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# Informal consultation on amendments to the protection of customer funds rating system

## Overview

This informal consultation will be of interest to all gambling operators, particularly remote operators who hold customer funds to the credit of customers as defined in **Licence conditions and codes of practice** <<https://www.gamblingcommission.gov.uk/PDF/LCCP/Licence-conditions-and-codes-of-practice.pdf>> (LCCP).

In accordance with Licence Condition 4.2.1, operators who hold customer funds must set out information about their arrangements for protecting these funds in the event of insolvency, the level of that protection and the method by which this is achieved.

## Why we are consulting

We require operators to use a ratings system to inform customers how their funds are protected in the event of insolvency.

This informal consultation proposes to amend this ratings system.

## Introduction

### 1 What is your name?

Name

### 2 What is your email address?

If you enter your email address then you will automatically receive an acknowledgement email when you submit your response.

Email

### 3 What is your organisation?

Organisation

## Protection of customer funds rating system

In March 2018 we published our **Review of online gambling**

<https://www.gamblingcommission.gov.uk/PDF/Online-review-March-2018.pdf> . We proposed to undertake a package of work around customer funds, which included reviewing the appropriateness of the existing ratings system. The table below shows the ratings as they currently appear in our guidance **Customer funds: segregation, disclosure to customers and reporting requirements** <https://www.gamblingcommission.gov.uk/PDF/Customer-funds-segregation-and-disclosure-to-customers.pdf> .

Ratings category	Description
<b>Not protected</b> (non-remote and ancillary remote operators only)	Customer funds are not protected in the event of insolvency and are not segregated from other assets held by the company
<b>Basic</b> (minimum requirement for remote operators who hold customer funds)	Customer funds are kept in accounts separate from business accounts but they would form part of the assets of the business in the event of insolvency
<b>Medium</b>	Customer funds are kept in accounts separate from business accounts and insurance arrangements have been made to ensure assets in the customer accounts are distributed to customers in the event of insolvency.
<b>High</b>	Customer funds are held in a formal trust account which is legally and in practice separate from the affairs of the company and is verified by and subject to controls by an independent trustee or external auditor.

In keeping with our corporate strategy, we want to promote greater transparency and ensure that consumers are empowered to make fully informed choices about their gambling.

We are therefore proposing the following changes:

- the customer funds rating system to be renamed 'The customer funds insolvency ratings system.'

- to amend the 'Basic' descriptor to 'Not protected'

Please see how this would look below:

## Customer funds insolvency rating system

Current ratings system	Proposed insolvency ratings system
<p><b>Not protected</b> (No segregation – permitted for non-remote and ancillary remote operators only)</p>	<p><b>Not protected</b> (No segregation – permitted for non-remote and ancillary remote operators only)</p>
<p><b>Basic</b> (segregation of funds – minimum requirement for all remote operators who hold customer funds)</p>	<p><b>Not protected</b> (segregation of funds – minimum requirement for all remote operators who hold customer funds)</p>
<p><b>Medium</b></p>	<p><b>Medium protection</b></p>
<p><b>High</b></p>	<p><b>High protection</b></p>

The proposed amendments make absolutely clear the level of protection afforded in the case of insolvency and reduce the likelihood of consumers being misled.

As part of this informal consultation we will update our website and the guidance: **Customer funds: segregation, disclosure to customers and reporting requirements**

<<https://www.gamblingcommission.gov.uk/PDF/Customer-funds-segregation-and-disclosure-to-customers.pdf>> . This will include the above amendments and removal of historic information that is no longer relevant.

We will take into account any feedback received and will communicate the implementation date for any new ratings. We propose to allow operators up to four weeks to implement changes.

**4 Do you have any comments on the proposed descriptors?**

(Required)

*Please select only one item* Yes  No

Please state the reason for your answer (Required)

**5 We propose to allow operators up to four weeks to implement any changes. Do you have any comments on the implementation period?**

(Required)

*Please select only one item* Yes  No

Please state the reason for your answer (Required)

# Privacy notice

## Privacy notice

This notice sets out how we will use your personal data under the Data Protection Act 2018 and should be read in conjunction with the Commission's **[Privacy Notice](https://www.gamblingcommission.gov.uk/Footer/Privacy-and-cookies.aspx)** [.<https://www.gamblingcommission.gov.uk/Footer/Privacy-and-cookies.aspx>](https://www.gamblingcommission.gov.uk/Footer/Privacy-and-cookies.aspx).

## Data Controller

The Gambling Commission is the controller for any personal data that you provide in response to this consultation. You can find our details and details on how to contact us in the Commission's general **[Privacy Notice](https://www.gamblingcommission.gov.uk/Footer/Privacy-and-cookies.aspx)** [.<https://www.gamblingcommission.gov.uk/Footer/Privacy-and-cookies.aspx>](https://www.gamblingcommission.gov.uk/Footer/Privacy-and-cookies.aspx).

## Data subjects

The personal information gathered as part of this consultation will relate to members of the public, representatives of organisations or companies and parliamentarians.

## Data collected

The data collected as part of this consultation will include:

- Name
- Email address
- Organisation

It is possible that respondents will volunteer additional identifying information about themselves or third parties.

## Purpose

If you would like to contribute to the Commission's consultation, then we will process your contact details to monitor responses.

We will process any other personal data provided in the responses for the purpose of informing the development of our policy, guidance and other regulatory work in this area. We will publish a summary of the consultation responses and may publish the responses themselves, but these will not contain any personal data.

## Legal basis for processing

The legal basis we are relying on to process your personal data is article 6(1)(e) of the GDPR which permits processing where it is necessary for the performance of a task carried out in the public interest. As part of the Gambling Commission's regulatory function, we produce guidance to

assist operators in complying with the Licence Conditions and Codes of Practice, which are implemented by the Gambling Act 2005. This consultation is launched to assist in this task.

### Who we share your responses with

Information provided in response to a consultation may also be published or disclosed in accordance with access to information legislation, including the Freedom of Information Act 2000 and the Data Protection Act 2018.

Your personal information will also be processed by Delib LTD, who operate Citizen Space. Delib LTD will only process this data for our purposes and in fulfilment with the contractual obligations they have with us. More information can be found in Delib LTD's [Privacy Notice](https://www.delib.net/privacy)  [<https://www.delib.net/privacy>](https://www.delib.net/privacy).

### How long we hold your data and your rights

Further information can be found in our [Privacy Notice](https://www.gamblingcommission.gov.uk/Footer/Privacy-and-cookies.aspx)  [<https://www.gamblingcommission.gov.uk/Footer/Privacy-and-cookies.aspx>](https://www.gamblingcommission.gov.uk/Footer/Privacy-and-cookies.aspx).

**6** We would like to use your email address to stay in touch, in the event we want to seek further details or clarification on your response. Except as stated above, this information will not be shared with anyone else. If you tick the box and later change your mind, please email [consultation@gamblingcommission.gov.uk](mailto:consultation@gamblingcommission.gov.uk) if you do not wish to be contacted.

(Required)

*Please select only one item*

Yes, I agree to be contacted by the Commission     No, I do not want to be contacted