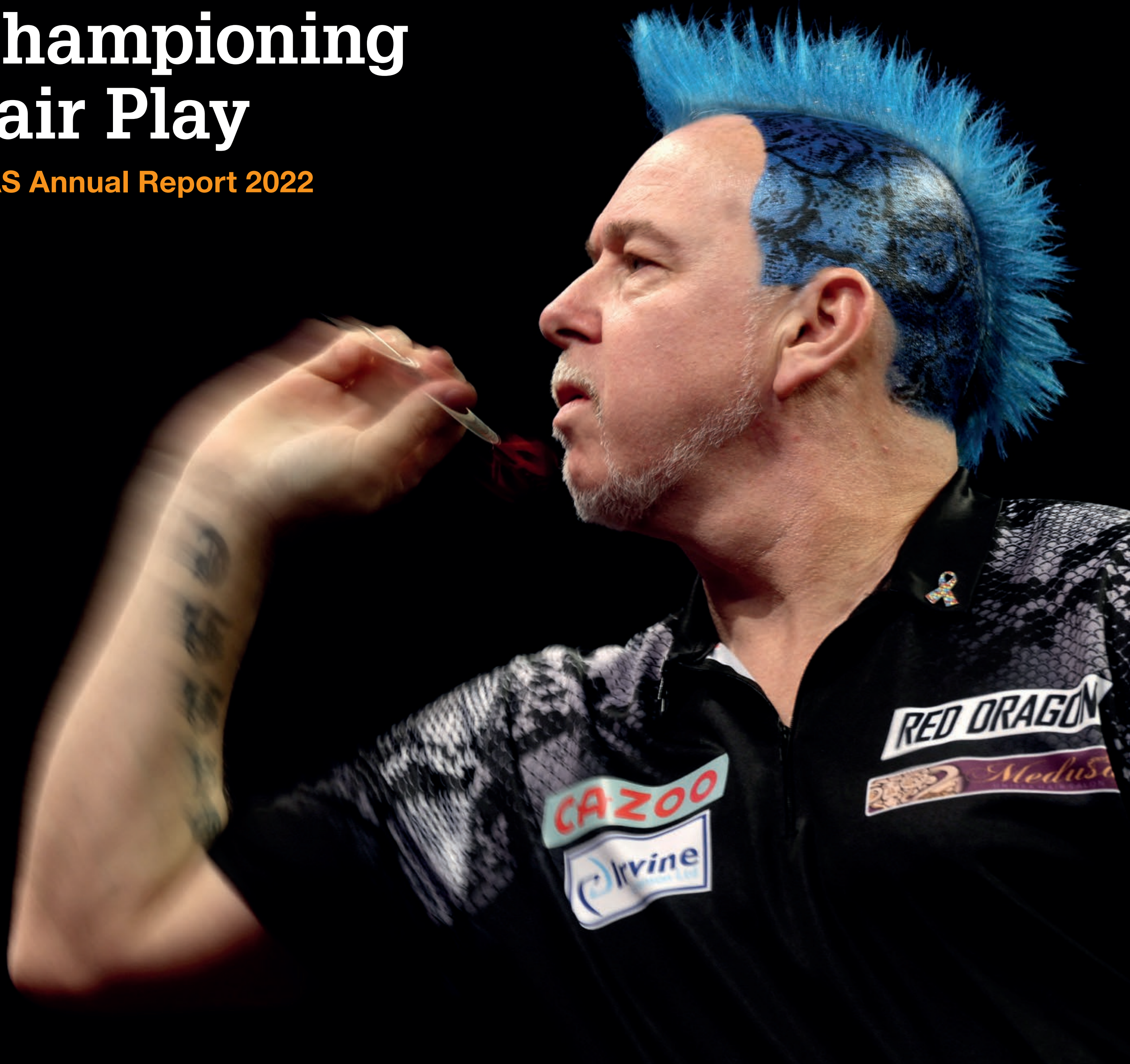
IBAS

Independent Betting Adjudication Service

25 YEARS

Championing Fair Play

IBAS Annual Report 2022



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.

Company Directors:
Andrew Fraser (Chairman)
David Bradshaw
Andrew Chevis
Andrew Lyman
Elaine Smethurst
Carys Williams

Richard Hayler (Managing Director)

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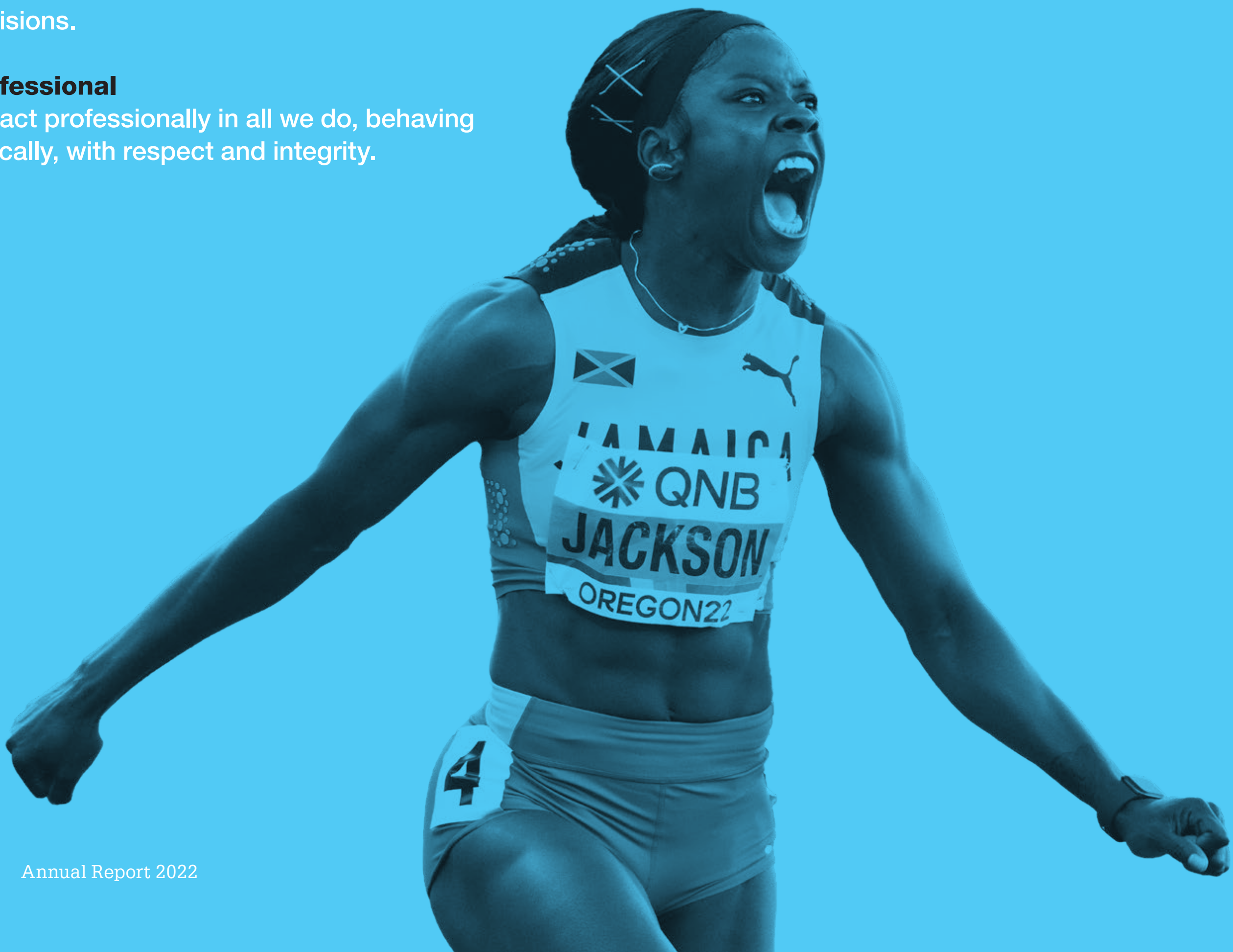


Chairman's Introduction

Andrew Fraser

Welcome to the IBAS annual report.
Looking back over the last year I'm very pleased to report that IBAS has cemented its position as the number one provider of adjudication and bet dispute prevention to gambling consumers in the UK. We are now in our 25th year and have accumulated experience and insight into the often complex nature of disputes. But we don't take our leading position for granted and have strengthened the service we offer our customers via our new website and case management systems.

The crucial difference between IBAS and other bodies offering ADR services is that we are not a trade organisation providing adjudication of disputes as part of a membership package intended to attract business sponsorship – IBAS is completely independent of the gambling industry and has met the independence criteria required of its membership of the Ombudsman Association.

Last year we published our ambition to become the UK's first gambling ombudsman and described how we think this would look.

The long-awaited Government White Paper on the future reform of gambling in the UK sets out the Government's requirement for the creation of a gambling ombudsman. It gives preference for the expansion of an existing body to fill the role and describes IBAS as one of only two bodies that are members of the Ombudsman Association. The White Paper presents IBAS with an exciting opportunity to occupy this role.

We have responded to the White Paper by publishing a transition plan showing the detailed structures, staffing and costs we anticipate will be required by the gambling ombudsman. Our plans include the approach we would take to the consideration of disputes concerning social responsibility issues.

IBAS has received many complaints from consumers about harmful gambling, and although hitherto these are outside the remit of ADR bodies, we have developed an understanding of the issues involved. Our staff have received training in social responsibility issues connected to gambling and we collect valuable data which we pass on to the Gambling Commission. Our experience and the detailed discussions we are holding with stakeholders make us feel we can make a valuable contribution to the adjudication of these disputes.

And so, our ambition remains that we want to build on our current provision of fair, cost-effective adjudication that minimises harm to all by preparing IBAS to become the gambling ombudsman as quickly and seamlessly as possible.

Please take a look at our new website to see what IBAS has to offer consumers and businesses, and our plans for the future.

I am grateful to all of my colleagues for the dedication and hard work they bring to the tasks involved in providing a first-class service to our customers. And I take this opportunity of thanking Danny Cracknell who has been with IBAS since day one and has played a big part in building it into the successful adjudicator it is today. I also thank Richard Hayler, our Managing Director, for his tireless promotion of IBAS and its development.

Managing Director’s Review:
25th Anniversary of IBAS

Richard Hayler

In November 2023 IBAS will be 25 years old.

In some ways it seems strange to celebrate our longevity given we have spent much of the past two years calling for our own replacement by a new Gambling Ombudsman. Nevertheless, I think everyone who has contributed to the establishment and development of this service can rightly feel proud of what they have achieved.

On a very modest budget and propelled by the expertise and enthusiasm of its directors, adjudication panellists and employees, what began as a journey into the unknown has become an important, established and respected part of the British betting and gaming landscape.

The well publicised UK government review of gambling regulation and legislation has concluded that there should be a Gambling Ombudsman. We are perhaps some time yet from determining exactly what its remit will be, who will run it and what powers it will have.

The ombudsman will not need to rewrite the rules for the effective adjudication on complaints that gambling businesses have acted unfairly. Our existing process has scope for improvement through investment but on the whole it has been extremely effective.

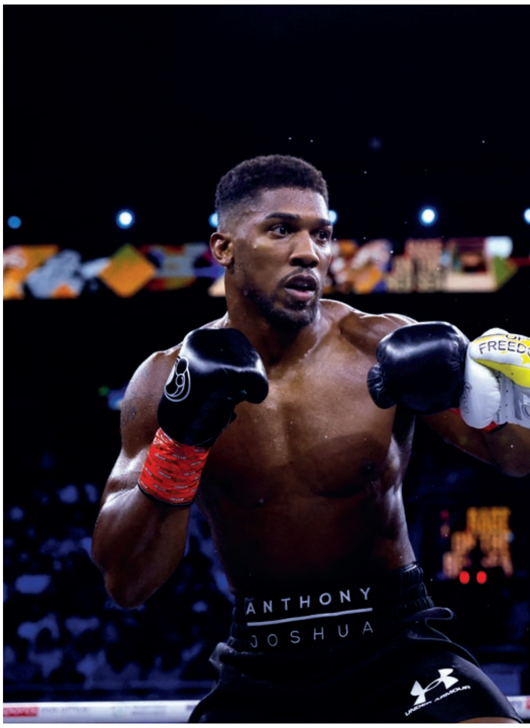
‘Alternative Dispute Resolution’ (ADR) is about many things but principally helping consumers and businesses keep civil disputes out of court. On issues that fall within our regulatory-defined remit, IBAS has been extremely successful at persuading the two disputing parties that their disputes need not incur the time and cost of a court hearing. The ombudsman’s decisions will struggle to be written and presented more clearly and cogently than those drafted by members of our existing Adjudication Panel.

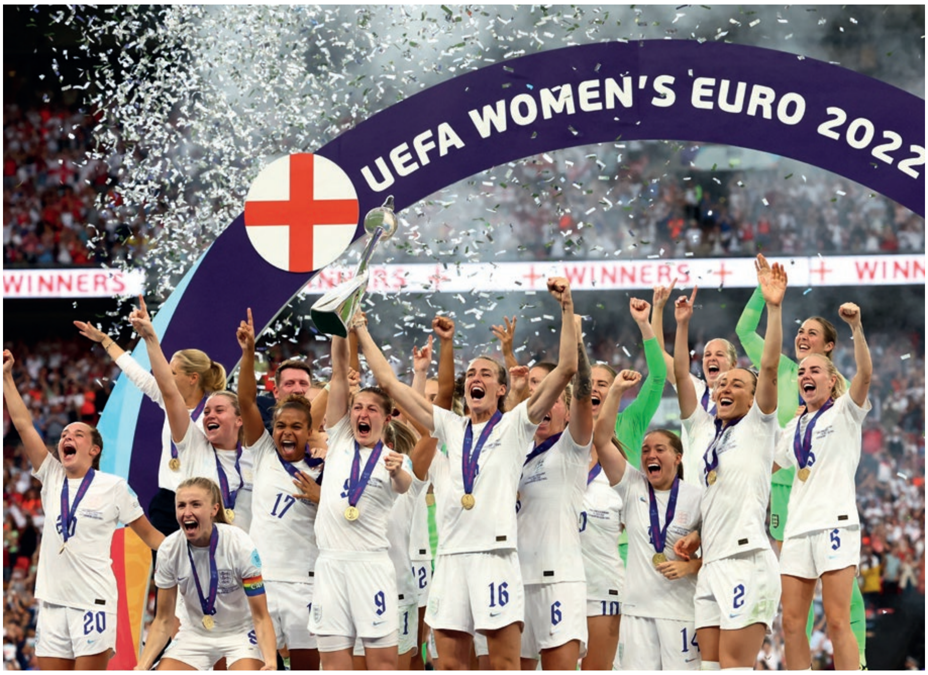
Many readers of this report will also have read the Government’s Gambling Review White Paper. Anyone who has worked in a role affected by the review will have their own take on it and our Annual Report will be healthier without my personal observations, which would fill several more pages yet! Most importantly, IBAS is committed to working with government, the Gambling Commission, the industry, consumer representatives and other relevant agencies to deliver a service which benefits consumers and businesses and contributes to a healthier and happier industry.

Our Work in 2022

2022 saw a notable shift in the volume of work, with a reduction of over 20% in formal requests for adjudication but in parallel, the need to expand our frontline team to manage an increase in informal requests for advice about complaints or concerns.

To what do we attribute the fall in formal cases? A number of factors, including the bedding in of Gambling Commission requirements to improve and simplify each licensed operator’s internal complaints process. In the majority of cases, IBAS now only takes on a case when a consumer can show that they have completed the company’s own in-house process and been issued with a referral





to ADR. That provides us with greater certainty that any case we accept has reached the appropriate stage but it also encourages consumers to put greater effort into trying to sort out their issues with the company directly.

In 2021 we rejected 1,752 formal complaints because it emerged that the complainant had not given the company enough opportunity to fix the issue for itself. That fell to 1,011 in 2022 and will reduce further in years to come.

We have seen a shift in the sports betting market to settle disputable outcomes much more generously than would have been the case five years ago. Bookmakers are much more likely to offer an ex-gratia refund to customers who backed horses which lose their jockey at the starting stalls or to pay out on two goal scorers where there is an apparent difference of opinion between the major media companies. We considered 798 complaints about disputed bet settlement criteria – almost half the number we looked at in 2017 (1,554). That is despite an enormous growth in the volume of different betting markets that exist now compared to then.

Some no doubt will dispute the use of the word ‘generous’. There is of course a business case for being flexible, but goodwill works both ways and at a time when the industry is attracting so much media and political criticism, reducing the number of consumer disputes is a positive development.

2023

We have seen a shift in the sports betting market to settle disputable outcomes much more generously than would have been the case five years ago.

The statistical breakdown of disputes published later in this report includes details of issues we have reported to the Gambling Commission as being of particular concern. Some of those themes are repetitions of themes raised in previous years. They include specific questions about when it might be appropriate for online businesses to conduct customer identity checks at the point of withdrawal of funds. The Commission discourages this practice but says that there may be situations where it is reasonable, without providing examples of what they might be. We also repeat our concern about the lack of clarity on the way gambling operators should safely but fairly treat custom from individuals who have chosen to self-exclude from gambling but yet have found a way to continue to gamble.

These are complex issues with no straightforward answers. We understand why they would not be matters of high regulatory priority, particularly when the government’s gambling review has been an obvious focal point. The difficulty for IBAS is that we cannot stall or reflect. When a live dispute arrives, we are tasked with passing judgement on whether a business has treated a consumer fairly or unfairly, reasonably or unreasonably.

Working cooperatively with the regulator to tackle difficult questions, making it easier for our panellists to reach safe, informed and consistent decisions remains an ongoing priority. The gambling review identified that the Gambling Commission needed expanded resources to tackle the wide range of issues it faces. We hope that suitable resource is allocated to allow it to engage thoroughly in helping a future Gambling Ombudsman to tackle the difficult subjects – which we hope will in-turn provide greater clarity to the industry about the standards that are expected in these areas.

Role for ADR in improving the perception of the industry

It has taken some persuading to satisfy me that IBAS – and any successor organisation in gambling dispute resolution – should take a higher media profile. My own view has always been that our work is going well when no-one thinks about us until they need us, but trusts us when they do.

A combination of colleagues from on and off the board have been successful in persuading me that we need to contribute more to public debate on the fairness and safety of gambling, while lessons learned from the Ombudsman Association have highlighted the importance of consumer awareness. We must not take for granted that the average bettor understands that our service even exists and we need to explain more clearly what we do, how we work and who we are.

We refreshed and updated our website in early 2023 adding more content and reviewing the clarity of the language that we use. We have created social media accounts to assist with a media outreach strategy which aims to deliver content that has potential appeal both to experienced and knowledgeable bettors and those with relatively or no gambling experience.

One of the challenges still to be resolved is the question of how we contribute productively to wider industry debate. Our aim would be to demonstrate our knowledge and experience of subjects that occupy the media gambling debate, offering insight without compromising our independence.

It is possible then that you might see more of us in 2023/24 – whether you want to our not!

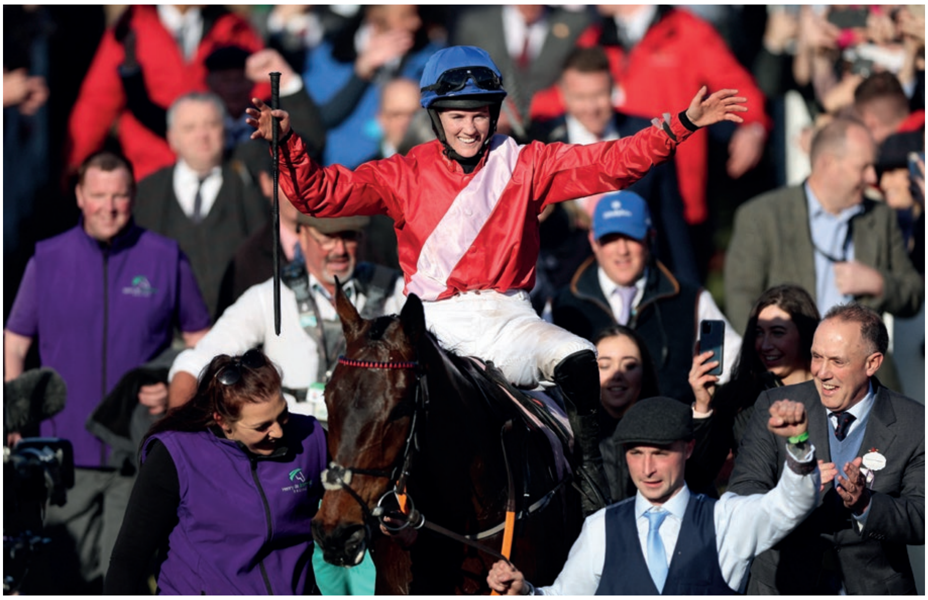
A vote of thanks

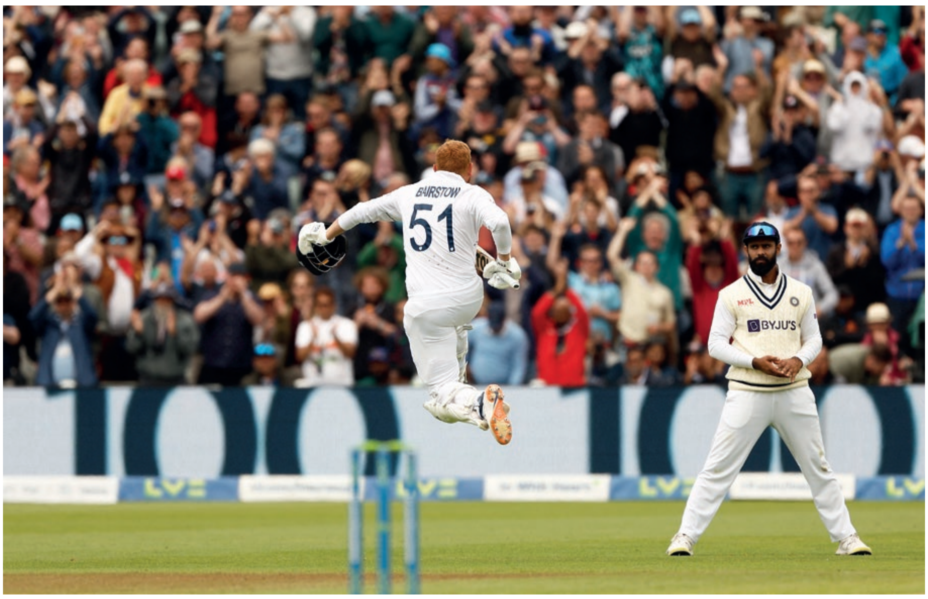
I have already indicated it above, but I would to formally record my gratitude to every IBAS director, panel member and employee, past and present, for their dedication and commitment to fairer gambling. Not just in 2023 but for the full quarter century that we have been in operation. We have explored over 90,000 formal requests for dispute resolution on gambling issues and dealt with hundreds of thousands more emails, letters and telephone calls asking for support, advice or information.

I would like to thank the people who trust us to help them resolve their disputes. Every individual who has completed a claim form, every employee of every business who has had to trawl through their internal systems to compose a defence of their position and then tolerated the inevitable wave of follow-up questions about timelines, decisions or the interpretation of terms.

I am grateful too to all of those in the racing, betting and consumer media who have taken the time to find out more about our work and to ask us questions about individual complaints which have been reported to them. Likewise to MPs who have asked for information on constituents' behalf, or leaders of other organisations in gambling, dispute resolution, finance, law and other sectors who have worked with us, supported us or challenged us to improve.

Whatever changes the gambling review brings I am confident that – from a situation in 1998 where there was no support for a consumer who believed they had been treated unfairly in a gambling transaction – we have reached a position where it would be unthinkable for there not to be some organisation providing such a service now and in the future. ◆





A Brief History of IBAS

Andrew Fraser, IBAS Chairman

The government is reviewing the Gambling Act 2005, which it says is out of date. The 2005 Act repealed the Gaming Act 1710, which on that timeline must have been forgotten about. But the 1710 Act was still effective law in that it removed the ability for parties to a bet to take legal action on an unpaid gambling debt or a security given for that debt. This introduced the notion of a bet being a 'gentleman's agreement'.

It may appear unrealistic to link the history of IBAS at 25 years old to a three-hundred-year-old Act of parliament, but there is a connection. The 1710 Act stated that all *'bills, bonds, mortgages'* are to be treated as void if won at *'cards, dice, tables, tennis, bowls or other games'*.

The Act was passed in the midst of a moral panic about gambling with the intention of preventing the landed gentry trading their estates across the card tables. Cash became king in the gambling transaction and now with increasing scrutiny of personal gambling accounts, cash may become king again. But it seems unlikely that *'bowls'* will need further legislation to prevent harmful gambling.

The 1710 Act started a process whereby governments successively undermined the recourse to law for frustrated gamblers and their bookmakers. In the modern era governments have recognised the limitations of the law as a means of resolving disputes in the commercial sphere and there are now ombudsmen for most sectors of the economy.

So far as gambling is concerned the court process is lengthy, costly and uncertain and the government has said it wants an ombudsman as an alternative. And so although the 2005 Act allows makes a wager legally enforceable, very few cases have gone to law. This means that the courts' view on the major aspects of gambling disputes remains unknown. The Gambling Commission won't take a position on gambling disputes so the need for an adjudicator became very important.

Before the 2005 Act and the Gambling Commission were even thought about, IBAS was created to provide some consumer protections where very little had previously existed. IBAS was born in Fleet Street. Those of us of a certain vintage remember the Sporting Life newspaper with affection. One of its features was called the 'Green Seal Service', which offered consumers assistance with resolving disputes with bookmakers with some outcomes published in the paper.

The Sporting Life reached agreements with most of the major betting firms that they would abide by a Green Seal ruling from its experienced journalists. Consumer protections were becoming important, and bookmakers had the incentive of a service that could reduce objections to their licence applications. These came from frustrated consumers with a betting dispute raising an objection to local magistrates to a bookmaker's betting permit as not being a 'fit and proper person'. This was the criteria required of bookmaker by the 1960s laws that allowed betting shops to open.

Magistrates felt unqualified to weigh the issues of a complicated betting dispute as an objection to a licence application and it became the practice for the bench not to consider the application unless it had first been referred for adjudication.

The Green Seal Service proved popular with consumers and the support of bookmakers meant that numbers of disputes grew and so in 1998 when the Sporting Life finished there was demand for the dispute service to continue. IBAS was launched in 1998 by *Trinity Mirror*. Chris O'Keeffe, who worked at the *Mirror*, was the first chief of IBAS, and he was supported by Sharon Powell and Danny Cracknell (who still works for IBAS). Chris said it was difficult to establish the service in the minds of the betting community and with no enforcement powers there was no guarantee that IBAS rulings would be observed. I think it is a tribute to Chris's enthusiasm and charm that the service survived and gradually strengthened during those early years.

I first met Chris in 2004 when I was seconded to the Gaming Board to help create the Gambling Commission. We needed to know what type of disputes that IBAS was dealing with and how they were being resolved. Chris provided excellent information, often over a drink, and we built some of the early rules about the referral of gambling disputes. In 2006 when my secondment ended, Chris asked me to help IBAS adapt to the new Act, and I've been involved in one capacity or another ever since.

The disputes IBAS considers have evolved from betting shop wagers mostly involving horseracing and football, to a wider mixture of sporting and other events and usually online or by phone. We deal with complex disputes arising from technical issues and sports statistical data. 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.

Chris died suddenly at the end of 2010 and is still much missed in these parts. His legacy is IBAS and hopefully the UK's first gambling ombudsman. ◆

90,000

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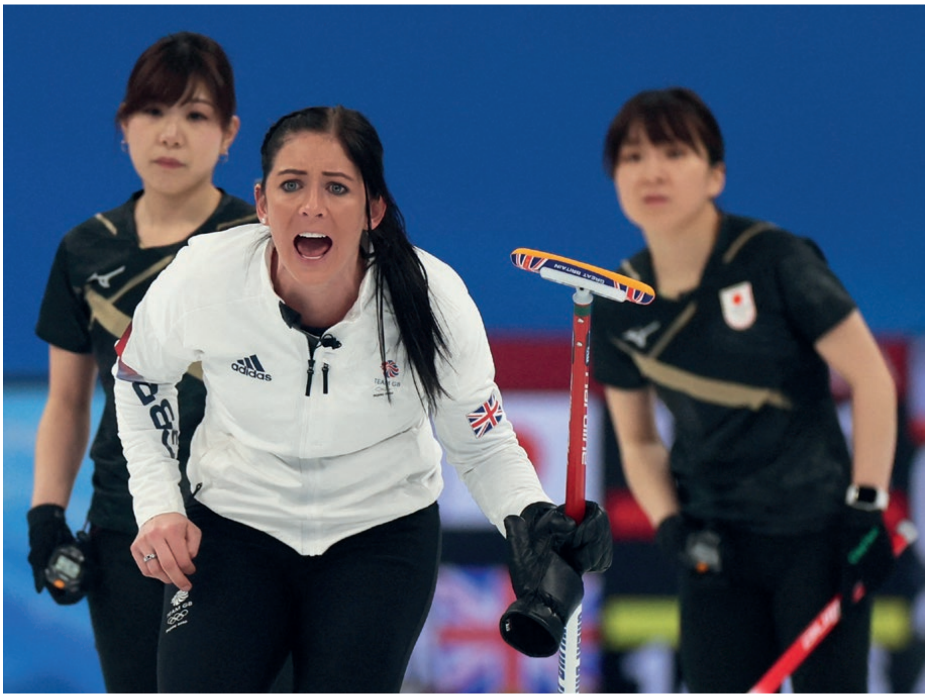
25 Years of Adjudication

George White, original IBAS Adjudication Panel Member



WHATEVER the future holds for IBAS post the gambling white paper it will do well to surpass the changes the service has seen since it took over functions of The Sporting Life's Green Seal Service 25 years ago.

The Green Seal Service had evolved from the traditional role bookmakers delegated to the Editor of *the Life* for the resolution of betting disputes. With the advent of betting shops in the early Sixties the number of disputes increased and with bets having no legal standing there needed to be an impartial third party to determine disputed outcomes.

At the time there was not, of course, any online betting and but for Mirror Group Newspapers – the owners of *the Life* – electing to close the paper and instead acquire the Racing Post, that system may well have carried on. However, the then Editor of the Post, Alan Byrne, declined to take on the Green Seal Service and so MGN decided to set up a separate entity to handle betting dispute resolution.

Quite why might be a good question but it did and IBAS was born under the management of former Life employee Chris O'Keeffe and the fledgling IBAS emerged with a group of adjudicators composed of former Green Seal employees and journalists.

At the time Tattersalls Committee dealt with all on-course horse-racing disputes but IBAS dealt with all off-course disputes whatever the sport. The majority were for bets placed in betting shops (predominantly horse racing followed by greyhound racing and football) with a sprinkling of disputed telephone bets.

Typical of the shop cases were disputes as to the intended selection (particularly when they were identified by number), whether the board price written on the slip was available at the time the bet was placed, whether a bet was placed before the 'off slip' was processed and whether a related contingency multiple bet not rejected by the cashier should stand.

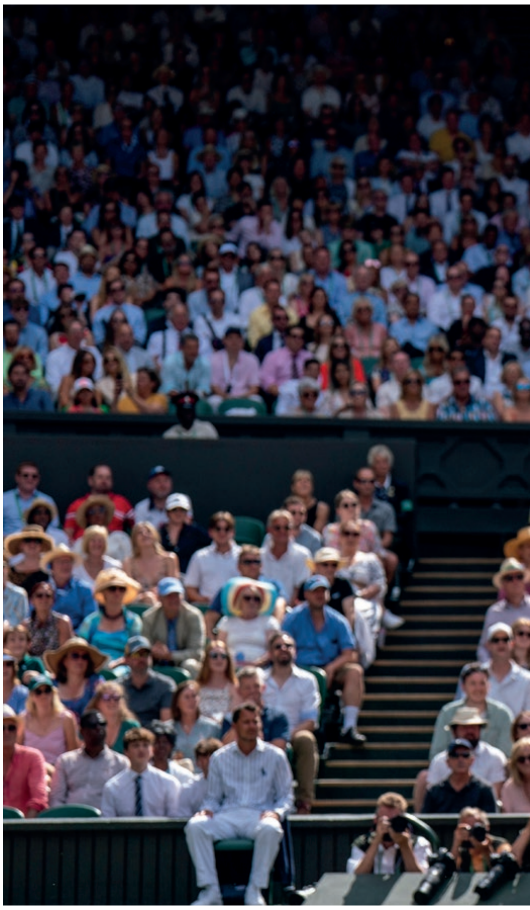
Typical telephone cases involved customers failing to understand that bets were settled on what was read back to them rather than what they dictated, disconnected phone calls and whether the bet stood or not and claims that someone else had used their account without their knowledge.

Many of the shop disputes arose (and still do) because a customer writes their own bet and whether it should have been accepted or not relied on the expertise and alertness of a cashier – who would doubtless be besieged by numerous customers trying to place bets as a race went off.

Not surprisingly in those circumstances mistakes can happen, particularly when the knowledge of particular sport held by those placing the bets is considerably greater than that of the person processing it.

Nonetheless that did not stop customers arguing that as the bet was accepted it should stand. The point, of course, is that, as now, the bet was accepted subject to the bookmaker's rules.

That an inexperienced cashier processed an accumulator for Scotland to win the Calcutta Cup, the Six Nations and the Grand Slam does not override the fact that the bet is a related contingency.

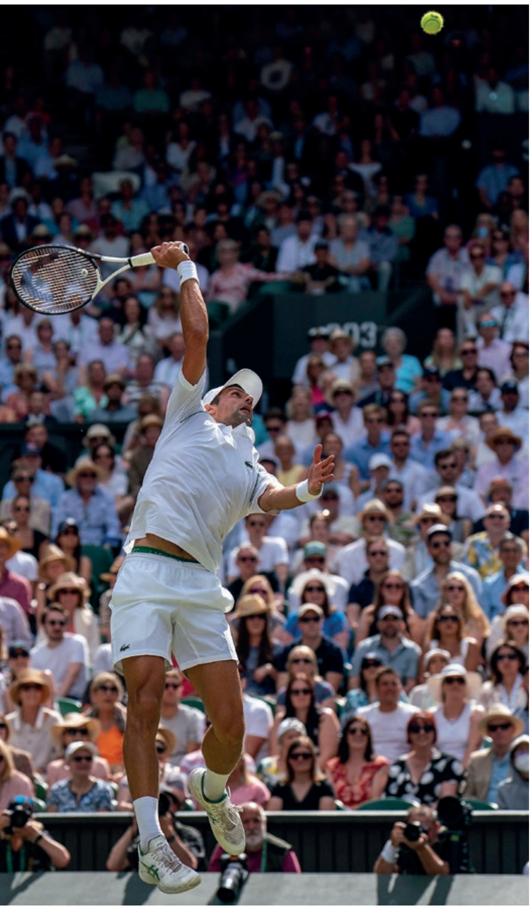


Twenty-five years ago the technology in shops was also fairly rudimentary. Bets were timestamped on a till and flashed through a camera which captured the record of the bet as placed.

Gradually, however, bookmakers installed Electronic Point of Sale (EPOS) systems which gave the corporate bookmakers much more control over the activities of individual shops.

With EPOS there was a record of price changes as well as the time bets were placed and it was also possible for there to be some electronic verification of bets, though, of course, many bets still needed to be entered into the system manually – usually referred to as the bet being translated.

The increased use of technology in shops brought its own set of issues. Scanning of marksense cards for numbers bets or coupons for football bets worked fine in the vast majority of cases but there were always instances of rogue smudges being recorded as a selection.



Then the question, of course, is what takes precedence – the submitted marksense card or coupon or the receipt? Not surprisingly the Panel saw instances where customers and bookmakers both claimed and denied a selection (often no more than a smudge) should stand.

The early 2000s also saw the introduction of Fixed Odds Betting Terminals (FOBTs) into shops. From a dispute point of view the cases were mostly accusations of the machine not being fair (customers didn't realise that the machines were not compensatory – where the amount of money staked determined the payouts – but outcomes were determined by a Random Number Generator) or what happened when a game crashed.

These were dealt with by reference to the machine payout records and the fact that the machines all had a notice which said any hardware or software failures voided the game with the stake being returned to the customer.

Another of the complaints generated by FOBTs – screenshots of claimed winnings – also featured among those we received from those betting online, an increasing feature of our caseload at that time.

Photographic evidence, of course, was the gold standard for evidence in any legal case but the advent of Photoshop and web-editing software put an end to that – claims which rely on apparent screenshots will almost always need cross-referencing against other evidence, server records, live sporting data and so on.

Online betting – and the birth of Betfair – also saw an increase in in-play betting and introduced the Panel to the intricacies of video delay and network latency.

Virtually all operators have in-play delays to try to counter 'courtsiders' – those at the live event – and all bookmakers have a term which states bets placed after an outcome is known will be void but that doesn't stop people from trying to beat the clock.

The fun and games for the Panel with these disputes is trying to find video coverage of some of the increasingly obscure markets offered online these days and then trying to establish the real time (and whatever the local time zone was) an event occurred.

From being a world that some saw as being mysterious, perhaps lacking integrity and belonging out of sight from the high street, gambling was supposedly on the road to respectability. Quite whether it has gotten there or ever will achieve the transformation in perception another matter but it's hard to say from an IBAS adjudicator's perspective that it has made our task easier.

With betting shops and telephone betting there seemed to be much more interaction between customers and bookmakers.

These days there are various strictures to 'Know Your Customer' but in a lot of the cases the Panel see it is clear that this does not always happen. With the recent moves to minimise gambling harm that may well change but what those promoting the changes may not understand is how contentious the relationship between bettor and operator can sometimes be.

With betting shops and telephone betting there seemed to be much more interaction between customers and bookmakers.

In some respects, gambling is the rawest form of capitalism with each party trying to get the other's money. In such an environment trust can suffer in pursuit of an edge.

Most people involved in gambling accept it for what it is but difficulties can arise if those issuing the guidelines and regulations instead see gambling as being just like any other consumer business. The cases we consider often make it very clear it is not and rather than clear and immutable regulations there is instead guidance and things which should be done rather than things which must be done.

Disputes have a range of themes and tones – some arise out of a straightforward difference of opinion about the meaning of a term, or disappointment arising from genuine misunderstanding. But a proportion of all cases involve allegations or unfairness – of either business or consumer 'pushing the envelope' in the course of gaining an edge. Regulation needs to be firm and clear enough to support IBAS in tackling unfair practice.

25 Years

IBAS is the largest and oldest independent complaint-handling service for customers in the UK gambling industry.

A good example that we see currently are complaints involving duplicate accounts or third parties, either in the funding or use of an account. The Gambling Commission's Licence Conditions and Code of Practice (LCCP) mandates only that licensees have to validate a customer's name, age and household address when an account is opened.

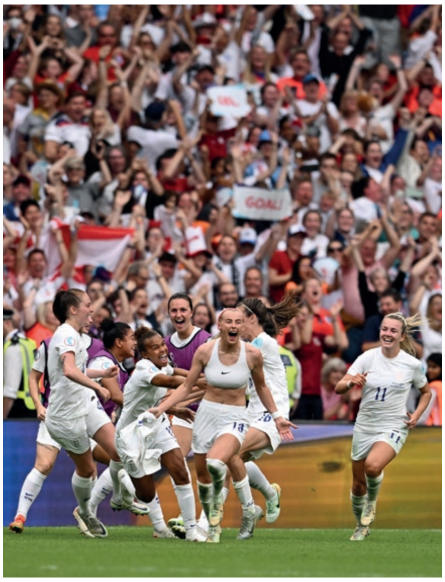
There is no requirement for a licensee to check for whether the person opening the account might have already held an account with the company – and from which they may have self-excluded – using different personal details.

Similarly, because of the risk of chargebacks, all operators bar depositing to an account by using a funding source in the name of a third party but there is nothing in the LCCP which requires operators to check a funding source when a deposit is made.

Most operators do have procedures for checking for duplicate accounts and third party use or funding of accounts either on a routine basis or when certain deposit levels are reached but inevitably many of these terms and conditions breaches are discovered only when a withdrawal is attempted.

The issue for the Panel is that many of the complainants cite the Gambling Commission guidance which states that operators cannot make further identity checks at withdrawal if they could 'reasonably' have done so sooner whereas operators cite contract law and place the blame on the customer for not having complied with the stated terms and conditions. The situation is, of course, unsatisfactory.

The nature of gambling dispute resolution work continues to evolve. ◆



IBAS's Evidence to UK Parliament's Culture, Media and Sport Committee on Gambling Regulation

Background Position

a) Established 25 years ago, IBAS is the largest and oldest independent complaint-handling service for customers in the UK gambling industry. During its existence, IBAS has received almost 90,000 formal Claim Forms from consumers and offered informal advice or support to hundreds of thousands of other queries. Significantly more than any other gambling complaint-handling service.

b) IBAS is a 'Complaint Handler' member of the Ombudsman Association. However, we aspire to evolve into the first Gambling Ombudsman – and have published an outline plan to do so. As 'ombudsman' is a protected term, we would not seek to do so without government endorsement.

c) Like all private sector ombudsman services, IBAS is funded by annual subscriptions paid by businesses under its jurisdiction. Fees are based on the volume of complaints we review. The governance and day-to-day operation of IBAS are entirely independent of the gambling industry and **the industry has no input into the appointment of our directors or into any aspect of the adjudication process.** IBAS decisions are formed by a 15-member 'Adjudication Panel' who between them share a wealth of gambling knowledge, consumer redress and complaint handling experience.

a. What are the most welcome proposals in the Gambling White Paper?

Welcome the Creation of a Gambling Ombudsman

1. In our previous submission to the Committee we explained that the creation of a Gambling Ombudsman was our highest priority from the Gambling Review.

2. We welcomed government's support for the creation of a Gambling Ombudsman, *"that is fully operationally independent in line with Ombudsman Association standards, and is credible with customers." (White Paper, Section 4 Introduction*

b. Are there any significant gaps in the Government's reforms?

Retaining Multiple ADR Providers Undermines Primary Benefit of a new Ombudsman

3. In our previous submission to the Committee, we wrote:

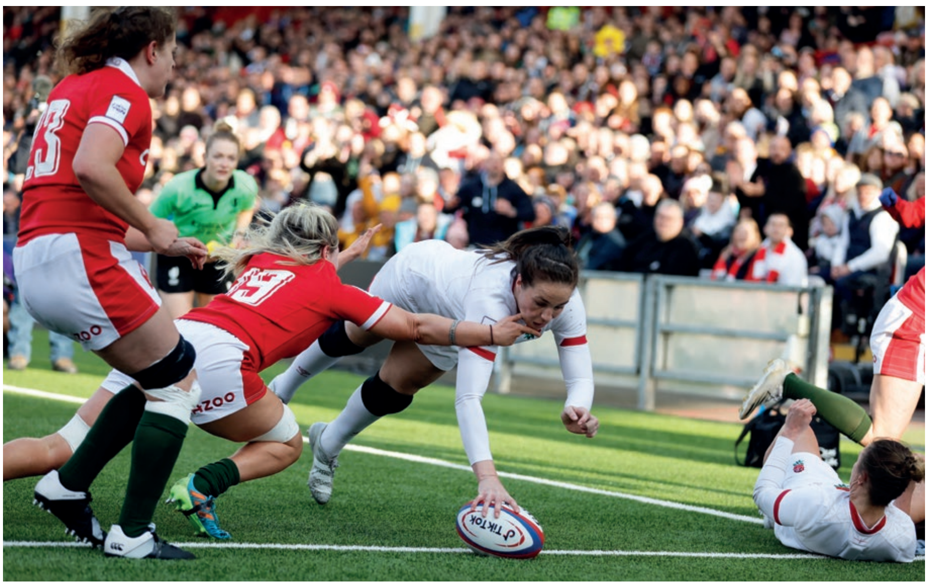
3.1 IBAS is an expert – arguably more than any other body or individual – in processing and reviewing consumer gambling complaints. Our expertise is in gambling consumer protection. ***We would like to see the White Paper call for the creation of a single Gambling Ombudsman.***

3.2 Currently, the Gambling Commission has approved eight different providers in its capacity as a Competent Authority under the Alternative Dispute Resolution (ADR) regulations. This means that:

- *Gambling businesses choose the provider of dispute resolution services. If a business dislikes the outcome of one provider, it can leave for a more favourable provider. This is sometimes referred to as 'ADR Shopping'. We have experienced this and reported incidents of it to the Gambling Commission.*
- *ADR Shopping undermines the accountability of gambling responsibility.*
- *The standards of service and approaches to adjudication/mediation vary between providers.*
- *With multiple ADRs, consumers may become confused about which body to approach if they have an unresolved dispute with a gambling business.*

4. In its submission to the government's Review of the Gambling Act, the Ombudsman Association wrote to recommend the creation of:

A single, mandatory, ombudsman should be established to provide comprehensive and effective redress for all gambling customers in Great Britain and to enable holistic feedback to both the sector and the Gambling Commission



5. Government's recommendation, having taken account of written advice provided by the Gambling Commission, was that a Gambling Ombudsman should be created but crucially:

- Its role should be restricted to considering types of complaints not currently considered by existing consumer dispute resolution schemes, and
- The existing eight schemes should all be retained to continue to adjudicate on complaints about unfair contract terms, misleading offers and so on.

6. For the reasons we previously set out (see 3 above) we considered it vital that the creation of a Gambling Ombudsman resulted in there being one single body that consumers could approach with every type of gambling dispute or complaint.

7. We are concerned that an opportunity has been missed to simplify and bring overdue consistency to the consumer complaint experience in the gambling sector.

Establishing the Necessary Conditions to Ensure Public Confidence in the Ombudsman

8. The White Paper calls for an ombudsman to be set up within a year from publication.

9. It also says:

If this approach does not deliver as we expect or shortcomings emerge regarding the ombudsman's remit, powers or relationship with industry, we will legislate to create a statutory ombudsman. (White Paper, Section 4, Introduction)

10. The White Paper calls on the industry to lead on the development. It says:

We will look at how industry can set up an ombudsman that is fully operationally independent and is credible with customers.

As the main industry trade body, we expect the Betting and Gaming Council to ensure that foundational aspects of the ombudsman (such as resourcing, the mandatory nature of the scheme and its remit) are set out clearly to ensure that operators are held to account, customers understand what to expect from the system and public confidence in the scheme is high. (White Paper, Section 4, Conclusions)

11. IBAS is content to work with the Betting and Gaming Council to help develop the structure for a Gambling Ombudsman but we are also conscious of the need for the ombudsman to demonstrate its operational and decision-making independence in order to win consumer confidence.

12. By directing the industry to take the leading role in the creation of the ombudsman, while effectively threatening the ombudsman with replacement by a statutory body in the event of it being found to have "shortcomings" in its "relationship with industry", it is inevitable that any individual or organisation wishing to commit time and resource towards exploring creating the first ombudsman will reasonably seek regular reassurance from government that it has managed that balance correctly.

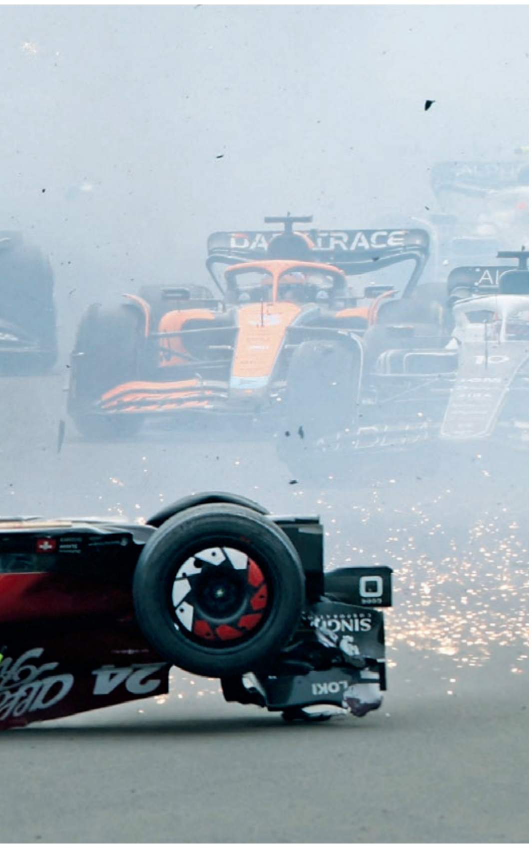
Vital Working Relationship with the Gambling Commission

13. As stated in 9) above, Government has reserved the right to act to replace the ombudsman it wishes to see designed by the industry with a statutory body, noting:

However, if we see evidence that this non-statutory arrangement is not delivering the protections for customers as we expect, then we will legislate to create a statutory ombudsman for the sector.

14. Separately, in its advice to Government the Gambling Commission recommended the creation of a Gambling Ombudsman. The Commission specifically recommended a statutory ombudsman, writing:

- The new ombudsman scheme should be demonstrably independent from licensees and operationally independent from the Commission.
- Legislative change is essential for it to be implemented effectively.
- The Commission should have a clear role to establish and oversee the scheme as regulators have done in other sectors.

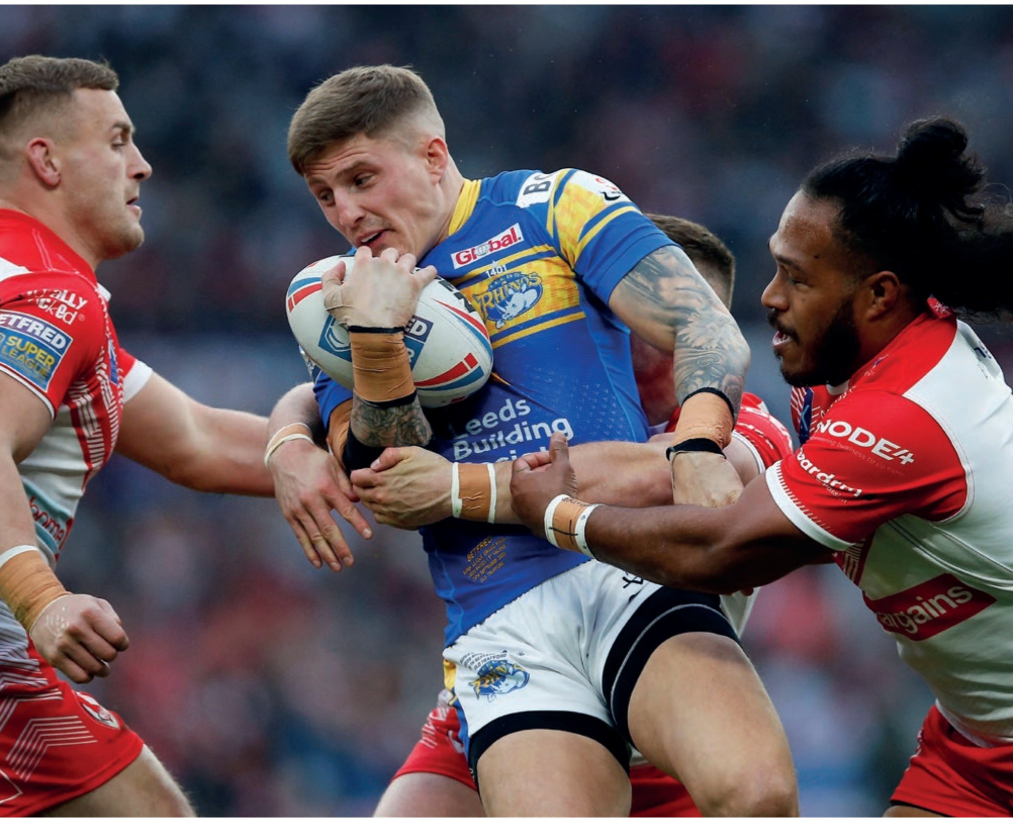


15. We are concerned that the Gambling Commission's assessment of what is required as an ombudsman is seemingly different from what Government proposes to create.

16. Given how widely acknowledged it is that a healthy, positive working relationship between ombudsman and regulator is vital to the success of any effective ombudsman, this lack of apparent support from the regulator to the approach proposed by Government is concerning.

17. We remain committed to working with Government and all stakeholders with the objective to create an effective, operational Gambling Ombudsman in the shortest timeframe possible, but we are concerned that without full support and cooperation from the regulator, the prospect of such an ombudsman being successful is greatly reduced.

c. What are the potential barriers to the Government and Gambling Commission delivering the White Paper's main measures by summer 2024, the Government's stated aim?



18. We are concerned by the potential conflict between the advice about creating an ombudsman provided to the Gambling Review by the Gambling Commission and the recommendations published in the White Paper.

This seems to us to create a risk that stakeholders may not necessarily be pulling in the same direction which could delay the development and implementation of the ombudsman and increase public and political concerns about its effectiveness and suitability. All of this further contributes to the risk of the ombudsman being perceived to have failed resulting in an even longer, slower route to consumer justice while a statutory ombudsman is created.

19. Any new body seeking ombudsman status requires the support and permission of the Ombudsman Association to use the 'ombudsman' name. We understand that there is a risk that if the ADR landscape for gambling recommended by the White Paper is adopted, the Ombudsman Association may prevent the new body from being known as the "Gambling Ombudsman" on the basis that it will fail to meet the OA's ombudsman criteria.

20. We hope to see more dialogue between the key stakeholders in the months ahead. Open communication is vital to giving the ombudsman the best chance of being successful.

21. We consider that the greatest threats to the White Paper's stated aim of creating a Gambling Ombudsman by Summer 2024 are:

- Creating an ombudsman with a relatively narrow remit and retaining existing ADR services to consider other complaints will cause confusion, dissatisfaction and potentially result in the new service being denied the right to use the name 'Gambling Ombudsman' (see 19).
- Reliance exclusively on industry to create the framework risks undermining its perceived independence.
- Lack of regulatory commitment and involvement undermines its prospects of being adopted and made mandatory for all licensed gambling operators, and
- Further debate about the most effective way to form the ombudsman delays the necessary work to develop its framework.

Comparative Annual Statistical Reporting 2020/21 and 2021/22

Reporting Periods: 1 October 2020 – 30 September 2021 vs. 1 October 2021 – 30 September 2022

Independent Betting Adjudication Service (IBAS)

A. Dispute Volumes

Dispute Source	2020-21	2021-22
Domestic Consumers to Domestic Operators	4,840	3,826
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	574

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

Dispute Status	2020-21	2021-22
Completed	2,303 (48%)	1,694 (45%)
Rejected / Discontinued Without Conclusion	2,537 (52%)	2,112 (55%)

B. Types of Complaint

Dispute Type	2020-21	2021-22
Disputed Settlement Criteria / Bet Instructions	846	798
Price Dispute	268	149
Late Bets	44	139
Customer Identity	1,706	1,068
Bonus or Promotional Offer Terms	329	208
Cash Out Mechanism	88	36
Game / Machine Malfunction	42	112
Alleged Cheating / Match-Fixing / Crime	65	117
Social Responsibility/Self-Exclusion	702	859
Banking / Financial Transactions	341	192
Customer Service Complaints	272	74
Others	137	54

C. Disputes Rejected by IBAS

Grounds for Rejection	2020-21	2021-22
Operator's Complaints Process Not Exhausted	1,752	1,011
Vexatious / Frivolous Dispute	71	117
Monetary Value Too Low / High	0	0
Dispute Outside 12 Month Time Limit	5	23
Too Complex / Requires Legal / Police Investigation	17	39
Regulatory Matter (e.g. self-exclusion)	532	539
Operator Not Registered with IBAS	64	104
Customer Communication Ceased	60	279
Operator Licence Revoked / Surrendered*	36	0

* During 2021/22, in each case that an operator surrendered their licence, we were able to reach a satisfactory arrangement with the operator to manage any remaining customer disputes

D. Dispute Process Discontinuation

Grounds for Discontinuation	2020-21	2021-22
Technical / Procedural Discontinuation	0	0
Customer / Operator Communication Ceased	60	279
Operator Concession or Compromise Agreed	820	715

E. Average Dispute Completion Times

Dispute Completion Time (days)**	2020-21	2021-22
Domestic Disputes	31 days	21 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	2021-22
Average Length of Time to Receive Complete Information***	15 days	12 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	2021-22
Rate of Compliance	92%	97%****

**** Details of the disputes in question were supplied to the Gambling Commission earlier in the reporting year. The business in question disputes whether IBAS was acting outside of its remit in adjudicating on certain types of complaint.

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	2021-22
Consumer Complaint Not Upheld	1,276	873
Consumer-Satisfactory Pre-Ruling Outcome, e.g. by agreed settlement or operator concession	820	715
Consumer Complaint Upheld By Written Decision	207	106
% Consumers Receiving ADR Outcome to Satisfaction	45%	48%

Observations on Dispute Trends to Report to the Competent Authority

Issues Raised in 2020/21 – Updates

Gambling when Self-Excluded

Our concerns reported in last year's Annual Statistical Report remain. We do not condone the practice of providing false personal details when attempting to open new online betting accounts and we recognise that there will be a division in the cases we consider between those who are genuinely struggling to control a gambling addiction and those who see the self-exclusion system as an opportunity to gamble risk-free, strategically, with the safety net of an argument for refunds of any future losses they sustain.

However, we still believe that the number of people who claim to be able to have gambled while self-excluded points to vulnerabilities in the systems used by many operators (though not all) to verify account holders at the point new accounts are opened. In some operators there seems to be a greater emphasis on avoiding false positives than on making sure that all realistic checks are conducted to prevent self-excluded people from gambling. The Gambling Commission requires that anyone seeking to open a new online account has their name, address and date of birth verified. Again, while not condoning the act of providing false personal information, if someone is able to open an account and gamble by supplying an inaccurate spelling of their name or a mistyped date of birth, that individual cannot have been verified. They may have been part-verified, but that would seem to us not in the spirit of the regulations.

We recommend that operators are provided with clear information about what the new account/customer verification process is required to establish. A more rigorous verification process not only helps reduce the number of disputes and complaints but better helps to protect potentially vulnerable people.

We also remain concerned about the variety of practice within the industry for dealing with situations where self-excluded customers of online businesses. We are aware that different operators rely on a number of different approaches:

- Allowing bets to stand, which is perhaps contractually correct and arguably fairest, but which fails to recognise the significant moral difficulty of allowing a self-excluded person to place and potentially benefit from further bets.

- Cancelling all bets and refunding deposits, which has been the IBAS Panel's preferred approach. It is theoretically the right balance of safety and fairness but we recognise that it potentially encourages some people to 'try their luck' and operators argue that they have seen examples of people receiving winnings and then latterly revealing their true identities and requesting refunds.

- Confiscating all deposits and winnings and donating them to charities which support those affected by gambling disorder. This is an approach that provides an effective deterrent to attempt to gamble in a way that doesn't benefit the business either, but it is a blunt instrument which results in a position where an individual can lose money from gambling but cannot win.

- Confiscating deposits and/or winnings and retaining them, e.g. to offset the costs incurred in conducting identity checks.

We are concerned in particular about the unfairness of the final approach, where a business financially benefits from allowing a self-excluded person to gamble. We are also concerned that some businesses have terms which are ambiguous in which they reserve the right to take one of a number of approaches depending on the circumstances of the situation. We acknowledge that such terms are not always applied unfairly, but they have the potential to be. Guidelines provided by the Gambling Commission on promotions and offers prohibit the use of terms which grant full discretion to the operator, and we believe that the same caution should be applied here.

Technical Faults – Warning Consumers

We have received very few disputes about cash out offers in 2021/22 and those we have received seem not to concern technical failures. We welcome any work undertaken by gambling businesses to either guard against the loss of the cash out service or – more importantly – to more effectively warn their customers when the service is unavailable.

Those complaints we have received relating to 'cash out' offers have largely concerned the opening of betting markets after a goal has been scored in football and before it has been established whether the goal has been confirmed by VAR. We have seen examples where betting operators have said "any cash out offer made on the strength of our belief that a goal has been scored stands on that basis", and examples where other operators have said, "we have cancelled or corrected cash out offers on the basis that they were made on the mistaken belief that a legitimate goal has been scored."

Neither of these conflicting approaches seems to us unfair as long as it is applied consistently, but it would be helpful for operators to appreciate that different approaches exist and to make as clear as possible which policy their company follows.

Sporting Statistical Betting

As at the end of 2020/21, we remain concerned about the lack of a mechanism for consumers to contact the providers of statistical data to challenge decisions that they reasonably believe to be mistaken.

Disputes received during 2021/22 have also highlighted the complications that can be caused by statistical providers issuing corrections to data after an event has finished. We have provided advice to betting operators to use their betting rules to stipulate a cut-off point after which corrections will not be taken into account similar to the way that horse racing results are confirmed for betting purposes at the ‘weigh in’.

Customer Identity Disputes
Our Annual Statistical Report in 2020/21 highlighted the growth in disputes of this nature and we concluded:

“We believe that the growth in volumes of complaints about customer identity justifies an investigation into the cause.”

That remains our position and recommendation. We recognise that there can be many valid reasons for operators to delay withdrawals, including where there are legitimate concerns about potential criminality. However, the spike in cases in the past two years indicates that changes in operating practice are at least a factor.

Additional Observations for 2021/22
Clearer Understanding of Complaints Processes
The reduction in the volume of complaints received, combined with a significant reduction in the number of requests for ADR refused because a company’s complaints process was not yet exhausted, indicate a growing familiarity among gambling consumers with the requirement to only contact ADR when they have completed the company’s complaints process.

Issues Reported to the Gambling Commission During the Course of Year 2021/22
During the course of the year we have contacted the Gambling Commission to report a number of issues or disputes relating to the themes outline above. Additionally we have made contact with the Commission with the aim to:

- Explore the extent of the remit of ADR in dealing with cases that involve consumers gambling while self-excluded and to seek clarification about whether the Commission has a preferred approach or explicitly prohibits any particular approach to dealing with these cases.

- Seek advice on what happens or should happen if a jackpot prize is won by someone who is later identified as having breached the rules or terms of the website? Is the jackpot prize reinstated for someone else to win or should the business do something else with the money?

- Report increased numbers (in the ‘dozens’) of apparently UK based consumers contacting IBAS for assistance about disputes they have with businesses unlicensed in the UK and based in other jurisdictions such as Curacao.

- Report receipt of a claim from a consumer concerning a product that seemed clearly targeted at children.

- Establish whether the Commission’s guidelines on the use of credit betting impact on customers who pay for online gambling at specialist casinos through their mobile phone contract.

- Seek advice on whether ADR is expected to adjudicate on certain types of dispute that we think justify police involvement.

- Participate in the consultation on Licensing and Compliance Policy.

- Share several examples of where consumers have claimed to have been allowed to gamble significant sums of money without sufficient checks being conducted.

- Seek advice on a fair approach for dealing with other individual dispute-specific situations.

Financial Statement 2022

Year ended 31 December 2022

Statement of Financial Position

		Year ended 31 December 2022		Year ended 31 December 2021	
	Note	£	£	£	£
Fixed assets					
Tangible assets	7		4,075		4,350
Current assets					
Debtors	8	295,209		72,206	
Cash at bank and in hand		69,974		321,896	
		365,183		394,102	
Creditors: amounts falling due within one year	9	97,961		96,923	
Net current assets			267,222		297,179
Total assets less current liabilities			271,297		301,529
Net assets			271,297		301,529
Capital and reserves					
Profit and loss account			271,297		301,529
Members funds			271,297		301,529

Statement of Comprehensive Income

	Note	Year ended 31 December 2022	Year ended 31 December 2021
		£	£
Turnover		931,586	947,047
Gross profit		931,586	947,047
Administrative expenses		964,538	911,843
Operating (loss)/profit		(32,952)	35,204
(Loss)/profit before taxation		(32,965)	35,204
Tax on (loss)/profit	6	(2,733)	1,712
(Loss)/profit for the financial year and total comprehensive income		(30,232)	33,492
Retained earnings at the start of the year		301,529	268,037
Retained earnings at the end of the year		271,297	301,529

All the activities of the company are from continuing operations.

Notes to the Financial Statements
Year ended 31 December 2022

1. General information
The company is a private company limited by guarantee, registered in England and Wales. The address of the registered office is Independent Betting Adjudication Service Limited, Eastcastle House, 27-28 Eastcastle Street, London, W1W 8DH.

While the core purpose of IBAS remains the independent, fair and impartial resolution of disputes between gambling businesses and their customers, 2022 was a year in which longer-term strategic planning increasingly became the Board's focus.

Anticipating the conclusion of the UK Government's review into the regulation and legislation of gambling, IBAS devoted increased resources to exploring how it could potentially transform into the country's first Gambling Ombudsman. At the time of writing (June 2023) the Government has announced plans to create a Gambling Ombudsman and we hope that the significant amount of background work already undertaken by our team will cement our position as the most suitable candidate to take on the additional responsibilities involved.

The IBAS Board believes that our uniquely extensive body of work in resolving consumer gambling disputes gives us the understanding, awareness and experience to take on an expanded remit of work, likely to include consideration of whether gambling businesses have acted with due care and responsibility towards their customers. We remain optimistic that the Gambling Ombudsman will sensibly be built on the foundations of IBAS.

Despite the significant time spent considering future planning issues, the IBAS service made a number of operational improvements in 2022, most positively reducing the average length of time taken to conclude the adjudication process. The modest loss sustained by the company in 2022 reflects that we have already needed to expand our staff to strengthen our administrative support and communications activities. Further appointments will be needed even to explore the potential transition process and we have prepared an outline plan for how the detail of that process might be managed. The Board anticipates that if IBAS is chosen to play a role in creating the Gambling Ombudsman, transition costs of up to £1 million may be incurred – we will be looking to Government and the Gambling Commission for support in generating a transition budget.

For more information about IBAS's views on the creation of a Gambling Ombudsman, we would recommend downloading and reading 'Fast Track to Fair Play', available on the IBAS website.

There was a significant reduction in the volume of complaints dealt with in 2022 compared to 2021 (3826 vs 4820). A number of factors contributed, including ever-increasing media and political scrutiny on the gambling sector and its desire to be seen to treat its customers fairly. We have worked with a number of the larger operators in the sector to improve the transparency and efficiency of the complaints process for gambling consumers. Typically, IBAS will now not accept a complaint unless the consumer can demonstrate – often with a reference code or referral letter – that they have already exhausted the operator's own internal complaints process. While that reduces the volume of complaints flowing into IBAS, it means that a greater proportion of them are suitable for ADR.

IBAS's frontline team of Submissions Assessors also play a vital role in reducing incidences of having to abandon the ADR process part way through by checking more details with consumers at the point of first contact. By filtering claims more effectively on receipt, we were able to improve the speed of our process. The average ADR process was concluded within 21 days of receipt of evidence from both disputing parties, down from 31 days in the previous year.

48% of individuals whose complaints were issued an IBAS dispute number achieved an outcome to their satisfaction, either by receipt of a favourable adjudication or – much more frequently – by an acknowledgement during the ADR process from the business that it could or should have done better, which resulted in an offer to settle the claim.

The IBAS Board welcomed the appointment of two new directors, Carys Williams and Andrew Lyman in January 2022. Both have added significant value and applicable experience to the Board and made significant contributions to the ombudsman project and other important pieces of work, including the development of a Board Assurance Framework and a thought-provoking review of our corporate attitude to risk.

2. Statement of compliance
These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies
Basis of preparation
The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Turnover
Services Ltd), and other bodies, which excludes value added tax and represents the invoiced value of services supplied. Amounts received in advance from customers are deferred and recognised in the profit and loss account over the term of the related contract.

Income tax
The reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

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