised for a period of six weeks and during that time his online spend escalated. By the time the required agreement was in place the credit had been drawn down and repaid multiple times.

On one occasion in a 24-hour period the customer lost in excess of £1million that had been credited to his account. Following this, the customer's high level of spend continued and reached such a level that Rank decided to put an enforced break in place in respect of the customer's land based and on-line casino accounts. The customer's online account was in due course closed with a considerable balance due to be repaid to Rank.

2. Failed to comply with a code of practice issued under Section 24 Gambling Act 2005 - Social Responsibility Code 3.5.1 Self-exclusion

This code deals with effective procedures for self-exclusion and taking all reasonable steps to prevent an individual who has entered a self-exclusion agreement from participating in gambling.

The customer had self-excluded from Grosvenor Casinos during 2016 for a minimum period of six months. During that period, as part of a series of 'keep in contact' and networking visits to a number of customers a general manager from Grosvenor Casinos visited this customer at his home address overseas. Following that visit a request was made by the general manager to have the customer re-instated. It was noted that Rank did refuse the request until the customer's self-exclusion period concluded.

3. Failed to comply with a code of practice issued under Section 24 Gambling Act 2005 - Social Responsibility Code 3.4.1 Customer Interaction

This code sets out the expectations in respect of identifying signs of problem gambling. We acknowledge that operators consider assessing traits by high value customers to be particularly challenging. However, more work needs to be done within the industry to manage such relationships and particularly not to rule out obvious risk indicators purely because the customer may be wealthy.

Rank's records of interactions with the customer prior to 2015 are limited although it is clear that he had self-excluded once citing that he was 'losing too much money'. Subsequent to the 2016 self-exclusion, interactions with the customer seemed to focus on the assertions that he was 'comfortable with his level of spend' rather than there being an analysis of Rank's holistic knowledge of the customer's gambling.

Rank seemed to place greater reliance on their knowledge of the customer's high level of wealth and his assurance that he was comfortable with his level of spend, to the detriment of reviewing the signs of potential problem gambling. These included: an escalation in spend once his online account was opened; his high speed of play;

repeated requests for credit increases and bonuses; overt signs of frustration; and the fact he had previously self-excluded on two occasions.

Good Practice

We consider that this case provides valuable learning for operators' non-remote and remote (online) facilities. You should consider the following questions to avoid these issues:

- Do you have systems in place to identify potential signs of problem gambling? Do these include appropriate trigger points for when the usual pattern of gambling becomes unusual (these should not be just financial)?
- Do your customer interaction policies and procedures also cover VIP customers? Are you alert to the particular risk these customers bring? Are commercial considerations overriding customer protections?
- How promptly are details of self-excluded customers removed from your marketing databases? Are your data sets ring-fenced to prevent access to self-excluded customers' details for marketing purposes?
- How do you manage high net worth customers? Are your VIP teams/managers sufficiently trained and do they work within the same controls as the core of the business?
- How do you manage credit in respect of high net worth customers? Is your online registration system sufficiently robust?

Regulatory settlement

The package consists of:

- a) The financial penalty payment element of £500,000 which will go to GambleAware to pay for:
 - analysis of data sets of high spending customers to identify risk indicators associated with harmful gambling.
 - thematic research into patterns of play to identify harmful gambling traits.
- b) Agreement to provide an anonymised dataset of high-end online and offline casino customer play for GambleAware's research. The analysis of this data will focus on staking patterns, size of stakes, speed of play and other characteristics of this area of gambling.
- c) Rank has considered the extent to which it had benefitted from its engagement with the customer over the course of the relationship and has terminated the relationship making an agreed divestment
- d) Payment of £5,000 towards the Commission's investigative costs.

Conclusion

Our investigation found, and Rank accepts, that there were weaknesses in its systems relating to how it managed this customer in respect of social responsibility. In determining the appropriate outcome, we took the following factors into account:

- Proactive and timely self-reporting by Rank of all the issues identified.
- Rank being open and transparent from the outset of the investigation and fully co-operative throughout.
- Rank carrying out thorough internal investigations and taking action to address failings and weaknesses. It also kept us informed throughout this process.
- A demonstrable insight into the seriousness of the failings.