

Customer interaction guidance – for remote gambling licensees (Formal guidance under SR Code 3.4.3)

This guidance was originally published in June 2022. This guidance is not in effect and operators are not required to take it into account.

From 12 September 2022, all other formal customer interaction guidance previously issued to remote operators has ceased to be in effect and operators are not required to take such guidance into account.

Following our consultation on customer interaction, Social Responsibility Code Provision 3.4.3 for remote gambling licensees has been introduced and the majority of requirements are in effect from 12 September 2022.

We have issued this [update on the regulatory requirements and status of formal guidance regarding customer interaction for remote gambling operators](#). We intend to conduct further consultation on matters to be addressed in the guidance associated with Social Responsibility Code Provision 3.4.3, by way of a consultation on the guidance document itself, likely to commence in late September. This consultation will be available on [our consultations page](#).

Introduction

When there are indicators that a customer may be experiencing harm, acting early and quickly could help stop or prevent the harm worsening. Spotting signs of harm and taking early action can be a preventative measure, designed to enable a customer to gamble safely. It can also be reactive, to support a customer when harm is being experienced to reduce or stop gambling - even when it is reactive, it is most effective if the harm is identified early and responded to quickly.

Your regulatory responsibilities

All licensees are required to implement customer interaction in a way which minimises the risk of customers experiencing harms associated with gambling, as set out in Social Responsibility Code 3.4.3 of the [Licence Conditions and Codes of Practice \(LCCP\)](#).

Social responsibility code provision 3.4.3 (please note the in-force dates as set out as follows)

- In Paragraph 1, the words ‘as explained in the Commission’s guidance (see paragraph 2)’; and the entirety of Requirements 2 and 3 are not yet in effect.
- Paragraph 10 will come into effect on 12 February 2023.
- The remainder of SR Code 3.4.3 is in effect from 12 September 2022.

(In-force dates were updated in this document on 12 September 2022)

Remote customer interaction

All remote licences, except any remote lottery licence the holder of which does not provide facilities for participation in instant win or high frequency lotteries¹, remote gaming machine technical, gambling software, host, ancillary remote bingo, ancillary remote casino, ancillary remote betting, remote betting intermediary (trading rooms only) and remote general betting limited licences.

1. Licensees must implement effective customer interaction systems and processes in a way which minimises the risk of customers experiencing harms associated with gambling. These systems and processes must embed the three elements of customer interaction – identify, act and evaluate – and which reflect that customer interaction is an ongoing process as explained in the Commission’s guidance (see paragraph 2).
2. Licensees must take into account the Commission’s guidance on customer interaction for remote licensees as published and revised from time to time (‘the Guidance’).
3. Licensees must consider the factors that might make a customer more vulnerable to experiencing gambling harms and implement systems and processes to take appropriate and timely action where indicators of vulnerability are identified. Licensees must take account of the Commission’s approach to vulnerability as set out in the Commission’s Guidance.
4. Licensees must have in place effective systems and processes to monitor customer activity to identify harm or potential harm associated with gambling, from the point when an account is opened.
5. Licensees must use a range of indicators relevant to their customer and the nature of the gambling facilities provided in order to identify harm or potential harm associated with gambling. These must include:
 - a. customer spend
 - b. patterns of spend
 - c. time spent gambling
 - d. gambling behaviour indicators
 - a. customer-led contact
 - b. use of gambling management tools, and
 - g. account indicators.
6. In accordance with SR Code Provision 1.1.2, licensees are responsible for ensuring compliance with the requirements. In particular, if the licensee contracts with third party business-to-business providers to offer any aspect of the licensee’s business related to

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
This guidance is not in effect - operators are not required to take it into account

the licensed activities, the licensee is responsible for ensuring that systems and processes are in place to monitor the activity on the account for each of the indicators in paragraph 5 (a-g) and in a timely way as set out in paragraphs 7 and 8.

7. A licensee's systems and processes for customer interaction must flag indicators of risk of harm in a timely manner for manual intervention, and feed into automated processes as required by paragraph 11.
8. Licensees must take appropriate action in a timely manner when they have identified the risk of harm.
9. Licensees must tailor the type of action they take based on the number and level of indicators of harm exhibited. This must include, but not be limited to, systems and processes which deliver:
 - a. tailored action at lower levels of indicators of harm which seeks to minimise future harm
 - b. increasing action where earlier stages have not had the impact required
 - c. strong or stronger action as the immediate next step in cases where that is appropriate, rather than increasing action gradually
 - d. reducing or preventing marketing or the take-up of new bonus offers where appropriate, and
 - e. ending the business relationship where necessary.
10. Licensees must prevent marketing and the take up of new bonus offers where strong indicators of harm, as defined within the licensee's processes, have been identified.
11. Licensees must ensure that strong indicators of harm, as defined within the licensee's processes, are acted on in a timely manner by implementing automated processes. Where such automated processes are applied, the licensee must manually review their operation in each individual customer's case and the licensee must allow the customer the opportunity to contest any automated decision which affects them.
12. Licensees must implement processes to understand the impact of individual interactions and actions on a customer's behaviour, the continued risk of harm and therefore whether and, if so, what further action is needed.
13. Licensees must take all reasonable steps to evaluate the effectiveness of their overall approach, for example by trialling and measuring impact, and be able to demonstrate to the Commission the outcomes of their evaluation.
14. Licensees must take account of problem gambling rates for the relevant gambling activity as published by the Commission², in order to check whether the number of customer interactions is, at a minimum, in line with this level. For the avoidance of doubt, this provision is not intended to mandate the outcome of those customer interactions.

¹ A high frequency lottery is a lottery in which any draw takes place less than one hour after a draw in a previous lottery promoted on behalf of the same non-commercial society or local authority or as part of the same multiple lottery scheme.

² For ease of reference the [problem gambling rates for the relevant gambling activities are available on our website](#).

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
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[Once in effect] Licensees are required to take into account this guidance. It has been developed to support effective delivery of customer interaction systems and processes in order to meet the outcomes of identifying and reducing harm.

Scope of Social Responsibility Code 3.4.3 and associated guidance

The SR code 3.4.3 and this guidance applies to: all remote licences, except any remote lottery licence the holder of which does not provide facilities for participation in instant win or high frequency lotteries, remote gaming machine technical, gambling software, host, ancillary remote bingo, ancillary remote casino, ancillary remote betting, remote betting intermediary (trading rooms only) and remote general betting limited licences.

Lottery licensees are therefore only within scope of these requirements if they offer instant win games or high frequency lotteries. High frequency lotteries are defined as a lottery in which any draw takes place less than one hour after a draw in a previous lottery promoted on behalf of the same non-commercial society or local authority or as part of the same multiple lottery scheme.

The code applies to all remote licences except those stated. Therefore, providers of telephone only services under a full remote licence are within scope of these requirements.

How to use this guidance

The guidance is intended to support compliance with LCCP SR code 3.4.3. We do this by setting out the individual requirements and for each one:

- explaining the aim of each individual requirement, so that licensees can develop their systems to address that aim.
- providing formal guidance which operators must take into account and be able to demonstrate how they have done so.
- supplying some additional guidance and information for further context.

How the Commission will use this guidance

Social responsibility code 3.4.3 sets out the requirements relevant licensees must comply with in relation to remote customer interaction. For compliance and enforcement purposes, we will expect licensees to demonstrate how their policies, procedures and practices meet the required outcomes. This can be through implementing relevant parts of the guidance or demonstrating how and why implementing alternative solutions equally meet the outcomes.

Amending this guidance over time

Our understanding of gambling harms and how they manifest is constantly evolving, and industry continue to trial and assess best practice in addressing those harms. So, for the purposes of raising standards, protecting customer interests, and preventing harm to customers, we will update and re-issue guidance. New guidance may be appropriate for example where new evidence or risks emerge which may have a meaningful impact on how the outcomes can be met, or to reflect lessons learned from compliance and enforcement activity.

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
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At the time of publishing, we know of a number of key points when the guidance will be reviewed and may be updated.

- Algorithms best practice: The Commission has kickstarted a project on best practice in the use of algorithms in identifying and taking action to minimise harm. This is a means of operators collaborating and sharing best practice as they implement the customer interaction requirements and take account of this guidance. The Commission will consider any relevant lessons learned from that project and may make amendments to this guidance as a result.
- Further customer interaction consultation: the Commission has committed to a consultation on how to tackle three key financial risks for customers. These are significant unaffordable losses over a short period (binge gambling), significant unaffordable losses over time, and customers who are in a financially vulnerable situation. Following the consultation on these new requirements, this guidance will be updated.
- Relevant research: the guidance cross-refers to the Commission's official statistics on problem gambling prevalence. When these statistics are updated, and where other relevant research relating to harm and vulnerability emerges, this guidance will also be updated.

Section A General requirements

Requirement 1

In Paragraph 1, the words 'as explained in the Commission's guidance (see paragraph 2)' are not yet in effect.

1. Licensees must implement effective customer interaction systems and processes in a way which minimises the risk of customers experiencing harms associated with gambling. These systems and processes must embed the three elements of customer interaction – identify, act and evaluate – and which reflect that customer interaction is an ongoing process as explained in the Commission's guidance (see paragraph 2).

Aim 1

To set out the overall aim of the Customer Interaction requirements that licensees must have effective controls to minimise the risk of customers experiencing harms associated with gambling.

Formal guidance 1

- 1A The systems and processes must embed the three elements of customer interaction which reflect that customer interaction is an ongoing process.
 - **Identify** harm – this is an ongoing process of *monitoring*, using *indicators of harm* to flag signs that a customer may be at risk.

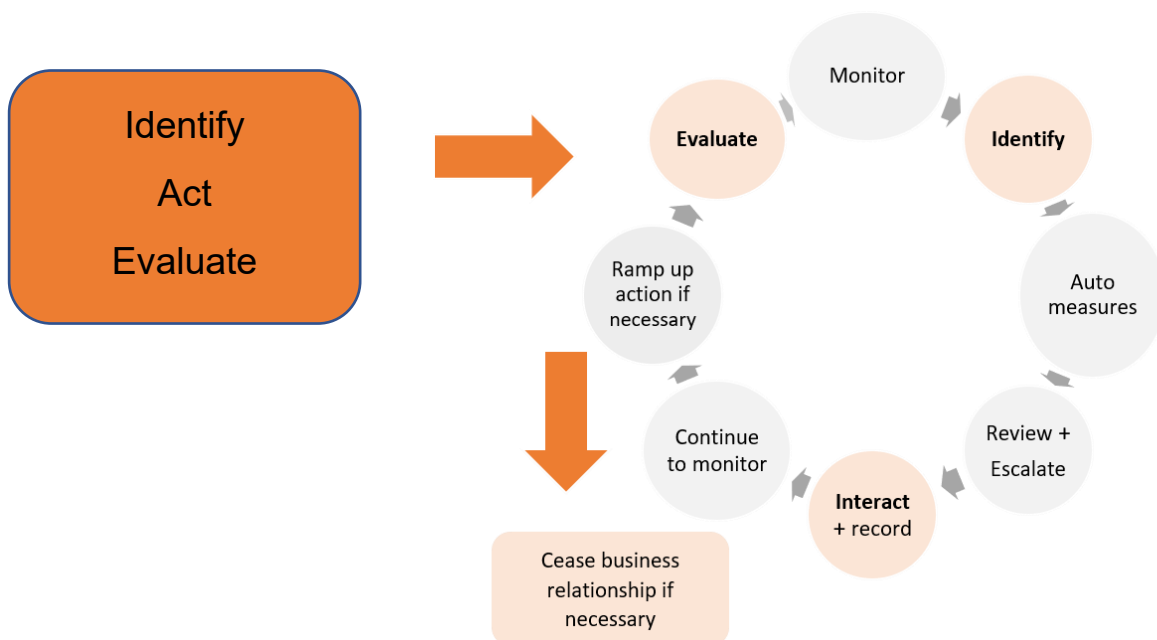
Formal guidance under SR Code 3.4.3: customer interaction in online gambling
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- **Act** to minimise harm – Tailoring the action to the number of types of indicators of harm is critical. *Review the indicators and escalate action* in response to those indicators. In some cases, this will *require automated action*, in line with the requirements. *Record* the action or interaction taken. *Continue to monitor and ramp up action* where necessary.
- **Evaluate** to consider the effectiveness of the action taken and whether further action is required. Evaluation processes should be built in from the beginning – they are not an afterthought.

This means that licensees must build processes which include the need to identify risk, take appropriate action and evaluate the impact of that action, which then returns to further monitoring, identification, action and evaluation. This is not a one-off process but should be considered throughout the customer's relationship with the licensee.

Additional guidance and information 1

A visualisation of the continuous and ongoing process outlined in formal guidance 1A:



Formal guidance under SR Code 3.4.3: customer interaction in online gambling
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Requirement 2

The entirety of Requirement 2 is not yet in effect.

2. Licensees must take into account the Commission's guidance on customer interaction for remote licensees as published and revised from time to time ("the Guidance").

Aim 2

The aim of this requirement is simply to ensure that licensees take into account this guidance, which has been developed to support effective delivery of customer interaction systems and processes that are designed to meet the outcomes of identifying and minimising harm, and that amendments over time are also taken into account.

Section B Identify

Requirement 3

The entirety of Requirement 3 is not yet in effect.

3. Licensees must consider the factors that might make a customer more vulnerable to experiencing gambling harms and implement systems and processes to take appropriate and timely action where indicators of vulnerability are identified. Licensees must take account of the Commission's approach to vulnerability as set out in the Commission's Guidance.

Aim 3

The overall aim is that customers who are in a vulnerable situation are supported - we require operators to take action when they are aware that a customer is in a vulnerable situation.

Formal guidance 3

- 3A** When customers are in a vulnerable situation, they may be significantly less able to understand the risks of gambling and the terms and conditions; and they may be at higher risk of experiencing negative outcomes from gambling. The key forms of action when a licensee is aware of a customer being in a vulnerable situation are:
- preventive such as setting limits with or on behalf of a customer in cases where it is considered continued gambling is possible, and
 - reactive such as taking into account that the customer may not have understood the terms and conditions when considering whether a refund is appropriate.
- 3B** The Commission has defined a customer in a vulnerable situation as '*somebody who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care*'.
- 3C** To do this, licensees must understand that there are many reasons a person may be in a vulnerable situation and changes to an individual customer's circumstances may mean that a person becomes more or less vulnerable to experiencing gambling harms. A vulnerable situation can be permanent, temporary or intermittent, and may be related to health, capability, resilience, or the impact of a life event such as a bereavement or loss of income. It is the responsibility of the licensee to implement systems and processes which effectively incorporate an understanding of that risk so when identified they can act to minimise harm.

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
This guidance is not in effect - operators are not required to take it into account

- 3D** We recognise that licensees may not always have information available to them to identify vulnerability. However, we expect licensees to:
- consider the factors that might make their customers more vulnerable to experiencing gambling harm.
 - understand whether a customer is at greater risk of experiencing gambling harm and to what extent
 - take timely action in response to the information they have available.
- 3E** Licensees can have a significant amount of interaction with customers through:
- Customer processes such as verification of age and identity, assessment of affordability and source of funds for anti-money laundering purposes.
 - Customer services
 - Customer chat rooms and forums
 - Resolving complaints
- 3F** As part of ‘know your customer’ and developing customer interaction policies and procedures, licensees should consider the factors that might make an individual more vulnerable to experiencing gambling related harm. Factors include:
- **Personal and demographic:** if the individual is experiencing poor physical or mental health, physical or cognitive impairment, suffering side effects from a brain injury or medication or has an addiction. If a customer is a young adult, or an older adult.
 - **Situational:** if the individual is experiencing financial difficulties, is homeless, is suffering from domestic or financial abuse, has caring responsibilities, experiences a life change or sudden change in circumstances.
 - **Behavioural:** if an individual has a higher than standard level of trust or high appetite for risk. In the case of gambling, this can be flagged if the customer takes a high-risk strategy, particularly if inexperienced; if the customer takes a disproportionate effort to earn a bonus offer.
 - **Market related:** if an individual is engaged in an activity which is highly complex; that they have a lack of knowledge and/or experience of the market.
 - **Access:** if an individual has difficulty accessing information because of poor literacy or numeracy skills, knowledge, dyslexia.
- 3G** The table below sets out some example scenarios of how a licensee may become aware of a vulnerability and the actions they should take as a result.

Category of vulnerability	Explanation	Example indicator for gambling licensees	Example actions available to the licensee
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Formal guidance under SR Code 3.4.3: customer interaction in online gambling
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<p>Health:</p>	<p>If an individual is experiencing poor physical or mental health, physical or cognitive impairment, suffering side effects from a brain injury, taking medication which may increase risk-taking, or has an addiction.</p>	<p>A customer mentions their ill-health during a conversation with customer service - the original contact may have been about problems with gambling or more routine conversations.</p>	<p>Review account for other indicators of harm, and continue to monitor closely.</p> <p>Ensure appropriate gambling management tools are selected by the customer or on behalf of the customer.</p> <p>Cease business relationship, particularly in the case of brain injury or medication which increases risk taking behaviour.</p>
<p>Health:</p>	<p>The customer is at risk of suicide</p>	<p>The customer discusses harming themselves during contact with the customer</p>	<p>The licensee should have processes in place for identifying and escalating the risk of suicide, including where necessary referral to emergency services.</p> <p>Licensees should refer to the Samaritan's guidance for operators.</p>
<p>Access and capability:</p>	<p>If an individual has difficulty accessing information because of poor literacy or numeracy skills, knowledge, dyslexia; or if an individual has a higher than standard level of trust or high appetite for risk.</p>	<p>A customer gets in touch to complain about a game not meeting their expectations and the communication indicates lower than expected knowledge or understanding.</p>	<p>Ensure easily digestible information is made available for all customers.</p> <p>Review account for other indicators of harm, and continue to monitor closely.</p>
<p>Life events:</p>	<p>If the individual is experiencing financial difficulties, is homeless, is suffering from domestic or financial abuse, has caring responsibilities, experiences a life change or sudden change in circumstances such as divorce or bereavement, job loss.</p>	<p>A customer discusses a significant recent bereavement and the impact this is having on their gambling on customer chat functions.</p>	<p>Review account for other indicators of harm, and continue to monitor closely.</p> <p>Ensure appropriate gambling management tools are selected by the customer or on behalf of the customer.</p> <p>Cease business relationship, particularly if you have concerns about the levels of time or money spent by the customer after mitigating measures, or immediately where significant concerns.</p>

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
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Market related:	If an individual is engaged in an activity which is highly complex; that they have a lack of knowledge and/or experience of the market. For example, a customer chooses a highly complex betting product in a niche market.	A new customer chooses high risk or complex products in a non-standard pattern - it may be unusual for customers to choose highly complex betting products when they appear to be new or have little knowledge.	<p>Set limits on complex products for new customers.</p> <p>Ensure customers are provided with appropriate information before playing such products.</p> <p>Review account for other indicators of harm, and continue to monitor closely.</p>
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Additional guidance and information 3

Evidence of harm

The challenges of those in vulnerable situations to interact with a range of financial, digital or complex consumer products is well documented. The Financial Lives 2020 survey conducted by the FCA has found that just under half (46%) of UK adults, aged 18 and over (24.1 million people), display one or more characteristics of vulnerability. As that report points out, the risk increases as more than one vulnerability characteristic is present and where those needs are not being met. The Money and Mental Health Policy Institute (MMHPI) found that people with mental health problems are three and a half times as likely to be in problem debt.

When looking at gambling specifically, a recent report by the Money and Mental Health Policy Institute showed findings from a survey of their research community of people with lived experience of mental health, which identified that a quarter (24%) of respondents have experienced financial problems as a result of gambling online, and one in three (32%) have bet more than they could afford to lose.

Compliance and enforcement – lessons to be learnt from cases involving customers in a vulnerable situation 1

A gambling customer references that they are struggling with their gambling and that they have been recently bereaved. The licensee does not act on this information, and instead continues to offer bonuses.

Compliance and enforcement – lessons to be learnt from cases involving customers in a vulnerable situation 2

A gambling customer is asked to provide information on source of funds to support an affordability assessment and provides information about a medical claim. The licensee does not consider whether the medical issues mean that the customer is in a vulnerable situation.

Requirement 4

4. Licensees must have in place effective systems and processes to monitor customer activity to identify harm or potential harm associated with gambling, from the point when an account is opened.

Aim 4

The aim is to ensure that there are effective systems and processes to monitor all customer activity and identify harm. In particular, the aim is that customers who may be at risk of harm are identified from the point at which an account is opened and that indicators of harm are not overlooked while the operator waits for a pattern of behaviour to emerge.

Formal guidance 4

- 4A** Licensees must identify customers that *may* be at risk of harm using all of the information available about the customer. This means balancing all the financial, time and behavioural indicators and applying knowledge about their overall customer base and individual customers. There is a wide and growing evidence base about patterns of spend and behaviour that are linked to risk. This knowledge can be used to consider the position of a customer and apply proportionate customer interaction as a result.
- 4B** We set out in paragraph 5 of the code (3.4.3) the seven required categories of indicators that licensees must monitor:
- a. customer spend
 - b. patterns of spend
 - c. time spent gambling
 - d. gambling behaviour indicators
 - e. customer-led contact
 - f. use of gambling management tools, and
 - g. account indicators.

and at paragraphs 7 and 8 of the code the need to act in a timely way once an issue has been identified in order to minimise harm. Licensees with more active customers will need comprehensive systems, which will inevitably include a mix of automated and manual processes, and should draw on all available sources of data to give a comprehensive picture of the customer. These indicators for identifying harmful gambling draw on:

- In-play real or near time monitoring to identify harmful behaviour as it occurs.
- Monitoring of customer contacts with the Licensee.

- 4C** The right information can mean better and quicker decisions. To meet the requirements, you will need to integrate your systems so that staff have a more complete picture of the customer's activity, and this includes records of previous customer interactions/action taken.

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- 4D** Unmonitored overnight gambling carries an increased risk. Research indicates that the highest risk customers were much more likely to gamble overnight than nonproblem gamblers. Processes must be in place to offer the same level of protection overnight as during the day, and at the weekend. Automated processes will be necessary as set out at requirement 11 in the code to reduce further harm.
- 4E** To meet this requirement, it is important that all staff receive training so that they are aware of the signs that could indicate that a customer may be experiencing harms associated with gambling. This is not an exhaustive list, but you should ensure that:
- Staff are trained to identify the signs of harm and are able to refer back to documents that include the types of behaviour that may trigger customer interaction at an appropriate moment.
 - Staff should know how to escalate a situation if they are unsure or require support.
 - As a minimum, staff receive training at induction as well as refresher training.
- 4F** Licensees should aim to identify those experiencing or at risk of harm and intervene to reduce harm at the earliest opportunity. Reliance on deposit or loss thresholds that are set too high will result in failing to detect some customers who may be experiencing significant harms associated with their gambling. It is therefore imperative that threshold levels are set appropriately.

Historically, gambling licensees have not systematically considered customer affordability when developing their customer interaction policies. Many have used deposit or loss thresholds as a main or sole prompt for a customer interaction, but these have often been set at levels that were inappropriately high, in comparison to the average amount of money that the majority of people have available to spend on leisure activities. This has led to a number of examples of customers spending more than they could afford, and this not being identified sufficiently early, as seen in much of the Commission's compliance and enforcement [casework](#) .

Open source data exists which can help licensees assess affordability for their GB customer base and improve their risk assessment for customer interactions. Thresholds should be realistic, based on average available income for your customers. This should include the [Office of National Statistics publications](#) on levels of household income.

In considering these thresholds, you should be aware of the difference between 'disposable income' and 'discretionary income' which refers to the amount left *after* living costs are taken into account, but it does still include many other unavoidable costs. Most people would consider it harmful if they were spending a significant proportion of their discretionary income on gambling. We expect that guidance on financial risk will be updated following further consultation on measures to address gambling harm associated with financial risks of binge gambling; clearly unaffordable gambling over time and financial vulnerability. Licensees should be considering how they manage those risks now.

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
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Record-keeping

- 4G** Keep meaningful records of all actions for and interactions with customers. Make these records available to staff and use them to aid decision-making. This should also take place in circumstances where an interaction has been delayed at that moment e.g. because the customer is displaying signs of agitation.
- 4H** Effective systems and processes would address the key risks we have identified in current licensee practices:
- Processes that are too slow
 - Processes that rely solely on manual action
 - Lower levels of protection for new customers
 - Insufficient knowledge of customers to understand risk of harm
 - Licensees who contract with third parties failing to have sufficient processes for account monitoring

Requirement 5

- 5.** Licensees must use a range of indicators relevant to their customer and the nature of the gambling facilities provided in order to identify harm or potential harm associated with gambling. These must include:
- a customer spend
 - b patterns of spend
 - c time spent gambling
 - d gambling behaviour indicators
 - e customer-led contact
 - f use of gambling management tools, and
 - g. account indicators.

Aim 5

To provide a minimum requirement of seven relevant categories of indicators that licensees must use to help identify gambling related harm. We consider this group of indicators to be key in understanding risk. The list is the minimum requirement and therefore not exhaustive; licensees should use their own additional indicators.

Formal guidance 5

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
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5A Licensees must use a range of indicators relevant to their customer and the nature of the gambling facilities provided in order to identify harm or potential harm associated with gambling. These must include:

- a. customer spend
- b. patterns of spend
- c. time spent gambling
- d. gambling behaviour indicators
- e. customer-led contact
- f. use of gambling management tools, and
- g. account indicators.

5B In order to identify which indicators should be used in addition or as subcategories to the minimum list. Licensees should use a range of indicators based on research, experience and shared practice. The [PWC remote gambling research \(2017\)](#) identified some account and play indicators, but they are not a definitive list. Examples below include those that we have made requirements:

- a, b, c: Time and spend indicators:** amount of money and time as well as and frequency of deposits (including identification of binges); high amounts at set times e.g. payday; time of day (a higher percentage of overnight gamblers were found to be problem gamblers, than during other times of day), increasing length of sessions or escalation in deposit levels. Amounts spent compared with other customers, taking account of financial vulnerability.
- d: Gambling behaviour indicators:** gambling on multiple products, chasing losses, erratic betting patterns, gambling on higher risk products or unusual markets or outcomes on which the customer is unlikely to have been able to make an informed choice. People who bet in-play may place a higher number of bets in a shorter time period than people who bet in other ways, as in-play betting offers more opportunities to bet. Some studies have shown that placing a high number of in-play bets can be an indication that a customer is at an increased risk of harm from gambling. A 'big win': high staking following a win could hide or even lead to harmful behaviour.
- e: Customer-led contact:** information or hints from customers, frequent complaints about not winning, requests for bonuses following losses, or talking about the negative impacts of their gambling.
- f: Use of gambling management tools:** changing deposit limits, previous self-exclusions, frequent or repeated use of the time out facility, a refusal to use gambling management tools, or setting limits so high as to be meaningless.
- g: Account indicators:** failed deposits, multiple payment methods, pre-loaded cards and e-wallets which could indicate gambling with money the customer does not have.

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
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5C The following list is provided to support licensees with implementation of this requirement. Licensees should:

- Use a range of indicators relevant to your business but which must include the indicators set out in Requirement 5.
- You should use realistic thresholds and trigger points, designed to identify those experiencing harm. Not every customer who is experiencing or at risk of harm will trigger every indicator. It is important therefore that systems are not missing identification of potential harm because they are not sensitive to behaviour against individual indicators where in isolation they might be enough to indicate harm.
- Monitor all customer activity so that you are able to act early and quickly.
- Invest in systems and staff to embed the indicators of harm into the process effectively.
- Make sure your process keeps pace with any increase in demand – through growth, mergers or other internal changes.
- Train your staff to know their roles and responsibilities, and ensure they are supported and able to act promptly when they spot or are alerted to indicators of harm, particularly for any customer facing staff.
- Ensure that there is a consistent level of protection, whatever time of day there is play, as well as for new customers.

Additional information 5

A visualisation of the categories of indicators of harm which are required, and the subcategories which should be considered is set out as follows:



Requirement 6

6. In accordance with SR Code 1.1.2 licensees are responsible for ensuring compliance with the requirements. In particular, if the licensee contracts with third party business-to-business providers to offer part of the facilities for gambling, the licensee is responsible for ensuring that systems and processes are in place to monitor the activity on the account for each of the indicators in paragraph 5 (a-g) and in a timely way as set out in paragraphs 7 and 8.

Aim 6

The aim of this requirement is to ensure that customers are given the same level of protection even where the licensee contracts with third parties, and that action can be taken in a timely manner including automated solutions. This requirement confirms that the licensee must always have oversight of customers gambling activity, in order to effectively implement the customer interaction requirements, even if the licensee uses a third party b2b provider to offer some products.

Formal guidance 6

6A If the licensee contracts with third party business-to-business providers to offer part of the facilities for gambling, the licensee is responsible for ensuring that systems and processes are in place to monitor the activity on the account for each of the minimum indicators of harm and in a timely way e.g. licensees cannot have arrangements in place with a third party provider where they are unaware of their customers gambling activity with that provider.

Requirement 7

7. A licensee's systems and processes for customer interaction must flag indicators of risk of harm in a timely manner for manual intervention, and feed into automated processes as required by paragraph 11.

Aim 7

To ensure that once licensees identify harm or potential harm that action is taken in a timely way to minimise further potential harm. The greater the harm identified the more important it is to take swift action, often this is best achieved by automated processes.

Formal guidance 7

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
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- 7A** We have seen examples through our casework of licensees correctly identifying harm but then not acting sufficiently quickly so the harm is exacerbated before they act. It is therefore important that systems and processes are developed to flag indicators of harm in a manner that allows for swift action to minimise harm. Where this action is manual, the processes must take account of the time for manual action to be taken.
- 7B** The licensee will need to include indicators of harm and aggregated indicators that trigger automated action. In many cases, automated action will be appropriate due to volume of customers and inability to be able to monitor accounts manually. Where such automated processes are applied, the licensee must manually review their operation in each individual customer's case and the licensee must allow the customer the opportunity to contest any automated decision which affects them. For example, if a significant level of harm is identified, it will often be appropriate to place a block on further gambling until an action has taken place.

Section C Act

Requirement 8

- 8.** Licensees must take appropriate action in a timely manner when they have identified the risk of harm.

Aim 8

To ensure that once licensees identify harm or potential harm that action is taken in a timely way to minimise further harm. The action should be a proportionate response to address the harm, or potential harm, identified.

Formal guidance 8

- 8A** When a Licensee is concerned that a customer may be experiencing harm, acting early and quickly is important to help stop or prevent the harm worsening. Identifying signs of harm and taking early action is a preventative measure, designed to enable a customer to gamble safely, or take action to reduce or prevent gambling where necessary.
- 8B** Licensees are required to take action in a timely manner (which in some cases will mean through automated, real-time measures), and the action needs to reflect the seriousness of the indicators of harm, including refusing service and ending the business relationship where necessary.

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
This guidance is not in effect - operators are not required to take it into account

- 8C** Licensees must tailor the type of action they take based on the number and level of indicators of harm exhibited. Importantly, this may mean taking strong or stronger action straight away, rather than increasing action gradually. This will include giving consideration to refusing service or ending the business relationship where necessary. If a customer has been exhibiting low level indicators of harm and this progressed to higher levels of concern, it would be appropriate for there to be an escalation in the strength of response. But if there was a high level concern identified, such as immediately after registration, the strength of the action the licensee takes should match that immediately.
- 8D** Licensees interactions should have an outcome. Knowing what impact your interaction has had will help you support the customer, through the consideration of whether further action is necessary, and to keep improving your approach. To achieve this, it is vital to keep good records and make them available to staff to inform decisions.
- 8E** When contacting customers, you could consider how the customer prefers to contact you, to decide the best way to interact with them about their gambling.
- 8F** Messages that get customers to think and make their own decisions based on the information they are given can be more effective than messages that seem to be 'nagging'. [Research \(Auer and Griffiths 2015\)](#) also shows that personalising feedback can also improve the impact it has on customers. You should test different types of messaging to see what works best. Encourage customers to think about their gambling. Their responses will help you work out the right kind of help and support to offer.
- 8G** If you have difficulty making contact with a customer, depending on the level of concern it could be appropriate to suspend or restrict the account access until you are able to interact with them, or take any other action.
- 8H** A self-assessment questionnaire can help customers think about their own gambling. Their shared responses, alongside their gambling behaviour, can help both you and the customer work out the right kind of help and support they may need.
- 8I** You will need to direct some customers to information about [safer gambling](#), and/or suggest suitable gambling management tools. This will include signposting to sources of help and specialist support from organisations who deal with advice and treatment for gambling harms.
- 8J** You will need to interact with some customers a number of times if the earlier actions or interactions have not delivered the impact required. Your records of previous interactions with customers will help you decide whether there is a need for escalating action.
- 8K** Feedback from customers shows that they often respond better to being informed about their behaviour and why, rather than being "told" what to do. But for some customers, and particularly if the behaviour continues to cause concern, there is need to take a more proactive approach. In some cases, you may need to take action for the customer, such as setting limits; preventing direct or targeted marketing or ultimately refusing service by closing their account.

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
This guidance is not in effect - operators are not required to take it into account

The role of staff

8L You should ensure that your staff:

- understand the types of action that can be taken and how to interact appropriately. For example, whether action on behalf of a customer is necessary, and how to ramp up action in line with the number and type of indicators.
- know the type of help or support to offer when supporting customers through interaction, such as information, signposting customers to specialist support or the gambling management tools which are available. These may be the minimum required under the LCCP or the Remote Technical Standards, or tools you offer which go beyond minimum requirements.
- know the circumstances and process for refusing service to customers, such as by applying limits or closing an account.
- understand their respective responsibilities and who is designated to carry out customer interactions, if only certain staff members are authorised to interact.

8M Whilst training on the legislative framework is important, staff also need to be trained on the skills and techniques they need to help them carry out customer interactions, including what to do if a customer becomes distressed or there is a risk of suicide.

Keeping records

8N Good record keeping allows you to demonstrate when and why you have interacted with customers, and helps with ongoing monitoring of customers. You should:

- Keep records of all actions and interactions, including where an interaction didn't take place or was delayed, the reasons for this, and how it was followed up.
- Make use of and record all relevant sources of information to guide and deliver effective customer actions and interactions, including your records of previous actions and interactions.

8O Good records should include:

- the behaviour or activity before the interaction
- how you interacted and what was said or done, for example advice or suggestions to help the customer manage their gambling, or to take a break from their gambling
- behaviour following an interaction and decision on whether further action required
- what happened next.

Requirement 9

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
This guidance is not in effect - operators are not required to take it into account

9. Licensees must tailor the type of action they take based on the number and level of indicators of harm exhibited. This must include, but not be limited to, systems and processes which deliver:
 - a. tailored action at lower levels of indicators of harm which seeks to minimise future harm.
 - b. increasing action where earlier stages have not had the impact required.
 - c. strong or stronger action as the immediate next step in cases where that is appropriate, rather than increasing action gradually.
 - d. reducing or preventing marketing or the take-up of bonus offers where appropriate.
 - e. refusing service or ending the business relationship where necessary.

Aim 9

There are two key aims of this requirement:

- To set minimum requirements for the type of action that must be included within a licensee's systems and processes to minimise harm, and
- To ensure that a licensee's response is proportionate to the indicators of harm.

Formal guidance 9

9A Licensees must have a range of actions they will apply in response to identified harm.

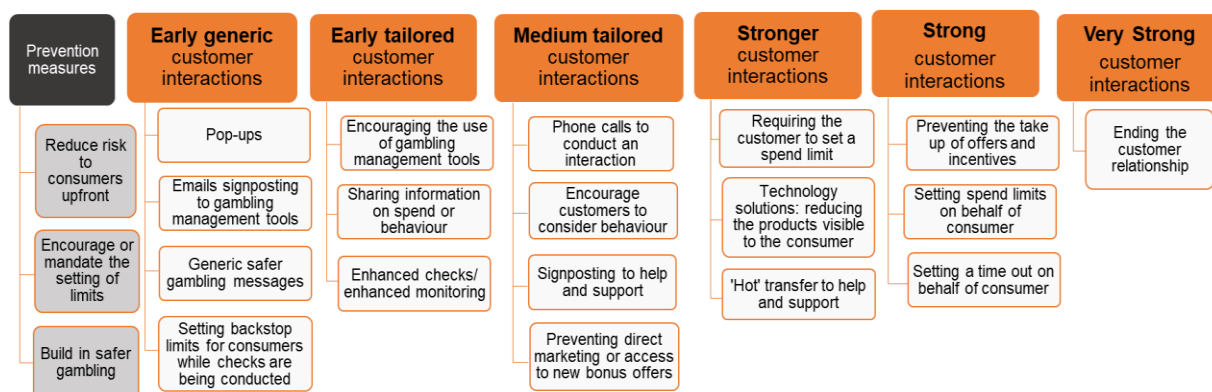
This measure requires licensees to have the following suite of actions in place:

- **Early generic action:** actions at this level may apply to all customers, or where there are only very low levels of indicators of harm. It would include pop-ups, safer gambling emails promoting gambling management tools, generic safer gambling messages, and having in place backstop protections or limits while checks are being undertaken.
- **Early tailored action:** at lower levels of indicators of harm which seeks to minimise future harm. Actions at this level would include: the licensee encouraging the customer to use the gambling management tools they offer; sharing information on spend or behavior to encourage change; and enhancing their knowledge and monitoring of the customer.
- **Medium tailored action:** increasing action where earlier stages have not had the impact required. Actions at this level would include: phone calls to conduct a customer interaction; tailored encouragement for the customer to consider behaviour, and signposting to help and support, and preventing direct marketing or access to new bonus offers.
- **strong or stronger action** as the immediate next step in cases where that is appropriate, rather than increasing action gradually. Actions at this level would include: Requiring the customer to set a spend limit; providing hot transfers to help and support (so the customer can be transferred without requiring them to dial again), and using technological solutions to help support a customer e.g. by reducing the visibility of products in a tailored way; preventing the take up of offers or incentives; setting spend limits or setting time outs on behalf of a customer.

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
This guidance is not in effect - operators are not required to take it into account

- **Very strong.** Ultimately, if the licensee’s concerns about a customer persist because the licensee’s actions have not resulted in sufficient protections in place or behaviour change by the customer, the licensee should refuse service or completely end the business relationship. In these cases, signposting to support and help will be important.

A visualisation of the types of actions at increasing strength levels is set out as follows:



Requirement 10

The entirety of Requirement 10 comes into force on 12 February 2023.

10. Licensees must prevent marketing and the take up of new bonus offers where strong indicators of harm, as defined within the licensee’s processes, have been identified.

Aim 10

It would be irresponsible for a licensee to encourage or incentivise a customer displaying strong indicators of harm to gamble further. The aim is to create a consistent position across licensees that where there are strong indicators of harm, the customer no longer receives any direct or targeted marketing and that the customer is prevented from taking up any new bonus offers.

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
This guidance is not in effect - operators are not required to take it into account

Formal guidance 10

- 10A** Direct and targeted marketing and the take up of new bonuses should be prevented as soon as practicable. We would expect operator processes to include the use of automation in some cases to assist with the timeliness of the response. There should be processes to extend the restriction across all product types and where relevant across the Group.
- 10B** This requirement does not act in isolation. Where there are strong indicators of harm, it may be appropriate for further, separate action to be taken, which may include ceasing the business relationship.
- 10C** If a customer is identified as displaying strong indicators of harm, while they are part way through a bonus, licensees should consider, based on all of the information they hold on the customer, whether to prevent completion of the bonus offer. This should include giving consideration to the structure of the bonus offer and whether it would be responsible to allow the customer to complete it.
- 10D** If a customer is part way through the requirements of a bonus and the operator ends the business relationship for safer gambling reasons the operator should consider whether it would be fair and reasonable for the customer to receive a proportion of the bonus based on the customer's position at the time.
- 10E** Commercial considerations should play no part in the decision to withdraw a bonus that has been partially completed. Instead, licensees should take into account and be able to demonstrate fairness and prevention of harm.
- 10F** For the purposes of this requirement a bonus is defined as: any funds or equivalent provided by an operator and added to a customer's account from which the customer can place wagers, including deposit matching funds for wagering at the customer's discretion, free spins on specific games, and free bets for sports betting. Promotions which are not caught by the definition of a bonus, such as those that increase the odds a customer is paid out at, are not in scope for this requirement. One such example is 'best odds guaranteed'. For the avoidance of doubt, such promotions must be widely available and not targeted. All targeted marketing is within scope of this requirement.
- 10G** This requirement does not apply immediately to all non-monetary bonuses. However, licensees should consider whether there is a need to also prevent the take-up of nonmonetary bonuses, and these should only be continued in circumstances where the practice does not increase the risk of harm for the consumer.
- 10H** Licensees are required to have fair and transparent terms and practices (Licence Condition 7.1.1 of the LCCP). They should therefore consider the circumstances where they would prevent a customer from completing a bonus for regulatory reasons and how to ensure transparency through terms and conditions, notifications to customers and other practices.

Requirement 11

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
This guidance is not in effect - operators are not required to take it into account

- 11** Licensees must ensure that strong indicators of harm, as defined within the licensee's processes, are acted on in a timely manner by implementing automated processes. Where such automated processes are applied, the licensee must manually review their operation in each individual customer's case and the licensee must allow the customer the opportunity to contest any automated decision which affects them.

Aim 11

To ensure that immediate, automated action is taken to minimise harm where strong indicators of harm are identified.

Formal guidance 11

- 11A** To ensure a timely response to identification of significant harm there will be a need for licensees to have automated processes in place. For example, if a significant level of harm is identified, a block on further gambling may be necessary until an action or actions have taken place that manages the risk of harm, or a maximum deposit limit should be imposed.
- 11B** Where such automated processes are applied, the licensee must manually review their operation in each individual customer's case and the licensee must allow the customer the opportunity to contest any automated decision which affects them. This requirement is consistent with data protection requirements.

Section D Evaluate

Requirement 12

- 12.** Licensees must implement processes to understand the impact of individual interactions and actions on a customer's behaviour, the continued risk of harm and therefore whether and, if so, what further action is needed.

Aim 12

The aim is that Licensees evaluate the impact of their interventions to determine whether further action is needed to minimise harm, and that the further action is delivered in a timely and effective manner.

Formal guidance 12

- 12A** This requirement means building in evaluation of the impact that the licensee's action, has delivered. In this context, by impact we mean a change in the customer's gambling activity which could be attributed to the interaction. Licensees must follow up interactions with monitoring of changes in play data including number of products used, spend, deposit patterns and more nuanced play patterns (such as chasing losses, increasing spin speeds etc.)

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
This guidance is not in effect - operators are not required to take it into account

- 12B** Not every customer who receives an interaction will require active follow up, but many will. In these cases, follow up activity should continue to be proportionate to the severity or extent of the harm being displayed. If the interaction so far has not had an impact, there is a need to increase the strength of action taken next.
- 12C** Understanding the impact of the action on the customer includes being able to look at and compare:
- the indicators of harm and behaviour before the action
 - whether the chosen action was customer-led or operator-led
 - how you acted and what was communicated to the customer
 - the change in indicators of harm and behaviour following the action.
- 12D** Some ways to work out that impact include:
- If your action was to set a limit on behalf of the customer, did the limit have the desired impact? Are there continued indicators of harm, and is further action needed?
 - If your interaction was a call to action for the customer e.g. encouraging the use of gambling management tools, did the customer start using those tools in a manner that prevents or reduces harm? If not, is it necessary to set a limit on behalf of the customer?
 - Was there a positive change in behaviour? Did the customer's gambling change after the interaction?
 - Are you content that protections are in place for customers that you are aware are in a vulnerable situation?
 - Is there a need for further or follow up action?

Requirement 13

13. Licensees must take all reasonable steps to evaluate the effectiveness of their overall approach, for example by trialling and measuring impact, and be able to demonstrate to the Commission the outcomes of their evaluation.

Aim 13

To provide assurance that the Licensees customer interaction systems and processes are effective.

Formal guidance 13

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
This guidance is not in effect - operators are not required to take it into account

- 13A** Licensees must assess the overall effectiveness of their approach by bringing together information about the impact of interaction for individual customers. This should include quality assuring individual customer interactions by spotchecking records for those interactions - including chat records, emails and records of changes in behaviour. As well as checking that customers are getting the right support, this can also identify staff development needs and highlight good practice that you can share across your business and across the industry. Licensees should also trial different approaches to customer interaction to understand what works best, and what works best for different sections of their customer base.
- 13B** Whilst tracking of play data is the minimum expected standard for evaluation of customer interaction, good practice is that licensees follow-up a sample of customers on an on-going basis to understand changes in problem gambling status based on problem gambling screens¹. Where possible, licensees should also gain more qualitative feedback on the quality and effectiveness of their interactions to aid continuous development.
- 13C** Licensees will need to keep effective records to meet this requirement. Records of interactions provide useful evidence of what types of indicators, methods of interacting and options for support and action work well for customers. This helps to inform the evaluation of the effectiveness of your overall approach to customer interaction. Good evaluation helps you to understand which aspects of your approach are the most effective at identifying the right customers, and the types of tools or support that work well to help customers manage their gambling in a way that works for them. Reduction of indicators of harm following action is the key measure. The following measures could also help to work out whether your approach is working well:
- Gambling management tools – increased take up and more customers sticking within their limits.
 - Customer retention.
 - Reduction in complaints.
- 13D** The licensee is required to submit [regulatory returns](#). We have clarified the definitions in regulatory returns to offer guidance on what should be included in a customer interaction (incident) log and make clearer what should be recorded. Your log should include as a minimum:
- the identity or other identifier of the customer involved
 - the behaviour or activity that prompted the interaction
 - the action taken, advice or support given
 - the outcome of the interaction.
- 13E** Licensees should have a process in place to ensure that industry learning (including public statements from the Gambling Commission casework), research and industry best practice is reviewed and implemented into policies and procedures where appropriate. Licensees should be able to demonstrate how they keep up to date and how they implement any learning into policies and procedures.

¹ More detail on widely used screens (including those used by the Commission) is available here: [Problem gambling screens - Gambling Commission](#)

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
This guidance is not in effect - operators are not required to take it into account

The role of staff

- 13F** Your staff have an important role to play to understand whether your approach works, and as a minimum, you should:
- ensure that staff make records of all actions and customer interactions and use them to aid decision making. Such records should be used for evaluation purposes, for example dip sampling for quality assurance purposes, to assess whether a customer changed their behaviour as the result of an interaction.
 - train staff to recognise when follow-up activity to an interaction is required.
 - ensure that staff use customer interaction records as a decision-making tool.
 - ensure that staff are properly supported in carrying out effective interventions.

Requirement 14

- 14.** Licensees must take account of problem gambling rates for the relevant gambling activity as published by the Commission, in order to check whether the number of customer interactions is, at a minimum, in line with this level. For the avoidance of doubt, this provision is not intended to mandate the outcome of those customer interactions.

Aim 14

Customer interaction is designed to identify customers at risk of harm. If the licensee's systems do not identify numbers of customers at least in line with the problem gambling rates for the relevant activity, those systems are likely to be failing to identify the right proportion of customers. This requirement provides a backstop protection – to ensure that customer interaction takes place as a minimum for the proportion of the customer base as the problem gambling rate for the gambling activity (or activities).

Formal guidance 14

- 14A** Systems and processes must be designed to as a minimum undertake customer interactions with at least the same proportion of their customer base as the problem gambling rate for the gambling activity or activities they offer. Because licensees should be identifying people at risk of harm the proportion of customers who receive a customer interaction should be greater than the problem gambling rate. Operators must ensure that they are on track to meet the minimum levels of customer interactions over an annual period, and to do so should assess progress monthly.
- 14B** The Commission considers that the current problem gambling rates relevant for this provision are the problem gambling rates from the [2018 Health Survey England](#), and specifically the problem gambling rates for the individual activities. We consider this to be appropriate for all licensees, although the survey is based in England. Therefore the rates for each activity are:
- Online gambling on slots, casino or bingo – 8.5% of customers
 - Online betting with a bookmaker – 3.7% of customers
 - Other lotteries – 1.3% of customers

Formal guidance under SR Code 3.4.3: customer interaction in online gambling
This guidance is not in effect - operators are not required to take it into account

We will update the guidance over time where we consider it necessary to reflect recent problem gambling prevalence statistics.

- 14C** Operators who offer more than one product or activity will need to work out their overall problem gambling rate to check they are compliant with this requirement. This should be based on the proportions of Gross Gambling Yield (GGY) that they generate for each activity. For example, casino games have a higher problem gambling rate. Where a licensee generates more GGY from casino games than from betting, the overall problem gambling rate for this requirement should be proportionate to the GGY from each activity.

2022