

Running prize competitions and free draws



Prize competitions and free draws are free from control under the Gambling Act 2005 (the Act). They can be run for commercial or private gain and can be used as a fun way of offering prizes or promoting a product.

However, it is easy to cross the boundary and in fact be offering an illegal lottery.

This leaflet provides a brief introduction to running prize competitions and free draws and you should also read the detailed advice on our website.

The Gambling Commission (the Commission) strongly recommends that you seek legal advice if you are unsure about the legality of a competition or free draw.



What is a prize competition?

A genuine prize competition is one where the outcome is determined by the application of skill, judgement or knowledge. Under the Act a genuine prize competition is one run in such a way that the organisers believe that the requirement for skill, knowledge or judgement will either:

- deter a significant proportion of those who wish to enter from doing so, or
- prevent a significant proportion of those who do enter from winning a prize.

What is a free draw?

Under the Act there are two types of free draw. The first is where all entries are free, and the second is where there is both a paid and free entry route. The Act defines 'free' as any method of communication charged at the normal rate, and specifically mentions the use of first or second class post. 'Normal rate' means that there can be no additional payment over what it normally costs to use a particular method of communication. For example, special delivery is not classed as free.

If you choose to run a free draw with a paid entry route, you must ensure that:

- people can genuinely choose to take part without paying
- the free entry route is no more expensive or no less convenient than the paid route and charged at its normal rate
- the choice is publicised so that it is likely to come to the attention of anyone intending to participate
- the system for allocating prizes does not distinguish between either route.

Do I need permission to run a prize competition or free draw?

You do not need permission or a licence from the Commission or a licensing authority to run genuine prize competitions or free draws, as long as they are organised in a way that means they meet the requirements of the Act.

How do I know if my prize competition or free draw is legal?

The Commission does not approve prize competitions or free draws or help develop them, although we may raise any immediately obvious concerns with you. We strongly recommend that you seek legal advice if you are in any doubt as you must satisfy yourself that you are not running an illegal lottery.



What happens if my prize competition or free draw doesn't meet the requirements?

If you do not meet the requirements it is likely that you are running an illegal lottery. Lotteries are regulated under the Act and are the preserve of good causes. They cannot be run for commercial or private gain, and, unless they are in one of a limited category of exempt lotteries, must be either licensed by the Commission or registered with a licensing authority. It is illegal if you run such a lottery without a licence or registration.

More information about lotteries is available in *Promoting society and local authority lotteries* and *Organising small lotteries* on the Commission website.

Why is the Commission interested?

We monitor the boundary between prize competitions and free draws on the one hand and lotteries on the other. We also have a duty to pursue and prevent illegal gambling and may act where prize competitions and free draws are organised and promoted that, in our view, are illegal lotteries. If appropriate, we will prosecute.

Further information

For detailed advice on prize competitions and free draws you should read: *Prize competitions and free draws: the requirements of the Gambling Act 2005*, which can be found on the Gambling Commission website.

