

Tabcorp UK Limited (trading as Sun Bets) Public Statement

- **Breach of Social Responsibility Code 3.5.3(1) & (6) (self-exclusion)**
- **Offering a novelty market dependent on a criminal offence being committed**
- **Offering a novelty market which carried a risk of inciting an individual to breach a sports governing body's rules**
- **Management of risks relating to the provision of facilities for gambling otherwise than in accordance with a licence**

March 2018

Operators are expected to consider the issues here and review their own practices to identify and implement improvements

1. Executive summary

This case concerns Tabcorp UK Limited “Tabcorp UK” which holds a remote operating licence authorising provision of facilities for real and virtual event betting, pool betting and the operation of a casino.

The Commission found weaknesses in Tabcorp UK’s systems and controls which meant that:

- 118 self-excluded customers were able to open duplicate accounts and gamble, in breach of Social Responsibility Code 3.5.3(1) & (6) (self-exclusion)
- two novelty markets were offered around which the risks had not been effectively assessed – the result of one was dependent on an individual committing a criminal offence, and the other on an individual breaching a sports governing body’s rules
- a marketing event took place where the risk of offering non remote gambling, for which they do not hold a licence, had not been managed.

In line with our [Statement of principles for licensing and regulation](#) Tabcorp UK will pay a penalty package of £84,000, which includes payment of £50,000 in lieu of a financial penalty to charities for socially responsible purposes. Additional conditions have also been applied to the licence. A breakdown of the regulatory settlement is set out in Section 4.

2. Findings

Breach of Social Responsibility Code 3.5.3(1) & (6) (self-exclusion)

There were weaknesses in Tabcorp UK’s online registration system which enabled self-excluded customers to open new accounts by retaining some personal details but changing all of the following details:

- user name
- bank card
- email address.

This does not comply with the requirements in Social Responsibility Code 3.5.3(1) and (6), which states:

- Licensees must have and put into effect procedures for self-exclusion and take all reasonable steps to refuse service or to otherwise prevent an individual who has entered a self-exclusion agreement from participating in gambling, and
- Licensees must put into effect procedures designed to ensure that an individual who has self-excluded cannot gain access to gambling. These procedures must include:
 - a** a register of those excluded with appropriate records (name, address, other details, and any membership or account details that may be held by the operator);
 - b** a record of the card numbers to be excluded;
 - c** staff training to ensure that staff are able to administer effectively the systems; and
 - d** the removal of access from those persons found to have gambled or who have attempted to gamble on the facilities.

Between November 2016 and May 2017 Tabcorp UK received 12 complaints from self-excluded customers that they had been able to circumvent self-exclusion arrangements.

In May 2017 Tabcorp UK performed a review of the system and notified us of the issue through key event reporting. Its investigation revealed that between August 2016 and May 2017, 118 self-excluded customers had opened a further 141 duplicate accounts. Tabcorp UK proactively refunded deposits on 127 accounts, totalling £24,174.97 and €50. Of the remaining 14 accounts, withdrawals exceeded deposits.

Tabcorp UK accepts that as a result of the complaints received from self-excluded customers, it should have been aware of the weaknesses in its self-exclusion procedures, addressed those weaknesses sooner than it did, and reported the issue to the Commission at an earlier date.

Tabcorp UK accepts the breach of the social responsibility code, in that it did not have and did not put into effect a fully compliant system to prevent individuals who had entered a self-exclusion agreement from participating in gambling, and that it did not take all reasonable steps to prevent individuals who had entered a self-exclusion agreement from gambling. This impacted vulnerable customers.

Novelty Markets

Tabcorp UK failed to properly risk assess two novelty betting markets offered in relation to an FA Cup tie between Sutton United v Arsenal on 20 February 2017. Had it done so, Tabcorp UK accepts those markets would not have been offered. One of the markets was dependent on a football player eating a pie during the match and the other was dependent on a stalker running across the pitch.

Pie eating market

Tabcorp UK accepts that it did not carry out a specific risk assessment on the potential impact of the pie-eating market on the individual who had a pivotal role in determining the outcome of that market, and did not assess whether the market carried a real risk of inducing an individual to breach a sports governing body's rules. Tabcorp UK accepts that it should not have placed reliance on the eating of the pie being broadcast live on the BBC as being sufficient to fully manage the potential integrity risks involved. It also accepts that had a proper risk assessment been carried out at the time, it would not have offered the market.

Stalker market

Tabcorp UK accepts that it was inappropriate, and at odds with the licensing objective to keep crime out of gambling, to offer markets on an event which would involve the commission of a criminal offence. It also accepts that the risk of the stalker market inducing or appearing to induce criminal conduct should have been recognised by an internal risk assessment process and, as a result, the market should not have been offered.

Management of risks relating to the provision of facilities for gambling

There were weaknesses in Tabcorp UK's management of the risks in provision of facilities for non-remote gambling at a promotional event.

On 13 March 2017 Tabcorp UK notified us of a key event, whereby Tabcorp UK employees at a marketing event at a London hotel had manually taken details of bets from customers who were unable to place them remotely at that specific time, due to a failure in remote technical equipment. The event in question had taken place on 8 March 2017 and related to racing at the Cheltenham Festival. The bets were to be struck the next day, but Tabcorp UK realised it did not have the correct licence to take these bets and no bets were placed.

Tabcorp UK accepts that it failed to sufficiently manage the risks of staff at the event offering facilities which its licence did not cover and, had it done so, additional staff training and supervision would have been provided.

Tabcorp UK has assured us that, immediately following the event, they took action to prevent recurrence by putting in place measures to ensure that a member of the compliance team attends all similar events in the future, and is accountable for ensuring that all relevant staff are appropriately trained and supervised.

3. Good practice

To avoid making the same mistakes as Tabcorp UK, operators should consider the following questions:

- How many details would a self-excluded customer have to change to be prevented from opening a duplicate account? Is your online registration system sufficiently robust?
- Do you perform holistic reviews of the business and make use of all information available to you, including complaints, to identify potential weaknesses? Do your customer contact arrangements identify potential failings in your systems, so as to enable prompt investigation and remedy?
- Are you considering the risks when offering a novelty market? Do you have a robust process in place to risk assess and manage novelty betting markets before they are offered? Does this process take into account:
 - whether the market may induce a breach of the rules of a sports governing body
 - whether the market may induce a criminal offence
 - the impact of the market on any individuals who have a pivotal role in facilitating the outcome of that market
 - risks to betting integrity?
- Would you have complied with requirements to self-report these events to us in time?

Betting operators licensed in June 2016 were all warned about the [risks of novelty markets](#). We will deal more severely with any operator who disregards the guidance outlined in that document and this report.

Operators offering novelty markets must demonstrate a robust management of the associated risks in order to ensure they uphold the licensing objectives. It is not acceptable to offer novelty markets which could induce a criminal offence, a breach of a sports governing body's rules, or which give rise to unacceptable risks to betting integrity.

4. Regulatory settlement

The penalty package consists of:

- For the self-exclusion breach - Tabcorp UK has paid £50,000 payment in lieu of a financial penalty to charities for socially responsible purposes. This is in addition to the £24,174 already returned to affected customers.
- For the controls failings on novelty markets - additional specific conditions have been placed on the operating licence which state:
 - a) The Licensee shall ensure that all “novelty” betting markets (“novelty” does not include any standard occurrence during a sporting event) are appropriately risk assessed, and are only created and approved in line with the Licensee’s written

novelty markets procedure. Such procedure shall ensure that improper “novelty” betting markets are not offered, and that an audit trail identifies a named individual who takes responsibility for the approval of each such market.

- b) The following betting markets will not be offered by the operator:
- i. Novelty markets which are dependent on an event which would be a breach of the relevant sports governing body’s current and publicly accessible rules; or
 - ii. Any markets which are dependent on an event which would involve the commission of a criminal offence.
- Payment of £10,000 towards the Commission’s investigation costs.

5. Conclusion

Our investigation found, and Tabcorp UK accepts, that there were weaknesses in its systems relating to self-exclusions, novelty markets and risk management of promotional events.

In determining the appropriate outcome, we took the following factors into account:

- Timely self-reporting of issues
- Thorough internal investigation which was fully reported upon to the Commission
- Proactive action to address failings and weaknesses
- Proactively refunding £24,000 to affected customers, rather than awaiting regulatory action
- Admissions made.

We consider that this case provides valuable learning for online and non-remote operators.

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