

## Public statement

### 888 UK Limited

#### Regulatory settlement following a licence review

##### Breach of Social Responsibility code provisions:

- 3.5.1.1 Self-exclusion
- 3.4.1.1(e)(i) Customer interaction
- 3.9.1.2(a) Identification of individual customers

**31 August 2017**

**The issues identified in this statement are likely to form the basis for future compliance assessments of gambling operators**

## 1. Executive summary

This case concerns 888 UK Limited (888), which holds an operating licence for remote casino, bingo and remote general betting standard – real events.

The Gambling Commission has found that 888 has breached a number of social responsibility codes in relation to:

- **Self-exclusion requirements:** More than 7,000 of 888's self-excluded customers were still able to deposit £3.5million over 13 months.
- **Customer interaction:** A customer, who stole more than £55,000 from their employer, was able to gamble over £1.3million on 888's websites, spending more than 3 hours per day gambling for 15 months. This was without any interaction by the operator, despite lengthy gambling sessions and the customer displaying problem gambling behaviour.

In line with our [Statement of principles for licensing and regulation](#), we have decided that 888 must pay a regulatory settlement, including a £4,250,000 payment in lieu of a fine imposed by the Commission and reimbursements to customers of £3.5 million. A full breakdown of the regulatory settlement has been set out in Section 4.

## 2. Commission findings

### Failings around self-excluded customers

888 operates two separate technological platforms: one for casino/poker/sport and a separate one for bingo, which together host in excess of 270 websites and brands that customers can gamble on.

888 operates a process whereby when a customer requests to self-exclude from one platform it is communicated to the other platform. However, customers who had requested to be self-excluded were incorrectly only excluded from one of 888's gambling platforms, rather than both.

### Breach of self-exclusion requirements

On 28 February 2017, 888 notified the Commission of a technical failure that arose in its automated system where customers who elected to self-exclude from their casino/poker/sport platform were still able to open and/or access accounts on their bingo platform.

Between October 2015 and September 2016, 7,010 self-excluded customers were able to deposit £3.5million.

We are especially concerned that this failure occurred for such an extended period of time, and is likely to have had a significant impact on the self-excluded customers as they were able to continue to deposit funds into, and play on, their 888 accounts.

During this time, the customers were able to gamble, using deposits and recycled winnings, a total of £50.6million.

Given the huge number of customers affected, the duration of the breach, and scale of the gambling involved, this breach is considered to be very serious.

We have found 888 in breach of SR code provision 3.5.1.1 self-exclusion, which states:

*“1 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”.*

888 accepts the breach and is returning all deposits made by the self-excluded customers affected. No customer will have lost out financially from 888’s failings, nor will the firm have made any financial gain from the affected customers.

### **Breach of customer identification requirements**

888 accepts that it failed to process the self-exclusion requests correctly and that effective customer identification checks were not in place. Robust identification procedures would have ensured customer accounts would have been identified and correctly excluded from both platforms.

888 accepts that it failed to meet SR code provision 3.9.1.2(a), which relates to the identification of individual customers, and states:

*“2 Where licensees allow customers to hold more than one account with them, the licensee must have and put into effect procedures which enable them to relate each of a customer’s such accounts to each of the others and ensure that:*

*(a) if a customer opts to self-exclude they are effectively excluded from all gambling with the licensee unless they make it clear that their request relates only to some forms of gambling or gambling using only some of the accounts they hold with the licensee”.*

## **Failure to identify problem gambling behaviour**

### **Breach of customer interaction requirements**

888 failed to recognise problem gambling behaviour displayed by a customer, which was so significant that it resulted in criminal activity.

Between September 2014 and October 2015 a customer, who had stolen £55,000 from their employer to fund their gambling, was able to stake £1.3million. During this time the customer placed over 850,000 bets, gambling on average 3-4 hours a day and in some instances long sessions of uninterrupted play.

The duration and extent of the gambling raises serious concerns about 888’s lack of interaction with the customer. The frequency and duration of the customer’s gambling would have had a significant impact on their everyday life.

As a result of the crime, the customer was sentenced to 16 months in prison for theft and false accounting.

Our investigation found no evidence that 888 engaged with the customer to ascertain if they had any problem gambling issues or to confirm their source of income.

We have found that 888 breached SR code provision 3.4.1.1(e)(i) customer interaction, which states:

*“1 Licensees must put into effect policies and procedures for customer interaction where they have concerns that a customer’s behaviour may indicate problem gambling. The policies must include:*

...

*(e) specific provision for making use of all relevant sources of information to ensure effective decision making, and to guide and deliver effective customer interactions, including in particular*

...

*(i) provision to identify at risk customers who may not be displaying obvious signs of, or overt behaviour associated with, problem gambling: this should be by reference to indicators such as time or money spent'.*

888 accepts that it failed to meet SR code provision 3.4.1.1(e)(i).

One of our chief concerns is that 888 should have been aware at a much earlier stage that breaches were occurring and recognised the seriousness of the issues raised in both cases.

Whilst some measures were in place in respect of both the customer and self-exclusion issues, ensuring effective controls are in place is a requirement of the [Licence conditions and codes of practice](#). These controls were clearly inadequate and have required extensive work by 888 to implement necessary changes.

### 3. Good practice

Self-exclusion is a vital tool designed to help customers that want to take control of how much they are gambling and prevent them from accessing gambling products for a period of time.

It is a social responsibility provision that operators must take seriously and ensure that their processes are robust enough to protect those customers that are most vulnerable to gambling-related harm.

In order to avoid making the same mistakes as 888, operators should consider the following questions:

- Unless specified by the customer the self-exclusion applies at the operator level, which means all websites and brands provided by that business. Is it clear to both you and your self-excluded customers which brands they have self-excluded from?
- Are you able to prevent self-excluded customers from gambling on different websites and/or brands?
- Do you proactively use all the available information you have about a customer?
- We do not think the only focus should be on the amounts deposited or staked by a customer, and instead should include other factors such as time spent gambling, pattern of play or number of bets to identify whether they are at risk of being harmed by gambling.

Operators must not profit from their own failure to take reasonable steps to prevent self-excluded customers from gambling.

If operators are still unsure about our requirements in relation to social responsibility and self-exclusion, please refer to [the Licence conditions and codes of practice: section 3.5 social responsibility code and ordinary code](#).

## 4. Regulatory settlement

888 has accepted that it breached the social responsibility code in relation to both issues, and has agreed to a regulatory settlement.

When coming to a final decision regarding the settlement we have taken into account the significant licence breaches, as well as other considerations during the investigation. The penalty package consists of:

- a) compensation to the customer's employer of £62,023 which constitutes 888's net financial gain resulted from its failings in the customer's case.
- b) 888 will return to customers the £3.5million deposited during the period in which their self-exclusion was not properly affected across all of 888's platforms. This will be returned to customers either by way of prior customer withdrawal or by way of refund.
- c) a payment in lieu of a financial penalty of £4,250,000, which the Commission would otherwise impose for breach of a licence condition in accordance with our [Statement of principles for determining financial penalties](#), consisting of:
  - i. £4,000,000 in relation to the self-exclusion issue
  - ii. £250,000 in connection with the issues identified in the customer interaction case.
- d) agreement to undertake an external audit on terms to be agreed with us in relation to its self-exclusion processes with the outcome of the audit to be reported to the Board of 888's holding company, 888 Holdings plc (888 Holdings).
- e) agreement to the publication of this statement outlining the failings by 888 and the lessons to be learned by the wider industry.
- f) payment of our investigative costs in relation to this matter in the sum of £12,000.

## 5. Conclusion

These serious breaches illustrate how 888 failed to prevent gambling from being a source of crime, and failed to protect vulnerable persons from being harmed or exploited by gambling.

The Commission is of the view that 888 was frank and cooperative during the licensing review process. Following the investigation, we are also of the view that 888 has recognised its failings and has gone to significant lengths to address the concerns raised to prevent these issues happening again.

We consider that this case provides valuable learning for both online and retail operators.

Gambling Commission August 2017

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**Keeping gambling fair and safe for all**