

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

We require operators to use a rating system to inform customers how their funds are protected in the event of insolvency. On 3 December 2018 we launched an informal consultation on changing the customer funds ratings system name and descriptors to promote greater transparency and ensure consumers are empowered to make fully informed choices about their gambling.

Most responses received supported the changes proposed (shown below in red) which will now come into effect on 29 April 2019.

Customer funds insolvency rating system	
Current ratings system	New insolvency ratings system (to be introduced 29 April 2019)
Not protected (No segregation – permitted for non-remote and ancillary remote operators only)	Not protected (No segregation – permitted for non-remote and ancillary remote operators only)
Basic (segregation of funds – minimum requirement for all remote operators who hold customer funds)	Not protected (segregation of funds – minimum requirement for all remote operators who hold customer funds)
Medium (Quistclose or equivalent)	Medium protection (Quistclose or equivalent)
High (Independent trust account)	High protection (Independent trust account)

The new amendments will clarify the level of protection afforded for customer funds in the event of insolvency and reduce the likelihood of consumers being misled. Operators are required to communicate any changes to new customers in accordance with LC 4.2.1. Operators must notify customers where the level of protection has previously been described as ‘basic’ but will now be described as ‘not protected’ on the occasion of any subsequent deposit after the change is made.

The informal consultation proposed to allow operators up to four weeks to implement any changes. Some responses stated this would be challenging due to potential circumstances which would be out of operators’ control (e.g. the updating of apps). For this reason, we have agreed to extend the implementation time to eight weeks which will enable operators to complete the changes in time.

Please see the updated guidance note titled [‘Customer funds: segregations, disclosure to customers and reporting requirements’](#)