I·B·A·S

Independent Betting Adjudication Service

IBAS Annual Report 2021

Pocket Size Edition

IBAS Corporate Values

Championing fair play.
IBAS resolves disputes, promotes fair terms in gambling and encourages clear communication.

Timely
We aim to resolve your dispute as quickly as possible.

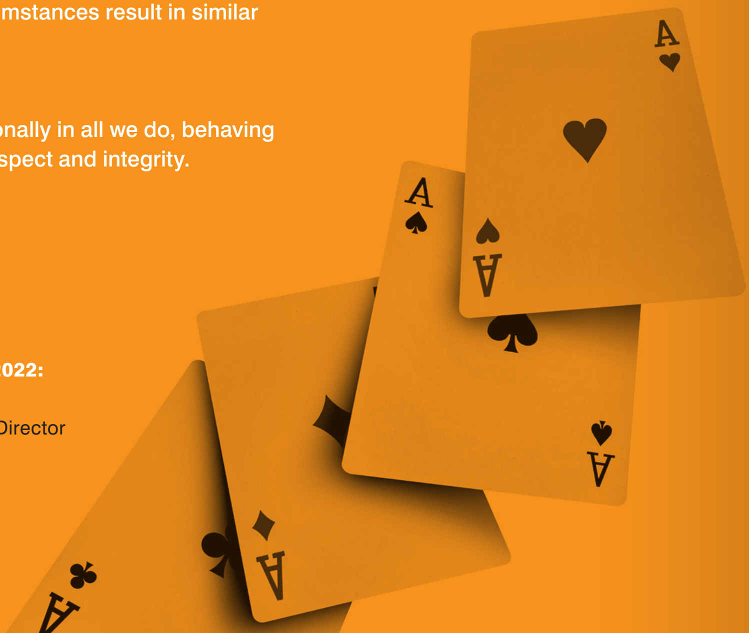
Open and honest
We are truthful and direct in all our work.

Fair and unbiased
We always take an independent view and consider all the facts as presented.

Clear communication
We communicate clearly and concisely and encourage others to do the same.

Consistent
We aim to apply consistent standards so that similar circumstances result in similar decisions.

Professional
We act professionally in all we do, behaving ethically, with respect and integrity.



Directors on 1 January 2022:

Andrew Fraser, Chairman
Richard Hayler, Managing Director
David Bradshaw
Andrew Chevis
Andrew Lyman
Elaine Smethurst
Carys Williams

Chairman’s Introduction

Andrew Fraser

Welcome to the IBAS Annual Report, which sets out our activities and ambitions as well as the hard data of the gambling disputes we have handled.

In my Introduction to our Annual Report of 2020, I welcomed the government’s review of the Gambling Act 2005 as a means of improving protections and increasing the remit of dispute resolution. I said this is likely to take a long time, but I didn’t expect that we would still be waiting for the government’s White Paper in April 2022.

Although we were encouraged that the government said in announcing the review that IBAS provides a service for the industry and its consumers, the delay has left us with ongoing uncertainty about our future.

During the period of the gambling review our focus has been twofold; to make the case for why IBAS should be an essential part of any new framework of gambling regulation, and to focus hard on ‘the day job’.

IBAS has nearly 25 years’ experience in adjudicating an astonishing range of gambling disputes, many of which involve technical complexities. I don’t think it’s acceptable to consumers or the industry for this expertise to be lost in favour of an expensive and inexperienced new adjudicator.

Current gambling regulations severely limit what IBAS can do to resolve disputes concerning harmful gambling and we share consumers frustration about this. In our response to the gambling review we set out our experience in this area and the contribution we can make to addressing this growing number of disputes.

Meanwhile, we have worked in difficult circumstances during the lockdowns to provide the best service we can for all of our customers. And we have introduced improvements to our service that mean we now give better information at the start of a dispute and reach an answer more quickly than before.

As ever, our ambitions for IBAS remain strong, we want to be the single provider of gambling dispute adjudication in the UK and to develop our provision of a fair, cost-effective service that minimises harm to all.

I’m delighted that many of our staff have found their way back to the office and the Board are meeting in person once again. I am indebted to both sets of colleagues for their continued hard work for IBAS over the last year.

Managing Director's Review

Richard Hayler

Early in 2022 IBAS passed the 85,000 mark of formal requests for dispute resolution we have taken on. We have come a long way since our first cases were received in 1998, but the principles of the service – fair minded adjudication by people with experience of gambling and an understanding of consumer contract law – have remained the same.

The last year for IBAS has felt like two parallel journeys. One is a familiar path, requests for help, advice, investigations, consideration and then either adjudication or amicable resolution. The other has been one of strategic planning, political observing and explaining our role and function to people with a newly discovered interest in the gambling industry.

As you might imagine, it has been a challenging time for our team. There has been no shortage of public calls for 'more to be done' for consumers, but relatively little detail has been put forward to explain what this might mean. There has been considerable speculation about what the future holds for IBAS.

We know that for some the replacement of existing dispute resolution providers is a non-negotiable, but we want at least to understand why. It is important that our work is understood before it is judged and I hope that most people who have talked to us about what we are, what we do and what we have done believe we have a role to play in continuing to protect the fairness of gambling. We remain keen to use our experience based insight to help guide and inform the process of finding the most effective redress system for gambling consumers, which we believe should be a new Gambling Ombudsman built on the foundations of what IBAS has achieved in the past 24 years.

It is frustrating then, when we encounter commentators who pass up the opportunity to engage with us and base their analysis of what consumers require on questionable grounds. The most common stick we are unfairly beaten with is the question of how we are funded.

Throughout my time with IBAS, we have accepted that some of those who have used the service without achieving their desired outcome will throw the funding grenade in their final letter or email. The reality is that every ombudsman and complaints handling service operating outside the public sector is funded by the industry from which the complaints arise. Somewhat confusingly, the House of Lords Select Committee made critical comment about 'industry funded' ADR providers and reached a conclusion that a new ombudsman should be formed in the image of the Financial Ombudsman Service, which itself is funded by banks and other financial service providers.

When politicians focus on a theme, such as independent funding, they presumably have some inclination that people will pick up on and echo those concerns. Comments about our sources of funding in consumer correspondence have clearly increased in the past 18 months. Whatever decisions are reached about dispute handling, we would like to see government consider changes to how services are funded.

We would like to see indirect funding considered. This might mean, for example, the cost of dispute resolution being added to a licensed business's annual licence fee, being collected by the regulator and then passed on the dispute resolution provider. Perhaps a dedicated, single function agency could be created for the purpose. I can categorically state that the existing, direct-funding model has never compromised the decision-making process of IBAS. No company has put IBAS under any pressure and we have never felt any obligation. Nevertheless, perception seems to be everything and a relatively simple change could serve to eliminate some of the unjustified criticism.

The government has been criticised in some quarters for the delay in publication of the white paper. You won't find me criticising anyone for taking their time over the review. The subject matter is complicated and emotive and the more carefully you consider the various issues under debate the more complex they reveal themselves to be.

However, one of the difficult side effects of the delay has been the general reluctance to make progress on work that we believe could ▸

and should have started already. That is particularly true of one of the questions at the heart of the review: How do you judge whether businesses have treated individual customers irresponsibly?

How to judge responsibility?

The May 2021 report 'Not a Game' by the Centre for Social Justice, concluded, *"..that a third-party ombudsman is the most promising agent to create effective affordability checks."*

The report's recommendation for how an ombudsman would help minimise gambling harms remains a 'must read' for anyone with an interest in the subject. It details a vision for how a gambling ombudsman would work with financial institutions and other personal record keepers to monitor each individual's financial wellbeing and make appropriate interventions if a person seemed to be spending too much time or money gambling.

Apart from being impractically expensive to deliver and requiring a level of personal information intrusion that very few would consent to, the report also took the bold step of redefining the role of an ombudsman – turning it into a service that prevented problems from arising rather than reviewing how they had arisen.

In January 2021, IBAS shared its view on affordability checks with the Gambling Commission as part of the Commission's consultation exercise on the subject. We believe that it is important for companies to speak to their customers when they have triggered certain spending or duration of gambling thresholds. Although consideration of responsible behaviour is currently outside the remit of ADR, we still receive or are copied into many hundreds of consumers complaints on the subject. We believe that reading and reflecting on those complaints

– reviewing the points at which consumers themselves have felt it right to say "someone should have intervened before now" – can help shape the appropriate markers, if affordability checks are to be introduced.

Throughout 2021, we have been clear and consistent in saying that we believe IBAS – in its current form or as part of an ombudsman with a wider remit – should be able to take on and individually consider claims that consumers have been treated irresponsibly.

To achieve that, what will need to be developed is a framework against which operator performance can be judged.
We believe that many of the more progressive businesses in the sector already have internal processes against which they judge their own performance. If these can be shared, reviewed and debated by stakeholders including consumer and operator representatives, it should be possible for the Gambling Commission to sign off on a series of defined checks that all licence holders must conduct in different circumstances.

ADR providers or an ombudsman could then assess claims that licence holders had acted irresponsibly against those standards with the scope to award compensation where appropriate.

We understand the desire to wait and see the government white paper before committing to any particular change but if there is agreement – as there seems to be – that it would be preferable for ADR (in any form) to expand its remit to take on this type of complaint, there seems no good reason to wait to begin that work.

Regulatory Cooperation

To make any of the above effective will require a relationship of close cooperation between regulator and complaint handling/redress body. We welcomed the appointment of Andrew Rhodes as CEO of the Gambling Commission in June and we hope that under new Chairman Marcus Boyle, there will be a new era of positive collaboration.

Gambling dispute resolution raises a lot of difficult and previously untested questions about the fairness of practice in areas that typically have not been tested in court and often are not addressed by the Commission's licence conditions and codes of practice. That can be testing for services such as IBAS and although we receive helpful advice from the regulator on a number of issues, there is a sense that when the most challenging issues arise we may find ourselves on our own. ▶

In February 2022 the Commission published helpful updated advice on fair terms and practice, highlighting certain types of rules or terms that it considered unacceptable. Similarly clear advice would be helpful in other areas too, in particular relating to the thorny questions of what should happen if a self-excluded individual is somehow able to gamble, or what the fair approach should be if someone is identified as betting in the name of a third party.

It is not that we want to offload these hot potatoes into the hands of the regulator. We would be willing, indeed keen to play an active part in helping to develop policy. Until difficult questions are addressed, there is always the risk that IBAS and other ADR providers will be forced, through our adjudication process, to develop what is effectively backdoor regulation.

In our experience, most gambling businesses have no objection to the Commission publishing detailed guidance. In fact, the opposite is almost always true. One of the complaints we hear most frequently when a business receives an adverse decision is "other operators do this the same way." Clear regulatory guidance can only help create a level playing field.

The IBAS Team

In a year that has raised no shortage of strategic planning and policy challenges, I have been able to spend less time than in previous years engaging with our team in the day to day operation of our service.

In the circumstances, I am particularly grateful to our team that we have made so many service improvements during 2021. The average completion time of the dispute process reduced by almost 40%, while over 90% of requests for dispute resolution were assessed and responded to within 24 hours of arrival. Our service always has room to do better, but in 2021 we took some significant strides forward.

I would like to record my thanks to every member of our office based team and Adjudication Panel for contributing towards this significant progress during a period when constant scrutiny of our role in the gambling regulatory landscape would have been a fair excuse to be distracted or downhearted.

I would also like to thank Andrew Fraser, our Chairman, for his time and support throughout the year and our other non-executive directors, David Bradshaw, Andrew Chevis and Elaine Smethurst for their advice, assistance and shared determination to take IBAS forward in the right direction. In early 2022 we added two new directors to the Board. Andrew Lyman and Carys Williams bring with them a vast amount of invaluable experience in regulation, governance and consumer-facing, complaints handling practice and I look forward to working with them both in the year to come.

It is also important to record that the businesses themselves contribute significantly towards the success or failure of dispute resolution. The majority of gambling operators have provided fast and comprehensive replies to requests for information throughout the year. Changes made in December 2020 to the way that consumer complaints must be handled by licence holders, introduced new Gambling Commission requirements such as a maximum 8 week period to consider the complaint internally and the need to provide customers with a 'final decision' and referral to ADR.

That has served to reduce the volume of complaints reaching IBAS, meaning that more disputes are resolved amicably and without the need for ADR. It is a faster path to a fair outcome, which should be the objective for everyone concerned and is at the heart of what IBAS stands for. ■

IBAS are keen to play an active part in helping to develop policy.

90%

of requests for dispute resolution were assessed and responded to within 24 hours of arrival

Making a Positive Impact

Along with other members of the Ombudsman Association, we have been reviewing how we have made a positive impact on those our service exists to help.

We asked our team to share their thoughts about where we had made a positive impact in 2021 and here are some of the comments we received:

"I was pleased to be part of issuing a series of similar decisions against companies whose promotional terms we considered to be unfair. Those decisions were shared with the Gambling Commission, which resulted in the publication by the regulator of updated, clearer directions about the use of potentially unfair terms."

"All we can do is try to provide every individual who contacts us with a prompt reply that addresses any personal issues that are raised in the claim form. Some people say that they don't need advice – they just want their money back – but when someone writes back to say 'thanks, that's really helpful, I'll look into that support service' it means a lot."

"I feel that IBAS does set a certain standard that is taken seriously. I have had operators ask me if IBAS has guidance for certain situations that they could have and therefore know how to deal with such matters before a complaint comes to IBAS."

"The highest value case I managed that went in a consumer's favour saw us awarding them £35,000. I know that will have made a serious impact on their life."

"2020 and 2021 have been the first years that we haven't run meetings for customer service representatives to come together and think about common dispute issues and the way to avoid them. At least a dozen companies have asked me whether we were going to run those meetings again in 2022 and that's a good sign."

"From my IBAS 'frontline' position dealing with our customers, a key positive impact is delivered by simply replying quickly and empathetically to anxious people who often feel lost or bewildered – whatever their issue is. It is essential to treat every query as an individual one and avoid an irrelevant templated reply. People recognise that immediately."

"I am always pleased when a discussion about a particular case makes a company review the way they handle a certain type of situation and agree to make changes."

"Although one of the newer companies on our register lost four of their first disputes, we took time to teach them about ADR processes and the standards that are expected of companies. They seemed thankful for the learning experience."

Comparative Annual Statistical Reporting 2019-2021

Reporting Periods:
1 October 2020 – 30 September 2021 vs. 1 October 2019 – 30 September 2020
Independent Betting Adjudication Service (IBAS)

A. Dispute Volumes

Dispute Source	2020-21	2019-20
Domestic Consumers to Domestic Operators	4,840	4,475
Domestic Consumers to Overseas Operators	0	0
Overseas Consumers to Domestic Operators: *NB: legislation requires that statistical data below relates to domestic disputes*	1,155	1,198

Any company licensed in the UK is classified as a 'domestic operator' for this purpose.

Dispute Status	2020-21	2019-20
Completed	2,303 (48%)	2,511 (56%)
Rejected / Discontinued Without Conclusion	2,537 (52%)	1,964 (44%)

B. Types of Complaint

Dispute Type	2020-21	2019-20
Disputed Settlement Criteria / Bet Instructions	846	1,048
Price Dispute	268	341
Late Bets	44	165
Customer Identity	1706	945
Bonus or Promotional Offer Terms	329	368
Cash Out Mechanism	88	128
Game / Machine Malfunction	42	110
Alleged Cheating / Match-Fixing / Crime	65	93
Social Responsibility/Self-Exclusion – Outside of ADR Remit	474	752
Social Responsibility/Self-Exclusion – Suitable for ADR	228	
Banking / Financial Transactions	341	300
Customer Service Complaints	272	124
Others	137	06

C. Disputes Rejected by IBAS

Grounds for Rejection	2020-21	2019-20
Operator's Complaints Process Not Exhausted	1,752	604
Vexatious / Frivolous Dispute	71	209
Monetary Value Too Low / High	0	0
Dispute Outside 12 Month Time Limit	5	33
Too Complex / Requires Legal / Police Investigation	17	79
Regulatory Matter (e.g. self-exclusion)	532	653
Operator Not Registered with IBAS	64	54
Customer Communication Ceased	60	315
Operator Licence Revoked / Surrendered	36	17

Notes on Section C
In 2020-21 we reclassified 'grounds for rejection'. Anyone who lodged a claim through IBAS and was unable to provide evidence of the final decision of the company at the end of its internal complaints procedure was classified as 'Operator's Complaints Process Not Exhausted' even if they later informed us that they had agreed a mutually satisfactory resolution to the dispute. 60 customers proactively wrote to IBAS mid-dispute asking for us to discontinue the ADR process.

D. Dispute Process Discontinuation

Grounds for Discontinuation	2020-21	2019-20
Technical / Procedural Discontinuation	0	0
Customer / Operator Communication Ceased	60	315
Operator Concession or Compromise Agreed (Known)	820	853

E. Average Dispute Completion Times

Dispute Completion Time (days)*	2020-21	2019-20
Domestic Disputes	31 days	51 days
Cross-Border Disputes (UK citizen to non-UK operator)	N/A	N/A

* In accordance with ADR legislation, this is recorded as the time taken from the point at which the dispute file was completed to the point of an adjudication being published. It does not include time taken to gather evidence from both disputing parties.

F. Average Length of Time to Receive Complete Information from Gambling Businesses

	2020-21	2019-20
Average Length of Time to Receive Complete Information**	15 days	27 days

** This measures the number of days from when the first question or questions were asked of the gambling business in relation to a complaint we had received, to the time when the case file was deemed to be complete (and ready to be passed to our adjudication panel).

G. Rate of Compliance with ADR Decisions in Consumer's Favour

	2020-21	2019-20
Rate of Compliance	92%	100%

H. Professional Cooperation With Other ADR Entities (None at Present)

There are no current cooperating arrangements in place with non-UK EU-based ADR entities.

I. Dispute Outcome Statistics

Dispute Conclusions	2020-21	2019-20
Consumer Complaint Not Upheld	1,276	1,350
Consumer-Satisfactory Pre-Ruling Outcome, e.g. by agreed settlement or operator concession	820	853
Consumer Complaint Upheld	207	308
% Consumers Receiving ADR Outcome to Satisfaction	45%	46%

Observations on Dispute Trends to Report to the Competent Authority

Gambling when Self-Excluded

226 dispute forms submitted through our website talked about people being allowed to gamble despite being registered on the industry wide online self-exclusion scheme Gamstop. We have met with Gamstop and the Gambling Commission to highlight our concerns and we look forward to seeing new initiatives developed in the months ahead. On balance, we think the cross referencing process should err more on the side of caution and that it is worth delaying the opening of accounts for some people who aren't self-excluded and never have been for the sake of letting those who are self-excluded but have changed some of their personal details slip through the net. Perhaps more important still is ensuring that checks conducted by operators at account opening are undertaken to the same level of precision as those adopted by Gamstop.

Technical Faults – Warning Consumers

We received a glut of disputes in the summer of 2021, as one leading betting operator suffered an ongoing issue with its ability to make and execute 'cash out' offers to customers. We consider that no bet should be placed on the assumption that a consumer will definitely be given the opportunity to cash it out (for a profit or loss) before the outcome of the bet should be determined. Even when the service is advertised without warning, we consider that consumers must always accept the possibility that a website may not be available for some unforeseen technical reason.

However, where a website is suffering a persistent technical issue, we believe that it is a reasonable expectation of consumers that the website will warn them that services that they promote/advertise which are usually available are temporarily unavailable.

Sporting Statistical Betting

146 claims submitted during the year included the phrase "shots on target". There has been a substantial growth in the popularity of statistic-based football betting markets. IBAS has previously expressed reservations about betting markets that introduce any element of subjectivity into the bet settlement process. Almost all of these markets are settled without controversy but every couple of months the way that a certain incident is logged by third party data providers causes a rush of complaints to arrive. One of the difficulties is that there is no mechanism for punters to complain to the data providers or to request a review of a decision. Is doesn't help either when different data providers publish conflicting data.

Customer Identity Disputes

This is largest and fastest growing area of dispute. There is a clear correlation in our annual data between growth in disputes concerning "Customer Identity" and growth in requests for adjudication that were rejected because an operator's internal complaints procedure was not completed. Thankfully the majority of ID related complaints are resolved amicably before the full ADR process is needed but the spike in complaints about what consumers argue to be unnecessary and intrusive checks is impossible to ignore – whatever factors might be behind it. We believe that the growth in volumes of complaints about customer identity justifies an investigation into the cause.

Financial Statement 2021

Year ended 31 December 2021

Statement of Comprehensive Income

	2021 £	2020 £
Turnover	**947,047**	941,347
Gross profit	**947,047**	941,347
Administrative expenses	**911,843**	897,592
Operating profit	**35,204**	43,755
Profit before taxation	**35,204**	43,755
Tax on profit	**1,712**	–
Profit for the financial year and total comprehensive income	**33,492**	43,755
Retained earnings at the start of the year	**268,037**	224,282
Retained earnings at the end of the year	**301,529**	268,037

All the activities of the company are from continuing operations.

Statement of Financial Position

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	7		**4,350**		5,382
Current assets					
Debtors	8	**72,206**		147,675	
Cash at bank and in hand		**321,896**		347,499	
		394,102		495,174	
Creditors: amounts falling due within one year	9	**96,923**		232,5193	
Net current assets			**297,179**		262,655
Total assets less current liabilities			**301,529**		268,037
Net assets			**301,529**		268,037
Capital and reserves					
Profit and loss account			**301,529**		268,037
Members funds			**301,529**		268,037

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 12 April 2022, and are signed on behalf of the board by: R Hayler, Director. Company registration number: 04826792

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