

Information to lottery players: proceeds and prizes

Guidance note, April 2020

1 Introduction

- 1.1** This note provides guidance to licence holders on the implementation of social responsibility (SR) code provision 4.3.3 set out in our Licence conditions and codes of practice (LCCP).
- 1.2** It applies to all lottery licence holders – society lotteries, local authority lotteries and external lottery managers (ELMs), and to all draws taking place from 29 July 2020. It sets out the information which should be provided to consumers before they purchase a lottery ticket. This includes information about:
- how and where proceeds are used; and
 - the likelihood of winning a prize and how prizes are allocated
- 1.3** It also provides guidance about how to make this information available.
- 1.4** This guidance assists licensees with details about how to comply with the LCCP and the wider legal requirements. It is intended to allow licensees flexibility as to how they comply whilst explaining the minimum we expect you to do in order to achieve compliance with SR code 4.3.3.
- 1.5** This guidance is not a substitute for the LCCP or independent legal advice. Anyone requiring clarification on the regulatory issues contained in this document should seek their own independent legal advice.
- 1.6** In this guidance, the word 'must' denotes a legal obligation, while the word 'should' is a recommendation of good practice, and is the standard that the Gambling Commission (the Commission) expects licensees to adopt and evidence. The Commission will expect licensees to be able to explain the reasons for any departures from that standard.
- 1.7** The Commission has a duty to permit gambling if we think it is reasonably consistent with the three licensing objectives set out in the Gambling Act 2005 (the Act). These objectives are to:
- keep gambling free from crime and from being associated with crime
 - ensure that gambling is fair and open
 - protect children and vulnerable people from being harmed or exploited by gambling.
- 1.8** It is important to provide consumers with clear and easily accessible information to help them make an informed decision whether to gamble. Licensees should provide effective, transparent and fair information about all lottery products and schemes. This is an important part of achieving the second licensing objective.

- 1.9** This guidance may be amended periodically to take account of what we learn from research with licence holders and gambling consumers about emerging trends in lottery products and player participation, or of changes to legislation. Where proposed amendments are minor, we will consult informally, for example, through industry trade bodies and with consumer groups. For more substantial changes, we will consult more formally.

2 Information about prizes

What we want to achieve:

- 2.1** We want to ensure that consumers are empowered to make informed choices about gambling. Specifically, that before committing to gamble, they understand the prizes on offer, how they might win them and the likelihood of them doing so.

What we expect licensees to do:

- 2.2** Lottery licensees must make available information to consumers about prizes before they purchase a ticket. As a minimum, this should include:
- a description of the way in which winners are determined and prizes allocated
 - the potential prizes available; and
 - the likelihood of winning a prize.
- 2.3** For example, this could include, but is not limited to:
- clear descriptions of what constitutes a winning outcome
 - information about rollovers and the way in which the rollover operates
 - information about the amounts that players may potentially win, for example in the form of pay-tables or by showing the odds for outcomes (such as matching 3, 4 or 5 numbers).
 - how winners are determined e.g. how the RNG works.
- 2.4** If it is not possible to determine the exact likelihood of winning a prize because it depends on the eventual number of participants, operators should consider how best they can provide a reasonable estimate to consumers. For example, by using data from previous comparable lottery draws to provide information on the likelihood of winning. This can be an estimate based on that data, the average for that type of lottery draw or the actual previous figures.
- 2.5** Remote lottery licensees (with aggregate annual proceeds exceeding £250,000) are already required to provide information to players on the prizes or payouts available, the way in which winners are determined and their chances of winning a prize, before the customer commits to gamble. Relevant requirements are in Remote Technical Standard 3 (RTS3).

3 Information on how proceeds are used

What we want to achieve:

- 3.1** We want to ensure that consumers are empowered to make informed choices about gambling. And that consumers and the wider public have a well-informed view of how lotteries use their money to contribute to society.
- 3.2** Licensees should help consumers understand which good causes are being supported and how much of their money goes to the good cause or elsewhere. Specifically, we want consumers to know or be able to find out:
- how much is returned to the good causes and what good causes they're supporting

- how much is spent on prizes
- how much is spent on expenses
- if grants are made and information about that process.

What we expect licensees to do:

Breakdown of proceeds and good cause information

- 3.3** Lottery licensees must provide information about how lottery proceeds are spent. This information should be available to consumers before they purchase a ticket and should include:
- the percentage or amount of the proceeds spent on:
 - prizes (including prizes rolled over)
 - expenses related to promoting and running the lottery; and
 - the amount applied directly to the purposes of the society or purposes for which the local authority has power to incur expenditure (whichever is relevant) – i.e. the good cause
 - the total proceeds from all tickets sold.
- 3.4** Information provided can be estimated, average or actual percentage/amount (where this is known). Where the actual amounts for that type of lottery draw cannot be determined in advance, licensees should consider how best they can provide a reasonable estimate to consumers. For example, through:
- providing details of the actual breakdown of proceeds and ticket sales for the previous calendar year; or
 - where they consider this will be misleading, using previous data to estimate or give an average for that type of lottery draw.
- 3.5** For example, you may provide a breakdown in your solicitation statement for a particular lottery draw, stating that last year you received £XX,XXX in ticket sales and that X% was spent on your good cause, X% on prizes and X% on expenses.
- 3.6** This is in addition to the current provision in social responsibility code (4.3.1), which requires all society and local authority lottery licensees to publish annually the proportion of total proceeds allocated to the purposes of the society or purposes for which the local authority has power to incur expenditure.
- 3.7** Licensees currently retain information as set out in Condition 11.1.1, which can be used to provide relevant information.
- 3.8** Information about the promoting society (good cause) must be made available. Lottery licensees are required to identify the promoting society within ticket documentation (licence condition 11.1.1.7b and 11.2.1.7b). Social responsibility code 4.3.2 also requires that branded lotteries must ensure that it is clear to consumers (or potential consumers), which society lotteries are being promoted.

Information about grants

- 3.9** Lottery licensees may use proceeds to fund grants to beneficiaries who meet the aims and objectives of their societies. Where this is the case, information should be available to consumers about how the allocation of grants is determined, including examples of those receiving them.
- 3.10** For example, you could provide information on your website confirming that other organisations who meet your aims and objectives can apply for funding, that the outcome of those applications is determined by a panel/individual (if that is the case) and give details of organisations you have helped using this process.

4 How information should be made available

- 4.1 All reasonable steps should be taken to ensure that the information is understandable, easily accessible and presented through the most appropriate means of reaching the consumer.
- 4.2 As consumers should be able to access this information before they purchase a ticket, when deciding where to publish it, you should consider the medium through which the gambling is conducted and the way you advertise or promote the lottery.
- 4.3 For example, this information could be included in marketing communications, advertisements, promotions, the lottery website, ticket documentation, or any other information surrounding the draw, such as the solicitation statement or terms and conditions.
- 4.4 Where licensees use the internet or mobile sites to promote lotteries, the information should be located from the menu or drop-down list, but consumers should be directed to this by links within the main lottery pages.
- 4.5 You must ensure that the information you provide is not misleading. Existing LCCP provisions require all lottery licensees to comply with the advertising codes of practice issued by the Committee of Advertising Practice (CAP) and the Broadcast Committee of Advertising Practice (BCAP). These advertising codes include rules on misleading advertising.
- 4.6 Where estimated or average figures are given you should be clear to consumers that this is the case and that the actual figures may vary. Where you expect figures to vary greatly for a draw you should be clear about this and consider whether there is a better way to provide the information. For example, where you hold a bumper raffle and know the breakdown of proceeds is likely to be well outside the annual figures you normally provide. Here you may base the information provided on previous draws of that type, rather than the annual figures you use elsewhere.

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